



# HAYES BARTON PLACE

## **Disclosure Statement**

**May 31, 2024**

**2600 Yettington Drive  
Raleigh, North Carolina 27608  
(919) 803-6734**

**Unless earlier revised, this Disclosure Statement will remain effective until May 31, 2025. Delivery of this Disclosure Statement to a contracting party prior to execution of a contract for the provision of continuing care is required by North Carolina law. This Disclosure Statement has not been reviewed or approved by any governmental agency or representative to ensure accuracy or completeness of the information set out.**

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## I. Introduction

Hayes Barton Place (the “CCRC” or the “Community”) is to be a continuing care retirement community which offers its residents (“Residents”) one-hundred sixty-nine (169) apartments, twenty-four (24) garden flats, and twenty-one (21) townhomes (each a “Residence”) located in rental independent living facilities (collectively the “Independent Living Buildings”), a wide array of services, a clubhouse (the “Clubhouse”), and the security of priority access to an adjacent ninety-four (94) bed healthcare center (the “Healthcare Center”). The Community is situated on an approximately 8-acre site located in Raleigh, North Carolina (the “Site”). As of August 31, 2024, there were nine-hundred-thirty-four (934) \$1,000 depositors under Priority Partner Agreements. Additionally, one-hundred-fifty-two (152) of the Priority Partners had submitted binding, non-refundable, agreements as of August 31, 2024.

## II. Organization, Ownership and Management

### A. Organization

In December 2022, the North Carolina Department of Insurance approved the transfer of the Preliminary Certificate to construct the community from Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC to HBP Oberlin Senior Housing Opco KP6, L.P and HBP Oberlin Senior Housing Propco KP6, L.P.

HBP Oberlin Senior Housing Opco KP6, L.P (“The Operating Company” or the “Company”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community. The business address of HBP Oberlin Senior Housing Opco KP6, L.P is One Town Center Road, Suite 300, Boca Raton, FL 33486. In March 2020, the North Carolina Department of Insurance (“NCDOI”) approved the company’s Notification of Intent to obtain a Continuing Care Retirement Community License.

### B. Facility Ownership

HBP Oberlin Senior Housing Propco KP6, L.P. (“The Property Company”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and certain buildings of the Community, specifically the apartments, clubhouse, and the healthcare center. The business address of HBP Oberlin Senior Housing Propco KP6, L.P. is One Town Center Road, Suite 300, Boca Raton, FL 33486.

LW Budleigh, LLC (“The GF and Townhome Property Company”) is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and certain buildings of the Community, specifically the garden flats and townhomes. The business address of LW Budleigh, LLC is 2334 S. 41<sup>st</sup> Street, Wilmington, North Carolina 28403. Upon completion of the development of the garden flats and townhomes, The GF and Townhome Property Company will contribute the land to The Property Company as a capital

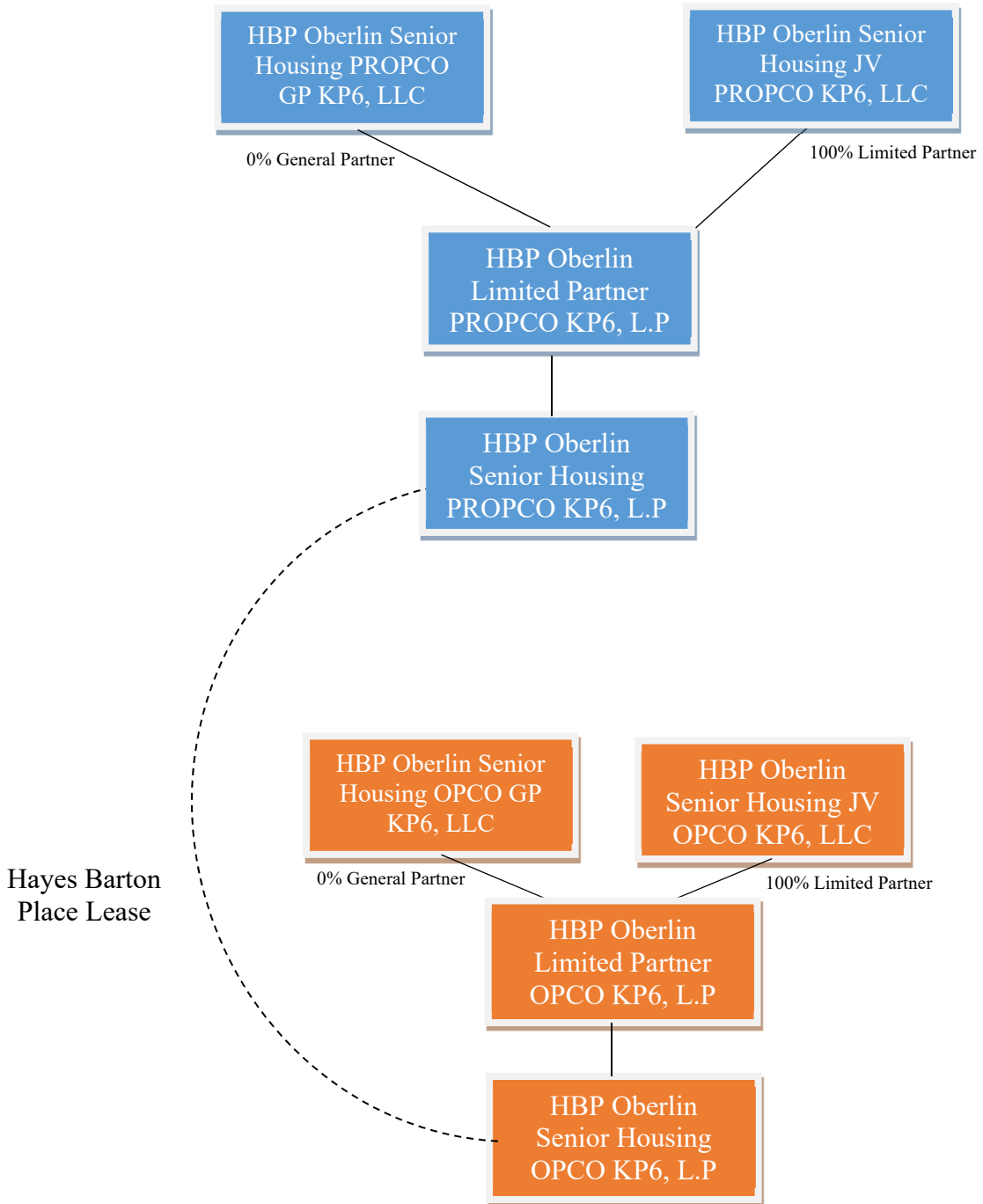
contribution. The Closing of this is expected to take place on or before December 14, 2025

HBP Oberlin Senior Housing Propco, KP6, L.P. purchased the apartment, clubhouse, and healthcare land in December of 2022. HBP Oberlin Senior Housing Propco, KP6, L.P. plans to receive the contribution of the garden flat and townhome land in December of 2025. The Operating Company and the Property Company plan to execute a lease agreement (the “Hayes Barton Place Lease”) for The Operating Company’s use and operation of the Independent Living Buildings, the Clubhouse, the Healthcare Center, and the associated common areas. The Hayes Barton Place Lease is to have a term of eighteen (18) years and rent under the lease is in an amount sufficient to satisfy the debt service coverage ratio required by The Property Company lender. The Property Company is responsible for constructing, at The Property Company’s sole cost and expense, all of the improvements leased pursuant to Hayes Barton Place Lease.

In February 2022, Raleigh Management and Raleigh Properties, as co-providers, received the start-up approval and certificate from NCDOT. This approval allows the Company to enter into binding reservation agreements or resident agreements, begin site preparation work and construct model units. In December of 2022, NCDOT approved the transfer of this certificate to HBP Oberlin Senior Housing Opco KP6, L.P. and HBP Oberlin Senior Housing Propco KP6, L.P.

See the organization/ownership chart below.

### Organization/Ownership Chart



C. Healthcare

The CCRC is to provide the Resident temporary or permanent assisted living services and skilled nursing services in the beds located within the Healthcare Center. The Healthcare Center is licensed for sixty-three (63) assisted living and memory support beds and thirty-one (31) skilled nursing beds. All sixty-three (63) of the assisted living and memory support beds and nine (9) of the skilled nursing beds are reserved for the Residents of the CCRC (the “Closed Beds”). The remaining twenty-two (22) Healthcare Center beds are available to the public (the “Open Beds”). In the event that the Closed Beds are fully occupied, the Resident will be given priority access to the available Open Beds.

D. Management

The Company operates the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of the Company’s agreements or obligations, except as otherwise stated.

*Liberty Living Management, LLC*

Liberty Living Management, LLC (“Liberty Living Management”) plans to execute a management agreement with the Company in which the Company pays Liberty Living Management a fee of five percent (5%) of total revenues derived from independent living units and six percent (6%) of total revenues derived from assisted living beds, memory support beds, and skilled nursing beds paid to the Company.

Liberty Living Management’s headquarters are at 2334 S. 41<sup>st</sup> St., Wilmington, NC 28403. The following individuals are key managers or corporate executives:

1. John A. McNeill, Jr. and Ronald B. McNeill

John A. McNeill Jr. and Ronald B. McNeill are managers of Liberty Living Management.

John (“Sandy”) A. McNeill, Jr. is a pharmacist by training and has had many years of business experience in the health care field. He has opened and operated four pharmacies and developed Medi-Care Supply Company from a relatively small operation with one location in 1975 to a multi-million-dollar corporation with 16 locations when it was sold in 1986 to a Fortune 500 company.

Ronald (“Ronnie”) B. McNeill is a Registered Professional Engineer with a Master’s Degree in Business Administration. He brings technical, financial and health care insurance reimbursement expertise to the project. He previously served as Chief Financial Officer and Billing Manager of Medi-Care Supply Company. He contributes his substantial expertise in

financial management and cost control to the efficient operation of the organization.

Together the McNeill's purchased their first nursing home in 1990, but the McNeill family's healthcare heritage dates all the way back to 1870 beginning with their great-grandfather. Over the last three decades the Liberty Healthcare Group has grown from a single nursing home to a fully integrated post-acute healthcare provider, which includes numerous nursing homes, assisted living facilities, independent living communities, continuing care retirement communities, and a home health and hospice company with several locations servicing various urban and rural counties in North Carolina, South Carolina, Florida, Louisiana and Virginia. The McNeill family also operates a durable medical equipment company under the Liberty family as well as a retail and a long-term care pharmacy and an institutional special need plan (ISNP), entitled Liberty Advantage. The McNeill family comes from a tradition of service, dating back generations, and Sandy and Ronnie continue that tradition today as principals of one of the largest and most comprehensive healthcare companies in the state.

2. William B. Purvis

William ("Will") Purvis is a Manager of Liberty Living Management and President of Liberty Senior Living in Wilmington, North Carolina. He manages business development as well as capital financing for the Liberty companies. Prior to moving to Wilmington, Will worked with Grandbridge Real Estate Capital, a subsidiary of BB&T. Will was responsible for commercial mortgage production for the Eastern, Northeast and Triangle regions of the bank's network.

Will received a B.S. in Business Management from North Carolina State University and a Masters of Business Administration from Wake Forest University. He serves on the Senior Housing Product Council of Urban Land Institute, the Board of Directors for Cape Fear Council Boy Scouts of America, New Hanover Regional Medical Center Foundation, Wilmington Chamber of Commerce, and North Carolina Coastal Land Trust.

3. Cindy Stancil

Cindy Stancil, LNHA is the President of Operations of Liberty Living Management. Cindy started her career in assisted living as the Administrator of Northridge Retirement Village in Raleigh, North Carolina in 1985. After four years of service, she moved to Wilmington, North Carolina, to open a new assisted living community, Liberty Commons Assisted Living. Over the past 39 years, Mrs. Stancil's responsibilities have grown from being the Administrator of an assisted

living community to budgeting and training, policy and procedures development and implementation, research, design and development of nursing home, independent, and assisted living projects.

Cindy has served as a Board Member of the North Carolina Assisted Living Association as current Secretary and past President. She has worked in Task Force groups such as “The Star Rating program”, the MUST pre-screening form, etc. with the Medical Care Commission, Division of Medical Assistance and Division of Health Services Regulation. Mrs. Stancil is a Licensed Assisted Living Administrator as well as a Licensed Nursing Home Administrator.

4. Nicole Cook

Nicole Cook, RN LNHA provides operational support to Liberty Living Management team in the role of Regional Operations Manager. Nicole is a native of Nashville, Tennessee, educated in North Carolina and has enjoyed a career in Healthcare for over 25 years. Nicole is an RN and is also licensed as a Nursing Home Administrator. Spending her career in both clinical and operational management, Nicole brings years of patient care and operational leadership to the team. With a passion for customer service and a dedication to quality patient care, she is active in ensuring that our Liberty Living communities provide the best possible experience for those we serve. Nicole resides in Wilmington, NC with her husband and daughter.

*Facility Management*

Sam Murray. Sam Murray oversees day-to-day operations for Hayes Barton Place in the role of Independent Living Executive Director. Sam is a native of Durham, North Carolina and a graduate of the University of North Carolina Wilmington. Sam began his career in the senior living industry while finishing college as a dining room server. Following graduation, he spent time as a Food & Beverage Manager and Marketing Director before moving to Apex, North Carolina in 2018 to become an Independent Living Executive Director. Sam’s commitment to exceeding the expectations for customer service, resident care, and employee satisfaction at Hayes Barton Place is aligned with Liberty Senior Living’s mission.

E. Related Parties

The CCRC is to be managed and operated by various related parties pursuant to agreements entered into between those parties and the CCRC. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.



F. Legal Disclaimer

Neither the managers nor any principals of the Company (i) have been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property or (ii) are subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by any governmental agency or department, arising out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to N.C.G.S. Section 58-64 or similar law in another state.

No professional service firm, association, trust, partnership, or corporation other than those stated above, in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars (\$500.00) or more within any year.

G. Affiliations

The Company is a private independent, for-profit limited liability company, which is not affiliated with any religious, charitable or other affinity group.

**III. Facility Description and Amenities**

A. Location

The Community is located on an approximately 8-acre site, having an address of 2600 Yettington Drive, Raleigh, North Carolina.

B. Layout and Types of Accommodations

Accommodations of the CCRC are to include two-hundred fourteen (214) Residences within the Independent Living Buildings with one, two, and three bedroom floor plans that range from approximately 800 to 3,000 square feet. The CCRC will be able to accommodate up to four-hundred six (406) Residents, all of whom will be provided services pursuant to their respective Residency and Services Agreements. Subject to the terms and conditions of the Residency and Services Agreement and the limits of the Company's license, a full continuum of healthcare services is to be provided in the Healthcare Center. In addition, in the event the Closed Beds are fully occupied, Residents will be given priority access to the available Open Beds.

C. Amenities

1. Clubhouse. The Clubhouse is to be a social center for Residents to gather. The Clubhouse is to feature opportunities for formal and informal dining, a corner market with all day service, wireless internet, a business center, billiards and card rooms, and a multi-purpose room.
2. Wellness Center. The on-site wellness center (the “Wellness Center”) is to provide an array of wellness programs for the Residents. Facilities and services are to include state-of-the-art fitness equipment, exercise classes, indoor heated pool and certain wellness education programs.

#### IV. Services

A. Basic Services. Subject to the terms and conditions of the Residency and Services Agreement, the following basic services (collectively “Basic Services”) are to be included in the Monthly Service Fee (defined below):

1. Appliances and Furnishings. The Residences shall include the following appliances and furnishings: window coverings; standard flooring; appliances, including an electric range/self-cleaning oven, refrigerator/freezer with icemaker, garbage disposal, microwave, dishwasher, washer and dryer; smoke and fire detectors; an individual climate control system; an individual water heater; a 24-hour emergency call system and other permanent fixtures. All other appliances and furnishings for the Residences not listed above are to be provided by the Resident.
2. Utilities. Included with residency in an Residence are heating, air conditioning, water, sewer, gas, electricity, basic cable television, internet, trash removal and pest control.
3. Meals. As part of the Monthly Service Fee, the Resident shall be given a monthly declining balance meal plan credit (the “Declining Balance Meal Credit”). The Resident shall be entitled to dine in any of the CCRC’s dining options and charges for the food and beverages of the Resident or of any guest of the Resident shall be deducted from such Declining Balance Meal Credit. Upon termination of the Residency and Services Agreement, any unused portion of the Declining Balance Meal Credit shall be forfeited. If the monthly charges of the Resident exceed the amount of the monthly Declining Balance Meal Credits, such additional charges shall be billed to the Resident on a monthly basis.
4. Housekeeping Services. The Resident agrees to keep the Residence in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Residence.
5. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned or leased by the Company for use in the CCRC. The

Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident's guests or the Resident's pets. The Resident will be responsible for the maintenance and repair of their personal property.

6. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.
  7. Use of Community Common Areas. The Resident has the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
  8. Use of the Wellness Center. The Company will provide health and wellness programs and services at the on-site Wellness Center, including use of fitness equipment, exercise classes, use of an indoor heated pool and certain wellness education programs. The Resident will be advised of any required fee for a wellness program before enrolling in such program.
  9. Programs. Recreational, social, educational and cultural activities will be coordinated by the CCRC's staff. Some activities are subject to an additional charge.
  10. Parking. The Company will provide parking areas for one personal vehicle per Resident and limited parking for the Residents' guests.
  11. Transportation. The Company will provide scheduled transportation to locations routinely visited by Residents of the CCRC, such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
  12. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.
  13. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property.
- B. Optional Services. A schedule of fees for services to be provided at extra cost including, but not limited to, those optional services described below (collectively "Optional Services"), shall be established by the Company and shall be made

available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

1. Transportation Services. If a Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation provided that the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.
2. Food Services. If a Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.
3. Tray Service. Residents may request that meals be delivered to the Residence (“Tray Service”) for a delivery charge; provided, however, that the Tray Service may not be requested for more than three (3) consecutive days except at a physician’s or nurse’s direction.
4. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
5. Additional Housekeeping Services. If a Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.
6. Spa Services. Spa and personal care services in the Wellness Center will be available in accordance with a published fee schedule.
7. Upgraded Television Channels. Upgraded television channels will be available to the Resident in accordance with a published fee schedule.
8. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
9. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC’s Concierge Desk.

C. Healthcare.

The CCRC will provide healthcare services to the Resident in the Healthcare Center. Care in the Healthcare Center will only be provided within the limits of the Company’s license. Hospital-level services are not provided within the Healthcare Center. Such level of care must be obtained from a hospital. The costs related to any hospitalization are the responsibility of the Resident.

The Healthcare Center’s Medical Director will determine the appropriate level of nursing care required by the Resident upon admission to the Healthcare Center. Residents who are unable to return to their Residence will have the benefit of permanent care in the Healthcare Center. If the appropriate level of healthcare based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be provided by another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services are the responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident which is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of such any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

In the event the Healthcare Center is not completed and licensed to operate upon execution of a Residency and Services Agreement and the Resident’s health or mental condition is such that, in the sole discretion of the Company, such Resident is precluded from living independently in the CCRC, the Company will assist the Resident in locating alternate facilities until such time as the Healthcare Center is available; provided however, the cost of the care at such alternate facilities will be the responsibility of the Resident.

#### **V. Expansion/Development**

Construction of the independent living apartments, townhomes and the Healthcare Center commenced in September 2022 and is scheduled to be completed in December 2024.

#### **VI. The Continuing Care Concept**

The Company’s continuing care concept is to ensure a Resident, so long as the Resident is in compliance with the Residency and Services Agreement and resides in a Residence, a wide array of personal services and long-term nursing care in the Healthcare Center if the Resident can no longer live independently.

#### **VII. The Residency and Services Agreement**

To reside in a Residence the prospective Resident and the Company will enter into a Residency and Services Agreement (the “Residency and Services Agreement”). A copy of the Residency and Services Agreement applicable to the Residences is attached hereto as Exhibit F. As outlined in the Residency and Services Agreement, residency in the CCRC provides the Resident with use of the CCRC’s common facilities, the Basic Services described above and healthcare in the Healthcare Center when the Resident is no longer capable of independent living. To the extent the terms of the Residency and Services Agreement differ from the summary contained in this Disclosure Statement, the terms of the Residency and Services Agreement shall control. The basic terms and conditions contained in the Residency and Services Agreement are summarized as follows:

- A. Term. The initial term of the Residency and Services Agreement shall be for thirteen (13) months beginning on the Occupancy Date. After the initial term, the Residency and Services Agreement will automatically renew for additional thirteen (13) months periods, unless terminated as set forth in the Residency and Services Agreement.
- B. Eligibility Requirements. Eligibility for residency in the Community is conditioned upon, among other things more particularly described in the Residency and Services Agreement, the following:
1. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Residence in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.
  2. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which criteria may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal preliminary health screen substantially in the form attached to the Residency and Care Agreement executed by the Resident and the Company, completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in the Residency and Services Agreement.
  3. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in the Residency and Services Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of the Residency and Services Agreement. The Resident shall provide to the Company a Financial Statement substantially in the form attached to and within the period outlined in the Residency and Services Agreement. After the Occupancy Date, the Company may require an updated Financial Statement.
- C. Priority Partner Agreement. A prospective resident may execute a non-binding Priority Partner Agreement (the "Priority Partner Agreement") with the Company to be placed on the waiting list for a Residence.

- D. Residency and Services Agreement. If approved for residency, the Resident shall execute a binding Residency and Services Agreement and submit it to the Company, along with a Community Fee, as defined in the Residency and Services Agreement.
- E. Changes to Residence. Any structural or physical change or redecoration and remodeling of any kind within or outside the Residence may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Residence, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Residence to the condition that existed prior to the Resident taking possession of the Residence.
- F. Changes in Condition Prior to Occupancy. If after the execution of the Residency and Services Agreement and prior to the Occupancy Date the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and the Residency and Services Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Residence, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under the Residency and Services Agreement and pay the required Monthly Service Fee applicable to a single Resident.
- G. Fees and Billing. The Resident shall be required to pay the Monthly Service Fee and other fees as set forth in the Residency and Services Agreement. Fees payable by the Resident are described in more detail below.
- H. Permitted Occupants. The Resident(s) named in the Residency and Services Agreement and no other person shall reside in or occupy the Residence during the term of the Residency and Services Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to the Residency and Services Agreement is accepted for residency in the CCRC after the date of the Residency and Services Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Services Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Services Agreement, he or she shall not be permitted to occupy the Residence.
- A second occupant includes, but is not limited to, a spouse as defined by State statute.
- I. Transfers. Should the Resident desire to transfer to another Residence, the Resident must notify the Company in writing. Following receipt of this request, and subject

to availability, the Company may grant the Resident an option to move to the next available Residence of the type requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

- J. Death or Transfer of One Resident. If one of the Residents named in the Residency and Services Agreement dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of the Residency and Services Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.
- K. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Residence (to include balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.
- L. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Residences. All pets must be on a leash at all times while not in a Resident's Residence. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of such Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Residence, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other Residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Residence, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.
- M. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.
- N. Termination.
  - 1. Termination by Resident. Upon the termination of the Residency and Services Agreement, the Resident shall have no further right to reside in



the CCRC. The Residency and Services Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

- (a) Rescission During First Thirty (30) Days. The Resident may terminate the Residency and Services Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Services Agreement or receipt by the Resident of the Disclosure Statement (the “Rescission Period”), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident’s termination of the Residency and Services Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One-Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit A of the Residency and Services Agreement or in writing in a separate addendum to the Residency and Services Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident’s election to terminate the Residency and Services Agreement.
- (b) Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in a Residence, the Resident may terminate the Residency and Services Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.
- (c) General Termination Right. The Resident may terminate the Residency and Services Agreement at any time for any reason by giving the Company thirty (30) days’ written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Services Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident’s personal belongings are removed from the Residence. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at the then current market rate.

2. Termination by Death or Serious Illness.

(a) Termination by Death or Serious Illness Prior to the Occupancy Date. If prior to the Occupancy Date the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Services Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Services Agreement will automatically terminate. In the event the Residency and Services Agreement is terminated as provided for in the Residency and Services Agreement, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One-Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after the Residency and Services Agreement is terminated pursuant to the applicable subsection of the Residency and Services Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Services Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Services Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Services Agreement.

(b) Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of the Residency and Services Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provision of the Residency and Services Agreement, then the Residency and Services Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the later of the date that all of the Resident's personal belongings are removed from the Residence and the Residence can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, the Residency and Services Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Services Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Services Agreement.

3. Termination by the Company.

(a) Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, the Residency and Services Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the

Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.

- (b) Termination by the Company after the Occupancy Date. The Company may terminate the Residency and Services Agreement upon thirty (30) days written notice to the Resident in the event of the following:
- (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
  - (2) The Resident fails to comply with any term of the Residency and Services Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or
  - (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.
- (c) Immediate Termination. If the Company determines in its sole and absolute discretion that a Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate the Residency and Services Agreement and the Resident shall promptly vacate the Residence. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Residence.
- (d) Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates the Residency and Services Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Services Agreement, the Resident shall promptly vacate the Residence, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence.

## VIII. Fees

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC:

- A. Priority Deposit. Upon the execution of the Priority Partner Agreement, the prospective resident shall submit to the Company a payment of One-Thousand Dollars (\$1,000.00) (the "Priority Deposit"). The Priority Deposit is fully refundable should the prospective resident choose not to proceed and not enter into a Residency and Services Agreement for any reason. Upon execution of a Residency and Services Agreement, the Priority Deposit shall be applied to the first month's Monthly Service Fee as required by the Residency and Services Agreement.
- B. Community Fee. Upon the execution of the Residency and Care Agreement, the Resident shall submit to the Company a one-time non-refundable (except as defined in the Residency and Services Agreement) Community Fee equal to two (2) times the current Monthly Service Fee as defined in the Residency and Services Agreement (the "Community Fee"). The Community Fee entitles Residents priority access to all services and amenities of the Community once Residence is occupied. A Community Fee will not be charged to Residents upon any renewal of the Residency and Services Agreement.
- C. Monthly Service Fee. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") as described in Exhibit C attached to the Residency and Services Agreement. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5<sup>th</sup>) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Residence is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Residence prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If the Residency and Services Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in the Residency and Services Agreement.
- D. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to any renewal of the Residency and Services Agreement. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC and the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. See Exhibit E for five years of the historical average dollar amount of increases in fees. The Company may adjust the Monthly Service Fee

prior to occupancy of the Residence by the Resident if changes in the projected costs of providing the services at Community so require.

- E. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5<sup>th</sup>) day of each month. A list of fees for recurring Optional Services the Resident has elected to purchase as of the date of the Residency and Services Agreement shall be attached to the Residency and Services Agreement as Exhibit C.
- F. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, assisted housing with services, skilled nursing care and memory support services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Services Agreement and in accordance with the then published Healthcare Center per diem charge.
- G. Refund of Fees. If the Resident cancels during the Rescission Period as defined in the Residency and Services Agreement, the Priority Deposit and Community Fee (and any other fees paid by Resident) in accordance with the Residency and Services Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit C of the Residency and Services Agreement or in writing in a separate addendum to the Residency and Services Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company’s receipt of the Resident’s written notice of rescission. The Community Fee becomes non-refundable after the Rescission Period.
- H. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Service Fees and extra charges that have not been paid within five (5) days after their due date.

## **IX. Financial Information**

- A. Audited Financial Statements. Audited financial statements of the Company as of and for the year ended December 31, 2023 are included as Exhibit A.
- B. Actual versus Forecasted Results. A narrative of material differences between the previously forecasted financial statements and actual results of operations for the year ended December 31, 2023 for the Company are included in Exhibit B.

- C. Interim Financial Statements. Interim financial statements for the three-month period ended May 31, 2024 for the Company are included as Exhibit C.\_
- D. Five-Year Prospective Financial Statements. Financial projections for each of the five years ending December 2028 for the Company as compiled by an independent public accountant are included as Exhibit D.
- E. Reserves, Escrow and Trusts. North Carolina law requires continuing care retirement communities such as the Community to maintain operating reserves equal to fifty percent (50%) of the total operating costs in a given year, or twenty-five percent (25%) of such total operating costs if occupancy as of a certain date exceeds ninety percent (90%) of the Community’s capacity (such reserve amount is referred to herein as the “Statutory Reserve”). This law provides security to the Residents that the Company will be able to meet its contractual obligations to provide continuing care. The Company’s Statutory Reserve will be maintained through an irrevocable standby letter of credit issued by a financial institution approved by the North Carolina Department of Insurance (the “Letter of Credit”). The Letter of Credit will name the Company as the beneficiary and be in an amount sufficient to satisfy the Statutory Reserve requirement. Any draws by the Company must be approved by NCDOI before funds can be released by the bank.

During the Fill-up Period, all Priority Deposits received from prospective Residents will be held in escrow with a state-chartered or federally-chartered bank. The escrowed funds may not be released to the Company until statutorily mandated levels of reserves are received and long-term financing is secured. If the Company fails to meet these pre-opening financing obligations, the bank shall return the escrowed monies to the prospective Residents. These statutorily mandated financing levels are detailed in the North Carolina General Statutes at §58-64-35.

## **X. Other Material Information**

EXHIBIT A  
AUDITED FINANCIAL STATEMENTS  
[ATTACHED]

# **HAYES BARTON PLACE**

## **COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

*As of and for the Year Ended December 31, 2023*

*And Report of Independent Auditor*



**HAYES BARTON PLACE**  
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## Report of Independent Auditor

To the Members  
Hayes Barton Place  
Wilmington, North Carolina

### Opinion

We have audited the accompanying combined financial statements of Hayes Barton Place (the “Company”), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2023, and the related combined statements of operations and comprehensive loss, changes in equity, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Correction of Error

As discussed in Note 11 to the combined financial statements, in a prior year the Company recorded an error in the calculation of capitalized interest and did not record the special allocation of capital contributions in connection with an investment in a joint venture. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

*Cherry Bekaert LLP*

Atlanta, Georgia  
June 24, 2024

**HAYES BARTON PLACE**  
**COMBINED BALANCE SHEET**

DECEMBER 31, 2023

**ASSETS**

Current Assets:

Cash	\$ 1,131,540
Restricted cash	892,000
Accounts receivables	888,059
Prepaid expenses	663,790
Total Current Assets	<u>3,575,389</u>

Property and equipment, net	<u>129,369,676</u>
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Noncurrent Assets:

Intangible asset	79,872
Other assets, net	684,987
Total Noncurrent Assets	<u>764,859</u>

<b>Total Assets</b>	<u><u>\$ 133,709,924</u></u>
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**LIABILITIES AND EQUITY**

Current Liabilities:

Unearned revenue	\$ 2,785,820
Accrued expenses and other payables	22,083,721
Total Current Liabilities	<u>24,869,541</u>

Noncurrent Liabilities:

Note payable, net	45,352,098
Accounts payable - related parties	806,561
Total Noncurrent Liabilities	<u>46,158,659</u>
Total Liabilities	<u>71,028,200</u>

Equity:

Members' equity	63,142,476
Accumulated other comprehensive loss	(460,752)
Total Equity	<u>62,681,724</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 133,709,924</u></u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**HAYES BARTON PLACE**  
**COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

*YEAR ENDED DECEMBER 31, 2023*

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Revenue:	
Interest income	\$ 4,356
Other revenue	9,642
Total Revenue	<u>13,998</u>
Expenses:	
Physical plant	29,404
General and administrative	851,780
Depreciation and amortization	471,963
Total Expenses	<u>1,353,147</u>
Net Loss	<u>(1,339,149)</u>
Other Comprehensive Loss:	
Change in fair value of interest rate derivative	<u>(460,752)</u>
Comprehensive Loss	<u>\$ (1,799,901)</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**HAYES BARTON PLACE**  
**COMBINED STATEMENT OF CHANGES IN EQUITY**

*YEAR ENDED DECEMBER 31, 2023*

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	<b>Accumulated Other Comprehensive Loss</b>	<b>Members' Equity</b>	<b>Total Equity</b>
<b>Balance, January 1, 2023</b>	\$ -	\$ 24,314,821	\$ 24,314,821
Correction of error	-	7,510,012	7,510,012
<b>Balance, January 1, 2023, as restated</b>	-	31,824,833	31,824,833
Contributions	-	32,656,792	32,656,792
Comprehensive loss	(460,752)	(1,339,149)	(1,799,901)
<b>Balance, December 31, 2023</b>	<u>\$ (460,752)</u>	<u>\$ 63,142,476</u>	<u>\$ 62,681,724</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**HAYES BARTON PLACE**  
**COMBINED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2023

**Cash flows from operating activities:**

Net loss	\$ (1,339,149)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Depreciation and amortization	471,963
Change in fair value of interest rate derivative	(460,752)
Changes in operating assets and liabilities:	
Prepaid expenses	(663,790)
Rent receivable - Hayes Barton Place	(138,058)
Accounts receivable - related parties	(750,001)
Other assets	2,191,669
Accrued expenses and other payables	16,454,613
Unearned revenue	2,785,820
Accounts payable - related parties	467,012
Net cash flows from operating activities	<u>19,019,327</u>

**Cash flows from investing activities:**

Purchases of property and equipment	<u>(94,534,214)</u>
Net cash flows from investing activities	<u>(94,534,214)</u>

**Cash flows from financing activities:**

Proceeds from issuance of debt	46,724,283
Payment of debt issuance costs	(1,842,648)
Contributions from officers/members	<u>32,656,792</u>
Net cash flows from financing activities	<u>77,538,427</u>

Net change in cash and restricted cash	2,023,540
Cash and restricted cash, beginning of year	<u>-</u>
Cash and restricted cash, end of year	<u>\$ 2,023,540</u>

**Reconciliation of cash and restricted cash to the combined balance sheet:**

Cash	\$ 1,131,540
Cash - restricted	<u>892,000</u>
	<u>\$ 2,023,540</u>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for interest	<u>\$ 759,081</u>
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The accompanying notes to the combined financial statements are an integral part of these statements.

# HAYES BARTON PLACE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### Note 1—Nature of operations

*Nature of Operations* – Hayes Barton Place (the “Company”) is an economic entity comprised of two individual companies under common control listed below. The Company was organized to provide senior living services in Raleigh, North Carolina. Services will include providing and maintaining a 169-unit independent living rental apartment building with assisted living services, skilled nursing care, and supporting services, along with 45 independent living flats and townhomes.

HBP Oberlin Senior Housing PROPCO KP6, L.P. (“Raleigh Properties”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and the buildings of the Community.

HBP Oberlin Senior Housing OPCO KP6, L.P. (“Raleigh Operating”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community.

Raleigh Properties and Raleigh Operating hold the certificate of need for 63 assisted living beds (all closed beds) and 31 skilled nursing beds (9 closed).

In February 2022, the North Carolina Department of Insurance issued the Company a Start-Up Certificate.

### Note 2—Summary of significant accounting policies

*Principles of Combination* – The combined financial statements include the accounts of Raleigh Properties and Raleigh Operating, which are owned and controlled by the members of the limited partnership. All significant intercompany accounts and transactions have been eliminated. The combined financial statements do not and are not intended to represent the activity of a legal entity.

*Basis of Accounting* – The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Use of Estimates* – The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

No assets or liabilities (real or contingent) of the individual members of any of the limited partnership are included in the combined financial statements of the Company, except those pertaining to the Company, which are reflected in the combined balance sheet.

*Property and Equipment, Net* – Property and equipment is stated at actual cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Construction in progress includes building costs, capitalized interests and legal fees.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense amounted to \$1,500 for the year ended December 31, 2023.

The estimated useful lives used in computing depreciation for equipment is 3 to 20 years.

*Debt Issuance Costs, Net* – Loan origination costs are being amortized over the life of the loan utilizing a straight-line method which approximates the effective interest rate method. The amortization of these costs is included in interest expense in the combined statement of operations and comprehensive loss.



# HAYES BARTON PLACE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### Note 2—Summary of significant accounting policies (continued)

*Income Taxes* – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporate federal income taxes, the members of a limited partnership are taxed on their proportionate share of the Company's taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on accounting for uncertainty in income taxes. Management has evaluated all other income tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2023.

*Intangible Asset* – In accordance with U.S. GAAP, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes fees related to the Company's application for the certificate of need ("CON"). The Company's CON application to develop the Continuing Care Retirement Community ("CCRC") facility was approved on February 12, 2022. In accordance with accounting standards generally accepted in the United States of America, intangible assets with indefinite useful lives are reviewed for impairment in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performed an annual qualitative assessment of impairment to determine whether the value of the CON was impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2023.

*Impairment of Long-Lived Assets* – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment was not impaired as of December 31, 2023.

*Deferred Marketing Costs* – Management has implemented Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and adopted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions and bonuses associated with securing new Residency and Services Agreements as an asset and amortizes these commissions over the estimated term of the respective Residency and Services Agreements. Deferred marketing costs are included within other assets on the combined balance sheet. Amortization of deferred marketing costs amounted to \$-0- for the year ended December 31, 2023.

*Advertising Costs* – Advertising costs are expensed in the year incurred and totaled \$366,443 for the year ended December 31, 2023.

*Change in Accounting Principle* – In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)*, which the Company adopted effective January 1, 2023 using the modified retrospective approach. This standard replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. There was no adjustment to beginning members' equity as a result of adopting this standard. Adoption of the new standard did not materially impact the Company's net income and had no impact on cash flows.

**HAYES BARTON PLACE**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

DECEMBER 31, 2023

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**Note 3—Property and equipment, net**

Property and equipment, net at December 31, 2023 consists of the following:

Land	\$ 9,731,661
Equipment	9,635
Less accumulated depreciation	<u>(1,626)</u>
	9,739,670
Construction-in-progress	<u>119,630,006</u>
Property and equipment, net	<u><u>\$ 129,369,676</u></u>

**Note 4—Intangible asset**

Intangible asset (indefinite-lived) consisted of the following at December 31, 2023:

Certificate of need	<u><u>\$ 79,872</u></u>
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**Note 5—Other assets, net**

Other assets, net consisted of the following at December 31, 2023:

Deferred marketing costs	\$ 332,740
Deposits	<u>352,247</u>
Other assets, net	<u><u>\$ 684,987</u></u>

The Company recognized prepaid expenses pertaining to the transfer of beds from a related party as a part of the contributions from officers/members. These beds will be recognized as intangible assets when the healthcare building has been built and licensed.

**Note 6—Note payable**

On December 14, 2022, the Company entered into a loan agreement with a financial institution. The loan agreement provides for a note payable with maximum borrowings of \$154,687,500. The loan will be used to finance the construction of the CCRC facility. The interest rate on this note was a variable rate of 2.75% plus the one-month Term Secured Overnight Financing Rate (SOFR) Rate (8.09% at December 31, 2023). Interest only is due at the beginning of the month starting in January 1, 2023 with principal due at maturity. The note has a maturity date of December 14, 2026. Total outstanding balance on the note payable amounted to \$45,352,098, net of debt issuance costs of \$1,372,184, as of December 31, 2023.

**Note 7—Derivative instrument**

Hayes Barton Place Properties entered into a Master Rate Cap Agreement with Truist Bank, Inc. dated March 14, 2023 that effectively fixes the interest rate on the outstanding principal of the term note. The interest rate cap has a notional amount of \$1,940,312 at a fixed interest rate of 5.00%. The agreement expires on June 1, 2026. The swap contract is adjusted to current market values through other comprehensive loss. The fair value of the interest rate swap was recorded as an asset totaling approximately \$232,248 as of December 31, 2023. Changes in the fair value of the interest rate swap resulted in a loss of approximately \$460,752 for the year ended December 31, 2023, which has been reported within other comprehensive loss.

# HAYES BARTON PLACE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### **Note 8—Related party transactions**

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are also considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2023, total payables to related parties were \$806,561.

### **Note 9—Litigation**

Litigation is subject to uncertainties and the outcome of individual litigated matters is not predictable with assurance. Various legal actions, claims, or proceedings are pending against the Company having arisen in the ordinary course of business. When appropriate, the Company establishes loss provisions for matters in which losses are probable and can be reasonably estimated.

### **Note 10—Pension plan**

The Company offers a defined contribution plan (the “Plan”) to eligible employees as defined by the Plan. The Company will match employee contributions at the discretion of management. The Company contributed \$4,485 to the Plan for the year ended December 31, 2023.

### **Note 11—Members’ equity restatement**

In a prior year, the Company recorded an error in the calculation of capitalized interest and did not record the special allocation of capital contributions in connection with an investment in a joint venture which resulted in a restatement of members’ equity. The restatement increased property and equipment, net and members’ equity as previously reported at December 31, 2022, by \$7,510,012. Had the correct calculation of capitalized interest been used and the special allocation of capital contributions been recorded during December 31, 2022, net loss as previously reported would have been decreased by \$143,940.

### **Note 12—Subsequent events**

The Company has evaluated subsequent events through June 24, 2024, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued. The Company is unaware of any subsequent events that should be recognized or disclosed in the combined financial statements.

**SUPPLEMENTARY INFORMATION**

**HAYES BARTON PLACE**  
**COMBINING BALANCE SHEET**

DECEMBER 31, 2023

	<b>Oberlin Senior Housing OPCO KP6, L.P.</b>	<b>Oberlin Senior Housing PROPCO KP6, L.P.</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 759,329	\$ 372,211	\$ -	\$ 1,131,540
Restricted cash	892,000	-	-	892,000
Accounts receivable - Related Party	138,058	750,001	-	888,059
Accounts receivable - Hayes Barton Place	945,977	-	(945,977)	-
Prepaid expenses	3,790	660,000	-	663,790
Total Current Assets	<u>2,739,154</u>	<u>1,782,212</u>	<u>(945,977)</u>	<u>3,575,389</u>
Property and equipment, net	<u>-</u>	<u>129,369,676</u>	<u>-</u>	<u>129,369,676</u>
Noncurrent Assets:				
Intangible asset	-	79,872	-	79,872
Other assets, net	332,739	352,248	-	684,987
Total Noncurrent Assets	<u>332,739</u>	<u>432,120</u>	<u>-</u>	<u>764,859</u>
<b>Total Assets</b>	<u><u>\$ 3,071,893</u></u>	<u><u>\$ 131,584,008</u></u>	<u><u>\$ (945,977)</u></u>	<u><u>\$ 133,709,924</u></u>

**HAYES BARTON PLACE**  
**COMBINING BALANCE SHEET (CONTINUED)**

DECEMBER 31, 2023

	<b>Oberlin Senior Housing OPCO KP6, L.P.</b>	<b>Oberlin Senior Housing PROPCO KP6, L.P.</b>	<b>Eliminations</b>	<b>Total</b>
<b>LIABILITIES AND EQUITY</b>				
Current Liabilities:				
Unearned revenue	\$ 2,407,360	\$ 378,460	\$ -	\$ 2,785,820
Accrued expenses and other payables	908,053	21,175,668	-	22,083,721
Accounts payable - Hayes Barton Place	-	945,977	(945,977)	-
Total Current Liabilities	<u>3,315,413</u>	<u>22,500,105</u>	<u>(945,977)</u>	<u>24,869,541</u>
Noncurrent Liabilities:				
Note Payable	-	45,352,098	-	45,352,098
Accounts payable - related parties	760,608	45,953	-	806,561
Total Noncurrent Liabilities	<u>760,608</u>	<u>45,398,051</u>	<u>-</u>	<u>46,158,659</u>
Total Liabilities	<u>4,076,021</u>	<u>67,898,156</u>	<u>(945,977)</u>	<u>71,028,200</u>
Equity:				
Members' Equity (Deficit)	(1,004,128)	64,146,604	-	63,142,476
Accumulated other comprehensive loss	-	(460,752)	-	(460,752)
Total Equity (Deficit)	<u>(1,004,128)</u>	<u>63,685,852</u>	<u>-</u>	<u>62,681,724</u>
<b>Total Liabilities and Equity</b>	<u>\$ 3,071,893</u>	<u>\$ 131,584,008</u>	<u>\$ (945,977)</u>	<u>\$ 133,709,924</u>

**HAYES BARTON PLACE**  
**COMBINING STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

YEAR ENDED DECEMBER 31, 2023

	<b>Oberlin Senior Housing OPCO KP6, L.P.</b>	<b>Oberlin Senior Housing PROPCO KP6, L.P.</b>	<b>Eliminations</b>	<b>Total</b>
Revenue:				
Interest income	\$ 4,356	\$ -	\$ -	\$ 4,356
Other revenue	9,642	-	-	9,642
Total Revenue	<u>13,998</u>	<u>-</u>	<u>-</u>	<u>13,998</u>
Expenses:				
Physical plant	29,404	-		29,404
General and administrative	844,987	6,793	-	851,780
Depreciation and amortization	-	471,963	-	471,963
Total Expenses	<u>874,391</u>	<u>478,756</u>	<u>-</u>	<u>1,353,147</u>
Net loss	(860,393)	(478,756)	-	(1,339,149)
Other Comprehensive Loss:				
Change in fair value of interest rate derivative	-	(460,752)	-	(460,752)
Comprehensive Loss	<u>\$ (860,393)</u>	<u>\$ (939,508)</u>	<u>\$ -</u>	<u>\$ (1,799,901)</u>

**HAYES BARTON PLACE**  
**COMBINING STATEMENT OF CHANGES IN MEMBERS' EQUITY**

*YEAR ENDED DECEMBER 31, 2023*

	<b>Oberlin Senior Housing OPCO KP6, L.P.</b>	<b>Oberlin Senior Housing PROPCO KP6, L.P.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Balance, January 1, 2023</b>	\$ (143,735)	\$ 24,458,556	\$ -	\$ 24,314,821
Correction of error	-	7,510,012	-	7,510,012
<b>Balance, January 1, 2023, as restated</b>	(143,735)	31,968,568	-	31,824,833
Contributions	-	32,656,792	-	32,656,792
Comprehensive loss	(860,393)	(939,508)	-	(1,799,901)
<b>Balance, December 31, 2023</b>	<u>\$ (1,004,128)</u>	<u>\$ 63,685,852</u>	<u>\$ -</u>	<u>\$ 62,681,724</u>



**HAYES BARTON PLACE**  
**COMBINING STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2023

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
<b>Cash flows from operating activities:</b>				
Net loss	\$ (860,393)	\$ (478,756)	\$ -	\$ (1,339,149)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation and amortization	-	471,963	-	471,963
Change in fair value of interest rate derivative	-	(460,752)	-	(460,752)
Changes in operating assets and liabilities:				
Prepaid expenses	(3,790)	(660,000)	-	(663,790)
Rent receivable - Hayes Barton Place	(138,058)	-	-	(138,058)
Accounts receivable - Hayes Barton Place	(945,977)	255,008	690,969	-
Accounts receivable - related parties	-	(750,001)	-	(750,001)
Other assets	(77,731)	2,269,400	-	2,191,669
Accrued expenses and other payables	896,127	15,558,486	-	16,454,613
Unearned revenue	2,407,360	378,460	-	2,785,820
Accounts payable - Hayes Barton Place	(255,008)	945,977	(690,969)	-
Accounts payable - related parties	628,799	(161,787)	-	467,012
Net cash flows from operating activities	<u>1,651,329</u>	<u>17,367,998</u>	<u>-</u>	<u>19,019,327</u>
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	-	(94,534,214)	-	(94,534,214)
Net cash flows from investing activities	<u>-</u>	<u>(94,534,214)</u>	<u>-</u>	<u>(94,534,214)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of debt	-	46,724,283	-	46,724,283
Payment of debt issuance costs	-	(1,842,648)	-	(1,842,648)
Contributions from officers/members	-	32,656,792	-	32,656,792
Net cash flows from financing activities	<u>-</u>	<u>77,538,427</u>	<u>-</u>	<u>77,538,427</u>
Net change in cash and restricted cash	1,651,329	372,211	-	2,023,540
Cash and restricted cash, beginning of year	-	-	-	-
Cash and restricted cash, end of year	<u>\$ 1,651,329</u>	<u>\$ 372,211</u>	<u>\$ -</u>	<u>\$ 2,023,540</u>

**HAYES BARTON PLACE**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**

YEAR ENDED DECEMBER 31, 2023

	<b>Oberlin Senior Housing OPCO KP6, L.P.</b>	<b>Oberlin Senior Housing PROPCO KP6, L.P.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Reconciliation of cash and restricted cash to the combining balance sheet:</b>				
Cash	\$ 759,329	\$ 372,211	\$ -	\$ 1,131,540
Cash - restricted	892,000	-	-	892,000
	<u>\$ 1,651,329</u>	<u>\$ 372,211</u>	<u>\$ -</u>	<u>\$ 2,023,540</u>
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 759,081</u>	<u>\$ -</u>	<u>\$ 759,081</u>

EXHIBIT B  
ACTUAL VERSUS PROJECTED RESULTS  
[ATTACHED]

**Hayes Barton Place**  
**Material Difference Narrative**  
**For the Year Ended December 31, 2023**

For purposes of comparison, HBP Oberlin Senior Housing Propco KP6, L.P. and HBP Oberlin Senior Housing Opco KP6, L.P. (collectively "Hayes Barton Place" or the "Company") used the following financial reports as of and for the year ended (actual)/ending (projected) December 31, 2023:

Audited - Obtained from the Supplemental Schedules of the audited financial statements of HBP Oberlin Senior Housing Propco KP6, L.P. and HBP Oberlin Senior Housing Opco KP6, L.P. (collectively "Hayes Barton Place") as of and for the year ended December 31, 2023.

Projected - Obtained from the projected financial statements for Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC, the previously licensed entities, with the Independent Accountants' Compilation Report dated June 27, 2024, which was included in the

The following explanations are furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanations pertain to material differences between the Company's audited and projected financial statements, as described above, as of and for the year ending December 31, 2023. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

For purposes of this narrative, "material" differences are considered to be variances of \$1,000,000 and 10% on line item amounts.

## Balance Sheets:

1. Cash - Cash at December 31, 2023 was approximately \$82,926,000 (101%) higher than projected. This is due to the completion timing of the property and equipment noted in Number 2.
2. Property and Equipment- Property and Equipment was less than projections by approximately \$129,370,000 (11%). These purchases will be incurred in future periods due to timing.
3. Intangible Assets - Intangible assets were less than projected at December 31, 2023 by approximately \$4,129,000 (98%). These costs will be incurred in future periods.
4. Accounts Payable and Accrued Expenses- Accounts payable and accrued expenses at December 31, 2023 was more than projected by approximately \$22,415,000 (3645%). This is partly due to prior year construction and developer costs being approximately \$15,500,000 less than projected and the costs were incurred this year.
5. Long-term Debt - Long-term Debt was approximately \$19,049,000 (30%) less than projected as we are drawing money when necessary. More costs will be incurred in future periods.
6. Deferred Revenue, Noncurrent - Deferred Revenue noncurrent was \$2,785,000 (100%) greater than projected. This was due to none projected for 2023. This is community fees paid in advanced by future residents.

## Statements of Cash Flows:

7. Changes in operating assets and liabilities, net - See notes #1 and #2 above.
8. Changes in Capital Additions - Capital Additions were less than projected by \$94,534,000 (21%) at December 31, 2023. More expenses will be incurred in future periods. See note 2 above.
9. Proceeds from Long-term Debt - Proceeds from long-term debt were approximately \$20,523,000 (31%) lower than expected. This is due to loan drawings being done when necessary. More expenses will be incurred in future periods.
10. Deferred Financing Costs - Deferred financing costs were approximately \$1,843,000 (35%) lower than expected. This is due to loan drawings being done when necessary. More expenses will be incurred in future periods.
11. Members' Contributions - Members' contributions were less than projected by approximately \$11,001,000 (25%). We expect this to occur closer to construction completion.

Hayes Barton Place

At December 31, 2023

Note: The licensed entities are the Oberlin companies. RCM and RALP are included on this analysis because they were the licensees on last year's analysis. Many of the balances remained on RCM/RALP when the licensees were changed.

Balance Sheet (in '000s)	2023 Projection	Audited			Eliminations	Audit Combined	Variance		See Material Difference Narrative
		2023 Audited - Oberlin Senior Housing OPCO KP6, L.P.	2023 Audited - Oberlin Senior Housing PROPCO KP6, L.P.				\$	%	
<b>Assets:</b>									
Current assets:									
Cash	\$ (81,795)	\$ 759	\$ 372		\$ 1,131	\$ 82,926	-101%	(1)	
Cash - restricted	944	892			892	(52)	-6%		
Prepaid expenses	-	4	660		664	664	100%		
Other current assets	-				-	-	100%		
<b>Total current assets</b>	<b>(80,851)</b>	<b>1,655</b>	<b>1,032</b>	<b>-</b>	<b>2,687</b>	<b>83,538</b>			
Noncurrent assets:									
Operating reserve - Company	\$ -				-	-	100%		
Property and equipment	145,734		129,370		129,370	(16,364)	-11%	(2)	
Intangible assets	4,209		80		80	(4,129)	-98%	(3)	
Due from related parties	1,038	1,084	750	(946)	888	(150)	-14%		
Deferred marketing costs	146				-	(146)	-100%		
Other non-current assets	100	333	352		685	585	585%		
<b>Total assets</b>	<b>\$ 70,376</b>	<b>\$ 3,072</b>	<b>\$ 131,584</b>	<b>\$ (946)</b>	<b>\$ 133,710</b>	<b>\$ 63,334</b>			
<b>Liabilities and Members' Deficit:</b>									
Current liabilities:									
Accounts payable and accrued expenses	1,406	908	22,122		23,030	21,624	1538%	(4)	
Accrued payroll and related withholdings	-	-			-	-	100%		
<b>Total current liabilities</b>	<b>1,406</b>	<b>908</b>	<b>22,122</b>	<b>-</b>	<b>23,030</b>	<b>21,624</b>			
Long-term liabilities:									
Long-term debt, net of current portion and deferred financing cost	-		45,352		45,352	45,352	100%	(5)	
Due to related parties	-	761	46	(946)	(139)	(139)	100%		
Deferred revenue, noncurrent	-	2,407	378		2,785	2,785	100%	(6)	
<b>Total long-term liabilities</b>	<b>-</b>	<b>3,168</b>	<b>45,776</b>	<b>(946)</b>	<b>47,998</b>	<b>47,998</b>			
<b>Total liabilities</b>	<b>1,406</b>	<b>4,076</b>	<b>67,898</b>	<b>(946)</b>	<b>71,027</b>	<b>69,621</b>			
Members' equity	68,970	(1,004)	63,686		62,682	(6,288)	-9%		
<b>Total liabilities and members' equity</b>	<b>\$ 70,376</b>	<b>\$ 3,072</b>	<b>\$ 131,584</b>	<b>\$ (946)</b>	<b>\$ 133,709</b>	<b>\$ 63,333</b>			

Hayes Barton Place  
For the Year Ended December 31, 2022

Statement of Operations and Changes in Members' Equity(in 000s)	2023 Projection	2023 Audited -		Eliminations	Audit Combined	Variance		See Material Difference Narrative
		Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.			\$	%	
<b>Revenue:</b>								
Other revenue	\$ -	\$ 10			\$ 10	\$ 10		100%
Total revenue	-	10	-		10	10		
<b>Expenses:</b>								
General, administrative, and marketing	868	845	7		852	(16)		-2%
Plant operations	2	-	-		-	(2)		-100%
Property Costs	-	29	-		29	29		100%
Total expenses	870	874	7		881	11		
Operating income/(loss)	(870)	(864)	(7)		(871)	(1)		0%
<b>Other operating expenses:</b>								
Investment/interest (income)/expense	-	(4)	-		(4)	(4)		100%
Rent expense	33	-	-		-	(33)		-100%
Depreciation and amortization	-	-	472		472	472		100%
Other operating expenses:			461		461	461		
Total other operating expenses	33	(4)	933		928	435		
Net income/(loss)	(903)	(860)	(940)		(1,800)	(436)		48%
Members' deficit, beginning of year	26,214	(144)	24,459		24,315	(1,899)		-7%
Members' contributions	43,658	-	40,167		40,166	(3,492)		-8%
Members' deficit, end of year	\$ 68,969	\$ (1,004)	\$ 63,686		\$ 62,682	\$ (5,827)		-8%

Hayes Barton Place  
For the Year Ended December 31, 2022

Statement of Cash Flows (in 000s)	2023 Projection	2023 Audited -		Eliminations	Audit Combined	Variance		See Material Difference Narrative
		Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.			\$	%	
<b>Cash flows from operating activities:</b>								
Net income (loss) from operations	\$ (903)	\$ (860)	\$ (940)		\$ (1,800)	(897)	99%	
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities								
Depreciation	-	(1)	472		472	472	100%	
Changes in operating assets and liabilities, net	(4,643)	2,512	17,836		20,348	24,991	-538%	(7)
Net cash flows from operating activities	(5,546)	1,651	17,368		19,019	24,566		
<b>Cash flows from investing activities:</b>								
Capital additions	\$ (118,965)	\$ -	\$ (94,534)		\$ (94,534)	\$ 24,431	-21%	(8)
Net cash flows from investing activities	(118,965)	-	(94,534)		(94,534)	24,431		
<b>Cash flows from financing activities:</b>								
Proceeds from long-term debt			46,724		\$ 46,724	\$ 46,724	100%	(9)
Deferred financing cost			(1,843)		\$ (1,843)	\$ (1,843)	100%	(10)
Members' contributions	\$ 43,658	\$ -	\$ 32,657		\$ 32,657	\$ (11,001)	-25%	(11)
Net cash flows from financing activities	43,658	-	77,538		77,538	33,880		
Change in cash	(80,853)	1,651	373		2,024	82,878		
Cash, beginning of year	1	-	-		-	(1)		
Cash, end of year	\$ (80,852)	\$ 1,651	\$ 373		\$ 2,024	\$ 82,877		
<b>Cash Reconciliation:</b>								
Cash	\$ (81,795)	\$ 759	\$ 372		\$ 1,131	\$ 82,926	-101%	(1)
Cash - restricted	\$ 944	\$ 892	\$ -		\$ 892	(52)	-6%	
Operating reserve - Company	\$ -							
Total cash	\$ (80,851)	\$ 1,651	\$ 372		\$ 2,023	\$ 82,874		



EXHIBIT C  
INTERIM FINANCIAL STATEMENTS  
[ATTACHED]

**Hayes Barton Place**  
**Combined Statements of Operations and Changes in Members' Equity**  
**For the 3 Months Ended March 31, 2024**

	Raleigh CCRC Management, LLC	Raleigh CCRC Properties, LLC	Eliminations	Consolidated
<b>Revenue:</b>				
Advance fee amortization	\$ -	\$ -	\$ -	\$ -
Net resident revenue:				
Independent living	-	-	-	-
Assisted living	-	-	-	-
Skilled nursing	-	-	-	-
Provision for bad debt	-	-	-	-
Management fees	-	-	-	-
Other revenue	435	-	-	435
<b>Total operating revenue</b>	<b>435</b>	<b>-</b>	<b>-</b>	<b>435</b>
<b>Expense:</b>				
<b>Direct expenses:</b>				
Nursing services	-	-	-	-
Dietary	-	-	-	-
Wellness	-	-	-	-
Patient activities	-	-	-	-
Social Services	-	-	-	-
Physical therapy	-	-	-	-
Occupational therapy	-	-	-	-
Speech therapy	-	-	-	-
Medical supplies	-	-	-	-
Other ancillaries	-	-	-	-
<b>Total direct expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GROSS MARGIN</b>	<b>435</b>	<b>-</b>	<b>-</b>	<b>435</b>
<b>Indirect expenses:</b>				
Housekeeping	-	-	-	-
Laundry and linen	-	-	-	-
Barber & beauty	-	-	-	-
General and administrative	259,545	100	-	259,645
Management fee	-	-	-	-
Transportation	-	-	-	-
Plant operations	1,465	-	-	1,465
Property costs	-	741,064	-	741,064
Total indirect expenses	261,010	741,164	-	1,002,174
Total operating expenses	261,010	741,164	-	1,002,174
<b>EBITDAR</b>	<b>(260,575)</b>	<b>(741,164)</b>	<b>-</b>	<b>(1,001,739)</b>
<b>Other revenue/(expense):</b>				
Gain/(loss) on disposal of assets	-	-	-	-
Investment/interest income	-	-	-	-
Investment/interest expense	-	-	-	-
Amortization of deferred financing costs	-	-	-	-
Rent revenue	-	-	-	-
Rent expense	(14,976)	-	-	(14,976)
Amortization of marketing costs	-	-	-	-
Depreciation	-	-	-	-
Extraordinary expense	-	-	-	-
Total other revenue/(expense)	(14,976)	-	-	(14,976)
<b>NET INCOME/(LOSS)</b>	<b>(275,551)</b>	<b>(741,164)</b>	<b>-</b>	<b>(1,016,715)</b>
Members' equity/(deficit), beginning of year	(1,004,126)	55,856,629	-	54,852,502
Members' contributions	-	-	-	-
Members' distributions	(3)	-	-	(3)
Members' equity/(deficit), end of year	\$ (1,279,680)	\$ 55,115,465	\$ -	\$ 53,835,784

**Hayes Barton Place**  
**Combined Statements of Cash Flows**  
**For the 3 Months Ended March 31, 2024**

	Raleigh CCRC Management, LLC	Raleigh CCRC Properties, LLC	Eliminations	Consolidated
<b>Cash flows from operating activities:</b>				
Net income/(loss)	\$ (275,551)	(741,164)	-	(1,016,715)
Adjustments to reconcile income/(loss) to net cash provided by operating activities:				
Depreciation	-	-	-	-
Amortization of deferred financing costs	-	-	-	-
(Gain)/Loss on sale of property and equipment	-	-	-	-
Amortization of advance fees	-	-	-	-
Amortization of deferred marketing costs	-	-	-	-
Provision for bad debts	-	-	-	-
Unrealized (gain)/loss on investments	-	-	-	-
Change in working capital:				
Resident accounts receivable	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	3,790	-	-	3,790
Accounts receivables - related parties	(154,300)	750,000	-	595,700
Intercompany receivable - Hayes Barton Place	-	-	-	-
Other assets	(12,665)	117,615	-	104,950
Deferred revenue, current portion	177,518	-	-	177,518
Accounts payable and other accrued expenses and other payables	1,568	(995,190)	-	(993,621)
Accrued payroll and related withholdings	-	-	-	-
Resident refunds	-	-	-	-
Deferred revenue, noncurrent portion	-	-	-	-
Accounts payable - related parties	151,377	1	-	151,378
Intercompany payable - Hayes Barton Place	-	-	-	-
<b>Cash flows from operating activities</b>	<b>(108,263)</b>	<b>(868,737)</b>	<b>-</b>	<b>(977,000)</b>
<b>Cash flows from investing activities:</b>				
Routine capital purchases	-	(20,224,824)	-	(20,224,824)
Proceeds from sale of assets	-	-	-	-
Change in investments	-	-	-	-
<b>Cash flows from investing activities</b>	<b>-</b>	<b>(20,224,824)</b>	<b>-</b>	<b>(20,224,824)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from long-term debt	-	-	-	-
Deferred financing costs	-	-	-	-
Principal payment of long-term debt	-	22,878,062	-	22,878,062
Member contributions/(distributions)	(3)	-	-	(3)
<b>Cash flows from financing activities</b>	<b>(3)</b>	<b>22,878,062</b>	<b>-</b>	<b>22,878,059</b>
Change in cash and cash equivalents	(108,266)	1,784,500	-	1,676,235
Cash and cash equivalents, beginning of year	1,651,329	372,211	-	2,023,540
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,543,063</b>	<b>\$ 2,156,712</b>	<b>\$ -</b>	<b>\$ 3,699,774</b>
Cash - unrestricted	625,063	2,156,712	-	2,781,774
Cash - restricted/invested	918,000	-	-	918,000
<b>Total cash</b>	<b>\$ 1,543,063</b>	<b>\$ 2,156,712</b>	<b>\$ -</b>	<b>\$ 3,699,774</b>

Hayes Barton Place  
Combined Balance Sheets  
March 31, 2024

Assets	Raleigh CCRC Management, LLC	Raleigh CCRC Properties, LLC	Eliminations	Consolidated
<b>Current assets:</b>				
Cash	625,063	2,156,712	-	2,781,774
Cash - restricted	918,000	-	-	918,000
Accounts receivable:			-	-
Resident accounts receivable, net	-	-	-	-
Other	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	660,000	-	660,000
Intercompany receivable - Hayes Barton Place	945,977	-	(945,977)	-
<b>Total current assets</b>	<b>2,489,040</b>	<b>2,816,712</b>	<b>(945,977)</b>	<b>4,359,774</b>
<b>Non-current assets:</b>				
Investments	-	-	-	-
Property and equipment	-	141,765,276	-	141,765,276
Intangible assets	-	1,334,441	-	1,334,441
Due from related parties	292,358	1	-	292,359
Deferred marketing costs, net of amortization	345,405	-	-	345,405
Other non-current assets	-	352,248	-	352,248
<b>Total non-current assets</b>	<b>637,763</b>	<b>143,451,966</b>	<b>-</b>	<b>144,089,729</b>
<b>Total assets</b>	<b>\$ 3,126,803</b>	<b>\$ 146,268,678</b>	<b>\$ (945,977)</b>	<b>\$ 148,449,503</b>
<b>Liabilities and Members' Equity/(Deficits)</b>				
<b>Current liabilities:</b>				
Long-term debt, current portion	-	-	-	-
Resident refunds payable, current portion:				
Deferred revenue, current portion	3,476,878	378,460	-	3,855,338
Accounts payable and accrued expenses	17,621	20,180,478	-	20,198,099
Accrued payroll and related withholdings	-	-	-	-
Intercompany payable - Hayes Barton Place	-	945,977	(945,977)	-
<b>Total current liabilities</b>	<b>3,494,499</b>	<b>21,504,915</b>	<b>(945,977)</b>	<b>24,053,437</b>
<b>Non-current liabilities and deferred revenue:</b>				
Long-term debt, less current portion	-	69,602,344	-	69,602,344
Deferred financing costs, net of accumulated amortization	-	-	-	-
Due to related parties	911,984	45,954	-	957,938
Deferred revenue, noncurrent	-	-	-	-
<b>Total non-current liabilities and deferred revenue</b>	<b>911,984</b>	<b>69,648,298</b>	<b>-</b>	<b>70,560,282</b>
<b>Total liabilities and deferred revenue</b>	<b>4,406,483</b>	<b>91,153,213</b>	<b>(945,977)</b>	<b>94,613,719</b>
<b>Members' equity/(deficit)</b>	<b>(1,279,680)</b>	<b>55,115,465</b>	<b>-</b>	<b>53,835,784</b>
<b>Total liabilities and members' equity/(deficit)</b>	<b>\$ 3,126,803</b>	<b>\$ 146,268,678</b>	<b>\$ (945,977)</b>	<b>\$ 148,449,503</b>

EXHIBIT D  
5-YEAR PROSPECTIVE FINANCIAL STATEMENTS  
[ATTACHED]

**Hayes Barton Place**

Compilation of a Financial Projection

For Each of the Five Years Ending  
December 31, 2028

(with Accountant's Compilation Report thereon)

**Hayes Barton Place**

Compilation of a Financial Projection

Five Years Ending December 31, 2028

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## Accountants' Compilation Report

Hayes Barton Place  
Wilmington, North Carolina

Management of Hayes Barton Place, an economic entity comprised of two individual companies under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2028, the related projected combined statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64. Accordingly, this report should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial projection. The projected results may not be achieved, as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the following hypothetical assumptions occur during the projection period:

- construction, development, and other related costs to construct the independent living units, health center units and beds, and related common areas and to fund reserves approximates \$282,000,000;
- the independent living units and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period;
- the Company enters into a loan agreement during fiscal year 2024 at rates and terms as assumed in the projection to fund a portion of the construction of the independent living units; and
- the Company enters into a permanent loan agreement during fiscal year 2026 at rates and terms as assumed in the projection.

There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**Forvis Mazars, LLP**

Atlanta, Georgia  
June 27, 2024



## Hayes Barton Place

### Projected Combined Statements of Operations and Changes in Members' Equity For Each of the Five Years Ending December 31, (In Thousands)

	2024	2025	2026	2027	2028
<b>Revenue:</b>					
Independent living	\$ -	\$ 9,613	\$ 25,299	\$ 30,070	\$ 30,972
Assisted living	-	2,893	5,929	6,378	6,570
Skilled nursing	-	1,822	5,470	6,284	6,472
Other revenue	-	745	1,228	316	200
<b>Total operating revenue</b>	<b>-</b>	<b>15,073</b>	<b>37,926</b>	<b>43,048</b>	<b>44,214</b>
<b>Expense:</b>					
Independent living	-	630	1,588	1,890	1,946
Assisted living	-	972	1,995	2,146	2,211
Skilled nursing	70	503	1,510	1,735	1,787
Dietary	75	2,042	5,036	5,894	6,071
Housekeeping	-	563	1,388	1,624	1,673
Laundry	-	174	429	502	517
General and administrative	2,860	1,171	2,888	3,381	3,482
Management Fee	-	801	2,010	2,279	2,341
Plant operations	15	931	2,295	2,686	2,766
Physical plant	-	223	549	642	662
<b>Total operating expenses</b>	<b>3,020</b>	<b>8,010</b>	<b>19,688</b>	<b>22,779</b>	<b>23,456</b>
 Operating income (loss)	 (3,020)	 7,063	 18,238	 20,269	 20,758
<b>Other expense:</b>					
Interest expense	-	8,932	8,991	11,700	11,551
Deferred financing cost amortization	-	1,633	1,496	66	66
Deferred marketing cost amortization	-	67	83	83	83
Depreciation	-	9,198	9,201	9,204	9,207
<b>Total other expense</b>	<b>-</b>	<b>19,830</b>	<b>19,771</b>	<b>21,053</b>	<b>20,907</b>
 Net loss	 (3,020)	 (12,767)	 (1,533)	 (784)	 (149)
Members' equity, beginning of year	62,682	75,564	62,797	61,264	60,480
Members' contributions	15,902	-	-	-	-
<b>Members' equity, end of year</b>	<b>\$ 75,564</b>	<b>\$ 62,797</b>	<b>\$ 61,264</b>	<b>\$ 60,480</b>	<b>\$ 60,331</b>

**See accompanying Accountants' Compilation Report and Summary of Significant  
Projection Assumptions and Rationale**

## Hayes Barton Place

### Projected Combined Statements of Cash Flows For Each of the Five Years Ending December 31, (In Thousands)

	2024	2025	2026	2027	2028
<b>Cash flows from operating activities:</b>					
Net loss	\$ (3,020)	\$ (12,767)	\$ (1,533)	\$ (784)	\$ (149)
Adjustments to reconcile net loss to net cash from operating activities:					
Depreciation	-	9,198	9,201	9,204	9,207
Deferred financing cost amortization	-	1,633	1,496	66	66
Deferred marketing cost amortization	-	67	83	83	83
Accounts receivable - related parties	-	(1,978)	(6,356)	(6,210)	(6,603)
Accounts payable - related parties	12,821	-	-	-	-
Change in current assets, net	1,452	(225)	(508)	(130)	(29)
Change in current liabilities, net	(20,972)	(161)	668	254	56
Cash flows from operating activities	(9,719)	(4,233)	3,051	2,483	2,631
<b>Cash flows from investing activities:</b>					
Capital additions	(151,468)	(75)	(75)	(75)	(75)
Cash flows from investing activities	(151,468)	(75)	(75)	(75)	(75)
<b>Cash flows from financing activities:</b>					
Proceeds from long-term debt	146,553	4,108	196,085	-	-
Payoff of construction loan	-	-	(196,085)	-	-
Deferred financing costs	-	-	(1,968)	-	-
Principal payment of long-term debt	-	-	(1,300)	(2,408)	(2,556)
Members' contribution	15,902	-	-	-	-
Cash flows from financing activities	162,455	4,108	(3,268)	(2,408)	(2,556)
Change in cash and restricted cash	1,268	(200)	(292)	-	-
Cash and restricted cash, beginning of year	2,024	3,292	3,092	2,800	2,800
Cash and restricted cash, end of year	\$ 3,292	\$ 3,092	\$ 2,800	\$ 2,800	\$ 2,800
<b>Cash and restricted cash reconciliation:</b>					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Cash - restricted	492	292	-	-	-
Operating reserve - Company	800	800	800	800	800
Total cash and restricted cash	\$ 3,292	\$ 3,092	\$ 2,800	\$ 2,800	\$ 2,800

**See accompanying Accountants' Compilation Report and Summary of Significant  
Projection Assumptions and Rationale**

## Hayes Barton Place

### Projected Combined Balance Sheets For Each of the Five Years Ending December 31, (In Thousands)

<b>Assets</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Current assets:</b>					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Restricted cash	492	292	-	-	-
Resident accounts receivable, net	-	62	186	214	220
Inventories	83	219	539	624	643
Prepaid expenses	17	44	108	125	129
<b>Total current assets</b>	<b>\$ 2,592</b>	<b>\$ 2,617</b>	<b>\$ 2,833</b>	<b>\$ 2,963</b>	<b>\$ 2,992</b>
<b>Non-current assets:</b>					
Operating reserve - Company	800	800	800	800	800
Property and equipment, net	280,839	271,716	262,590	253,461	244,329
Intangible asset	80	80	80	80	80
Accounts receivable - related parties	-	1,978	8,334	14,544	21,147
Deferred marketing costs, net of amortization	332	265	182	99	16
Other non-current assets	351	351	351	351	351
<b>Total non-current assets</b>	<b>282,402</b>	<b>275,190</b>	<b>272,337</b>	<b>269,335</b>	<b>266,723</b>
<b>Total assets</b>	<b>\$ 284,994</b>	<b>\$ 277,807</b>	<b>\$ 275,170</b>	<b>\$ 272,298</b>	<b>\$ 269,715</b>
<b>Liabilities and Members' Equity</b>					
<b>Current liabilities:</b>					
Long-term debt, current portion	\$ -	\$ 1,300	\$ 2,408	\$ 2,556	\$ 2,714
Unearned revenue, current portion	2,786	2,786	2,786	2,786	2,786
Accounts payable and accrued expenses	1,111	950	1,618	1,872	1,928
<b>Total current liabilities</b>	<b>\$ 3,897</b>	<b>\$ 5,036</b>	<b>\$ 6,812</b>	<b>\$ 7,214</b>	<b>\$ 7,428</b>
<b>Non-current liabilities:</b>					
Long-term debt, net	191,905	196,346	193,466	190,976	188,328
Accounts payable - related parties	13,628	13,628	13,628	13,628	13,628
<b>Total non-current liabilities</b>	<b>205,533</b>	<b>209,974</b>	<b>207,094</b>	<b>204,604</b>	<b>201,956</b>
<b>Total liabilities</b>	<b>209,430</b>	<b>215,010</b>	<b>213,906</b>	<b>211,818</b>	<b>209,384</b>
<b>Members' equity</b>	<b>75,564</b>	<b>62,797</b>	<b>61,264</b>	<b>60,480</b>	<b>60,331</b>
<b>Total liabilities and members' equity</b>	<b>\$ 284,994</b>	<b>\$ 277,807</b>	<b>\$ 275,170</b>	<b>\$ 272,298</b>	<b>\$ 269,715</b>

**See accompanying Accountants' Compilation Report and Summary of Significant  
Projection Assumptions and Rationale**

## Hayes Barton Place

### Summary of Significant Projection Assumptions and Rationale

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#### General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Hayes Barton Place, an economic entity comprised of two individual companies under common control (the “Company”), and the day-to-day operating manager, Liberty Living Management, LLC (the “Operating Manager” (collectively “Management”), the expected financial position, results of operations and changes in members’ equity, and cash flows of the Company as of and for each of the five years ending December 31, 2028. Accordingly, the accompanying financial projection reflects Management’s judgment as of June 27, 2024, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming the hypothetical assumptions defined below occur. However, even if the hypothetical assumptions stated below were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management’s purpose in releasing this financial projection is for inclusion in the Company’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

*Basis of Presentation* – The prospective financial statements included in the projection have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

*Hypothetical Assumptions* – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur but is consistent with the purpose of the presentation. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. Management has prepared its financial projection assuming the following hypothetical assumptions:

- construction, development, and other related costs to construct the Community (hereafter defined) and to fund reserves approximates \$282,000,000;
- the independent living units and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period;
- the Company enters into a loan agreement during fiscal year 2024 at rates and terms as assumed in the projection to fund a portion of the construction of the independent living units; and
- the Company enters into a permanent loan agreement during fiscal year 2026 at rates and terms as assumed in the projection.

**See Accountants’ Compilation Report**

## Background

The Company is an economic entity comprised of two individual companies listed below. Management plans to provide senior living services in Raleigh, North Carolina. Services are to include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services (the “Community”). The Company plans to begin operations of the Community in January 2025. The following two individual companies form the Company.

HBP Oberlin Senior Housing PROPCO KP6, L.P. (“Raleigh Properties”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and the buildings of the Community.

HBP Oberlin Senior Housing OPCO KP6, L.P. (“Raleigh Operating”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community.

The activities of Raleigh Properties and Raleigh Operating are included in Management’s projection.

The Community is to consist of 214 independent living rental apartments (the “Apartments”), flats (the “Flats”), and townhomes (the “Townhomes”) (collectively, the “Independent Living Units”), 25 assisted living units and 32 memory support units (these 57 units are collectively referred to as the “Assisted Living Units”) and 31 skilled nursing beds (the “Skilled Nursing Beds”). The Assisted Living Units and the Skilled Nursing Beds are collectively referred to as the “Healthcare Center.”

The Company currently holds the certificate of need (“CON”) for 63 assisted living beds and 31 skilled nursing beds. In February 2022, the North Carolina Department of Insurance (“NCDOI”) issued the Company a Start-Up Certificate.

### *Related Parties*

The Operating Manager is owned by Liberty Healthcare Group, LLC (“Liberty Healthcare Group”), a North Carolina limited liability company. Other entities owned by Liberty Healthcare Group provide other benefits to the Company. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

Raleigh Operating plans to enter into a management agreement with the Operating Manager in which Raleigh Operating pays a management fee of 5.0 percent of total revenues derived from Independent Living Units and 6.0 percent of total revenues derived from Assisted Living Units and Skilled Nursing Beds (the “Management Fee”) to the Operating Manager, a related party to the Company.

**See Accountants’ Compilation Report**

**The Community**

The Community, which is under construction, is located in Raleigh, North Carolina on an approximately 8-acre site, comprised of three parcels. The following table summarizes the types of units, approximate square footage and assumed monthly fees (“Monthly Fee”) or daily fees (“Daily Fee”) of the Community:

<b>Unit Type</b>	<b>Number of Units</b>	<b>Square Footage</b>	<b>Monthly Fee <sup>(1)(2)(3)</sup></b>
<i>Independent Living Units:</i>			
Apartments:			
One-bedroom	18	851	\$ 6,650
Two-bedroom	139	1,467	9,511
Three-bedroom	12	2,598	14,929
Flats	24	1,985	13,143
Townhomes	21	2,673	16,163
<b>Total/Weighted Average</b>	<b>214</b>	<b>1,655</b>	<b>\$ 10,634</b>
<i>Assisted Living Units <sup>(4)</sup></i>			
Memory Support	32	385	\$ 9,467
Standard	25	669	7,108
<b>Total/Weighted Average</b>	<b>57</b>	<b>510</b>	<b>\$ 8,432</b>
<i>Skilled Nursing Beds:</i>			<b>Daily Fee</b>
Private		635	\$ 442
Medicare		635	576
<b>Total/ Average</b>	<b>31</b>	<b>635</b>	<b>\$ 509</b>
<b>Total Units/Beds</b>	<b>302</b>		

Source: Management

- (1) Residents of the Independent Living Units and direct admit Residents of the Assisted Living Units shall be required to pay a one-time non-refundable fee equal to two month’s Monthly Fee for Independent Living Residents or \$3,000 for direct admit Assisted Living Residents (the “Community Fee”);
- (2) The second person Monthly Fee is assumed to be \$1,250 for the Independent Living Units and \$2,000 for the Assisted Living Units upon opening of the Community in January 2025.
- (3) Monthly Fees and Daily Fees shown are projected to be effective as of January 1, 2025.
- (4) The Assisted Living Units are assumed to be licensed for 63 beds with six units available for double occupancy.

**See Accountants’ Compilation Report**

The following table illustrates the timeline for construction, opening and anticipated fill-up of the Community.

Preliminary certificate approval by NCDOI	July 2022
Construction began	July 2022
Permanent license approval by NCDOI	November 2024
Certificate of occupancy	November 2024
Independent Living Units available	January 2025
Healthcare Center opens	April 2025
Medicare license obtained	May 2025
Healthcare Center achieves stabilized occupancy	July 2026
Independent Living Units achieve stabilized occupancy	December 2026

Source: Management

**See Accountants' Compilation Report**

**Summary of Financing**

Total financial requirements to complete the construction of the Community are assumed to approximate \$281,979,000 and assumed to be funded primarily through loans totaling approximately \$197,385,000 and member contributions of approximately \$84,594,000. Management has assumed the following sources and uses of funds in preparing its financial projection.

<b>Sources of Funds:</b>	
Construction Loans <sup>(1)</sup>	\$ 197,385
Member contributions <sup>(2)</sup>	84,594
<b>Total Sources of Funds</b>	<b>\$ 281,979</b>
<b>Uses of Funds:</b>	
Land acquisition <sup>(3)</sup>	\$ 9,505
Construction costs <sup>(4)</sup>	250,689
Financing costs <sup>(5)</sup>	3,266
Taxes and insurance <sup>(6)</sup>	2,519
Reserves <sup>(7)</sup>	16,000
<b>Total Uses of Funds</b>	<b>\$ 281,979</b>

Source: Management

- (1) The Company entered into a construction loan of approximately \$154,688,000 in December 2022 ("Construction Loan 1"). Management anticipates entering into a construction loan of approximately \$42,697,000 ("Construction Loan 2") to fund a portion of the Independent Living Unit construction during fiscal year 2024. Construction Loan 1 and Construction Loan 2 total approximately \$197,385,000 and are collectively defined as (the "Construction Loans").
- (2) Management has entered into various joint venture agreements to receive approximately \$84,594,000 of member contributions for the construction of the Community.
- (3) The Company purchased land in March 2022 for the Community at a cost of \$9,505,000.
- (4) Management has estimated approximately \$250,689,000 of construction costs for the Community, which include costs related to the direct construction, indirect construction, and the developer fee.
- (5) Management has estimated approximately \$3,266,000 for financing costs, which include legal, professional fees, closing costs, and other costs related to the financing of the Loan.
- (6) Management has estimated approximately \$2,519,000 for costs related to taxes and insurance costs.
- (7) Management has estimated approximately \$16,000,000 to fund reserves for marketing/start-up expenses, interest, operating deficits, pre-closing marketing expense, and contingency reserves related to the development of the Community.

**See Accountants' Compilation Report**



## Residency and Services Agreement

Services – Management plans to offer a residency agreement (“Residency and Services Agreement”) which is a rental contract under which the Company is obligated, upon payment by the resident (the “Resident” or “Residents”) of the Community Fee, and ongoing payment of the Monthly Fee, to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include:

- Utilities, except telephone and internet service;
- Declining balance meal plan;
- Weekly housekeeping services;
- Interior unit and appliance maintenance;
- Maintenance of common area and the grounds;
- Use of common areas and wellness center;
- Uncovered parking;
- Scheduled transportation; and
- 24-hour emergency response system.

Management plans to offer optional services, including covered parking, personal laundry, additional transportation, additional dining, and additional housekeeping services, for an extra charge.

Admittance Standards – Prior to taking occupancy of a selected Independent Living Unit, the Resident shall execute a Residency and Services Agreement. The terms of the Residency and Services Agreement require the Company accept persons at least 62 years of age at the time of occupancy, who demonstrate the ability to live independently, and meet the financial obligations as a Resident. A reservation requires a signed Residency and Services Agreement and payment of a one-time, non-refundable Community Fee. Upon occupancy, Residents are expected to pay an ongoing Monthly Fee.

Healthcare Benefit – The Company plans to provide Residents temporary or permanent assisted living, memory care and skilled nursing services in the Healthcare Center, within the limits of the Company’s licensure. Residents are to receive an annual, non-cumulative discount of 10 percent from the current market rate during the first 30 days of residency in the Healthcare Center.

Terms of Residency – The initial Residency and Services Agreement shall be for a term of 13 months. After the initial term, the Resident has the option, each year, of executing another Residency and Services Agreement for 13 months. If another 13-month Residency and Services Agreement is not executed, the Residency and Services Agreement shall expire at the end of the term.

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Termination by the Resident Prior to Occupancy – The Resident may cancel at any time and for any reason during the 30-day rescission period as defined in the Residency and Services Agreement (the “Rescission Period”) and shall receive a refund of any fees paid less a service charge. After the Rescission Period, the Resident may terminate the Residency and Services Agreement prior to moving into the Community by giving 30 days’ prior written notice. Under this circumstance, the Community Fee becomes non-refundable after the Rescission Period.

Termination by the Resident After Occupancy – The Resident may terminate the Residency and Services Agreement after moving into the Community by giving 30 days’ prior written notice of termination, which shall be effective and irrevocable upon delivery. If the Resident terminates the Residency and Services Agreement prior to the expiration of the initial term or renewal term, then the Resident shall be liable for the Monthly Fee until the date that all of the Resident’s personal belongings are removed from the Independent Living Unit. In addition, the Resident shall be responsible for payment of liquidated damages of one month’s Monthly Fee.

The Residency and Services Agreement shall automatically terminate upon the death of the Resident (unless there is a surviving joint Resident) and a personal representative shall have 30 days from the date of death to remove personal property from the Independent Living Unit. The Resident’s estate is obligated to pay the Monthly Fee until the removal of possessions from the Independent Living Unit and key return to administration.

Termination by the Company – The Company may terminate the Residency and Services Agreement for just cause to include: (i) breach of agreement; (ii) misrepresenting information in the admission process; (iii) failure to pay any charges; (iv) Resident becomes infected with dangerous or contagious disease; or (v) violation of any reasonable procedures at the Community.

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**Summary of Significant Accounting Policies**

Basis of Accounting – The Company is assumed to maintain its accounting and financial records according to the accrual basis of accounting.

Principles of Combination – The combined financial statements include the accounts of Raleigh Properties and Raleigh Operating, which are owned and controlled by the members of the limited partnership. All significant intercompany accounts and transactions have been eliminated. The combined financial statements do not and are not intended to represent the activity of a legal entity.

Cash – Cash includes cash on hand and cash on deposit held by one financial institution.

Restricted Cash – Restricted cash includes refundable priority deposits (the “Priority Deposit”) received from future residents, which are held in accordance with statute, law, or regulation of the federal, state, and local government. The Priority Deposit shall be applied to the first month’s Monthly Fee as required by the Residency and Services Agreement.

Restricted cash also includes a refundable deposit made to the NCDOI pursuant to the North Carolina Administrative Code (“NCAC”), 11 NCAC 11H.0102(3)(a)(iv). For continuing care facilities, in order to obtain a preliminary certificate of licensure, the NCDOI requires a deposit of either \$100 for each unit for 50% of the total proposed units, or \$100,000, whichever amount is more. The deposit is refundable upon receipt of a permanent license. The Company earns and recognizes interest income on the deposit.

Related-Party Transactions – The principal members of the Company and other entities, which they own or with which they are associated, are considered related parties. Management monitors cash flow at each related party entity and transfers cash on an as-needed basis.

Statutory Operating Reserve – North Carolina General Statute section 58-64-33, requires licensed CCRCs to maintain an operating reserve equal to 50 percent (50%) of the total projected operating costs (adjusted for non-cash items) in a given year. If a CCRC maintains a combined independent and assisted living occupancy in excess of 90 percent (90%), the operating reserve amount required equals 25 percent (25%) of projected operating expenses (adjusted for non-cash items). The reserve may be funded by cash, invested cash, or investment grade securities. Management assumes that the statutory operating reserve shall be funded by an irrevocable standby letter of credit from a financial institution. Management plans to fund a \$800,000 operating reserve, at its discretion, to provide additional liquidity for Community operations.

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Lease Accounting – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases are to be classified as either finance or operating. This distinction shall be relevant for the pattern of expense recognition in the statement of operations. Upon the combining of the Company’s financial statements, material lease transactions occurring during the projection period are recognized as internal lease transfers and eliminated from the financial presentation.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets or the term of the depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

Deferred Marketing Costs – Management has implemented ASU No. 2014-09 “Revenue from Contracts with Customers” and adopted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions associated with securing new Residency and Services Agreements as an asset and amortizes these commissions over five (5) years, the estimated stay of the Residents in the Independent Living Units based on historical knowledge of similar communities.

Intangible Asset – this asset includes fees related to the Company’s application for the CON. The Company’s CON application to develop the CCRC facility was approved on February 12, 2021. In accordance with accounting standards generally accepted in the United States of America, intangible assets with indefinite useful lives are reviewed for impairment in accordance with Accounting Standards Codification (“ASC”) 350, Intangibles – Goodwill and Other, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performs qualitative assessments of impairment to determine whether the value of the CON was impaired. Management assumes no impairment for the intangible asset to occur during the projection period.

Debt Financing Cost – Cost associated with the issuance of debt is capitalized and is being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Debt issuance costs are netted against the related debt on the combined balance sheet and the amortization is included on the projected combined statement of operations and changes in members’ equity.

Income Taxes – The Company has elected to be treated as a partnership for income tax purposes. The Company’s taxable income, its losses and other pass-through items are reported on the members’ tax returns. Accordingly, no provision for income taxes has been included in the projection.

**See Accountants’ Compilation Report**

**Summary of Revenue Assumptions**

The following table summarizes the move-in assumptions for the Community during the projection period.

**Table 4**  
**Assumed Quarterly Fill-Up for the**  
**Independent Living Units/Assisted Living Units/Skilled Nursing Beds**

Fiscal Year/Month	Independent Living Move-in Schedule <sup>(1)</sup> <i>Cumulative</i>			Assisted Living Units Move-in Schedule <sup>(1)</sup> <i>Cumulative</i>			Skilled Nursing Beds Move-in Schedule <sup>(1)</sup> <i>Cumulative</i>		
	Quarterly Move-ins Total	Unit Total	Unit % <sup>(2)</sup>	Quarterly Move-ins Total	Unit Total	Unit % <sup>(2)</sup>	Quarterly Move-ins Total	Bed Total	Bed % <sup>(2)</sup>
<b>2025</b>									
1 <sup>st</sup> Quarter	40	40	19%	–	–	–	–	–	–
2 <sup>nd</sup> Quarter	26	66	31%	28	28	49%	7	7	23%
3 <sup>rd</sup> Quarter	32	98	46%	15	43	75%	8	15	48%
4 <sup>th</sup> Quarter	28	126	59%	3	46	81%	5	20	65%
<b>2026</b>									
1 <sup>st</sup> Quarter	29	155	72%	3	49	86%	3	23	74%
2 <sup>nd</sup> Quarter	23	178	83%	3	52	91%	3	26	84%
3 <sup>rd</sup> Quarter	15	193	90%	2	54	95%	3	29	94%
4 <sup>th</sup> Quarter	11	204	95%	–	54	95%	–	29	94%
<b>2027</b>									
Full Year	–	204	95%	–	54	95%	–	29	94%
<b>Total</b>	<b>204</b>		<b>95%</b>	<b>54</b>		<b>95%</b>	<b>29</b>		<b>94%</b>

Source: Management

- (1) The Community is assumed to open in January 2025. Initial move-ins to the Assisted Living Units and Skilled Nursing Beds are assumed to begin in April 2025, with Medicare licensure of the Skilled Nursing Beds anticipated to be completed in May 2025.
- (2) Cumulative occupancy is based on 214 available Independent Living Units, 57 Assisted Living Units and 31 Skilled Nursing Beds.

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The following table summarizes the assumed utilization of the Independent Living Units, Assisted Living Units, and the Skilled Nursing Beds:

<b>Year Ending December 31,</b>	<b>Average Units Available</b>	<b>Average Units Occupied</b>	<b>Occupied Percentage</b>
<i>Independent Living Units:</i> <sup>(1)</sup>			
2025 <sup>(2)</sup>	214	73	34%
2026	214	177	83%
2027 – 2028	214	204	95%
<i>Assisted Living Units:</i>			
2025 <sup>(2)</sup>	52	26	50%
2026	57	52	91%
2027 – 2028	57	54	95%
<i>Skilled Nursing Beds:</i> <sup>(3)</sup>			
2025 <sup>(2)</sup>	26	9	35%
2026	31	26	84%
2027 – 2028	31	29	94%

Source: Management

- (1) The double occupancy percentage for the Independent Living Units is assumed to be 30 percent and 70 percent for one-bedroom and two/three-bedroom Apartments/Flats/Townhomes, respectively, throughout the projection period.
- (2) The Community is assumed to open in January 2025. Initial move-ins to the Assisted Living Units and Skilled Nursing Beds are assumed to begin in April 2025.
- (3) Medicare approval is assumed to be provided in May 2025. The payor mix for the Skilled Nursing Beds is assumed to be 32 percent and 68 percent for private pay and Medicare, respectively, throughout the projection period.

#### *Independent Living and Assisted Living Revenue*

Resident service revenue for Residents living in the Independent Living Units and Assisted Living Units is based upon the assumed Monthly Fees for services provided to Residents and the assumed occupancy of the Independent Living Units and Assisted Living Units. Monthly Fees for the Independent Living Units and the Assisted Living Units are assumed to increase 3.0 percent annually throughout the projection period.

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*Skilled Nursing Revenue*

Resident service revenue for residents living in the Skilled Nursing Beds is based upon the assumed Daily Fees for services provided to Residents and the assumed occupancy of Skilled Nursing Beds. Daily Fees for private pay and Medicare residents of the Skilled Nursing Beds are assumed to increase 3.0 percent annually throughout the projection period.

*Other Revenues*

Revenue from other revenue is assumed to be generated from guest meals and other miscellaneous sources and is assumed to be 1.0 percent of annual resident service revenue throughout the projection period.

**Summary of Operating Expense Assumptions***Salaries, Wages and Employee Benefits*

Salaries, wages, and employee benefits are assumed to increase 3.0 percent annually throughout the projection period.

*Non-Salary Expenses*

Non-salary expenses are assumed to increase 3.0 percent annually throughout the projection period.

*Management Fee Expense*

The Company is assumed to pay the Management Fee for the day-to-day management of the Community. The Management Fee is assumed to be based on 5.0 percent of the Independent Living Units' revenue and 6.0 percent of Assisted Living Units' and Skilled Nursing Beds' revenue.

**See Accountants' Compilation Report**

**Statutory Operating Reserve**

The following table summarizes the projected Statutory Operating Reserve, which is calculated as a percentage of the Company's projected cash operating expenses.

<b>Table 6</b>					
<b>Operating Reserve Requirement</b>					
<b>(in Thousands)</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Projected expenses	\$ 3,020	\$ 27,840	\$ 39,459	\$ 43,832	\$ 44,363
Add: principal payments on long-term debt	–	–	1,300	2,408	2,556
Subtract:					
Depreciation	–	(9,198)	(9,201)	(9,204)	(9,207)
Amortization	–	(1,700)	(1,579)	(149)	(149)
Projected operating expenses-adjusted	3,020	16,942	29,979	36,887	37,563
Operating reserve % required <sup>(1)</sup>	–	50%	50%	25%	25%
Operating reserve <sup>(2)</sup>	\$ –	\$ 8,471	\$ 14,990	\$ 9,222	\$ 9,391
Independent Living Units and Assisted Living Units:					
Available, end of year	–	266	271	271	271
Occupied, end of year	–	99	228	258	258
Occupancy percentage	0%	37%	84%	95%	95%

Source: Management

- (1) North Carolina state statute requires an operating reserve 50% or 25% of projected operating expenses-adjusted for occupancy of independent and assisted living below 90% or 90% or above, respectively. No operating reserve is required prior to the projected opening in January 2025.
- (2) Management plans to satisfy the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution. Management also funds a \$800,000 operating reserve, at its discretion, to provide additional liquidity for Community operations.

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**Property and Equipment**

The Company is assumed to incur routine capital additions during the projection period, along with land and construction costs associated with the construction of the Community, that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 30 and 10 years, respectively. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Beginning balance	\$ 129,371	\$ 280,839	\$ 280,914	\$ 280,989	\$ 281,064
Routine capital additions	–	75	75	75	75
New construction additions	146,553	–	–	–	–
Capitalized interest	4,915	–	–	–	–
Property and equipment, cost	280,839	280,914	280,989	281,064	281,139
Accumulated depreciation	–	(9,198)	(18,399)	(27,603)	(36,810)
Property and equipment, net	\$ 280,839	\$ 271,716	\$ 262,590	\$ 253,461	\$ 244,329

Source: Management

**See Accountants' Compilation Report**

**Long-Term Debt***Construction Loan 1*

On December 14, 2022, the Company entered into a loan agreement with a financial institution (“Construction Loan 1”). The Construction Loan 1 loan agreement provides for a note payable with maximum borrowings of approximately \$154,688,000, with a variable interest rate of 2.75 percent plus the one-month CME Term SOFR Rate. For purposes of the projection, Management assumes the interest rate on Construction Loan 1 shall approximate 4.50 percent. Construction Loan 1 has a maturity date of December 14, 2026. The initial draws on Construction Loan 1 began in May 2023. The outstanding balance of Construction Loan 1 was approximately \$45,352,000 as of December 31, 2023.

*Construction Loan 2*

The Company plans to secure a loan of approximately \$42,697,000 with a financial institution during fiscal year 2024 for the construction of a portion of the Independent Living Units. Management assumes the rates and terms shall be similar to Construction Loan 1, with a final maturity date of December 14, 2026.

*Permanent Loan*

For purposes of the projection, Management assumes the outstanding balance of the Construction Loans shall be refinanced with a permanent loan (the “Permanent Loan”) in December 2026. The Permanent Loan is assumed to approximate \$196,085,000 with a fixed interest rate of 6.0 percent per annum with monthly principal and interest payments beginning January 1, 2027. The Permanent Loan is assumed to be amortized over a 30-year period.

**See Accountants’ Compilation Report**

The following table presents the projected debt service for the Company.

**Table 8**  
**Principal and Interest Payments**  
**(In Thousands)**

Years Ended December 31,	Construction Loans		Permanent Loan		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2024	\$ -	\$ 4,915	\$ -	\$ -	\$ 4,915
2025	-	8,932	-	-	8,932
2026	197,385 <sup>(1)</sup>	8,991	-	-	206,376
2027	-	-	2,408	11,700	14,108
2028	-	-	2,556	11,551	14,107
Thereafter	-	-	191,121	125,256	316,377
<b>Total</b>	<b>\$ 197,385</b>	<b>\$ 22,838</b>	<b>\$ 196,085</b>	<b>\$ 148,507</b>	<b>\$ 564,815</b>

Source: Management

(1) Includes approximately \$1,300,000 of principal for the Construction Loan.

### Current Assets and Current Liabilities

Operating revenue as used below includes skilled nursing net resident service fee revenue. Operating expenses as used below exclude amortization, depreciation, and interest expense. Management has assumed working capital components based on industry experience as outlined in the following table:

**Table 9**  
**Working Capital**

Accounts receivable	45	days of skilled nursing operating revenues
Inventories	10	days of operating expenses
Prepaid expenses	2	days of operating expenses
Accounts payable and accrued expenses	30	days of operating expenses

Source: Management

See Accountants' Compilation Report

EXHIBIT E

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

HAYES BARTON PLACE

The following table is presented in accordance with North Carolina General Statute Section 58-64-20(a)(7)e. regarding Continuing Care Retirement Communities' Disclosure Statement requirement to show the frequency and average dollar amount of increase in the weighted average Monthly Service Fees for independent living units, Assisted Living units, and Daily Service Fees for Skilled Nursing Beds at the

	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020	Effective 1/1/2021
<b>Independent Living Units (Monthly Fees):</b>					
<b>Apartments:</b>					
One-bedroom	*	*	*	*	*
One bedroom/den	*	*	*	*	*
Two-bedroom	*	*	*	*	*
Two-bedroom with den	*	*	*	*	*
Second person fee	*	*	*	*	*
<i>Independent living fees are revised annually effective January 1 and adjusted throughout the year at the time of each individual resident's contract renewal.</i>					
	Effective 3/1/2017	Effective 3/1/2018	Effective 3/1/2019	Effective 3/1/2020	Effective 3/1/2021
<b>Healthcare Center:</b>					
<b>Assisted Living Units (Monthly Fees):</b>					
Memory care	*	*	*	*	*
Standard	*	*	*	*	*
Second person fee	*	*	*	*	*
<b>Skilled Nursing Beds (Daily Fees):</b>					
Private	*	*	*	*	*

EXHIBIT F

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]



HAYES BARTON PLACE

## **Residency and Services Agreement**

**2600 Yettington Drive  
Raleigh, North Carolina 27608  
(919) 803-6734**

**02/15/2022  
(Revised 7/2/2024)**

**Term of Agreement Begins: \_\_\_\_\_**

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**HAYES BARTON PLACE**

**RESIDENCY AND SERVICES AGREEMENT**

This RESIDENCY AND SERVICES AGREEMENT (the “Agreement”) is made this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between HPB OBERLIN SENIOR HOUSING PROPCO, KP6, L.P. and HBP OBERLIN SENIOR HOUSING OPCO KP6, L.P., Delaware for-profit limited partnerships (the “Company” or “Community”) and \_\_\_\_\_ and \_\_\_\_\_ (herein individually or collectively called “Resident”). If two persons desire to share a Residence enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

**Selected Residence:** \_\_\_\_\_

**Community Fee:** \$ \_\_\_\_\_

**Monthly Service Fee (1<sup>st</sup> Person):** \$ \_\_\_\_\_

**Monthly Service Fee (2<sup>nd</sup> Person):** \$ \_\_\_\_\_

**WITNESSETH:**

WHEREAS, the Company leases and operates the continuing care retirement community known as Hayes Barton Place (the “CCRC”), with independent living residences (each a “Residence” and collectively, the “Residences”) located at 2600 Yettington Drive; Raleigh, North Carolina 27608; and

WHEREAS, the Resident desires to use and occupy the Residence selected as indicated above (the “Selected Residence”) located in the CCRC’s independent living building (the “Independent Living Building”); and

WHEREAS, and the Company desires to make the Selected Residence available to the Resident.

**NOW, THEREFORE, FOR VALUABLE CONSIDERATION**, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Resident and the Company hereby agree as follows:

1. Eligibility Requirements and Procedures.

The Resident will be qualified for admission as an occupant of the CCRC on the following terms and conditions:

- a. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An



underage second occupant may be approved for residency in the Residence in the Company's sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.

- b. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the current CCRC's Disclosure Statement (the "Disclosure Statement") which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.
- c. Application. Within thirty (30) days of execution of this Agreement, the Resident will complete or update a preliminary health screen substantially in the form attached hereto as Exhibit A (the "Preliminary Health Screen") and a confidential financial statement substantially in the form attached hereto as Exhibit B (the "Financial Statement") and deliver the same (all such documents collectively referred to herein as, the "Application Forms") to the Company. In the case of two Residents occupying a Residence, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.
- d. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria by the Company, which criteria may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal Preliminary Health Screen completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in Section 1.d. of this Agreement.
- e. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in Section 7.d. of this Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement. The Resident shall provide to the Company a Financial Statement within the period outlined in Section 1.d. of this Agreement. After the Occupancy Date, the Company may require an updated Financial Statement.
- f. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining whether the requirements for residency may be met.
- g. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.

- h. Review of Application. The Company will review the completed Application Forms as a basis for initial approval for residency in the CCRC. The Company will accept or deny an application based on the criteria and policies it has established, as the same may be amended from time to time. The Company will notify the Resident in writing of its decision on the application. If the application is denied, this Agreement will automatically terminate.
- i. Physician's Report. Thirty (30) days prior to the Occupancy Date (as defined in Section 1.n. of this Agreement), the Resident is required to submit to the Company an updated Preliminary Health Screen. The Company will respect the privacy of the Resident's personal health information and is committed to maintaining the Resident's confidentiality.
- j. Representations and Warranties. The Resident affirms that the representations made in the Application Forms or other statements of financial capability are accurate and reflect the Resident's current status. The Resident acknowledges that such representations are the basis for which the Company agrees to enter into this Agreement.
- k. Authorization to Release Medical Information. As a part of the application process, the Resident agrees to execute any such authorization forms as required by the Company to obtain the information concerning the Resident's medical history and condition necessary to enable the Company to adequately evaluate whether the Resident is appropriate for residency in the CCRC.
- l. Will, Durable Power-of-Attorney and Healthcare Directives. Thirty (30) days prior to the Occupancy Date, the Resident shall have in place a valid and enforceable will, identifying an Executor of the Resident's estate, that provides for the distribution of his or her assets and personal effects. Such will or other document of instruction shall include adequate provisions regarding burial or cremation directions and other funeral arrangements. Furthermore, prior to the Occupancy Date, the Resident shall deliver, and during the term of this Agreement shall maintain, a valid and effective North Carolina Durable Power of Attorney (the "Power-of-Attorney") and a living will or health care Power-of-Attorney (the "Health Directive") enforceable in accordance with the laws of the State of North Carolina. The Power-of-Attorney shall designate as the Resident's attorney in-fact any responsible person, including but not limited to, a lawyer, banker, or relative, to act on behalf of the Resident in the managing of the Resident's affairs and filing of the Resident's insurance or other benefits as fully and completely as if the Resident were acting personally. The Power-of Attorney shall be in such form that survives the Resident's incapacity or disability and otherwise be satisfactory to the Company. The Health Directive shall name a responsible person capable of making health care decisions in the case of incapacity or emergency.
- m. Notification of Availability. If the Resident is approved for residency in the CCRC, the Company will notify the Resident of the projected date of availability for occupancy (the "Notice of Availability Date") and the Resident will have sixty (60)

days from date of the Notice of Availability Date to occupy the Residence (the date of occupancy hereinafter referred to as the “Occupancy Date”) and begin paying the Monthly Service Fee. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident’s request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Such refund shall be paid shall be paid by the Company within thirty (30) days.

2. Basic Services and Programs.

Subject to the terms and conditions of this Agreement, the following basic services (collectively “Basic Services”) are included in the Monthly Service Fee (defined below):

a. Description of Residence. The Resident shall be entitled to the exclusive use of Residence \_\_\_\_\_ located in the CCRC’s Independent Living Building.

b. Appliances and Furnishings. The Residence shall include the following appliances and furnishings:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Window coverings                   | <input checked="" type="checkbox"/> Standard flooring        |
| <input checked="" type="checkbox"/> Electric range                     | <input checked="" type="checkbox"/> Self-cleaning oven       |
| <input checked="" type="checkbox"/> Refrigerator/freezer with icemaker | <input checked="" type="checkbox"/> Garbage disposal         |
| <input checked="" type="checkbox"/> Microwave                          | <input checked="" type="checkbox"/> Dishwasher               |
| <input checked="" type="checkbox"/> Washer and dryer                   | <input checked="" type="checkbox"/> Smoke and fire detectors |
| <input checked="" type="checkbox"/> Climate control system             | <input checked="" type="checkbox"/> Water heater             |
| <input checked="" type="checkbox"/> 24-hour emergency call system      | <input checked="" type="checkbox"/> Other permanent fixtures |

All other appliances and furnishings are to be provided by Resident.

c. Utilities. The following utility fees are included in the Monthly Service Fee:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Heating                | <input checked="" type="checkbox"/> Air conditioning |
| <input checked="" type="checkbox"/> Water                  | <input checked="" type="checkbox"/> Sewer            |
| <input checked="" type="checkbox"/> Gas                    | <input checked="" type="checkbox"/> Electricity      |
| <input checked="" type="checkbox"/> Basic cable television | <input checked="" type="checkbox"/> Pest control     |
| <input checked="" type="checkbox"/> Internet               | <input checked="" type="checkbox"/> Trash removal    |

d. Meals. As part of the Monthly Service Fee, the Resident shall be given a monthly declining balance meal plan credit (the “Declining Balance Meal Credit”). The Resident shall be entitled to dine in any of the CCRC’s dining options and charges for the food and beverages of the Resident and any guest of the Resident shall be deducted from such Declining Balance Meal Credit. Upon termination of this

Agreement, any unused portion of the Declining Balance Meal Credit shall be forfeited. If the monthly charges of the Resident exceed the amount of the monthly Declining Balance Meal Credit, such additional charges shall be billed to the Resident on a monthly basis.

- e. Housekeeping Services. The Resident agrees to keep the Residence in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Residence. Please refer to basic cleaning schedule provided to resident at time of move in.
- f. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by or leased by the Company for use in the CCRC. The Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident's guests or the Resident's pets. The Resident will be responsible for the maintenance and repair of the Resident's personal property.
- g. Changes to Residence. Any structural or physical change or redecoration and remodeling of any kind within or outside the Residence may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Residence, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Residence to the condition that existed prior to the Resident taking possession of the Residence.
- h. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.
- i. Use of CCRC Common Areas. The Resident has the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
- j. Use of the Wellness Center. The Company will provide health and wellness programs and services at its on-site wellness center (the "Wellness Center"), including use of fitness equipment, exercise classes, use of an indoor heated pool and certain wellness education programs. The Resident will be advised of any required fee for a wellness program before enrolling in such program.
- k. Programs. Recreational, social, educational and cultural programs will be coordinated by the CCRC's staff. Some activities are subject to an additional charge.

- l. Parking. The Company will provide parking areas for one personal vehicle and limited parking for the Resident's guests. The Company will provide parking areas for two personal vehicles for Flats and Townhomes.
  - m. Transportation. The Company will provide scheduled transportation to locations routinely visited by residents of the CCRC such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
  - n. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined to be necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.
  - o. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property.
3. Optional Services.

A schedule of fees for services provided at extra cost including, but not limited to those optional services described below (collectively "Optional Services"), shall be established by the Company and shall be made available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

- a. Transportation Services. If the Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation service provided that the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.
- b. Food Services. If the Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.
- c. Tray Service. The Resident may request that meals be delivered to the Residence ("Tray Service") for a delivery charge; provided however, that Tray Service may not be requested for more than three (3) consecutive days except at a physician's or nurse's direction.
- d. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
- e. Additional Housekeeping Services. If the Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.

- f. Spa Services. Spa and personal care services in the Wellness Center will be available in accordance with a published fee schedule.
- g. Upgraded Television Channels. Upgraded television channels will be available to the Resident in accordance with a published fee schedule.
- h. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
- i. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC Concierge Desk.

4. Terms of Residence.

- a. Term of Agreement. The initial term of this Agreement shall be for thirteen (13) months beginning on the Occupancy Date (the “Term”). After the initial Term, this Agreement will automatically renew for additional thirteen (13) month periods, unless terminated in accordance with Section 8 below. Prior to the expiration of the initial Term or any renewal Term, the Company reserves the right to present the Resident with a new version of the Residency and Services Agreement for signature by the Company and the Resident.
- b. Nature and Extent of Rights. The Resident’s right to occupy the Residence shall exist and continue unless terminated as provided in this Agreement. Nothing contained herein shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement.
- c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.
- d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Residence to meet requirements of any statute, law or regulation of the federal, state or local Government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Residence.
- e. Use. The Residence shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.

- f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Residence during the term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Services Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Services Agreement, he or she shall not be permitted to occupy the Residence.
- g. Transfers. Should the Resident desire to transfer to another Residence, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Residence of the type requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.
- h. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this Agreement except that the Monthly Service Fee will be reduced to the Monthly Service Fee applicable to a single resident then in effect.
- i. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.
- j. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Residences. All pets must be on a leash at all times while not in a Resident's Residence. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Residence, upon fourteen (14) days' prior written notice from

the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Residence, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.

- k. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Residence (to include any balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

5. Nursing and Healthcare Services.

The CCRC will provide the Resident temporary or permanent assisted living services, skilled nursing services and memory support services (collectively the "Healthcare Services") in the healthcare center adjacent to the CCRC (the "Healthcare Center"). A number of the beds in the Healthcare Center have been designated as "closed beds" under state laws and/or regulations and, as such, are reserved for Residents (the "Closed Beds"). In the event that these Closed Beds are fully occupied, the Resident will be given priority access to the available unreserved beds (the "Open Beds"). Service in the Healthcare Center shall be provided within the limits of the Company's license.

If the appropriate level of Healthcare Services based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be obtained from another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services shall be the sole responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident that is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

6. Transfers of Resident.

- a. Direct Transfer to the Healthcare Center. If after the execution of this Agreement and prior to the Occupancy Date, the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and this Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Residence, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under this Agreement and pay the required Monthly Service Fee applicable to a single resident then in effect.



In the event the Healthcare Center is not yet completed and licensed to operate and the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident is precluded from living independently in the CCRC (the "Healthcare Transfers"), the Company will enter into a Transfer Agreement with a skilled nursing facility in reasonable proximity to the Company (the "Transfer Facility") pursuant to which the Transfer Facility shall agree to accept appropriate Healthcare Transfers from the Company. The Company will provide transportation to the Healthcare Transfers to the Transfer Facility until such time as the Healthcare Center is available; provided however, the cost of the care at such Transfer Facility will be the responsibility of the Healthcare Transfer.

- b. Transfers to the Healthcare Center. The Resident agrees that the Company shall have the right to determine whether the Resident should be temporarily or permanently transferred from the Residence to the Healthcare Center or from one level of care at the Healthcare Center to another level of care at the Healthcare Center. Such determination shall be in the Company's sole discretion and based on the professional opinion of the medical director of the Healthcare Center and the executive director of the CCRC that the Resident is no longer able to live independently or that living in the Residence will endanger the Resident or the health and/or safety of others. Should the Resident fail to cooperate with a transfer of the Resident requested by the Company, the Company shall have the right to terminate this Agreement and the Resident shall no longer be permitted to live in the CCRC.
- c. Transfer Outside the CCRC. If, in the opinion of the Company, the physical or mental condition of the Resident requires services beyond that which can be provided by the facilities or personnel in the CCRC and the Healthcare Center or is beyond the scope of the services provided for in this Agreement, the Company may require that the Resident be temporarily or permanently transferred to a hospital, center, institution or other care environment equipped to give such care; provided however, the cost of the care at any such outside facility will be the responsibility of the Resident.
- d. Relinquishment of Residence upon Permanent Transfer to the Healthcare Center or Outside Facility. If, in the sole discretion of the Company, the Resident's transfer to the Healthcare Center or to an outside facility is considered permanent, the Resident shall relinquish the Residence and this Agreement shall terminate, unless there is a second Resident currently occupying the Residence or unless otherwise approved by the Company.

7. Fees and Charges.

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC.

- a. Priority Deposit Fee. Upon execution of this Agreement, if the Resident previously paid a Priority Deposit pursuant to the Priority Partner Agreement, the Priority

Deposit shall be applied to the first month's Monthly Service Fee as required by this Agreement.

- b. Community Fee. Upon the execution of this Agreement, the Company shall charge and the Resident shall pay a non-refundable (except as defined in Section 7.h. of this Agreement) Community Fee equal to two (2) times the current Monthly Service Fee (as defined in Section 7.c. of this Agreement) (the "Community Fee") as identified on page 1 of this Agreement and in Exhibit C attached hereto. The Community Fee entitles Residents priority access to all services and amenities of the Community once Residence is occupied. A Community Fee will not be charged to Residents upon any renewal of this Agreement.
- c. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") as identified on page 1 of this Agreement and in Exhibit C attached hereto, for a single Resident. If the Residence will be occupied by two Residents pursuant to this Agreement, an additional monthly amount identified on page 1 of this Agreement and in Exhibit C attached hereto shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5<sup>th</sup>) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Residence is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Residence prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If this Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in Section 8 below.
- d. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to any renewal of this Agreement. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. The Company may adjust the Monthly Service Fee prior to occupancy of the Residence by the Resident if changes in the projected costs of providing the services at Community so require.
- e. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5<sup>th</sup>) day of each month. A list of fees for recurring Optional Services the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit C.

- f. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, skilled nursing care and memory care services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Services Agreement and in accordance with the then published Healthcare Center per diem charge.
  - g. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center per diem charge plus charges for other services not included in the Healthcare Center per diem charge, subject to available Discounted Fee Days. In addition, the Resident shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.
  - h. Refund of Fees. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit, and Community Fee (and any other fees paid by Resident) in accordance with this Residency and Services Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident’s request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company’s receipt of the Resident’s written notice of rescission. The Community Fee becomes non-refundable after the Rescission Period.
  - i. Failure of the Community to be Developed. Should the Company determine that there is not sufficient interest to support the proposed Community, the Company shall refund the Priority Deposit and Community Fee (and any other fees paid by Resident) in accordance with the Residency and Services Agreement.
  - j. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Service Fees and extra charges that have not been paid within five (5) days after their due date.
8. Termination.
- a. Termination by Resident. Upon the termination of this Agreement, the Resident shall have no further right to reside in the CCRC. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

- i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the “Rescission Period”), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident’s termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident’s election to terminate this Agreement.
  - ii. Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in a Residence, the Resident may terminate the Residency and Services Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.
  - iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days’ written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident’s personal belongings are removed from the Residence. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at then current market rate.
- b. Termination by Death or Serious Illness.
- i. Termination by Death or Serious Illness Prior to the Occupancy Date. If, prior to the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident’s estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable.

Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

- ii. Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of Section 6, then this Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence and the Residence can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company.

- i. Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.
- ii. Termination by the Company after the Occupancy Date. The Company may terminate this Agreement upon thirty (30) days written notice to the Resident in the event of the following:
  - (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
  - (2) The Resident consistently fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or
  - (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to

the Company for its consideration of the Resident for residency in the CCRC.

- iii. Immediate Termination. If the Company determines in its sole and absolute discretion that the Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate this Agreement and the Resident shall promptly vacate the Residence. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Residence.
- iv. Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates this Agreement after the Occupancy Date pursuant to subsection c.ii or c.iii above, the Resident shall promptly vacate the Residence, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence.

9. Miscellaneous.

- a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.
- b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.
- c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.
- d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney's fees and court costs, resulting from any injury or death to persons or damage to property caused

by, resulting from, attributable to or in any way connected to the Resident's negligence or intentional act or omission.

- e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement.
- f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director  
 HBP Oberlin Senior Housing OPCO KP6, L.P.  
 Mailing Address:  
 2600 Yettington Drive

Raleigh, North Carolina 27608  
 (919) 803-6734

The Resident's address for the purpose of receiving notice under this Agreement prior to the Occupancy Date will be the address following the Resident's signature below. The address of the Resident for purposes of receiving notice under this Agreement after the Occupancy Date shall be the address of the Residence.

- g. Religious or Charitable Affiliations. The Company is not affiliated with any religions or charitable organization
- h. Acknowledgement of Receipt of Disclosure Statement. The Resident acknowledges that he or she has received a copy of the current Disclosure Statement of the CCRC.

Initials          Resident          \_\_\_\_\_  
    Resident          \_\_\_\_\_

- i. Reading and Signing of Agreement. By signing this Agreement below, the Resident represents that he or she has read and agrees to all of the terms of this Agreement.

[Signatures begin on following page]

The Company and the Resident have signed this Agreement to be effective as of the date set forth on the first page.

**RESIDENT:**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RESIDENT:**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**HBP OBERLIN SENIOR HOUSING OPCO  
KP6, L.P.:**

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative

Date: \_\_\_\_\_



**EXHIBIT A**  
**FORM OF PRELIMINARY HEALTH SCREEN**



# HAYES BARTON PLACE

Hayes Barton Place is a continuing care retirement community designed especially for older adults who are able to care for themselves, but choose to have certain services provided for them. Services include meals, housekeeping, maintenance, transportation and recreational activities.

### **Authorization for Release of Information**

I, \_\_\_\_\_ hereby authorize my attending physician, \_\_\_\_\_ and his/her representatives to discuss and answer any questions regarding the attached form with the Executive Director. In addition, this authorization will serve as permission to release any additional medical records if requested. This form valid for six (6) months from the date it has been signed.

Signature of Resident \_\_\_\_\_

Address of Address \_\_\_\_\_

Date: \_\_\_\_\_



# HAYES BARTON PLACE

## Medical History & Physical Exam

Applicant's Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Last \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Ht. \_\_\_\_\_ Wt. \_\_\_\_\_ B/P \_\_\_\_\_ Middle P \_\_\_\_\_

Vision: \_\_\_\_\_ Poor \_\_\_\_\_ Fair \_\_\_\_\_ Good Glasses: \_\_\_\_\_

Hearing: \_\_\_\_\_ Poor \_\_\_\_\_ Fair \_\_\_\_\_ Good Deaf : \_\_\_\_\_ Hearing Aid: \_\_\_\_\_

Ambulation: \_\_\_\_\_ Cane \_\_\_\_\_ Walker \_\_\_\_\_ W/C  
Transfers Self \_\_\_\_\_ Yes or \_\_\_\_\_ No \_\_\_\_\_ No Assistive Device Needed

Allergies: \_\_\_\_\_  
\_\_\_\_\_

Current Medication and Dosage (including PRN medications):

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Smoking: Current \_\_\_\_\_ Past \_\_\_\_\_

Drug/Alcohol Use: \_\_\_\_\_

Oxygen Use: \_\_\_\_\_ Dependent \_\_\_\_\_ PRN \_\_\_\_\_ HS

Review of Systems

Positive Findings

Eyes	
ENT	
Cardiovascular	
Respiratory	
Gastrointestinal	
Genitourinary	
Musculoskeletal	
Integumentary	
Neurological	
Psychiatric	
Endocrine	
Hematologic/Lymphatic	
Allergic/Immunologic	

Is this person able to perform the following: (Y or N)

- \_\_\_ Able to dress, bathe, eat, toilet and ambulate without assistance
- \_\_\_ Able to walk 25 feet or more to dining room chairs
- \_\_\_ Able to perform light daily tasks such as dishwashing, bed making
- \_\_\_ Able to do own laundry, including moving wet clothes from washer to dryer
- \_\_\_ Able to prepare light meals
- \_\_\_ Able to shop for groceries, put away groceries, etc
- \_\_\_ Able to administer own medication in correct dosages at correct time
- \_\_\_ Manages financial matters (budgets, writes checks, pays rent/bills)
- \_\_\_ Recognize own health needs and able to schedule own medical appointments
- \_\_\_ Continent or self manages incontinence; no urine on garments

Is there evidence of habitual use of narcotics, sedatives or alcohol? If yes, please explain:

---

Does this person require a special diet? If yes, please explain:

---

Does this person exhibit signs of senility or dementia? If yes, please explain:

---

In your opinion, does this person have the sensory, mental and physical ability to perceive an emergency and make an exit from this building, including ascent or descent of stairs **without** the assistance of another person or any mechanical device? If no, please explain: \_\_\_\_\_

---

In your opinion, is this person able to live independently? \_\_\_ Yes \_\_\_ No

In your opinion, does this person need nursing or convalescent care, i.e., Assisted or Skilled Nursing Care routinely provided in a community subject to licensure by the State Department of Health? \_\_\_ Yes \_\_\_ No

Signature of Physician \_\_\_\_\_

Name of Physician (print) \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Date: \_\_\_\_\_

**EXHIBIT B**  
**FORM OF FINANCIAL STATEMENT**



# HAYES BARTON PLACE

**Financial Statement**

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

\_\_\_\_\_

Personal Data	Yes*		No		Annual Income	A	B
	A	B	A	B			
Do you have a will?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wages		
Do you have a trust?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bonus		
Do you have a Long Term Care Policy? What are the daily rates for AL? SN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Interest Income		
Are you involved in any suits or legal actions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dividend Income		
Are all personal income taxes current?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other Investment Income		
Are there any assets pledged or encumbered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rental Income		
Do you have any contingent liabilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Gen/Ltd Partnership		
					Pension/Annuity Income		
					Social Security		
					Other Income		
					Total	\$	\$

\* Yes answers may require detailed responses

Assets		Liabilities	
Cash in Bank or Financial Institution (Sch. 1)	\$	Notes Payable/Other Loans/Pmts Due (Sch. 9)	\$
Cash surrender value of life insurance (Sch. 2)	\$	Loans on Life Insurance (Sch. 2)	\$
Notes and Accounts Receivable (Sch. 3)	\$	Loans on Personal Property (Sch. 6)	\$
Marketable Stocks and Bonds (Sch. 4)	\$	Real Estate Mortgages (Sch. 7)	\$
Partnership/ S Corp Interests (Sch. 5)	\$	Taxes Due	\$
Deferred Income (Years Deferred: )	\$	Credit Card Debt	\$
Real Estate (Sch. 7)	\$	Proprietorship Liabilities	\$
Vested Interest in Retirement / 401K (Sch. 8)	\$	Partnership Liabilities (Sch. 5)	\$
Personal Property (Sch. 6)	\$	Other Liabilities	\$
Other Assets	\$		\$
	\$		\$
	\$	<b>TOTAL LIABILITIES</b>	\$
	\$	<b>NET WORTH</b>	\$
<b>TOTAL ASSETS</b>	\$	<b>TOTAL LIABILITIES &amp; NET WORTH</b>	\$

Attach additional sheets, if necessary

Schedule 1: Cash in Bank or Financial Institution			
Name of Bank or Financial Institution	Checking	Savings or CD's	Are these accounts pledged?
<b>Total</b>	\$	\$	

Schedule 2: Life Insurance					
Name of Insured	Beneficiary	Face Amount	Cash Value	Policy Loans	Assigned to:
<b>Total</b>		\$	\$	\$	

Schedule 4: Schedule 3: Notes and Accounts Receivable		
Name	Amount	Due Date
<b>Total</b>	\$	

Schedule 4: Schedule 4: Marketable Securities				
Security Name	# Shares	Registered To	Cost	Market Value
<b>Total</b>			\$	\$

Schedule 5: Partnership / S Corp Interests			
Name	Ownership %	Partnership Equity	Debt
<b>Total</b>			\$

Schedule 6: Personal Property				
Description	Value	Balance	Payment	Lender
<b>Total</b>	\$	\$	\$	

<b>Schedule 7: Real Estate</b>				
Description	Value	Balance	Payment	Lender
<b>Total</b>	\$	\$	\$	

<b>Schedule 8: Vested Interest in Retirement and 401 (k) Plans</b>	
Plan Description / Trustee	Value
<b>Total</b>	\$

<b>Schedule 9: Notes Payable / Other Loans / Payment Due</b>			
Lender	Account Number	Balance	Payment
<b>Total</b>		\$	\$

**Representations and Warranties**

I / We have carefully read and submitted the foregoing information provided on the pages of this application. The information presented is a true and accurate statement of my/our financial condition on the date indicated. I/We agree that if any material change(s) occur(s) in my/our financial condition that I/we will immediately notify the Community of said changes. Unless the Community is so notified it may continue to rely upon the financial application and the representations made herein as a true and accurate statement of my/our condition.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT C



HAYES BARTON PLACE

FEE SCHEDULE

Resident Name(s) \_\_\_\_\_

Residence # \_\_\_\_\_

Agreement Date \_\_\_\_\_

<b>Fees Due at Residency and Services Agreement Execution:</b>	<b>Amount</b>
Community Fee	
Other Fees (specify):	
<b>Total amount due at Residency and Services Agreement execution</b>	<b>\$</b>

<b>Monthly Service Fees*:</b>	<b>Amount</b>
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	
<b>Total Monthly Service Fees</b>	<b>\$</b>



\*Note: Priority Deposit previously paid will be applied to the then current 1<sup>st</sup> month's Monthly Service Fees.

Note that the above-listed fees do not include fees for occupancy in the Healthcare Center that are described in Section 7 of the Agreement. In addition, fees for non-recurring Optional Services selected by the Resident shall be in the amount set forth in the schedule of fees provided by the Company.

The Resident acknowledges that he or she has reviewed and hereby approves the above tables of fees payable pursuant to this Agreement.

Initials	Resident	_____
	Resident	_____