



THE BARCLAY

AT SOUTHPARK

Disclosure Statement

May 31, 2020

**4801 Barclay Downs Drive
Charlotte, North Carolina 28210
(980) 224-8540**

Unless earlier revised, this Disclosure Statement will remain effective until October 31, 2021. 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.

TABLE OF CONTENTS

I.	Introduction.....	1
II.	Organization, Ownership and Management	1
III.	Facility Description and Amenities	6
IV.	Services.....	7
V.	Expansion/Development.....	10
VI.	The Continuing Care Concept	10
VII.	The Residency and Care Agreement.....	11
VIII.	Fees	17
IX.	Financial Information.....	20
X.	Other Material Information.....	21

Exhibits:

- Exhibit A: Audited Financial Statements
- Exhibit B: Actual versus Projected Results
- Exhibit C: Interim Financial Statements
- Exhibit D: 5-Year Prospective Financial Projections
- Exhibit E: Contract for Independent Living Continuing Care

I. Introduction

The Barclay at SouthPark (the “CCRC” or the “Community”) is a continuing care retirement community which offers its residents (“Residents”) one hundred and sixty-five (165) independent living rental apartments (each an “Apartment”) located in an independent living facility (the “Independent Living Building”), a wide array of services, a clubhouse (the “Clubhouse”), and the security of access to an adjacent one hundred and thirty (130) bed healthcare center (the “Healthcare Center”). The Community is situated on an approximately 10.5-acre campus located in Charlotte, North Carolina (the “Site”). At the time of this filing with the North Carolina Department of Insurance there were no independent living residents under Residency and Care Agreements as the CCRC was still under construction.

II. Organization, Ownership and Management

A. Organization

Charlotte SP Senior Housing OPCO, LLC (“SouthPark OPCO” or the “Company”) is a Delaware for-profit limited liability company registered to do business in North Carolina formed for the purpose of leasing and operating a continuing care retirement community. The business address of the Company is One Town Center Road, Suite 300; Boca Raton, Florida 33486. SouthPark OPCO is solely owned by Charlotte SP Senior Housing JV OPCO, LLC (“SouthPark Joint Venture OPCO”). SouthPark Joint Venture OPCO is the only entity having, directly or indirectly, a ten percent (10%) or greater beneficial interest in SouthPark OPCO. In January 2019, the North Carolina Department of Insurance issued a Continuing Care Retirement Community Preliminary Certificate to SouthPark OPCO, which allowed SouthPark OPCO to construct the CCRC.

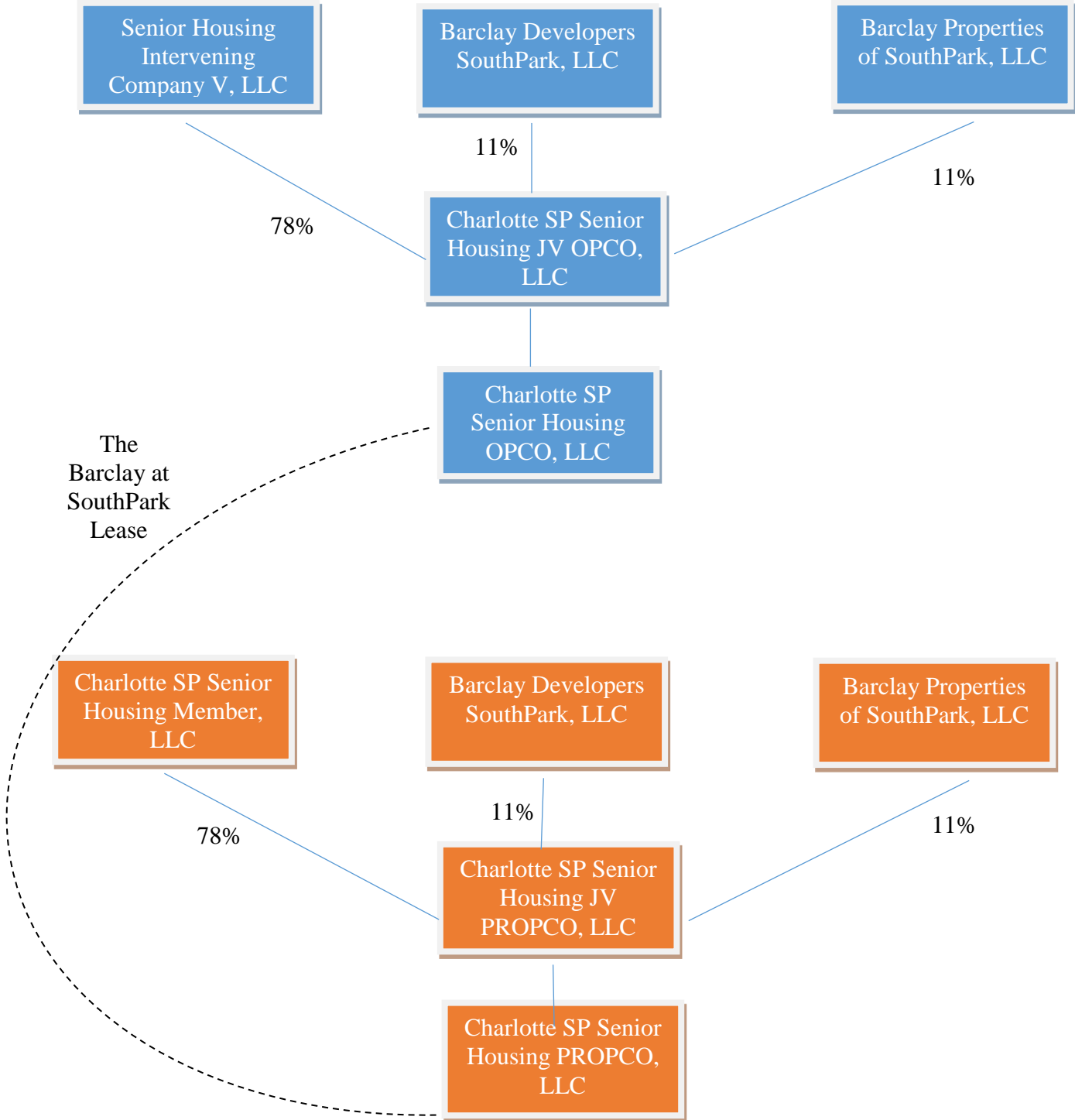
B. Facility Ownership

Charlotte SP Senior Housing PROPCO, LLC (the “SouthPark PROPCO”) is a Delaware for-profit limited liability company registered to do business in North Carolina formed for the purpose of developing and owning real property and the buildings of the Company.

SouthPark PROPCO purchased the Site in July 2018, together with all of the improvements comprising the Company. SouthPark PROPCO and the Company have executed a lease agreement (the “The Barclay at SouthPark Lease”) for the Company’s use and operation of the Independent Living Building, the Clubhouse, the Healthcare Center, and the associated common areas. The Barclay at SouthPark Lease will have a term of eighteen (18) years and rent under the lease will be in an amount sufficient to satisfy the debt service coverage ratio required by SouthPark PROPCO’s lender. SouthPark PROPCO is responsible for constructing, at SouthPark PROPCO’s sole cost and expense, all of the improvements leased pursuant to The Barclay at SouthPark Lease.

See the organization/ownership chart below.

Organization/Ownership Chart



C. Healthcare

The CCRC will provide the Resident temporary or permanent assisted living services and skilled nursing services in the beds located within the Healthcare Center. The Healthcare Center will be licensed for one-hundred eight (108) assisted living beds and twenty-two (22) skilled nursing beds. Eighty (80) of the assisted living beds will be reserved for the Residents of the CCRC (the “Closed Beds”). The remaining Healthcare Center beds will be 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.

Barclay Senior Living SouthPark, LLC

Barclay Senior Living SouthPark, LLC (“Barclay Senior Living”) is a North Carolina for-profit limited liability company formed for the purpose of providing staffing and payroll management services to the Company and providing property management services to SouthPark PROPCO.

Prior to the opening of the CCRC, the Company will execute a staffing agreement (the “Staffing Agreement”) with 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 care beds, and skilled nursing beds paid to Barclay Senior Living.

Liberty Living Management, LLC

Prior to opening the CCRC, Liberty Living Management, LLC (“Liberty Living Management”) will execute a management agreement with Barclay Senior Living in which Barclay Senior Living pays Liberty Living Management fees equal to the fees derived from the Staffing Agreement. Liberty Living Management’s headquarters are at 2334 S. 41st 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, 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. 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. 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 30 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 teenage daughter.

Facility Management

Judi Donovan. Judi Donovan will serve as the Executive Director of the CCRC.

E. Related Parties

The CCRC will be developed, 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 10.5-acre site, having an address of 4801 Barclay Downs Drive, Charlotte, North Carolina and is situated within a larger medical park development that will also include additional medical office buildings. The Site is a mixed-use development that includes a variety of residential choices, shops, and restaurants.

B. Layout and Types of Accommodations

Accommodations for Phase I of the CCRC include one hundred sixty-five (165) Apartments within the Independent Living Building with one and two bedroom

floor plans that range from approximately 740 to 1,760 square feet. The Company estimates that it will be able to accommodate up to two hundred fifty (250) Residents, all of whom will be provided services pursuant to their respective Residency and Care Agreements. Subject to the terms and conditions of the Residency and Care Agreement and the limits of the Company's license, a full continuum of healthcare services are 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 a social center for Residents to gather. The Clubhouse features 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") provides an array of wellness programs for the Residents. Facilities and services 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 Care Agreement, the following basic services (collectively "Basic Services") are included in the Monthly Service Fee (defined below):

1. Appliances and Furnishings. The Apartments 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 hot water heater; a 24-hour emergency call system and other permanent fixtures. All other appliances and furnishings for the Apartments not listed above are to be provided by the Resident.
2. Utilities. Included with residency in an Apartment are heating, air conditioning, water, sewer, gas, electricity, basic cable television, 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, except for alcoholic 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 Care 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. Maid Service. The Resident agrees to keep the Apartment in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Apartment.
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 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 Apartment ("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 Maid Service. 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 Apartment 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.

V. Expansion/Development

Phase I of the CCRC is expected to be complete in the fourth quarter 2020. Construction of the CCRC’s Healthcare Center is expected to be complete in the second quarter of 2021.

Planned future phases of the Community may include the construction of up to an additional two-hundred and twenty-four (224) Apartments. The additional Apartments will be constructed as dictated by demand for residency in the Community. The expected date for commencement of such construction is not known at this time.

VI. The Continuing Care Concept

The Company’s continuing care concept ensures a Resident, so long as the Resident is in compliance with the Residency and Care Agreement, residence in an Apartment, 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 Care Agreement

To reside in an Apartment the prospective Resident and the Company will enter into a Residency and Care Agreement (the “Residency and Care Agreement”). A copy of the Residency and Care Agreement applicable to the Apartments is attached hereto as Exhibit E. As outlined in the Residency and Care 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 Care Agreement differ from the summary contained in this Disclosure Statement, the terms of the Residency and Care Agreement shall control. The basic terms and conditions contained in the Residency and Care Agreement are summarized as follows:

- A. Term. The initial term of the Residency and Care Agreement shall be for thirteen (13) months beginning on the Occupancy Date. After the initial term, the Residency and Care Agreement will automatically renew for additional thirteen (13) months periods, unless terminated as set forth in the Residency and Care Agreement.
- B. Eligibility Requirements. Eligibility for residency in the Community is conditioned upon, among other things more particularly described in the Residency and Care 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 Apartment 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 Apartment Selection 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 Care Agreement.
 - 3. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee, extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of the Residency and Care Agreement. Immediately prior to the Occupancy

Date (as defined in the Residency and Care Agreement), the Resident will affirm to the Company that the Resident's financial situation does not differ materially and adversely from the financial situation presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Company may terminate the Residency and Care Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, 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.

- C. Priority Partner Agreement. A prospective resident may execute a Priority Partner Agreement (the "Priority Partner Agreement") with the Company to be placed on the waiting list for an Apartment.
- D. Apartment Selection Agreement. At the time of selecting an Apartment, the Resident shall execute an Apartment Selection Agreement ("Apartment Selection Agreement") and submit it to the Company along with an Apartment Selection Fee and Community Fee, as defined in the Residency and Care Agreement.
- E. Residency and Care Agreement. Within seven (7) days of executing an Apartment Selection Agreement, the Resident shall execute a Residency and Care Agreement.
- F. Changes to Apartment. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment 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 Apartment, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Apartment to the condition that existed prior to the Resident taking possession of the Apartment.
- G. Changes in Condition Prior to Occupancy. If after the execution of the Residency and Care 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 Care 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 Apartment, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under the Residency and Care Agreement and pay the required Monthly Service Fee applicable to a single Resident.

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.

- H. Fees and Billing. The Resident shall be required to pay the Monthly Service Fee and other fees as set forth in the Residency and Care Agreement. Fees payable by the Resident are described in more detail below.
- I. Permitted Occupants. The Resident(s) named in the Residency and Care Agreement and no other person shall reside in or occupy the Apartment during the term of the Residency and Care Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to the Residency and Care Agreement is accepted for residency in the CCRC after the date of the Residency and Care 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 Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.
- J. Transfers. Should the Resident desire to transfer to another Apartment, 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 Apartment of the size 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.
- K. Death or Transfer of One Resident. If one of the Residents named in the Residency and Care 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 Care Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.
- L. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Apartment (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.

- M. 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 Apartments. All pets must be on a leash at all times while not in a Resident's Apartment. 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 Apartment, 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 Apartment, 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.
- N. 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.
- O. Termination
1. Termination by Resident. Upon the termination of the Residency and Care Agreement, the Resident shall have no further right to reside in the CCRC. The Residency and Care 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 Care Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Care 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 Care 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 Care Agreement or in writing in a separate addendum to the Residency and Care 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 Care Agreement.

- (b) Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior 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, the Apartment Selection 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 Care 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 Care 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 Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at the existing 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 Care Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Care Agreement will automatically terminate. In the event the Residency and Care Agreement is terminated as provided for in the Residency and Care 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 Care Agreement is terminated pursuant to the applicable subsection of the Residency and Care Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Care Agreement is terminated as to or by

the surviving Resident as provided for in the Residency and Care 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 Care 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 Care Agreement, then the Residency and Care 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 Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care 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 Care 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 Care 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 Care 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 Care Agreement and the Resident shall promptly vacate the Apartment. 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 Apartment.
- (d) Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates the Residency and Care Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Care Agreement, the Resident shall promptly vacate the Apartment, 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 Apartment.

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 with the reservation process and not enter into a Residency and Care Agreement for any reason. The Priority Deposit will be fully applied toward the Security Deposit should the prospective resident proceed with the reservation process and execute a Residency and Care Agreement.
- B. Apartment Selection Fee. Upon the execution of the Apartment Selection Agreement, the Resident shall submit to the Company a fee equal to one Monthly Service Fee payment (the "Apartment Selection Fee"). The Apartment Selection Fee is a non-refundable fee (except as defined in the Residency and Care

Agreement) and shall be fully applied toward the first month's Monthly Service Fee.

- C. Community Fee. Upon the execution of the Apartment Selection Agreement, the Resident shall submit to the Company a fee equal to one Monthly Service Fee payment (the "Community Fee"). The Community Fee is a one-time, non-refundable fee (except as defined in the Residency and Care Agreement) which entitles the Resident priority access to all services and amenities of the Community. A Community Fee will not be charged to Residents upon any renewal of the Residency and Care Agreement.
- D. Security Deposit. Upon the execution of the Residency and Care Agreement, the Resident shall make a Security Deposit payment to the Company equal to one Monthly Service Fee payment (the "Security Deposit"), which shall be deposited in accordance with statute, law or regulation of the federal, state, and local Government. If the Resident has complied with all terms of the Residency and Care Agreement and returns the Apartment in the same or materially similar condition as when the Resident moved into the Apartment, the Company will return the Security Deposit to the Resident within thirty (30) days after the Resident's move-out date. The Security Deposit shall be credited to the Resident as the last Monthly Service Fee payment in the event of the Resident's death. In the event that the Resident breaches or otherwise violates the Residency and Care Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit shall be forfeited to the Company. The Resident is additionally responsible for any expense incurred by the Company resulting from damages to the Apartment that are in excess of the Security Deposit. In the event that the Resident has entered into a Priority Partner Agreement and paid a refundable deposit to the Company, the Priority Deposit shall be applied to the amount due as the Security Deposit.
- E. 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 A attached to the Residency and Care Agreement. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) 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 Apartment 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 Apartment 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 Care 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 Care Agreement.

The following table shows the average dollar amount of increase in the weighted average Monthly Service Fees for independent living Apartments and assisted living beds and Daily Service Fees for skilled nursing beds at the Community for the previous five years:

<u>Unit/Bed Type</u>	<u>2015⁽¹⁾</u>	<u>2016⁽¹⁾</u>	<u>2017⁽¹⁾</u>	<u>2018⁽¹⁾</u>	<u>2019⁽¹⁾</u>
<i>Independent Living Units:</i>					
One-bedroom apartments	n/a	n/a	n/a	n/a	n/a
Two-bedroom apartments	n/a	n/a	n/a	n/a	n/a
Second person	n/a	n/a	n/a	n/a	n/a
<i>Assisted Living Beds:</i>					
Memory Support	n/a	n/a	n/a	n/a	n/a
Standard	n/a	n/a	n/a	n/a	n/a
Second person	n/a	n/a	n/a	n/a	n/a
<i>Skilled Nursing Beds:</i>					
Private	n/a	n/a	n/a	n/a	n/a

Fees are revised annually effective January 1 and adjusted throughout the year at the time of each individual contract renewal.

⁽¹⁾ The Company began construction in 2018; therefore, there were no fees associated with the project for the period 2015 – 2019. Rates will be established in 2020 for marketing the independent living Apartments. Rates for the assisted living beds and skilled nursing beds in the Healthcare Center will be established in 2021.

- F. 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 Care 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.
- G. 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 (5th) 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 Care Agreement shall be attached to the Residency and Care Agreement as Exhibit A.
- H. 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 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 Care Agreement and in accordance with the then published Healthcare Center per diem charge.

- I. Refund of Fees. If the Resident cancels during the Rescission Period as defined in the Residency and Care Agreement, the Priority Deposit, Apartment Selection Fee, Community Fee, and Security Deposit (and any other fees paid by Resident) in accordance with the Residency and Care 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 A of the Residency and Care Agreement or in writing in a separate addendum to the Residency and Care 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 Apartment Selection Fee and the Community Fee become non-refundable after the Rescission Period. The Security Deposit is refundable and will be returned to the Resident within thirty (30) days after the Resident’s move-out date if the Resident has complied with all terms of the Residency and Care Agreement and returns the Apartment in the same or materially similar condition as when Resident moved into the Apartment. If the Resident breaches or otherwise violates the Residency and Care Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit shall be forfeited to the Company.
- 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.

IX. Financial Information

- A. Audited Financial Statements. Audited financial statements of the Company as of and for the year ended December 31, 2019 are included as Exhibit A.
- B. Actual versus Projected Results. A narrative of material differences between the previously projected financial statements and actual results of operations for the year ended December 31, 2019 for the Company are included in Exhibit B.
- C. Interim Financial Statements. Interim financial statements for the three-month period ended March 31, 2020 for the Company are included as Exhibit C.
- D. Five-Year Prospective Financial Statements. Financial projections for each of the five years ending December 2024 for the Company as compiled by an independent public accountant are included as Exhibit D.

- E. Financing. The CCRC's construction is being financed through a secured construction loan in the amount of up to One Million Six Hundred Thousand Dollars (\$106,000,000) (the "Construction Loan"), which represents sixty-five percent (65%) of the total cost of the CCRC. The Construction Loan was executed in July 2018 for a term of forty-eight (48) months with a 12 month optional extension period at a rate of LIBOR plus 250 basis points. The Construction Loan is secured by a first priority mortgage of first deed of trust on the property as well as by a first priority security interest in all other real and personal property assets of the Company and SouthPark Properties. Any of the CCRC's working capital and intercompany payable obligations above what is included in the Construction Loan will be funded through contributions from the managers of the Company.
- F. 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 a 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.

During the Fill-up Period, all Priority and Security 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

None.

EXHIBIT A
AUDITED FINANCIAL STATEMENTS
[ATTACHED]

THE BARCLAY AT SOUTHPARK

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Year Ended December 31, 2019

And Report of Independent Auditor

THE BARCLAY AT SOUTHPARK
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR.....1-2

COMBINED FINANCIAL STATEMENTS

Combined Balance Sheet.....3
Combined Statement of Operations and Changes in Members' Equity.....4
Combined Statement of Cash Flows.....5
Notes to the Combined Financial Statements.....6-10

SUPPLEMENTAL SCHEDULES

Combining Balance Sheets11-12
Combining Statement of Operations13
Combining Statement of Cash Flows14-15

Report of Independent Auditor

To the Members
The Barclay at SouthPark
Wilmington, North Carolina

We have audited the accompanying financial statements of The Barclay at SouthPark, a group of entities under common control (collectively “The Barclay at SouthPark”), which comprise the combined balance sheet as of December 31, 2019, and the related combined statements of operations and changes in members’ equity and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the combined financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Barclay at SouthPark as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the combined financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Supplemental 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

Charlotte, North Carolina
May 1, 2020

THE BARCLAY AT SOUTHPARK
COMBINED BALANCE SHEET

DECEMBER 31, 2019

ASSETS

Current Assets:

Cash	\$ 5,127,259
Cash - restricted	150,612
Prepaid expenses	2,917
Total Current Assets	<u>5,280,788</u>

Property and equipment, net

103,481,450

Noncurrent Assets:

Intangible asset	457,125
Receivables - related parties	308,997
Other assets	4,743
Total Noncurrent Assets	<u>770,865</u>

Total Assets

\$ 109,533,103

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities

Accrued expenses and other payables	<u>\$ 14,624,678</u>
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Noncurrent Liabilities:

Accounts payable - related parties	761,285
Long-term debt, net	<u>44,452,553</u>
Total Noncurrent Liabilities	<u>45,213,838</u>

Total Liabilities

59,838,516

Members' Equity

49,694,587

Total Liabilities and Members' Equity

\$ 109,533,103

THE BARCLAY AT SOUTHPARK

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2019

Revenues:	
Other income	\$ <u>1,813</u>
Expenses:	
General and administrative	122,342
Plant, operations, and maintenance	389
Marketing expense	556,997
Interest expense	390,734
Depreciation and amortization expense	<u>2,206</u>
Total Expenses	<u>1,072,668</u>
Net Loss	(1,070,855)
Members' equity, beginning of year	38,403,963
Contributions	<u>12,361,479</u>
Members' equity, end of year	<u>\$ 49,694,587</u>

THE BARCLAY AT SOUTHPARK
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:	
Net loss	\$ (1,070,855)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Depreciation and amortization	2,206
Amortization of debt issuance costs	244,092
Changes in operating assets and liabilities:	
Prepaid expenses	(2,917)
Receivables - related parties	(308,997)
Other assets	(4,743)
Accrued expenses and other payables	7,931,304
Accounts payable - related parties	<u>(91,422)</u>
Net cash flows from operating activities	<u>6,698,668</u>
Cash flows from investing activities:	
Payments for certificate of need	(55,000)
Purchases of property and equipment	<u>(61,581,105)</u>
Net cash flows from investing activities	<u>(61,636,105)</u>
Cash flows from financing activities:	
Proceeds from issuance of debt	45,058,695
Contributions from members	<u>12,361,479</u>
Net cash flows from financing activities	<u>57,420,174</u>
Net change in cash	2,482,737
Cash, beginning of year	<u>2,795,134</u>
Cash, end of year	<u>\$ 5,277,871</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 752,955</u>
Reconciliation of cash and restricted cash to the balance sheet:	
Cash per combined balance sheet	\$ 5,127,259
Cash - restricted per combined balance sheet	<u>150,612</u>
	<u>\$ 5,277,871</u>

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

THE BARCLAY AT SOUTHPARK

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019

Note 1—Nature of operations

Nature of Operations – The Barclay at SouthPark (the “Company” or “CCRC”) is an economic entity comprised of three individual companies listed below. The Company was organized to provide senior living services in Charlotte, North Carolina. Services will include providing and maintaining 289-unit independent living rental apartments with assisted living services, skilled nursing care, and supporting services. As of December 31, 2019, the Company continued with construction on the CCRC under a preliminary certificate issued by the North Carolina Department of Insurance (“NC DOI”) in January 2019. CCRC plans to complete construction and open the independent living units in first quarter 2021 and the healthcare units in second quarter 2021.

Charlotte SP Senior Housing PROPCO, LLC (“SouthPark PROPCO”) is a for-profit Delaware limited liability company registered to do business in North Carolina and formed for the purpose of developing and owning real property and the buildings of the Company. SouthPark PROPCO is owned by Charlotte SP Senior Housing JV PROPCO, LLC, a Delaware limited liability company.

Charlotte SP Senior Housing OPCO, LLC (“Barclay at SouthPark”) is a for-profit Delaware limited liability company registered to do business in North Carolina formed for the purpose of leasing and operating a continuing care retirement community known as The Barclay at SouthPark. The Company is owned by Charlotte SP Senior Housing JV OPCO, LLC, a Delaware limited liability company.

Barclay Senior Living SouthPark, LLC (“Barclay Senior Living”) is a for-profit North Carolina limited liability company formed for the purpose of owning the employees of the Company and providing management services to the two entities listed above.

SouthPark PROPCO holds the certificate of need (“CON”) for 20 skilled nursing beds. The collective value of the CON is recorded as an intangible asset on SouthPark PROPCO.

Note 2—Summary of significant accounting policies

Principles of Combination – The combined financial statements include the accounts of SouthPark PROPCO, Barclay at SouthPark, and Barclay Senior Living, which are owned and controlled by the members of the limited liability companies. All significant inter-company 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 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 year. Actual results could differ from those estimates.

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

THE BARCLAY AT SOUTHPARK

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019

Note 2—Summary of significant accounting policies (continued)

Restricted Cash – Restricted cash is comprised of a refundable deposit made to the NC DOI 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 NC DOI 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.

Restricted cash also 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 will be applied to the Security Deposit paid by the resident upon execution of a Residency and Care Agreement. The liability associated with refundable priority deposits as of December 31, 2019 totaled \$50,495.

Property and Equipment, Net – Property and equipment are stated at 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.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense amounted to \$2,206 for the year ended December 31, 2019.

The estimated useful lives used in computing depreciation and amortization are as follows:

Buildings and improvements	5 to 40 years
Furniture and fixtures	5 to 20 years
Equipment	3 to 20 years

Interest Capitalization – Interest costs incurred on borrowed funds during the year of construction of property and equipment were capitalized as a component of the cost of acquiring those assets, and depreciated over their estimated useful lives by the straight-line method of depreciation. During the year ended December 31, 2019, total interest capitalized totaled \$508,587.

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. Amortization of loan origination costs was \$244,092 for the year ended December 31, 2019.

Upcoming Pronouncement – Leases – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. This standard will be effective for the calendar year ending December 31, 2021. The Company is currently in the process of evaluating the impact of adoption of this ASU on the combined financial statements.

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 an LLC 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, 2019.

THE BARCLAY AT SOUTHPARK
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019

Note 2—Summary of significant accounting policies (continued)

Intangible Asset – 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”) No. 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 their carrying amount may not be recoverable. For the Company, this asset includes a CON. 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 a 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, 2019.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets, 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.

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. During the year ended December 31, 2019, the Company from time to time may have had amounts on deposit in excess of insured limits.

Advertising Costs – Advertising costs are expensed in the year incurred and totaled \$364,110 for the year ended December 31, 2019.

Note 3—Property and equipment, net

Property and equipment, net at December 31, 2019 consists of the following:

	SouthPark PROPCO	Barclay at SouthPark	Barclay Senior Living	Total
Land and land improvements	\$ 10,120,457	\$ -	\$ -	\$ 10,120,457
Furniture and fixtures	17,612	-	-	17,612
Equipment	13,093	-	-	13,093
	10,151,162	-	-	10,151,162
Less accumulated depreciation	(2,206)	-	-	(2,206)
	10,148,956	-	-	10,148,956
Construction in progress	93,332,494	-	-	93,332,494
Property and equipment, net	<u>\$ 103,481,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,481,450</u>

Note 4—Intangible asset

Intangible asset (indefinite-lived) consists of the following at December 31, 2019:

Certificate of need	<u>\$ 457,125</u>
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THE BARCLAY AT SOUTHPARK
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019

Note 5—Long-term debt

Long-term debt for the Company consists of the following at December 31, 2019:

Building loan agreement bearing interest at a variable rate of 2.50% plus LIBOR (1.76% at December 31, 2019) with interest only payments due monthly from the note effective date through July 24, 2022 and payment in full due upon the maturity date of July 24, 2022. The Company has an option to extend the note. If exercised, commencing on August 1, 2022 payments of principal would be due in equal monthly amounts sufficient to amortize the outstanding principal balance of the loan, as July 24, 2022, in level monthly payments over 30 years, at a fixed interest rate of 6.00%. This note is collateralized by the real property and improvements and related real and personal property as well as any additional property and improvements located thereon.	\$ 45,058,695
Less debt issuance costs	(606,142)
Less current portion of long-term debt	-
Long-term debt, net	<u>\$ 44,452,553</u>

Future maturities of long-term debt are as follows:

<u>Years Ending December 31,</u>	
2020	\$ -
2021	-
2022	45,058,695
	<u>\$ 45,058,695</u>

Interest expense amounted to \$390,734 for the year ended December 31, 2019, including \$244,092 related to debt issuance cost amortization. Future amortization of debt issuance costs at December 31, 2019 is as follows:

<u>Years Ending December 31,</u>	
2020	\$ 242,785
2021	242,785
2022	120,572
	<u>\$ 606,142</u>

Note 6—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, 2019, total receivables and payables to related parties were \$308,997 and \$761,285, respectively.

THE BARCLAY AT SOUTHPARK

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019

Note 7—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 had no contributions to the Plan for the year ended December 31, 2019.

Note 8—Subsequent events

The Company has evaluated subsequent events through May 1, 2020, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued.

Subsequent to the combined balance sheet date, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak may disrupt the Company’s business as well as the Company’s ability to acquire new residents going forward. The extent of the impact of the outbreak on the Company’s performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company’s residents, employees and vendors, and governmental, regulatory and private sector responses. The combined financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

SUPPLEMENTAL SCHEDULES

THE BARCLAY AT SOUTHPARK
COMBINING BALANCE SHEETS

DECEMBER 31, 2019

	SouthPark PROPCO	Barclay at SouthPark	Barclay Senior Living	Eliminations	Total
ASSETS					
Current Assets:					
Cash	\$ 5,028,097	\$ 98,662	\$ 500	\$ -	\$ 5,127,259
Cash - restricted	-	150,612	-	-	150,612
Accounts receivable - The Barclay at SouthPark	701,094	-	5,208	(706,302)	-
Prepaid expenses	-	2,917	-	-	2,917
Total Current Assets	<u>5,729,191</u>	<u>252,191</u>	<u>5,708</u>	<u>(706,302)</u>	<u>5,280,788</u>
Property and equipment, net	<u>103,481,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,481,450</u>
Noncurrent Assets:					
Intangible asset	457,125	-	-	-	457,125
Receivables - related parties	307,472	49	1,476	-	308,997
Other assets	-	4,743	-	-	4,743
Total Noncurrent Assets	<u>764,597</u>	<u>4,792</u>	<u>1,476</u>	<u>-</u>	<u>770,865</u>
Total Assets	<u><u>\$ 109,975,238</u></u>	<u><u>\$ 256,983</u></u>	<u><u>\$ 7,184</u></u>	<u><u>\$ (706,302)</u></u>	<u><u>\$ 109,533,103</u></u>

THE BARCLAY AT SOUTHPARK
COMBINING BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2019

	SouthPark PROPCO	Barclay at SouthPark	Barclay Senior Living	Eliminations	Total
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accrued expenses and other payables	\$ 14,524,880	\$ 93,114	\$ 6,684	\$ -	\$ 14,624,678
Accounts payable - The Barclay at SouthPark	-	706,302	-	(706,302)	-
Total Current Liabilities	<u>14,524,880</u>	<u>799,416</u>	<u>6,684</u>	<u>(706,302)</u>	<u>14,624,678</u>
Noncurrent Liabilities:					
Accounts payable - related parties	627,417	133,368	500	-	761,285
Long-term debt, net	44,452,553	-	-	-	44,452,553
Total Noncurrent Liabilities	<u>45,079,970</u>	<u>133,368</u>	<u>500</u>	<u>-</u>	<u>45,213,838</u>
Total Liabilities	59,604,850	932,784	7,184	(706,302)	59,838,516
Members' Equity (Deficit)	<u>50,370,388</u>	<u>(675,801)</u>	<u>-</u>	<u>-</u>	<u>49,694,587</u>
Total Liabilities and Members' Equity (Deficit)	<u><u>\$ 109,975,238</u></u>	<u><u>\$ 256,983</u></u>	<u><u>\$ 7,184</u></u>	<u><u>\$ (706,302)</u></u>	<u><u>\$ 109,533,103</u></u>

THE BARCLAY AT SOUTHPARK
COMBINING STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

	SouthPark PROPCO	Barclay at SouthPark	Barclay Senior Living	Eliminations	Total
Revenues:					
Other income	\$ -	\$ 1,813	\$ 5,208	\$ (5,208)	\$ 1,813
Expenses:					
General and administrative	2,037	120,305	5,208	(5,208)	122,342
Plant, operations, and maintenance	-	389	-	-	389
Marketing expense	-	556,997	-	-	556,997
Interest expense	390,734	-	-	-	390,734
Depreciation and amortization expense	2,206	-	-	-	2,206
Total Expenses	<u>394,977</u>	<u>677,691</u>	<u>5,208</u>	<u>(5,208)</u>	<u>1,072,668</u>
Net Loss	<u>\$ (394,977)</u>	<u>\$ (675,878)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,070,855)</u>

THE BARCLAY AT SOUTHPARK
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	SouthPark PROPCO	Barclay at SouthPark	Barclay Senior Living	Eliminations	Total
Cash flows from operating activities:					
Net loss	\$ (394,977)	\$ (675,878)	\$ -	\$ -	\$ (1,070,855)
Adjustments to reconcile net loss to net cash flows from operating activities:					
Depreciation and amortization	2,206	-	-	-	2,206
Amortization of debt issuance costs	244,092	-	-	-	244,092
Changes in operating assets and liabilities:					
Prepaid expenses	-	(2,917)	-	-	(2,917)
Receivables - related parties	(307,472)	(49)	(1,476)	-	(308,997)
Accounts receivable - The Barclay at SouthPark	(601,094)	-	(5,208)	606,302	-
Other assets	-	(4,743)	-	-	(4,743)
Accrued expenses and other payables	7,831,506	93,114	6,684	-	7,931,304
Accounts payable - related parties	(225,290)	133,368	500	-	(91,422)
Accounts payable - The Barclay at SouthPark	-	606,302	-	(606,302)	-
Net cash flows from operating activities	<u>6,548,971</u>	<u>149,197</u>	<u>500</u>	<u>-</u>	<u>6,698,668</u>
Cash flows from investing activities:					
Payments for certificate of need	(55,000)	-	-	-	(55,000)
Purchases of property and equipment	(61,581,105)	-	-	-	(61,581,105)
Net cash flows from investing activities	<u>(61,636,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,636,105)</u>
Cash flows from financing activities:					
Proceeds from issuance of debt	45,058,695	-	-	-	45,058,695
Contributions from members	12,361,479	-	-	-	12,361,479
Net cash flows from financing activities	<u>57,420,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,420,174</u>
Net change in cash	2,333,040	149,197	500	-	2,482,737
Cash, beginning of year	2,695,057	100,077	-	-	2,795,134
Cash, end of year	<u>\$ 5,028,097</u>	<u>\$ 249,274</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,277,871</u>

THE BARCLAY AT SOUTHPARK
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2019

	<u>SouthPark PROPCO</u>	<u>Barclay at SouthPark</u>	<u>Barclay Senior Living</u>	<u>Eliminations</u>	<u>Total</u>
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	\$ 752,955	\$ -	\$ -	\$ -	\$ 752,955
Reconciliation of cash and restricted cash to the combining balance sheet:					
Cash per combining balance sheet	\$ 5,028,097	\$ 98,662	\$ 500	\$ -	\$ 5,127,259
Cash - restricted per combining balance sheet	-	150,612	-	-	150,612
	<u>\$ 5,028,097</u>	<u>\$ 249,274</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,277,871</u>

EXHIBIT B

ACTUAL VERSUS PROJECTED RESULTS

[ATTACHED]

Charlotte SP Senior Housing OPCO, LLC
Material Difference Narrative
For the Year Ended December 31, 2019

For purposes of comparison, Charlotte SP Senior Housing OPCO, LLC (the "Company") used the following financial reports as of and for the year ended (actual)/ending (projected) December 31, 2019:

Audited - Obtained from the Supplemental Schedules of the audited financial statements of the Barclay at SouthPark as of and for the year ended December 31, 2019.

Projected - Obtained from the projected financial statements for the Company with the Independent Accountants' Compilation Report dated April 2, 2018, which was included in the Barclay at SouthPark Disclosure Statement dated November 12, 2018 (revised January 28, 2019).

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, 2019. 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 \$100,000 and 10% on line item amounts.

Balance Sheets:

1. Cash - Restricted - Restricted cash was more than projected by approximately \$150,000 (361%). To comply with North Carolina Administrative Code 11H.0102(3)(a)(iv) related to a Preliminary CCRC Certificate, in 2018 the Company placed a deposit of \$100,000 in escrow on behalf of the North Carolina Department of Insurance Commissioner in accordance with General Statute 58-5-20. This deposit will be refunded to the Company upon receipt of a permanent license. Additionally, the Company collected Priority Deposits of \$1,000 each from prospective residents. The Priority Deposit was held in escrow. There were approximately 50 Priority Depositors at December 31, 2019.
2. Intercompany Payable - The Barclay at SouthPark - There are numerous transactions throughout the year between other companies related under The Barclay at SouthPark economic entity. Below is a summary of the net balances due to and from these companies at December 31, 2019:

	Projected			Actual		
	Due To	Due From	Net	Due To	Due From	Net
Charlotte SP Senior Housing PROPCO, LLC				\$ -	\$ (701)	\$ (701)
Barclay Senior Living SouthPark, LLC				\$ -	\$ (5)	\$ (5)
Total receivable/(payable)	\$ -	\$ -	\$ -	\$ -	\$ (706)	\$ (706)
						\$ (706)
						0%

The net amount due to the two companies related under The Barclay at SouthPark economic entity was more than projected by approximately \$706,000 (100%). Cash was provided by these related companies to fund pre-opening expenses. The Company anticipates opening independent living units in January 2021.

3. Accounts Payable - Related Parties - Accounts payable to related parties were more than projected by approximately \$133,000 (100%). 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. Cash was provided by these related companies to fund pre-opening expenses. The Company anticipates opening independent living units in January 2021.
4. Members' Deficit - Members' deficit was more than projected by approximately \$676,000 (100%) as a result of pre-opening costs, including marketing and other administrative expenses.

Statements of Operations and Changes in Members' Equity:

5. General, Administrative, and Marketing Expenses - General, administrative, and marketing expenses were more than projected by approximately \$678,000 (100%) since the projections made no assumption for these costs. Approximately \$557,000 of these costs related to marketing salaries and advertising. The remainder related to other general and administrative salaries and supply costs.

Statements of Cash Flows:

6. Changes in operating assets and liabilities, net - The increase in net operating assets and liabilities was more than projected by approximately \$825,000 (100%) primarily as the result of the cash provided by The Barclay at SouthPark related companies, the other related companies, and collection of Priority Deposits.

Charlotte SP Senior Housing OPCO, LLC
At December 31, 2019

Balance Sheet (in '000s)	2019 Projection	2019 Actual	Variance	100%	See Material Difference Narrative
Assets:					
Current assets:					
Cash	\$ -	\$ 99	\$ 99	100%	
Cash - restricted	-	150	150	100%	(1)
Prepaid expenses	-	3	3	100%	
Total current assets	-	252	252		
Noncurrent assets:					
Due from related parties	-	-	-	100%	
Other noncurrent assets	-	5	5	100%	
Total noncurrent assets	-	5	5		
Total assets	\$ -	\$ 257	\$ 257		
Liabilities and Members' Deficit:					
Current liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 94	\$ 94	100%	
Intercompany payable - The Barclay at SouthPark	-	706	706	100%	(2)
Total current liabilities	-	800	800		
Long-term liabilities:					
Accounts payable - related parties	-	133	133	100%	(3)
Total long-term liabilities	-	133	133		
Total liabilities	-	933	933		
Members' deficit	-	(676)	(676)	100%	(4)
Total liabilities and members' deficit	\$ -	\$ 257	\$ 257		

Charlotte SP Senior Housing OPCO, LLC
For the Year Ended December 31, 2019

Statement of Operations and Changes in Members' Equity(in 000s)	2019 Projection	2019 Actual	Variance	See Material Difference Narrative
Revenue:				
Other revenue	\$ -	\$ 2	\$ 2	100%
Total Revenue	-	2	2	
Expenses:				
General, administrative, and marketing	-	678	678	100% (5)
Plant operations	-	-	-	100%
Total expenses	-	678	678	
Operating income	-	(676)	(676)	
Other operating income (expenses):				
Rent expense	-	-	-	100%
Depreciation	-	-	-	100%
Total other operating income (expenses)	-	-	-	
Net income	-	(676)	(676)	
Members' equity, beginning of year	-	-	-	100%
Members' contributions	-	-	-	100%
Members' distributions	-	-	-	100%
Members' equity, end of year	\$ -	\$ (676)	\$ (676)	

Charlotte SP Senior Housing OPCO, LLC
For the Year Ended December 31, 2019

Statement of Cash Flows (in 000s)	2019 Projection	2019 Actual	Variance	See Material Difference Narrative
Cash flows from operating activities:				
Net income (loss) from operations	\$ -	\$ (676)	(676)	100%
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	100%
Changes in operating assets and liabilities, net	-	825	825	100% (6)
Net cash flows from operating activities	-	149	149	
Cash flows from investing activities:				
Capital additions	-	-	-	100%
Net cash flows from investing activities	-	-	-	
Cash flows from financing activities:				
Member contributions/(distributions)	-	-	-	100%
Net cash flows from financing activities	-	-	-	
Change in cash	-	149	149	
Cash, beginning of year	-	100	100	
Cash, end of year	\$ -	\$ 249	\$ 249	
Cash Reconciliation:				
Cash	\$ -	\$ 99	\$ 99	100%
Cash - restricted	-	150	150	100%
Total cash	\$ -	\$ 249	\$ 249	

EXHIBIT C
INTERIM FINANCIAL STATEMENTS
[ATTACHED]

Charlotte SP Senior Housing OPCO, LLC and Barclay Senior Living SouthPark, LLC
Combined Statements of Operations and Changes in Members' Equity
For Three Months Ended March 31, 2020

	Charlotte SP Senior Housing OPCO, LLC	Barclay Senior Housing SouthPark, LLC	Eliminations	Consolidated
Revenue:				
Other revenue	-	38,058	(38,058)	-
Total operating revenue	-	38,058	(38,058)	-
Expense:				
Indirect expenses:				
General and administrative	190,100	38,257	(38,058)	190,299
Total indirect expenses	190,100	38,257	(38,058)	190,299
Total operating expenses	190,100	38,257	(38,058)	190,299
EBITDAR	(190,100)	(199)	-	(190,299)
Other revenue/(expense):				
Investment/interest income	287	-	-	287
Rent expense	(30,048)	-	-	(30,048)
Depreciation and amortization	(367)	-	-	(367)
Extraordinary expense	(285)	-	-	(285)
Total other revenue/(expense)	(30,413)	-	-	(30,413)
NET INCOME/(LOSS)	(220,513)	(199)	-	(220,712)
Members' equity/(deficit), beginning of year	(675,801)	-	-	(675,801)
Members' equity/(deficit), end of year	\$ (896,314)	\$ (199)	\$ -	\$ (896,513)

Charlotte SP Senior Housing OPCO, LLC and Barclay Senior Living SouthPark, LLC
Combined Statements of Cash Flows
For Three Months Ended March 31, 2020

	Charlotte SP Senior Housing OPCO, LLC	Barclay Senior Housing SouthPark, LLC	Eliminations	Consolidated
Cash flows from operating activities:				
Net income/(loss)	\$ (220,513)	\$ (199)	-	(220,712)
Amortization of deferred marketing costs	367	-	-	367
Prepaid expenses	(15,214)	-	-	(15,214)
Accounts receivables - related parties	(5,996)	-	-	(5,996)
Intercompany receivable - Barclay at SouthPark	(42,082)	(38,058)	80,140	-
Other assets	(3,579)	-	-	(3,579)
Accounts payable and other accrued expenses and other payables	(11,035)	-	-	(11,035)
Accrued payroll and related withholdings	-	(2,658)	-	(2,658)
Accounts payable - related parties	76,696	283	-	76,979
Intercompany payable - Barclay at SouthPark	141,140	42,082	(80,140)	103,082
Cash flows from operating activities	(80,216)	1,450	-	(78,766)
Cash flows from investing activities:				
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities:				
Cash flows from financing activities	-	-	-	-
Change in cash and cash equivalents	(80,216)	1,450	-	(78,766)
Cash and cash equivalents, beginning of year	249,274	500	-	249,774
Cash and cash equivalents, end of year	\$ 169,058	\$ 1,950	\$ -	\$ 171,008
Cash - unrestricted	1,179	1,950	-	3,129
Cash - restricted/invested	167,879	-	-	167,879
Total cash	\$ 169,058	\$ 1,950	\$ -	\$ 171,008

Charlotte SP Senior Housing OPCO, LLC and Barclay Senior Living SouthPark, LLC
Combined Balance Sheets
March 31, 2020

	Charlotte SP Senior Housing OPCO, LLC	Barclay Senior Housing SouthPark, LLC	Eliminations	Consolidated
Assets				
Current assets:				
Cash	\$ 1,179	1,950	-	3,129
Cash - restricted	167,879	-	-	167,879
Prepaid expenses	18,131	-	-	18,131
Intercompany receivable - Barclay at SouthPark	42,082	43,266	(43,266)	42,082
Total current assets	229,271	45,216	(43,266)	231,221
Non-current assets:				
Due from related parties	6,045	1,476	-	7,521
Deferred marketing costs, net of amortization	7,955	-	-	7,955
Total non-current assets	14,000	1,476	-	15,476
Total assets	\$ 243,271	\$ 46,692	\$ (43,266)	\$ 246,697
Liabilities and Members' Equity/(Deficits)				
Current liabilities:				
Accounts payable and accrued expenses	82,079	-	-	82,079
Accrued payroll and related withholdings	-	4,026	-	4,026
Intercompany payable - Barclay at SouthPark	847,442	42,082	(43,266)	846,258
Total current liabilities	929,521	46,108	(43,266)	932,363
Non-current liabilities and deferred revenue:				
Due to related parties	210,064	783	-	210,847
Total non-current liabilities and deferred revenue	210,064	783	-	210,847
Total liabilities and deferred revenue	1,139,585	46,891	(43,266)	1,143,210
Members' equity/(deficit)	(896,314)	(199)	-	(896,513)
Total liabilities and members' equity/(deficit)	\$ 243,271	\$ 46,692	\$ (43,266)	\$ 246,697

EXHIBIT D

5-YEAR PROSPECTIVE FINANCIAL STATEMENTS

[ATTACHED]

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

Compilation of a Financial Projection

For Each of the Five Years Ending
December 31, 2024

(with Independent Accountants'
Compilation Report thereon)

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

Compilation of a Financial Projection

TABLE OF CONTENTS

Independent Accountants' Compilation Report.....	1
Projected Financial Statements:	
Projected Combined Statements of Operations and Changes in Members' Deficit	2
Projected Combined Statements of Cash Flows	3
Projected Combined Balance Sheets	4
Summary of Significant Projection Assumptions and Rationale.....	5

Independent Accountants' Compilation Report

To the Members
Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC
Charlotte, North Carolina

Management of Charlotte SP Senior Housing OPCO, LLC and Barclay Senior Living SouthPark, LLC (collectively 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, 2024, the related projected combined statements of operations, changes in members' deficit, 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 occurs during the projection period:

- The Company enters into a lease agreement with Charlotte SP Senior Housing PROPCO, LLC at rates and terms similar to those assumed in the projection; and
- The independent living apartments and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels.

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.

Dixon Hughes Goodman LLP

Atlanta, Georgia
June 12, 2020

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

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

	2020	2021	2022	2023	2024
Revenue:					
Community Fee amortization	\$ -	\$ 251	\$ 369	\$ 311	\$ 270
Independent living revenue	-	5,673	13,157	14,308	14,737
Assisted living revenue	-	1,528	8,175	9,865	10,161
Skilled nursing revenue	-	411	3,435	3,659	3,776
Other revenue	-	33	95	105	109
Total operating revenue	-	7,896	25,231	28,248	29,053
Expenses:					
Independent living resident services	50	1,848	3,411	3,633	3,715
Assisted living resident services	-	448	1,691	1,998	2,044
Skilled nursing resident services	-	84	389	409	418
Dietary	-	1,195	2,361	2,572	2,629
Housekeeping	-	341	674	735	751
Laundry and linen	-	85	213	235	240
General, administrative, and marketing	730	3,243	3,510	3,605	3,669
Management Fee	-	416	1,379	1,549	1,593
Plant operations	50	1,929	1,968	2,007	2,047
Physical plant	-	179	183	186	190
Total operating expenses	830	9,768	15,779	16,929	17,296
Operating income (loss)	(830)	(1,872)	9,452	11,319	11,757
Other revenue / (expenses):					
Interest income	1	6	11	11	11
Rent expense	(96)	(8,223)	(12,138)	(13,517)	(13,896)
Depreciation and amortization	-	(26)	(36)	(41)	(45)
Total other revenue / (expenses)	(95)	(8,243)	(12,163)	(13,547)	(13,930)
Net loss	(925)	(10,115)	(2,711)	(2,228)	(2,173)
Members' deficit, beginning of year	(676)	(1,601)	(11,716)	(14,427)	(16,655)
Members' deficit, end of year	\$ (1,601)	\$ (11,716)	\$ (14,427)	\$ (16,655)	\$ (18,828)

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

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

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Net loss	\$ (925)	\$ (10,115)	\$ (2,711)	\$ (2,228)	\$ (2,173)
Adjustments to reconcile net income loss to net cash from operating activities:					
Depreciation	-	1	4	7	10
Community fee amortization	-	(251)	(369)	(311)	(270)
Amortization	-	25	32	34	35
Resident accounts receivable	-	(1)	(8)	(1)	-
Inventories	-	(54)	(32)	(7)	(2)
Prepaid expenses	(2)	(49)	(32)	(7)	(2)
Accounts receivables - related parties	1	-	-	-	-
Deferred revenue, current	-	211	42	(38)	(41)
Accounts payable and other accrued expenses	165	1,189	563	(16)	20
Accrued payroll and related withholdings	25	343	230	44	14
Deferred revenue	-	884	494	197	148
Accounts payable - related parties	(133)	-	-	-	-
Intercompany payable - The Barclay at SouthPark	871	8,590	2,034	2,271	2,291
Net cash from operating activities	2	773	247	(55)	30
Cash flows from investing activities:					
Capital additions	-	(25)	(25)	(25)	(25)
Net cash from investing activities	-	(25)	(25)	(25)	(25)
Cash flows from financing activities:					
Net cash from financing activities	-	-	-	-	-
Change in cash	2	748	222	(80)	5
Cash, beginning of year	249	251	999	1,221	1,141
Cash, end of year	\$ 251	\$ 999	\$ 1,221	\$ 1,141	\$ 1,146
Cash Reconciliation:					
Cash	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Cash - restricted	201	949	1,171	1,091	1,096
Total cash	\$ 251	\$ 999	\$ 1,221	\$ 1,141	\$ 1,146

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

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

Assets	2020	2021	2022	2023	2024
Current assets:					
Cash	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Cash - restricted	201	949	1,171	1,091	1,096
Accounts receivable, net	-	1	9	10	10
Inventories	-	54	86	93	95
Prepaid expenses	5	54	86	93	95
Total current assets	256	1,108	1,402	1,337	1,346
Non-current assets:					
Property and equipment, net	-	24	45	63	78
Deferred marketing costs	-	98	103	78	51
Total non-current assets	-	122	148	141	129
Total assets	\$ 256	\$ 1,230	\$ 1,550	\$ 1,478	\$ 1,475
Liabilities and Members' Deficit					
Current liabilities:					
Deferred revenue, current portion	\$ -	\$ 211	\$ 253	\$ 215	\$ 174
Accounts payable and accrued expenses	253	1,565	2,165	2,158	2,186
Accrued payroll and related withholdings	32	375	605	649	663
Due to related party, The Barclay at SouthPark	1,572	10,162	12,196	14,467	16,758
Total current liabilities	1,857	12,313	15,219	17,489	19,781
Non-current liabilities:					
Deferred revenue, net	-	633	758	644	522
Total non-current liabilities	-	633	758	644	522
Total liabilities	1,857	12,946	15,977	18,133	20,303
Members' deficit	(1,601)	(11,716)	(14,427)	(16,655)	(18,828)
Total liabilities and Members' Deficit	\$ 256	\$ 1,230	\$ 1,550	\$ 1,478	\$ 1,475

**Charlotte SP Senior Housing OPCO, LLC and
Barclay Senior Living SouthPark, LLC**

**Summary of Significant Projection Assumptions and Rationale
For Each of the Five Years Ending December 31, 2024**

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Charlotte SP Senior Housing OPCO, LLC and Barclay Senior Living SouthPark, LLC (collectively 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’ deficit, and cash flows of the Company as of and for each of the five years ending December 31, 2024. Accordingly, the accompanying financial projection reflects Management’s judgment as of June 12, 2020, 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:

- The Company enters into a lease agreement with Charlotte SP Senior Housing PROPCO, LLC at rates and terms similar to those assumed in the projection; and
- The independent living apartments and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels.

Background

The Barclay at SouthPark (“The Barclay at SouthPark” or the “Community”) is an economic entity comprised of three individual companies listed below. The Barclay at SouthPark was organized to provide senior living services in Charlotte, North Carolina. Services are to include providing and maintaining independent living rental apartments, assisted living services, skilled nursing care, and supporting services.

Charlotte SP Senior Housing PROPCO, LLC (“SouthPark PROPCO”) is a for-profit Delaware limited liability company registered to do business in North Carolina and formed for the purpose of developing and owning real property and the buildings of the Community. SouthPark PROPCO is owned by Charlotte SP Senior Housing JV PROPCO, LLC, a Delaware limited liability company.

Charlotte SP Senior Housing OPCO, LLC (“SouthPark OPCO”) is a for-profit Delaware limited liability company registered to do business in North Carolina formed for the purpose of leasing and operating the Community. SouthPark OPCO is owned by Charlotte SP Senior Housing JV OPCO, LLC, a Delaware limited liability company.

Barclay Senior Living SouthPark, LLC (“Barclay Senior Living”) is a for-profit North Carolina limited liability company formed for the purpose of providing staffing and payroll management services to SouthPark OPCO and providing property management services to SouthPark PROPCO.

The activities of SouthPark OPCO and Barclay Senior Living (collectively, the “Company”) are included in Management’s projections.

Development

Management anticipates independent living units in the Community are to open in January 2021 (“Phase I”) and the assisted living and skilled nursing beds are to open in July 2021 (“Phase II”). Phase I is to include 165 independent living rental apartments (the “Independent Living Units”) and related common areas. Phase II is to include 80 assisted living units and 24 memory support units (collectively referred to as the “Assisted Living Units”), 22 skilled nursing beds (the “Skilled Nursing Beds”), and related common areas. The Assisted Living Units and the Skilled Nursing Beds are collectively referred to as the “Healthcare Center”. SouthPark PROPCO and SouthPark OPCO hold the certificate of need for the Assisted Living Units and the Skilled Nursing Beds.

Intercompany Agreements

Upon completion of Phase I, SouthPark PROPCO plans to enter into a lease agreement (the “Lease Agreement”) with SouthPark OPCO, under which SouthPark OPCO is to make lease payments for use of the real property and buildings of the Community.

Related Parties

Other entities owned by Liberty Healthcare Group, LLC 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.

Upon opening, the Company plans to enter into management agreements with the Operating Manager in which the Company is to pay a management fee assumed to be based on 5.0 percent of Independent Living revenue and 6.0 percent of Assisted Living and Skilled Nursing revenue (the “Management Fee”) to the Operating Manager, a related party to the Company.

The Community

The Community is to be located in Charlotte, North Carolina on an approximately six-acre site owned by SouthPark PROPCO. The following table summarizes the unit and bed configuration of the Community:

Table 1
Community Configuration

Unit Type	Total
Independent Living Units ⁽¹⁾	165
Assisted Living Units ⁽²⁾	102
Skilled Nursing Beds	22
Total Unit/Bed Count	289

Source: Management

⁽¹⁾ One unit is anticipated to be utilized as a hospitality suite and shall not be available for occupancy.

⁽²⁾ Assisted Living Units are assumed to be licensed for 108 beds with six units available for double occupancy.

Unit Configuration and Fees

The following table summarizes the types of units, approximate square footage, and assumed monthly fee (“Monthly Fee”) or daily fees (“Daily Fee”) of the Community:

Unit Type	Number of Units	Square Footage	Monthly Fee ⁽¹⁾ ⁽²⁾ ⁽³⁾
<i>Independent Living Units:</i>			
One-bedroom apartments	67	1,009	\$6,001
Two-bedroom apartments	98	1,338	\$7,190
Total/Weighted Average	165	1,204	\$6,707
<i>Assisted Living Units:</i>			
Memory Support	24	420	\$8,450
Standard	78	589	\$7,676
Total/Weighted Average	102	549	\$7,858
<i>Skilled Nursing Beds:</i>			Daily Fee
Private			\$350
Medicare - Traditional			\$500
Medicare – Managed Care			\$400
Total/Weighted Average	22	418	\$417
Total Units/Beds	289		

Source: Management

- (1) Residents of the Independent Living Units are required to pay a one-time non-refundable fee equal to one month’s Monthly Fee (the “Community Fee”), a one-time non-refundable fee equal to one month’s Monthly Fee (the “Apartment Selection Fee”), and a one-time refundable security deposit equal to one month’s Monthly Fee (the “Security Deposit”).
- (2) The second person Monthly Fee is \$1,200 for the Independent Living Units and \$2,000 for the Assisted Living Units.
- (3) Monthly Fees and Daily Service Fees shown are effective upon opening of the Community in January 2021.

Community Timeline

Table 3
Anticipated Community Timeline

Independent Living Units available for occupancy	January 2021
Health Center available for occupancy	July 2021
Medicare license obtained	January 2022
Skilled Nursing Beds achieve stabilized occupancy	February 2022
Assisted Living Units achieve stabilized occupancy	September 2022
Independent Living Units achieve stabilized occupancy	June 2022

Source: Management

COVID-10 Pandemic

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including North Carolina. In response, the federal government and a large number of state governments, including North Carolina, have imposed measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, global investment and financial markets (including in the United States) have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Company expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Company’s service area, could result in an abnormally high demand for health care services. Further, the changing global economic conditions or global health concerns surrounding the COVID-19 pandemic may also affect the Company’s partners, suppliers, distributors and payors, potentially disrupting or delaying the Company’s supply chain, project construction progress and reimbursement by private payors.

The extent of COVID-19’s effect on the Company’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, the potential impact of the COVID-19 pandemic could materially adversely impact the Company’s financial condition, liquidity and results of operations, as well as national and local economies. As a result, Management has not estimated the potential impact of COVID-19 on the Company. Management has not considered the potential impact of COVID-19 in its projection.

Residency and Care Agreement

Services - The residency agreement (“Residency and Care Agreement”) is a rental contract under which the Company is obligated, upon payment by the resident (the “Resident” or “Residents”) of the Security Deposit, Community Fee, Apartment Selection 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;
- 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.

Optional services, including covered parking, personal laundry, additional transportation, additional dining, and additional housekeeping services, are available for an extra charge.

Healthcare Benefit - The Company is 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.

Admittance Standards – Prior to taking occupancy of a selected Independent Living Unit, the Resident will execute a Residency and Care Agreement. The terms of the Residency and Care 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 Care Agreement and payment of a Security Deposit, a nonrefundable Apartment Selection Fee and a one-time, nonrefundable Community Fee. Upon occupancy, Residents are expected to pay an ongoing Monthly Fee.

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

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 Care Agreement (the “Rescission Period”) and will receive a refund of any fees paid less a service charge. After the Rescission Period, the Resident may terminate the Residency and Care Agreement prior to moving into the Community for any reason at any time before moving into the Community by giving thirty (30) days’ prior written notice. Under this circumstance the Apartment Selection Fee and Community Fee become non-refundable after the Rescission Period.

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

The Residency and Care Agreement will automatically terminate upon death of the resident (unless there is a surviving joint Resident) and a personal representative will have thirty (30) days from 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 Care 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.

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.

Cash and Cash Equivalents - Cash and investments include cash on hand and cash on deposit held by one financial institution.

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. The cash flows between non-Company related parties are classified as current receivables/payables.

Statutory Operating Reserve – North Carolina General Statute section 58-64-33, requires licensed continuing care retirement communities to maintain an operating reserve equal to fifty percent (50%) of the total projected operating costs (adjusted for non-cash items) in a given year. If a continuing care retirement community maintains a combined independent and assisted living occupancy in excess of 90 percent, 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 will be funded by an irrevocable standby letter of credit from a financial institution.

Investment Income – Investment income is reported as non-operating revenue. Management assumes no changes in fair values that result in material net realized or unrealized gains or losses during the projection period.

Deferred Revenue – The non-refundable Community Fee is amortized into income over the estimated average length of stay of the Residents in the Independent Living Units and Assisted Living Units, assumed to be five and two years, respectively.

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 will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. The Company is currently in the process of evaluating the impact of adoption of this ASU and has not made final determinations. Therefore, for purposes of the projection ASU 2016-02 has not been implemented by the Company.

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 new standard, the Company capitalizes marketing sales commissions associated with securing new Residency and Care Agreements as an asset and amortizes these commissions over the estimated term of the respective Residency and Care Agreements.

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 will be reported on the members’ tax returns. Accordingly, no provision for income taxes has been included in the projections.

Restricted Cash – Restricted cash is comprised of a refundable deposit made to the North Carolina Department of Insurance 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 North Carolina Department of Insurance 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.

Restricted cash also 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 will be applied to the Security Deposit paid by the Resident upon execution of a Residency and Care Agreement.

Summary of Revenue Assumptions

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

Fiscal Year/Month	Independent Living Move-in Schedule <i>Cumulative</i>			Assisted Living Units Move-in Schedule <i>Cumulative</i>			Skilled Nursing Beds Move-in Schedule <i>Cumulative</i>		
	Monthly Unit Total	Unit Total	Unit % ⁽¹⁾	Monthly Unit Total	Unit Total	Unit % ⁽¹⁾	Monthly Bed Total	Bed Total	Bed % ⁽¹⁾
	2021								
January	11	11	7%	-	-	0%	-	-	0%
February	11	22	13%	-	-	0%	-	-	0%
March	11	33	20%	-	-	0%	-	-	0%
April	11	44	27%	-	-	0%	-	-	0%
May	11	55	33%	-	-	0%	-	-	0%
June	11	66	40%	-	-	0%	-	-	0%
July	11	77	47%	13	13	13%	2	2	9%
August	11	88	53%	12	25	25%	2	4	18%
September	11	99	60%	10	35	34%	2	6	27%
October	8	107	65%	8	43	42%	2	8	36%
November	8	115	70%	5	48	47%	2	10	45%
December	8	123	75%	6	54	53%	2	12	55%
2022									
January	6	129	78%	6	60	59%	4	16	73%
February	6	135	82%	6	66	65%	4	20	91%
March	6	141	85%	5	71	70%	-	20	91%
April	5	146	88%	5	76	75%	-	20	91%
May	5	151	92%	6	82	80%	-	20	91%
June	5	156	95%	6	88	86%	-	20	91%
July	-	156	95%	3	91	89%	-	20	91%
August	-	156	95%	3	94	92%	-	20	91%
September	-	156	95%	3	97	95%	-	20	91%
Total	156		95%	97		95%	20		91%

Source: Management

(1) Cumulative occupancy is based on 165 available Independent Living Units, 102 Assisted Living Units, and 22 Skilled Nursing Beds.

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

Year Ending December 31,	Beginning of Year	Units Added ⁽¹⁾	Units Eliminated	End of Year	End of Year Units Occupied ⁽²⁾	Occupied Percentage
<i>Independent Living Units:</i>						
2021	-	165	-	165	123	75%
2022-2024	165	-	-	165	156	95%
<i>Assisted Living Units:</i>						
2021	-	102	-	102	54	53%
2022-2024	102	-	-	102	97	95%
<i>Skilled Nursing Beds</i>						
2021	-	22	-	22	12	55%
2022-2024 ⁽³⁾	22	-	-	22	20	91%

Source: Management

- (1) Opening is assumed to be January 1, 2021 for the Independent Living Units and July 1, 2021 for the Assisted Living Units and Skilled Nursing Beds. One Independent Living Unit is to be utilized as a hospitality suite and, as a result, is not included in the units available.
- (2) The double occupancy percentage for the Independent Living Units is assumed to be 32 percent throughout the projection period.
- (3) Medicare approval is assumed to be January 1, 2022. The payor mix for the Skilled Nursing Beds is assumed to be 100 percent private pay for 2021 and 35 percent, 60 percent, and 5 percent for private pay, Medicare, and Medicare managed care, respectively for 2022-2024.

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. Due to staggered contract renewal dates, beginning in 2022, Monthly Fees for the Independent Living Units and Assisted Living Units are assumed to increase 3.0 percent on June 1 for each of the years presented.

Skilled Nursing Revenue

Resident service revenue for residents living in the Skilled Nursing Beds is based upon assumed Daily Fees for services provided to Residents and the assumed occupancy of Skilled Nursing Beds. Daily Fees for the Skilled Nursing Beds are assumed to increase 3.0 percent in January 2022 and annually thereafter.

Other Revenues

Revenue from other revenue is assumed to be generated from guest meals and other miscellaneous sources and is assumed to increase 2.0 percent annually during the projection period.

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits

Salaries, wages and employee benefits are assumed to increase 2.0 percent annually beginning January 1, 2022 and annually thereafter.

Non-Salary Expenses

Non-salary expenses are assumed to increase approximately 2.0 percent annually beginning January 1, 2022 and annually thereafter.

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 Independent Living Units revenue and 6.0 percent of Assisted Living Units and Skilled Nursing Beds revenue.

Rent Expense

The Company is assumed to lease property owned by SouthPark PROPCO. Under the terms of the proposed lease agreement, the SouthPark OPCO shall pay SouthPark PROPCO a base rent amount plus surplus rent based on specific revenue breakpoints. The base rent payment is calculated on a straight-line basis using the total mortgage payments, which include an additional 6.0 percent factor to cover other rent costs plus an assumed inflation of 1.0 percent annually, divided by the total months from the assumed opening through the mortgage loan amortization period, assumed to be 30 years. The monthly base rent is assumed to approximate \$550,000. The surplus rent is assumed to be calculated on varying percentages related to revenue breakpoints ranging from approximately \$375,000 to \$542,000 for Independent Living Units revenue and \$600,000 to \$625,000 for Healthcare Center revenue.

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.

	2020	2021	2022	2023	2024
Operating expense	\$ 926	\$ 18,017	\$ 27,953	\$ 30,487	\$ 31,237
Add:					
Annual debt service on long-term debt	-	-	-	-	-
Subtract:					
Depreciation	-	(1)	(4)	(7)	(10)
Amortization	-	(25)	(32)	(34)	(35)
Operating expenses-adjusted	926	17,991	27,917	30,446	31,192
Operating reserve % required ⁽¹⁾	n/a	50%	25%	25%	25%
Operating reserve ⁽²⁾	\$ -	\$ 8,996	\$ 6,979	\$ 7,612	\$ 7,798
Independent Living Units and Assisted Living Units:					
Available	-	267	267	267	267
Occupied	-	177	253	253	253
Occupancy percentage ⁽³⁾	n/a	66%	95%	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.
- (2) Management plans to satisfy the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution.
- (3) The Community's Independent Living Units and Assisted Living Units are assumed to be available for occupancy in January 2021 and July 2021, respectively.

Current Assets and Current Liabilities

Operating revenue as used below includes 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 and are outlined in the following table:

Accounts receivable, net	1 day of Skilled Nursing revenues
Inventories	2 days of operating expenses
Prepaid expenses	2 days of operating expenses
Accounts payable and other accrued expenses	23 days of operating expenses
Accrued payroll and related withholdings	14 days of operating expenses

Source: Management

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]



THE BARCLAY

AT SOUTHPARK

Residency and Care Agreement

**4801 Barclay Downs Drive
Charlotte, North Carolina 28210
(980) 224-8540**

5/31/2020

**Term of Agreement Begins
("Occupancy Date"): _____**

TABLE OF CONTENTS

1. Eligibility Requirements and Procedures.....1

2. Basic Services and Programs.....4

3. Optional Services.....6

4. Terms of Residence.....7

5. Nursing and Healthcare Services.....9

6. Transfers of Resident9

7. Fees and Charges.10

8. Termination.....13

9. Miscellaneous15

EXHIBIT A – FEE SCHEDULE.....19

THE BARCLAY AT SOUTHPARK

RESIDENCY AND CARE AGREEMENT

This RESIDENCY AND CARE AGREEMENT (the “Agreement”) is made this ___ day of _____, _____, between CHARLOTTE SP SENIOR HOUSING OPCO, LLC, a Delaware for-profit limited liability company registered to do business in North Carolina (the “Company” or “Community”) and _____ and _____ (herein individually or collectively called “Resident”). If two persons desire to share an Apartment enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

WITNESSETH:

WHEREAS, the Company leases and operates the continuing care retirement community known as The Barclay at SouthPark (the “CCRC”), located at 4801 Barclay Downs Drive, Charlotte, North Carolina; and

WHEREAS, the Resident desires to use and occupy an apartment unit (referred to herein as an “Apartment”) located in the CCRC’s rental independent living building (the “Independent Living Building”); and

WHEREAS, and the Company desires to make the selected Apartment 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 Apartment 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. 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 (the “Preliminary Health Screen”), substantially in the form attached

to the Apartment Selection Agreement executed by the Resident and the Company dated as of the ___ day of _____, 20__ (the “Apartment Selection Agreement”), completed by the Resident’s primary physician and certifying that the Resident meets the independent living criteria within the period outlined in Section 1.e. of this Agreement.

- c. Apartment Selection Agreement. At the time of selecting an Apartment, the Resident completed an Apartment Selection Agreement and submitted it to the Company along with an Apartment Selection Fee and Community Fee, as defined in Sections 7.a. and 7.b., respectively, of this Agreement. In the event of any conflict between the provisions of the Apartment Selection Agreement and this Agreement, the provisions of this Agreement shall control.
- d. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the 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.
- e. Application. Within thirty (30) days of execution of the Apartment Selection Agreement, the Resident will complete a Preliminary Health Screen and a confidential financial statement, all on the forms provided by the Company, and deliver the same (all such documents collectively referred to herein as, the “Application Forms”) to the Company.
- 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 the whether the requirements for residency may be met.
- g. 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. Immediately prior to the Occupancy Date (as defined in Section 1.n. of this Agreement), the Resident will affirm to the Company that the Resident’s financial situation does not differ materially or adversely from the financial situation as presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident’s then personal financial situation differs materially and adversely from the Resident’s prior financial situation, the Company may terminate this Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, 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.

- h. 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.
- i. 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.
- j. Physician's Report. Thirty (30) days prior to the Occupancy Date (as defined in Section 1.o. 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.
- k. 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.
- l. 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.
- m. 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.

- n. 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 Apartment (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, less those costs or other charges that are non-refundable pursuant to the terms of this Agreement, shall be refunded 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 Apartment. The Resident shall be entitled to the exclusive use of Apartment _____ located in the CCRC’s Independent Living Building.
- b. Appliances and Furnishings. The Apartment 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"/> Hot 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"/> 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, except for alcoholic 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. Maid Service. The Resident agrees to keep the Apartment in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Apartment. 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 Apartment. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment 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 Apartment, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Apartment to the condition that existed prior to the Resident taking possession of the Apartment.
- 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.

- 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 Apartment ("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 Maid Service. 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 Company Residency and Care Agreement for signature by the Company and the Resident.
- b. Nature and Extent of Rights. The Resident’s right to occupy the Apartment 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 Apartment 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 Apartment.
- e. Use. The Apartment 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 Apartment 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 Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

- g. Transfers. Should the Resident desire to transfer to another Apartment, 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 Apartment of the size 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 single occupancy rate 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 Apartments. All pets must be on a leash at all times while not in a Resident's Apartment. 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 Apartment, 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 Apartment, 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 Apartment (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, assisted housing with services, and skilled nursing services (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 Apartment, 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.

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 Apartment 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 Apartment 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 Apartment 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 Apartment and this Agreement shall terminate, unless there is a second Resident currently occupying the Apartment 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. Apartment Selection Fee. Upon the execution of the Apartment Selection Agreement, the Resident paid an Apartment Selection Fee (the "Apartment Selection Fee") as identified in Exhibit A attached hereto. The Apartment Selection Fee is a nonrefundable fee (except as defined in Section 7.i. of this Agreement) and shall be applied to the first month's Monthly Service Fee.
- b. Community Fee. Upon the execution of the Apartment Selection Agreement, the Resident paid a Community Fee (the "Community Fee") as identified in Exhibit A attached hereto. The Community Fee is a one-time, nonrefundable fee (except as

defined in Section 7.i. of this Agreement) which entitles Residents priority access to all services and amenities of the Community. A Community Fee will not be charged to Residents upon any renewal of this Agreement.

- c. Security Deposit Fee. Upon the execution of this Agreement, the Resident shall make a Security Deposit payment to the Company equal to one Monthly Service Fee payment (the "Security Deposit"), which shall be deposited in accordance with statute, law or regulation of the federal, state, and local Government. If the Resident has complied with all terms of the Agreement and returns the Apartment in the same or materially similar condition as when the Resident moved into the Apartment, the Company will return the Security Deposit to the Resident within thirty (30) days after the Resident's move-out date. The Security Deposit shall be credited to the Resident as the last Monthly Service Fee payment in the event of the Resident's death. In the event that the Resident breaches or otherwise violates the Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit shall be forfeited to the Company. The Resident is additionally responsible for any expense incurred by the Company resulting from damages to the Apartment that are in excess of the Security Deposit. In the event that the Resident has entered into a Priority Partner Agreement (the "Priority Partner Agreement") and paid a refundable deposit to the Company (the "Priority Deposit"), the Priority Deposit shall be applied to the amount due as the Security Deposit.

- d. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") in the amount of \$_____, as described on Exhibit A attached hereto, for a single Resident. If the Apartment will be occupied by two Residents pursuant to this Agreement, an additional monthly amount of \$_____ shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) 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 Apartment 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 Apartment 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 7 below.

- e. 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.

- f. 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 (5th) day of each month. A list of fees for recurring optional services (“Optional Services”) the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit A.
- g. 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 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 Care Agreement and in accordance with the then published Healthcare Center per diem charge.
- h. 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.
- i. Refund of Fees. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit, Apartment Selection Fee, Community Fee and Security Deposit (and any other fees paid by Resident) in accordance with this Residency and Care 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 A 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 Apartment Selection Fee and the Community Fee become non-refundable after the Rescission Period. The Security Deposit Fee is refundable and will be returned to the Resident within thirty (30) days after the Resident’s move-out date if the Resident has complied with all terms of the Agreement and returns the Apartment in the same or materially similar condition as when Resident moved into the Apartment. If the Resident breaches or otherwise violates the Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit Fee shall be forfeited to the Company.

- j. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly 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 A 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 an Apartment, the Resident may terminate the Residency and Care 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, the Apartment Selection 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 Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at the existing 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 Apartment and the Apartment 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 Apartment. 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 Apartment.
- 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 Apartment, 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 Apartment.

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
Charlotte SP Senior Housing OPCO, LLC
4801 Barclay Downs Drive
Charlotte, North Carolina 28210

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 Apartment.

- 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: _____

**CHARLOTTE SP SENIOR HOUSING OPCO,
LLC**

By: _____
_____, Authorized Representative

Date: _____

EXHIBIT A – FEE SCHEDULE

Resident Name(s) _____

Unit # _____

Agreement Date _____

Fees Paid at Apartment Selection Execution:	Amount
Apartment Selection Fee	
Community Fee	
Other Fees (specify):	
Total amount paid at Apartment Selection Agreement execution	\$

Fees Due at Residency and Care Agreement Execution:	Amount
Security Deposit Fee	
Less: Priority Partner Fee previously paid	()
Other Fees (specify):	
Total amount due at Residency and Care Agreement execution	\$

Monthly Fees:	Amount
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	
Total monthly 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	_____