



Disclosure Statement

May 31, 2022

**215 Brightmore Drive
Cary, North Carolina 27518
(984) 200-3688**

The Templeton of Cary, like all other continuing care retirement communities in the state of North Carolina, is subject to an article concerning licensure and disclosure. In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina: Unless earlier revised, the Templeton of Cary intends for this Disclosure Statement to remain effective for up to one (1) year and 150 days through October 28, 2023. The Templeton of Cary must deliver a Disclosure Statement to a prospective member prior to or at the time a prospective resident executes a residency agreement or at the time a prospective resident transfers money or other property to The Templeton of Cary, whichever occurs first. This Disclosure Statement has not been reviewed or approved by any governmental agency or representative to ensure accuracy or completeness of the information set out.

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I. Introduction

The Templeton of Cary (the “CCRC” or the “Community”) is a continuing care retirement community which offers its residents (“Residents”) one hundred ninety-nine (199) 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 twenty (120) bed healthcare center (the “Healthcare Center”). The Community is situated on an approximately 15.5-acre campus located in Cary, North Carolina (the “Site”). As of December 31, 2021, there were ninety-six(96) independent living residents under Residency and Care Agreements. Additionally, there were fifty-four (54) assisted living residents and nineteen (19) skilled nursing residents as of December 31, 2021, bringing the total occupancy to one-hundred-sixty-nine (169).

II. Organization, Ownership and Management

A. Organization

Cary Senior Housing I OPCO, LLC (“Cary 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. Cary OPCO is solely owned by Cary Senior Housing I JV OPCO, LLC (“Cary Joint Venture OPCO”). Cary Joint Venture OPCO is the only entity having, directly or indirectly, a ten percent (10%) or greater beneficial interest in Cary OPCO. In February 2020, the North Carolina Department of Insurance issued a conditional certificate to Cary OPCO, which allowed Cary OPCO to open and provide continuing care with certain reporting requirements until break-even occupancy is attained.

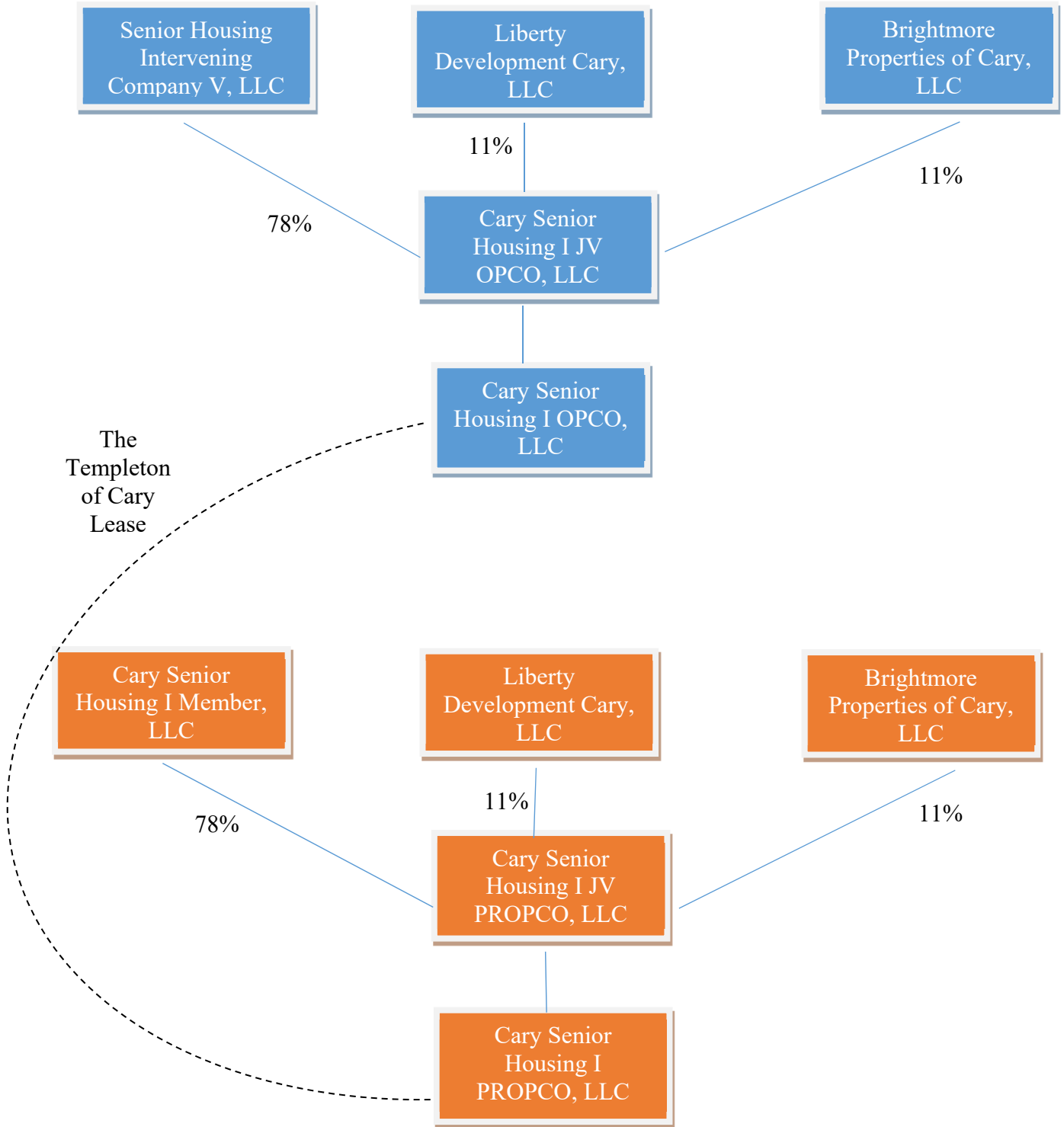
B. Facility Ownership

Cary Senior Housing I PROPCO, LLC (the “Cary 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.

Cary PROPCO purchased the Site in January 2017, together with all of the improvements comprising the Company. Cary PROPCO and the Company have executed a lease agreement (the “The Templeton of Cary Lease”) for the Company’s use and operation of the Independent Living Building, the Clubhouse, the Healthcare Center, and the associated common areas. The Templeton of Cary Lease has a term of ten (10) years and rent under the lease is in an amount sufficient to satisfy the debt service coverage ratio required by Cary PROPCO’s lender. Cary PROPCO is responsible for constructing, at Cary PROPCO’s sole cost and expense, all of the improvements leased pursuant to The Templeton of Cary Lease.

See the organization/ownership chart below.

Organization/Ownership Chart



C. Healthcare

The CCRC provides the Resident temporary or permanent assisted living services and skilled nursing services in the beds located within the Healthcare Center. The Healthcare Center is licensed for ninety-two (92) assisted living beds and twenty-eight (28) skilled nursing beds. Fifty-two (52) of the assisted living beds and three (3) of the skilled nursing beds are reserved for the Residents of the CCRC (the “Closed Beds”). The remaining Healthcare Center beds are available to the public (the “Open Beds”). Ten (10) of the assisted living beds are be operated as multi-unit assisted housing with services. 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.

The SECOND AMENDMENT TO CONSTRUCTION LOAN AGREEMENT was made and entered into as of April 12, 2021, but is effective retroactively to March 31, 2021 (the “**Effective Date**”), by and among CARY SENIOR HOUSING I PROPCO, LLC, a Delaware limited liability company (“**Borrower**”), CARY SENIOR HOUSING I OPCO, LLC, a Delaware limited liability company (“**Opc**”), RONALD MCNEILL, an individual resident of the State of North Carolina (“**R. McNeill**”), JOHN MCNEILL, JR., an individual resident of the State of North Carolina (“**J. McNeill**”), WILL PURVIS, an individual resident of the State of North Carolina (“**W. Purvis**” and, together with R. McNeill and J. McNeill, collectively, the “**Liberty Individual Guarantors**”), LIBERTY HEALTHCARE GROUP, LLC, a North Carolina limited liability company (“**Liberty Healthcare**”), LIBERTY REAL PROPERTIES, LLC, a North Carolina limited liability company (“**Liberty Properties**”), LIBERTY REAL PROPERTIES II, LLC, a North Carolina limited liability company (“**Liberty Properties II**”), LIBERTY REAL PROPERTIES III, LLC, a North Carolina limited liability company (“**Liberty Properties III**”), LIBERTY REAL PROPERTIES IV, LLC, a North Carolina limited liability company (“**Liberty Properties IV**”), LIBERTY REAL PROPERTIES V, LLC, a North Carolina limited liability company (“**Liberty Properties V**”), LIBERTY REAL PROPERTIES VI, LLC, a North Carolina limited liability company (“**Liberty Properties VI**”), LIBERTY HEALTHCARE MANAGEMENT, INC., a North Carolina corporation (“**Liberty Management**”), SHORELAND HEALTHCARE AND RETIREMENT CENTER, INC., a North Carolina corporation (“**Shoreland**”), J A MCNEILL & SONS, INC., a North Carolina corporation (“**Sons**”), JARE HOLDINGS, LLC, a North Carolina limited liability company (“**JARE**”), and LIBERTY HOME CARE V, LLC, a North Carolina limited liability company (“**Home Care**” and, together with Liberty Healthcare, Liberty Properties, Liberty Properties II, Liberty Properties III, Liberty Properties IV, Liberty Properties V, Liberty Properties VI, Liberty Management, Shoreland,

Sons, and JARE, collectively, the “**Liberty Entity Guarantors**”), and KAREP V SL REIT, LLC, a Delaware limited liability company (the “**Kayne Guarantor**”; and together with the Liberty Individual Guarantors and the Liberty Entity Guarantors, each a “**Guarantor**” and collectively, “**Guarantors**”; Borrower, Opco, and Guarantors, collectively, the “**Obligors**”), the Lenders (as defined below), and BMO HARRIS BANK N.A., a national banking association, as administrative agent (in such capacity, and together with its successors and assigns in such capacity, “**Administrative Agent**”).

Brightmore Senior Living of Cary, LLC

Brightmore Senior Living of Cary, LLC (“Brightmore 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 Cary PROPCO.

The Company has executed 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 Brightmore Senior Living.

Liberty Living Management, LLC

Liberty Living Management, LLC (“Liberty Living Management”) has executed a management agreement with Brightmore Senior Living in which Brightmore 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 Development Cary, LLC as well as 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 Development of Cary and President of Liberty Senior Living in Wilmington, North Carolina. He manages business development as well as capital financing for the Liberty companies. Prior to moving to Wilmington, Will worked with Grandbridge Real Estate Capital, a subsidiary of BB&T. Will was responsible for commercial mortgage production for the Eastern, Northeast and Triangle regions of the bank's network.

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

3. Cindy Stancil

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

Facility Management

Krista Lemery. Krista Lemery serves as the Executive Director of The CCRC. She is originally from Colchester, Vermont and resides in Cary, North Carolina. Krista is a Social Worker who has worked in the senior living industry for over 16 years. She holds a Master’s Degree in Health Services Administration and is a Licensed North Carolina Assisted Living Administrator.

E. Related Parties

The CCRC is 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 15.5-acre site, having an address of 215 Brightmore Drive, Cary, 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 of the CCRC include one hundred ninety nine (199) Apartments within the Independent Living Building with one and two bedroom floor plans that

range from approximately 687 to 1,599 square feet. The CCRC is able to accommodate up to two hundred seventy-two (272) Residents, all of whom are 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 is 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 pub, 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

The CCRC opened one hundred ninety-nine (199) independent living rental apartments in June 2020 and opened a one hundred twenty (120) bed healthcare center in July 2020. Planned future phases of the Community may include the construction of up to an additional sixty five (65) 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.
- 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.

A second occupant includes, but is not limited to, a spouse as defined by State statute.

- 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.

- 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. See Exhibit F for five years of the historical average dollar amount of increases in fees.

- 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, 2021 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, 2021 for the Company are included in Exhibit B.
- C. Interim Financial Statements. Interim financial statements for the three-month period ended March 31, 2022 for the Company are included as Exhibit C.

- D. Five-Year Prospective Financial Statements. Financial projections for each of the five years ending December 2026 for the Company as compiled by an independent public accountant are included as Exhibit D.
- E. Reserves, Escrow and Trusts. North Carolina law requires continuing care retirement communities such as the Community to maintain operating reserves equal to fifty percent (50%) of the total operating costs in a given year, or twenty-five percent (25%) of such total operating costs if occupancy as of a certain date exceeds ninety percent (90%) of the Community's capacity (such reserve amount is referred to herein as the "Statutory Reserve"). This law provides security to the Residents that the Company will be able to meet its contractual obligations to provide continuing care. The Company's Statutory Reserve will be maintained through 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 TEMPLETON OF CARY

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2021

And Report of Independent Auditor

THE TEMPLETON OF CARY
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Report of Independent Auditor

To the Members
The Templeton of Cary
Wilmington, North Carolina

Opinion

We have audited the accompanying combined financial statements of The Templeton of Cary (the “Company”), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2021, 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.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

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

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

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

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

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

Supplementary Information

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

Cherry Bekaert LLP

Charlotte, North Carolina
May 6, 2022

THE TEMPLETON OF CARY
COMBINED BALANCE SHEET

DECEMBER 31, 2021

ASSETS

Current Assets:

Cash	\$ 1,868,161
Restricted cash	586,950
Resident accounts receivable, net	810,596
Accounts receivable - other	44,795
Inventories	21,522
Prepaid expenses	153,006
Total Current Assets	<u>3,485,030</u>

Property and equipment, net	<u>102,626,345</u>
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Noncurrent Assets:

Intangible asset	1,406,920
Accounts receivable - related parties	269,507
Other assets	171,023
Total Noncurrent Assets	<u>1,847,450</u>

Total Assets	<u><u>\$ 107,958,825</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current Liabilities:

Current portion of long-term debt	\$ 1,317,666
Deferred revenue - current portion	126,116
Accrued expenses and other payables	2,473,766
Total Current Liabilities	<u>3,917,548</u>

Noncurrent Liabilities:

Accounts payable - related parties	1,073,759
Deferred revenue, long-term portion	372,709
Long-term debt, net	75,406,400
Total Noncurrent Liabilities	<u>76,852,868</u>

Total Liabilities	80,770,416
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Members' Equity	<u>27,188,409</u>
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Total Liabilities and Members' Equity	<u><u>\$ 107,958,825</u></u>
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THE TEMPLETON OF CARY

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2021

Revenues:		
Resident revenue - Independent living	\$	4,402,860
Resident revenue - Assisted living		3,214,054
Resident revenue - Skilled nursing		4,178,681
Community fee amortization		63,993
Other revenue		117,455
Total Revenue		<u>11,977,043</u>
Expenses:		
Resident services - Independent living		238,439
Resident services - Assisted living		1,449,404
Resident services - Skilled nursing		3,168,495
Dietary		1,839,286
Laundry		86,780
Housekeeping		455,676
Plant operations		1,295,933
Physical plant		115,962
General and administrative		3,157,928
Management fees		672,581
Interest		2,634,572
Depreciation and amortization		3,502,401
Other expense		483,071
Total Expenses		<u>19,100,528</u>
Net Loss		(7,123,485)
Members' equity, beginning of year		30,718,810
Contributions		3,593,084
Members' equity, end of year	\$	<u>27,188,409</u>

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

THE TEMPLETON OF CARY
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:

Net loss	\$ (7,123,485)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Depreciation and amortization	3,502,401
Amortization of debt issuance costs	295,736
Changes in operating assets and liabilities:	
Resident accounts receivable, net	(699,151)
Accounts receivable - other	(42,731)
Inventories	(21,522)
Prepaid expenses	7,394
Accounts receivable - related parties	(134,822)
Other assets	(140,855)
Deferred revenue	190,507
Accrued expenses and other payables	(101,238)
Accounts payable - related parties	171,114
Net cash flows from operating activities	<u>(4,096,652)</u>

Cash flows from investing activities:

Purchases of property and equipment	<u>(539,182)</u>
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Cash flows from financing activities:

Proceeds from issuance of debt	3,112,861
Payment of debt issuance costs	(257,766)
Contributions from officers/members	<u>3,593,084</u>
Net cash flows from financing activities	<u>6,448,179</u>

Net change in cash and restricted cash	1,812,345
Cash and restricted cash, beginning of year	<u>642,766</u>
Cash and restricted cash, end of year	<u>\$ 2,455,111</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ 2,334,305</u>
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Reconciliation of cash and restricted cash to the combined balance sheet:

Cash per combined balance sheet	\$ 1,868,161
Restricted cash per combined balance sheet	<u>586,950</u>
	<u>\$ 2,455,111</u>

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 1—Nature of operations

Nature of Operations— The Templeton of Cary (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 Cary, North Carolina. Services will include providing and maintaining 199-unit independent living rental apartments with assisted living services, skilled nursing care, and supporting services. The Company received a Permanent CCRC License from the North Carolina Department of Insurance (“NC DOI”) in July 2021.

Cary Senior Housing I PROPCO, LLC (“Cary 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. Cary PROPCO is owned by Cary Senior Housing I JV PROPCO, LLC, a Delaware limited liability company.

Cary Senior Housing I OPCO, LLC (“Templeton of Cary”) 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 Templeton of Cary. The Company is solely owned by Cary Senior Housing I JV OPCO, LLC, a Delaware limited liability company.

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

Cary PROPCO holds the certificate of need (“CON”) for 55 skilled nursing beds. The collective value of the CON is recorded as an intangible asset on Cary PROPCO.

Note 2—Summary of significant accounting policies

Principles of Combination – The combined financial statements include the accounts of Cary PROPCO and Templeton of Cary, which are owned and controlled by the members of the limited liability companies, and Brightmore Senior Living who provides management services. 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. Individual members are not liable for the Company’s debt.

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 2—Summary of significant accounting policies (continued)

Cash and Cash Equivalents – Cash includes deposit accounts and investments purchased with an original maturity of three months or less.

Restricted Cash – Restricted cash includes patient trust fund and refundable security deposits (the “Security Deposit”) received from current residents and 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 Security Deposits and refundable Priority Deposits is included within accrued expenses and other payables on the combined balance sheet, and totaled \$586,950 for the year ended December 31, 2021.

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 \$3,502,401 for the year ended December 31, 2021.

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

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

Revenue Recognition – The Company follows the guidance provided by Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* and uses a five-step model to apply to revenue recognition, consisting of: (1) determination of whether a contract, an agreement between two or more parties that creates legally enforceable rights and obligations, exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied.

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 2—Summary of significant accounting policies (continued)

Resident Revenue – Resident fee revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for the services period. These amounts are due from residents or third party payers and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized as performance obligations are satisfied.

Under the Company's skilled nursing and assisted living senior living residency agreements, the Company provides senior living services to residents for a stated daily or monthly fee. The Company recognizes revenue for room, assistance with activities of daily living, inpatient therapy, healthcare, and personalized health services provided under assisted living and skilled nursing residency agreements in accordance with the provisions of U.S. GAAP. The senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time and recognized ratably over the contractual term, typically daily.

The Company also collects a one-time upfront nonrefundable community fee. The community fee is recorded as deferred revenue and amortized over five years, the estimated stay of the resident based on historical knowledge.

The Company has a performance obligation related to the series of distinct goods and services and another performance obligation related to access residents have for discounted fee days. Management has determined it is appropriate to allocate an equal amount of revenue to this material right each month.

The Company receives revenue for services under various third party payer programs which include Medicare, Medicaid, and other third party payers. Settlements with third party payers for retroactive adjustments due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on terms of the contract with the payer, correspondence with the payer and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

The Company receives revenue from independent living residents containing a lease component that would fall under the guidance of ASC 840, *Leases*. The amount of revenue recorded under this guidance was approximately \$4,448,000 and there would be no difference in how the revenue would be recognized under ASC 606 or ASC 840.

Disaggregated Revenue – The Company has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying combined balance sheet related to the nonrefundable community fee and prepaid resident revenue totaled \$403,495 and \$95,330, respectively, as of December 31, 2021 and is recorded as deferred revenue on the combined balance sheet. There were no contract assets as of December 31, 2021.

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 2—Summary of significant accounting policies (continued)

Resident Accounts Receivable, Net – Receivables from residents, insurance companies, and third party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. Adequate allowances are provided for doubtful accounts and other uncertainties. Credit losses have historically been within management's expectations. Net accounts receivable was \$810,596 as of December 31, 2021. Accounts receivable is stated in the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Management recorded no allowance for doubtful accounts as of December 31, 2021.

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 combined 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 combined statement of operations and changes in members' equity. This standard will be effective for the calendar year ending December 31, 2022. 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, 2021.

Intangible Asset – In accordance with U.S. GAAP, intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the CON may warrant revision or that the remaining carrying value may not be recoverable. For the Company, this asset includes a CON. 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, 2021.

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.

Interest Rate Derivative – The Company's long-term debt bears interest at variable rates. In order to manage interest rate risks, the Company has entered into an interest rate cap agreement under which the Company will be reimbursed for any required interest payments in excess of the interest rate per the debt agreement. The fair value of the rate cap as of December 31, 2021 is included within other assets on the combined balance sheet. Refer to Note 3 for additional discussion.

THE TEMPLETON OF CARY
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 2—Summary of significant accounting policies (continued)

Operating Reserves— Continuing care retirement communities located in North Carolina are licensed and monitored by the NC DOI under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of or impose additional requirements on any continuing care facility under certain circumstances specified in North Carolina General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the NC DOI, upon approval of the Commissioner. Continuing care retirement communities with less than 90% occupancy are required to maintain an operating reserve equal to 50% of projected total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses.

In order to meet the North Carolina General Statute operating reserve requirement for 2021, the Company maintained an irrevocable standby letter of credit throughout the year. At December 31, 2021 the amount of the letter of credit was \$6,709,000.

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, 2021, the Company from time to time may have had amounts on deposit in excess of insured limits.

The Company grants credit without collateral to its residents, most of whom are insured by third party payers. The mix of receivables from residents and third party payers at December 31, 2021 was as follows:

Medicare	80%
Commercial insurance/private pay/other	20%
	<u>100%</u>

The Company's mix of revenue sources for the year ended December 31, 2021 was as follows:

Medicare	45%
Commercial insurance/private pay/other	55%
	<u>100%</u>

Advertising Costs – Advertising costs are expensed in the year incurred and totaled \$574,026 for the year ended December 31, 2021.

Residence and Care Agreement –

Services – The Residency and Care Agreement (“Residency Agreement”) is a rental contract under which the Company is obligated, upon payment by the resident of a community fee and ongoing payments of the monthly fee to the Company, to provide certain services to the resident. While the resident occupies an independent living unit, services provided include: one meal per day; all utilities, except telephone; for apartment and garden flat residents, housekeeping services; maintenance of both the unit and the grounds and equipment; scheduled local transportation; use of the wellness center; planned social, recreational, and cultural activities; and use of the community area and other common activity facilities.

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 2—Summary of significant accounting policies (continued)

Admittance Standards – To be accepted for admission to the independent living units at the CCRC, each prospective resident must be at least 62 years of age at the time residency is established, with the exception of an underage spouse, who must be at least 50 years of age, have financial assets adequate to pay the admission fee, and have sufficient income to meet the anticipated monthly fee and other personal expenses not provided under the Residency Agreement.

A reservation requires a signed Residency Agreement and the payment of a one-time community fee equal to one month's monthly resident fee. The community fee is refundable within the first 30 days of the execution of the Residency Agreement.

Terms of Residency – For residents living in an apartment, the initial agreement shall be for a term of 13 months. After the initial term, the Residency Agreement will automatically renew for an additional 13-month period, unless terminated as set forth in the Residency Agreement applicable to the apartments.

Termination by the Resident Prior to Occupancy – The resident may terminate the agreement prior to moving into the CCRC for any reason at any time before moving into the CCRC by giving written notice. The application fee will be refundable at termination, except for costs or other charges that the resident and the CCRC agree in advance are non-refundable.

Termination by the Resident After Occupancy – The resident may terminate the agreement after moving into the CCRC by giving 30 days prior written notice of termination, which shall be effective and irrevocable upon delivery. If the resident terminates the agreement prior to the expiration of the initial term or renewal term, then the resident will be obligated to pay the monthly fee throughout the remainder of the term until the later of (i) removal of possessions from the apartment and key return to administration or (ii) re-occupancy of the apartment by a new resident.

The agreement will automatically terminate upon death of the resident (unless there is a surviving joint resident) and a personal representative will have 30 days from the day of death to remove personal property from the apartment. The resident's estate will be obligated to pay the monthly fee until the removal of possessions from the apartment and key return to administration.

Termination by the Company – The CCRC may terminate the agreement for just cause. Just cause includes (i) breach of agreement; (ii) misrepresenting information in admission process; or (iii) failure to pay any charges.

Note 3—Derivative instruments

The Company has entered into an interest rate cap agreement which effectively limits the interest rate on the Company's outstanding note payable. The interest rate cap has a notional amount of \$77,350,000. The fair value of this financial instrument is adjusted through other expense each year. As of December 31, 2021, the fair value of the interest rate cap agreement was immaterial to the combined financial statements. The agreement provides that the Company's floating interest rate will be capped at 3% when variable rates exceed 3%. The agreement expires in February 2023.

THE TEMPLETON OF CARY
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 4—Property and equipment, net

Property and equipment, net at December 31, 2021 consists of the following:

	<u>Cary PROPCO</u>	<u>Templeton of Cary</u>	<u>Brightmore Senior Living</u>	<u>Total</u>
Buildings and improvements	\$ 91,478,616	\$ -	\$ -	\$ 91,478,616
Land and land improvements	11,403,161	2,083	-	11,405,244
Furniture and fixtures	2,052,030	18,853	-	2,070,883
Vehicles	211,273	-	-	211,273
Software	15,269	3,280	-	18,549
Equipment	3,016,725	77,716	-	3,094,441
	<u>108,177,074</u>	<u>101,932</u>	<u>-</u>	<u>108,279,006</u>
Less accumulated depreciation	<u>(5,656,114)</u>	<u>(17,116)</u>	<u>-</u>	<u>(5,673,230)</u>
	102,520,960	84,816	-	102,605,776
Construction in progress	20,569	-	-	20,569
Property and equipment, net	<u>\$ 102,541,529</u>	<u>\$ 84,816</u>	<u>\$ -</u>	<u>\$ 102,626,345</u>

Note 5—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2021:

Certificate of need	<u>\$ 1,406,920</u>
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Note 6—Long-term debt

Long-term debt for the Company consists of the following at December 31, 2021:

Note payable bearing interest at an annual fixed rate of 5.00% with interest only payments due monthly from the note effective date through February 28, 2022 and principal and interest payment of \$450,183 due monthly for the period of March 1, 2022 through the maturity date of February 15, 2023 based on a 25 year amortization period. 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.	\$ 77,008,258
Less debt issuance costs	(284,192)
Less current portion of long-term debt	<u>(1,317,666)</u>
Long-term debt, net	<u>\$ 75,406,400</u>

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 6—Long-term debt (continued)

Future maturities of long-term debt are as follows:

Years Ending December 31,

2022	\$ 1,317,666
2023	75,690,592
	<u>\$ 77,008,258</u>

Interest expense amounted to \$2,634,572 for the year ended December 31, 2021, including \$295,736 related to debt issuance cost amortization. Future amortization of debt issuance costs at December 31, 2021 is as follows:

Years Ending December 31,

2022	\$ 284,192
2023	-
	<u>\$ 284,192</u>

Note 7—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, 2021, total receivables and payables to related parties were \$269,507 and \$1,073,759, respectively.

Note 8—Intercompany agreements

Templeton of Cary has entered into management agreements with a fee of 5% of total revenue derived from independent living units and 6% of total revenue derived from assisted living units, memory care units, and skilled nursing units paid to Brightmore Senior Living. These fees totaled \$672,581 for the year ended December 31, 2021. These amounts have been eliminated on the combined financial statements.

Cary PROPCO entered into a lease agreement with Templeton of Cary, under which Templeton of Cary will make lease payments to Cary PROPCO for use of the facilities. The lease agreement has a term of 15 years. Future minimum lease payments are as follows:

Years Ending December 31,

2022	\$ 1,098,734
2023	2,474,841
2024	3,014,100
2025	3,148,105
2026	3,242,549
Thereafter	1,367,660
	<u>\$ 14,345,989</u>

Total rent expense incurred by the Templeton of Cary was \$2,047,760 for the year ended December 31, 2021. This amount has been eliminated on the combined financial statements.

THE TEMPLETON OF CARY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 9—Contingencies

The Company is subject to legal proceedings and claims which arise in the course of providing health care services. The Company maintains malpractice insurance coverage (\$1,000,000 per claim, \$3,000,000 aggregate) for claims made during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include but are not necessarily limited to matters such as licensure, accreditation, government-health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Note 10—Pension plan

The Company offers a defined contribution plan (the "Plan") to eligible employees as defined by the Plan. The Company will match employee contributions at the discretion of management. The Company contributed \$37,777 to the Plan for the year ended December 31, 2021.

Note 11—Subsequent events

The Company has evaluated subsequent events through May 6, 2022, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE TEMPLETON OF CARY
COMBINING BALANCE SHEET

DECEMBER 31, 2021

	Templeton of Cary	Brightmore Senior Living	Cary PROPCO	Eliminations	Total
ASSETS					
Current Assets:					
Cash	\$ 1,666,492	\$ 184,608	\$ 17,061	\$ -	\$ 1,868,161
Restricted cash	133,187	-	453,763	-	586,950
Resident accounts receivable, net	810,596	-	-	-	810,596
Accounts receivable - other	7,938	-	36,857	-	44,795
Accounts receivable - The Templeton of Cary	5,705,469	5,234,419	9,432,692	(20,372,580)	-
Inventories	21,522	-	-	-	21,522
Prepaid expenses	130,923	-	22,083	-	153,006
Total Current Assets	8,476,127	5,419,027	9,962,456	(20,372,580)	3,485,030
Property and equipment, net	84,816	-	102,541,529	-	102,626,345
Noncurrent Assets:					
Intangible asset	-	-	1,406,920	-	1,406,920
Accounts receivable - related parties	173,692	42,095	53,720	-	269,507
Other assets	146,021	-	25,002	-	171,023
Total Noncurrent Assets	319,713	42,095	1,485,642	-	1,847,450
Total Assets	\$ 8,880,656	\$ 5,461,122	\$ 113,989,627	\$ (20,372,580)	\$ 107,958,825

THE TEMPLETON OF CARY
COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2021

	Templeton of Cary	Brightmore Senior Living	Cary PROPCO	Eliminations	Total
LIABILITIES AND MEMBERS' EQUITY					
Current Liabilities:					
Current portion of long-term debt	-	-	\$ 1,317,666	-	\$ 1,317,666
Deferred revenue, current portion	126,116	-	-	-	126,116
Accrued expenses and other payables	1,501,279	385,877	586,610	-	2,473,766
Accounts payable - The Templeton of Cary	14,837,132	4,909,470	625,978	(20,372,580)	-
Total Current Liabilities	16,464,527	5,295,347	2,530,254	(20,372,580)	3,917,548
Noncurrent Liabilities:					
Accounts payable - related parties	597,396	165,221	311,142	-	1,073,759
Deferred revenue, long-term portion	372,709	-	-	-	372,709
Long-term debt, net	-	-	75,406,400	-	75,406,400
Total Noncurrent Liabilities	970,105	165,221	75,717,542	-	76,852,868
Total Liabilities	17,434,632	5,460,568	78,247,796	(20,372,580)	80,770,416
Members' Equity (Deficit)					
	(8,553,976)	554	35,741,831	-	27,188,409
Total Liabilities and Members' Equity (Deficit)	\$ 8,880,656	\$ 5,461,122	\$ 113,989,627	\$ (20,372,580)	\$ 107,958,825

THE TEMPLETON OF CARY
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2021

	Templeton of Cary	Brightmore Senior Living	Cary PROPCO	Eliminations	Total
Revenues:					
Resident revenue - Independent living	\$ 4,402,860	\$ -	\$ -	\$ -	\$ 4,402,860
Resident revenue - Assisted living	3,214,054	-	-	-	3,214,054
Resident revenue - Skilled nursing	4,178,681	-	-	-	4,178,681
Rent revenue	-	-	2,047,760	(2,047,760)	-
Community fee amortization	63,993	-	-	-	63,993
Other revenue	117,455	6,604,923	-	(6,604,923)	117,455
Total Revenue	11,977,043	6,604,923	2,047,760	(8,652,683)	11,977,043
Expenses:					
Resident services - Independent living	238,439	152,164	-	(152,164)	238,439
Resident services - Assisted living	1,449,404	1,091,711	-	(1,091,711)	1,449,404
Resident services - Skilled nursing	3,168,495	2,659,152	-	(2,659,152)	3,168,495
Dietary	1,839,286	-	-	-	1,839,286
Laundry	86,780	37,090	-	(37,090)	86,780
Housekeeping	455,676	424,759	-	(424,759)	455,676
Plant operations	1,226,821	249,956	69,112	(249,956)	1,295,933
Physical plant	2,163,722	-	-	(2,047,760)	115,962
General and administrative	3,092,645	1,233,881	64,399	(1,232,997)	3,157,928
Management fees	672,581	672,581	-	(672,581)	672,581
Interest	23	23	2,634,549	(23)	2,634,572
Depreciation and amortization	39,747	-	3,462,654	-	3,502,401
Other expense	474,854	84,490	8,217	(84,490)	483,071
Total Expenses	14,908,473	6,605,807	6,238,931	(8,652,683)	19,100,528
Net Loss	(2,931,430)	(884)	(4,191,171)	-	(7,123,485)
Members' equity (deficit), beginning of year	(5,622,546)	1,438	36,339,918	-	30,718,810
Contributions	-	-	3,593,084	-	3,593,084
Members' equity (deficit), end of year	\$ (8,553,976)	\$ 554	\$ 35,741,831	\$ -	\$ 27,188,409

THE TEMPLETON OF CARY
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	Templeton of Cary	Brightmore Senior Living	Cary PROPCO	Eliminations	Total
Cash flows from operating activities:					
Net loss	\$ (2,931,430)	\$ (884)	\$ (4,191,171)	\$ -	\$ (7,123,485)
Adjustments to reconcile net loss to net cash flows from operating activities:					
Depreciation and amortization	39,747	-	3,462,654	-	3,502,401
Amortization of debt issuance costs	-	-	295,736	-	295,736
Changes in operating assets and liabilities:					
Resident accounts receivable, net	(699,151)	-	-	-	(699,151)
Accounts receivable - other	(7,872)	326	(35,185)	-	(42,731)
Inventories	(21,522)	-	-	-	(21,522)
Prepaid expenses	(2,681)	495	9,580	-	7,394
Accounts receivable - related parties	(140,095)	5,273	-	-	(134,822)
Accounts receivable - The Templeton of Cary	(3,022,831)	(2,825,089)	(3,838,241)	9,686,161	-
Other assets	(115,855)	-	(25,000)	-	(140,855)
Deferred revenue	190,507	-	-	-	190,507
Accrued expenses and other payables	1,087,500	119,231	(1,307,969)	-	(101,238)
Accounts payable - related parties	137,037	61,502	(27,425)	-	171,114
Accounts payable - The Templeton of Cary	6,833,720	2,732,247	120,194	(9,686,161)	-
Net cash flows from operating activities	1,347,074	93,101	(5,536,827)	-	(4,096,652)
Cash flows from investing activities:					
Purchases of property and equipment	(98,654)	-	(440,528)	-	(539,182)
Cash flows from financing activities:					
Proceeds from issuance of debt	-	-	3,112,861	-	3,112,861
Payment of debt issuance costs	-	-	(257,766)	-	(257,766)
Contributions from officers/members	-	-	3,593,084	-	3,593,084
Net cash flows from financing activities	-	-	6,448,179	-	6,448,179
Net change in cash and restricted cash	1,248,420	93,101	470,824	-	1,812,345
Cash and restricted cash, beginning of year	551,259	91,507	-	-	642,766
Cash and restricted cash, end of year	\$ 1,799,679	\$ 184,608	\$ 470,824	\$ -	\$ 2,455,111

THE TEMPLETON OF CARY
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

	Templeton of Cary	Brightmore Senior Living	Cary PROPCO	Eliminations	Total
	\$ -	\$ -	\$ 2,334,305	\$ -	\$ 2,334,305
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	\$ 1,666,492	\$ 184,608	\$ 17,061	\$ -	\$ 1,868,161
	133,187	-	453,763	-	586,950
Reconciliation of cash and restricted cash to the combining balance sheets:					
Cash per combining balance sheet	\$ 1,799,679	\$ 184,608	\$ 470,824	\$ -	\$ 2,455,111
Restricted cash - per combining balance sheet					

EXHIBIT B

ACTUAL VERSUS PROJECTED RESULTS

[ATTACHED]

The Templeton of Cary
Material Difference Narrative
As of and For the Year Ended December 31, 2021

Note : - *The Templeton of Cary is an economic entity comprised of three individual companies: Cary Senior Housing I OPCO, LLC, Brightmore Senior Living of Cary, LLC, and Cary Senior Housing I PROPCO, LLC. The Continuing Care Retirement Community ("CCRC") license includes Cary Senior Housing I OPCO, LLC as the provider. In May 2022 the CCRC license was amended to include Brightmore Senior Living of Cary, LLC and Cary Senior Housing I PROPCO, LLC. The 2021 Projected financial statements as described below did not include activity related to Cary Senior Housing I PROPCO, LLC. Therefore, to be comparative, Cary Senior Housing I PROPCO, LLC has been excluded in the audited financial statements presented for purposes of this narrative. The audited and projected financial statements will include all three entities in subsequent years.*

For purposes of comparison, Cary Senior Housing I OPCO, LLC and Brightmore Senior Living of Cary, LLC (the "Company") used the following financial reports as of and for the year ended (actual)/ending (projected) December 31, 2021:

Audited - Obtained from the Supplemental Schedules of the audited financial statements of Cary Senior Housing I OPCO, LLC and Brightmore Senior Living of Cary, LLC as of and for the year ended December 31, 2021.

Projected - Obtained from the projected financial statements for Cary Senior Housing I OPCO, LLC and Brightmore Senior Living of Cary, LLC with the Independent Accountants' Compilation Report dated May 6, 2021, which was included in The Templeton of Cary Disclosure Statement dated May 31, 2021.

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, 2021. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

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

Balance Sheets:

1. Cash (unrestricted) - Unrestricted cash at December 31, 2021 was more than projected by approximately \$1,400,000 (270%). This was due to net cash provided from operations of approximately \$1,000,000 and the approved release of funds from escrow (i.e., restricted) of approximately \$400,000, which was projected to occur in 2022
2. Intercompany Receivable/Payable - Templeton of Cary - There are transactions throughout the year between other companies related under The Templeton of Cary economic entity. Below is a summary of the net balances due to and from these companies at December 31, 2020:

	Projected			Actual		
	Due From	Due To	Net	Due From	Due To	Net
Cary Senior Housing I PROPCO, LLC	\$ -	\$ (7,313)	\$ (7,313)	\$ 1,398	\$ (10,205)	\$ (8,807)
Total receivable/(payable)	\$ -	\$ (7,313)	\$ (7,313)	\$ 1,398	\$ (10,205)	\$ (8,807)
						\$ (1,494)
						20%

The net amount due to Cary Senior Housing I PROPCO, LLC was more than projected by approximately \$1,500,000 (20%) due to the infusion of cash from Cary Senior Housing I PROPCO, LLC to the Company from loan proceeds.

Statements of Operations:

3. Skilled Nursing Resident Services Expense - Skilled nursing resident services expenses were greater than projected by approximately \$1,000,000 due to a higher payor mix of Medicare residents (99%) than projected (83%) resulting in higher acuity levels and higher cost of care.

Statements of Cash Flows:

4. Changes in Operating Assets and Liabilities, net - Cash provided by changes in Operating Assets net of Liabilities was more than projected by approximately \$2,000,000 (86%) primarily as a result of infusion of cash from Cary Senior Housing I PROPCO, LLC described in #2 above.

The Templeton of Cary
At December 31, 2021

Balance Sheet (in '000s)	2021 Projection	2021 Audited				Variance	See Material Difference Narrative
		Cary Senior Housing I OPCO, LLC	Brightmore Senior Living of Cary, LLC	Eliminations	Combined		
Assets:							
Current assets:							
Cash	\$ 500	\$ 1,666	\$ 185	\$ -	\$ 1,851	\$ 1,351	270% (1)
Cash - restricted	517	133	-	-	133	(384)	-74%
Accounts receivable:							
Resident accounts receivable, net	1,137	811	-	-	811	(326)	-29%
Other	-	8	-	-	8	8	100%
Inventories	-	22	-	-	22	22	100%
Prepaid expenses	280	131	-	-	131	(149)	-53%
Intercompany receivable - Templeton of Cary	-	5,705	5,234	(9,541)	1,398	1,398	100% (2)
Total current assets	2,434	8,476	5,419	(9,541)	4,354	1,920	
Noncurrent assets:							
Property and equipment, net	28	85	-	-	85	57	204%
Due from related parties	81	174	42	-	216	135	167%
Deferred marketing costs	99	143	-	-	143	44	44%
Other non-current assets	3	3	-	-	3	-	0%
Total noncurrent assets	211	405	42	-	447	236	
Total assets	\$ 2,645	\$ 8,881	\$ 5,461	\$ (9,541)	\$ 4,801	\$ 2,156	
Liabilities and Members' Equity/(Deficit):							
Current liabilities:							
Deferred revenue, current portion	\$ 240	\$ 126	\$ -	\$ -	\$ 126	(114)	-48%
Accounts payable and accrued expenses	1,014	1,501	34	-	1,535	521	51%
Accrued payroll and related withholdings	590	-	352	-	352	(238)	-40%
Intercompany payable - Templeton of Cary	7,313	14,837	4,909	(9,541)	10,205	2,892	40% (2)
Total current liabilities	9,157	16,464	5,295	(9,541)	12,218	3,061	
Long-term liabilities:							
Deferred revenue, net	493	373	-	-	373	(120)	-24%
Due to related parties	564	598	165	-	763	199	35%
Total long-term liabilities	1,057	971	165	-	1,136	79	
Total liabilities	10,214	17,435	5,460	(9,541)	13,354	3,140	
Member's equity/(deficit)	(7,569)	(8,554)	1	-	(8,553)	(984)	13%
Total liabilities and member's equity/(deficit)	\$ 2,645	\$ 8,881	\$ 5,461	\$ (9,541)	\$ 4,801	\$ 2,156	

The Templeton of Cary
For the Year Ended December 31, 2021

Statement of Operations (in 000s)	2021 Projection	2021 Audited				Variance	See Material Difference Narrative
		Cary Senior Housing I OPCO, LLC	Brightmore Senior Living of Cary, LLC	Eliminations	Combined		
Revenue:							
Community fee amortization	\$ 36	\$ 64	\$ -	\$ -	\$ 64	28	78%
Independent living service fees	5,089	4,403	-	-	4,403	(686)	-13%
Assisted living service fees	2,468	3,214	-	-	3,214	746	30%
Skilled nursing service fees	3,806	4,179	-	-	4,179	373	10%
Other revenue	92	117	6,605	(6,605)	117	25	27%
Total Revenue	11,491	11,977	6,605	(6,605)	11,977	486	
Expenses:							
Independent living resident services	282	238	152	(152)	238	(44)	-16%
Assisted living resident services	1,838	1,449	1,092	(1,092)	1,449	(389)	-21%
Skilled nursing resident services	2,133	3,168	2,659	(2,659)	3,168	1,035	49%
Dietary	2,053	1,839	-	-	1,839	(214)	-10%
Housekeeping	458	456	425	(425)	456	(2)	0%
Laundry & Linen	114	87	37	(37)	87	(27)	-24%
General, administrative, and marketing	2,686	3,092	1,234	(1,233)	3,093	407	15%
Management Fees	638	673	673	(673)	673	35	5%
Plant operations	1,031	1,227	250	(250)	1,227	196	19%
Physical plant	105	116	-	-	116	11	10%
Total expenses	11,338	12,345	6,522	(6,521)	12,346	1,008	
Operating income (loss)	153	(368)	83	(84)	(369)	(522)	-341%
Other operating income (expenses):							
Rent expense	2,050	2,048	-	-	2,048	(2)	0%
Amortization of marketing costs	22	23	-	-	23	1	5%
Depreciation and amortization of deferred marketing costs	-	17	-	-	17	17	100%
Other expense	29	475	84	(84)	475	446	1538%
Total other operating income (expenses)	2,101	2,563	84	(84)	2,563	462	
Net income (loss)	(1,948)	(2,931)	(1)	-	(2,932)	(984)	51%
Member's equity/(deficit), beginning of year	(5,621)	(5,623)	2	-	(5,621)	-	0%
Member's equity/(deficit), end of year	\$ (7,569)	\$ (8,554)	\$ 1	\$ -	\$ (8,553)	\$ (984)	13%

The Templeton of Cary
For the Year Ended December 31, 2021

Statement of Cash Flows (in 000s)	2021 Projection	2021 Audited				Variance	See Material Difference Narrative
		Cary Senior Housing I OPCO, LLC	Brightmore Senior Living of Cary, LLC	Eliminations	Combined		
Cash flows from operating activities:							
Net income (loss) from operations	\$ (1,948)	\$ (2,931)	\$ (1)	\$ -	\$ (2,932)	(984)	51%
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:							
Depreciation	-	17	-	-	17	17	100%
Amortization of community fees	(36)	(64)	-	-	(64)	(28)	78%
Amortization of deferred marketing costs	22	23	-	-	23	1	5%
Changes in operating assets and liabilities, net	2,362	4,302	94	-	4,396	2,034	86%
Net cash flows from operating activities	400	1,347	93	-	1,440	1,040	
Cash flows from investing activities:							
Capital additions	(25)	(99)	-	-	(99)	(74)	296%
Net cash flows from investing activities	(25)	(99)	-	-	(99)	(74)	
Cash flows from financing activities:							
Member contributions/(distributions)	-	-	-	-	-	-	100%
Net cash flows from financing activities	-	-	-	-	-	-	
Change in cash	375	1,248	93	-	1,341	966	
Cash, beginning of year	642	551	92	-	643	1	
Cash, end of year	\$ 1,017	\$ 1,799	\$ 185	\$ -	\$ 1,984	\$ 967	
Cash Reconciliation:							
Cash	500	\$ 1,666	\$ 185	\$ -	\$ 1,851	1,351	270%
Cash - restricted	517	133	-	-	133	(384)	-74%
Total cash	\$ 1,017	\$ 1,799	\$ 185	\$ -	\$ 1,984	\$ 967	

EXHIBIT C
INTERIM FINANCIAL STATEMENTS
[ATTACHED]

Cary Senior Housing I OPCO, LLC, Brightmore Senior Living of Cary, LLC, and Cary Senior Housing I PROPCO, LLC
 Combined Statements of Operations and Changes in Members' Equity (unaudited)
 For the Three Months Ended March 31, 2022

	Cary Senior Housing I OPCO, LLC	Brightmore Senior Living of Cary, LLC	Cary Senior Housing I PROPCO, LLC	Eliminations	Total
Revenue:					
Advance fee amortization	\$ 30,919	\$ -	\$ -	\$ -	\$ 30,919
Net resident service revenue:					
Independent living	1,940,749	-	-	-	1,940,749
Assisted living	1,120,055	-	-	-	1,120,055
Skilled nursing	962,356	-	-	-	962,356
Provision for bad debt	9,976	-	-	-	9,976
Management fee revenue	-	225,702	-	(225,702)	-
Other revenue	51,939	1,724,311	-	(1,724,311)	51,939
Total operating revenue	4,115,994	1,950,013	-	(1,950,013)	4,115,994
Expense:					
Direct expense:					
Nursing services	1,055,991	893,190	-	(893,190)	1,055,991
Dietary	490,416	-	-	-	490,416
Wellness	17,511	17,680	-	(17,680)	17,511
Patient activities	57,274	41,942	-	(41,942)	57,274
Social Services	31,139	32,068	-	(32,068)	31,139
Physical therapy	66,051	72,758	-	(72,758)	66,051
Occupational therapy	46,025	49,090	-	(49,090)	46,025
Speech therapy	13,716	14,428	-	(14,428)	13,716
Respiratory Therapy	1,850	-	-	-	1,850
Medical supplies	105,922	-	-	-	105,922
Other ancillaries	2,725	-	-	-	2,725
Total direct expenses	1,888,620	1,121,156	-	(1,121,156)	1,888,620
GROSS MARGIN	2,227,374	828,857	-	(828,857)	2,227,374
Indirect expense:					
Housekeeping	167,322	164,738	-	(164,738)	167,322
Laundry and linen	25,762	8,994	-	(8,994)	25,762
Barber and beauty	-	-	-	-	-
General and administrative	698,816	330,135	15,450	(330,858)	713,543
Management fee expense	225,702	225,702	-	(225,702)	225,702
Transportation	16,612	15,859	-	(15,859)	16,612
Plant and operations	244,691	70,246	6,027	(70,246)	250,718
Property costs	27,790	-	-	-	27,790
Total indirect expense	1,406,695	815,674	21,477	(816,397)	1,427,449
Total expense	3,295,315	1,936,830	21,477	(1,937,553)	3,316,069
Earnings before interest, taxes, and depreciation	820,679	13,183	(21,477)	(12,460)	799,925
Other revenue/(expense):					
Gain/(loss) on disposal of assets	-	-	-	-	-
Investment/interest income	-	-	-	-	-
Investment/interest expense	-	-	(586,361)	-	(586,361)
Amortization of deferred financing cost	-	-	(155,309)	-	(155,309)
Rent revenue	-	-	515,064	(515,064)	-
Rent expense	(512,565)	-	-	515,064	2,499
Amortization of marketing costs	(9,685)	-	-	-	(9,685)
Depreciation and amortization	(5,173)	-	(865,674)	-	(870,847)
Extraordinary expense	(3,895)	-	-	-	(3,895)
COVID expense	(37,702)	(12,460)	-	12,460	(37,702)
Owner's expense	(8,730)	-	(35,974)	-	(44,704)
Total other revenue/(expense)	(577,750)	(12,460)	(1,128,254)	12,460	(1,706,004)
NET INCOME/(LOSS)	242,929	723	(1,149,731)	-	(906,079)
Members' equity, beginning of year	(8,553,976)	554	35,741,831	-	27,188,409
Member contributions	-	-	1,084,091	-	1,084,091
Member distributions	-	-	-	-	-
Members' equity, end of year	\$ (8,311,047)	\$ 1,277	\$ 35,676,191	\$ -	\$ 27,366,421

Cary Senior Housing I OPCO, LLC, Brightmore Senior Living of Cary, LLC, and Cary Senior Housing I PROPCO, LLC
 Combined Statements of Cash Flows (unaudited)
 For the Three Months Ended March 31, 2022

	OPCO, LLC	Living of Cary, LLC	PROPCO, LLC	Eliminations	Total
Cash flows from operating activities:					
Net income/(loss)	\$ 242,929	\$ 723	\$ (1,149,731)	\$ -	\$ (906,079)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	5,173	-	865,674	-	870,847
Amortization of deferred financing costs	-	-	155,309	-	155,309
(Gain)/Loss on sale of property and equipment	-	-	-	-	-
Amortization of advance fees	(30,919)	-	-	-	(30,919)
Amortization of deferred marketing costs	9,685	-	-	-	9,685
Provision for bad debts	(9,976)	-	-	-	(9,976)
Unrealized (gain)/loss on investments	-	-	-	-	-
Change in working capital:					
Resident accounts receivable	(59,953)	-	-	-	(59,953)
Other receivables	41	-	-	-	41
Inventories	(5,274)	-	-	-	(5,274)
Prepaid expenses	66,455	1,541	(11,667)	-	56,329
Accounts receivables - related parties	62,249	(18,934)	(638)	-	42,677
Intercompany receivable - The Templeton of Cary	(1,422,495)	(874,914)	(1,179,963)	3,477,372	-
Other assets	(25,630)	-	-	-	(25,630)
Deferred revenue, current portion	30,919	-	-	-	30,919
Accounts payable and other accrued expenses and other pa	(844,719)	(1,937)	(379,363)	-	(1,226,019)
Accrued payroll and related withholdings	-	167,107	-	-	167,107
Resident refunds	-	-	-	-	-
Deferred revenue, noncurrent portion	67,529	-	-	-	67,529
Accounts payable - related parties	86,829	87,347	16,429	-	190,605
Intercompany payable - The Templeton of Cary	1,884,856	611,309	981,207	(3,477,372)	-
Cash flows from operating activities	57,699	(27,758)	(702,743)	-	(672,802)
Cash flows from investing activities:					
Routine capital purchases	(40,870)	-	(1)	-	(40,871)
Proceeds from sale of assets	-	-	-	-	-
Cash flows from investing activities	(40,870)	-	(1)	-	(40,871)
Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	-	-
Deferred financing costs	-	-	-	-	-
Principal payment of long-term debt	-	-	(129,735)	-	(129,735)
Members' contributions/(distributions)	-	-	1,084,091	-	1,084,091
Cash flows from financing activities	-	-	954,356	-	954,356
Change in cash and cash equivalents	16,829	(27,758)	251,612	-	240,683
Cash and cash equivalents, beginning of year	1,799,679	184,608	470,824	-	2,455,111
Cash and cash equivalents, end of year	\$ 1,816,508	\$ 156,850	\$ 722,436	\$ -	\$ 2,695,794
Cash - unrestricted	1,685,321	156,850	46,208	-	1,888,379
Cash - restricted/invested	131,187	-	676,228	-	807,415
Total cash	\$ 1,816,508	\$ 156,850	\$ 722,436	\$ -	\$ 2,695,794

Cary Senior Housing I OPCO, LLC, Brightmore Senior Living of Cary, LLC, and Cary Senior Housing I PROPCO, LLC
 Combined Balance Sheets (unaudited)
 At March 31, 2022

	OPCO, LLC	Living of Cary, LLC	PROPCO, LLC	Eliminations	Total
Assets					
Current assets:					
Cash	\$ 1,685,321	\$ 156,850	\$ 46,208	-	\$ 1,888,379
Cash - restricted	131,187	-	676,228	-	807,415
Accounts receivable:					
Resident accounts receivable, net	880,525	-	-	-	880,525
Other	7,897	-	36,857	-	44,754
Inventories	26,796	-	-	-	26,796
Prepaid expenses	64,468	(1,541)	33,750	-	96,677
Intercompany receivable - The Templeton of Cary	7,127,964	6,109,333	10,612,655	(23,849,952)	-
Total current assets	9,924,158	6,264,642	11,405,698	(23,849,952)	3,744,546
Non-current assets:					
Investments	-	-	-	-	-
Property and equipment, net	120,513	-	101,675,856	-	101,796,369
Intangible asset	-	-	1,406,920	-	1,406,920
Due from related parties	111,443	61,029	54,358	-	226,830
Deferred marketing costs, net of amortization	159,041	-	-	-	159,041
Other non-current assets	2,925	-	25,002	-	27,927
Total non-current assets	393,922	61,029	103,162,136	-	103,617,087
Total assets	\$ 10,318,080	\$ 6,325,671	\$ 114,567,834	\$ (23,849,952)	\$ 107,361,633
Liabilities and Members' Equity/(Deficit)					
Current liabilities:					
Long-term debt, current portion	\$ -	\$ -	\$ 1,502,001	-	\$ 1,502,001
Resident refunds, current portion	-	-	-	-	-
Deferred revenue, current portion	126,116	-	-	-	126,116
Accounts payable and other accrued expenses	656,560	31,920	207,247	-	895,727
Accrued payroll and related withholdings	-	519,127	-	-	519,127
Intercompany payable - The Templeton of Cary	16,721,988	5,520,779	1,607,185	(23,849,952)	-
Total current liabilities	17,504,664	6,071,826	3,316,433	(23,849,952)	3,042,971
Non-current liabilities and deferred revenue:					
Long-term debt, less current portion	-	-	75,376,522	-	75,376,522
Deferred financing costs, net of accumulated amortization	-	-	(128,883)	-	(128,883)
Due to related parties	684,225	252,568	327,571	-	1,264,364
Deferred revenue	440,238	-	-	-	440,238
Total non-current liabilities and deferred revenue	1,124,463	252,568	75,575,210	-	76,952,241
Total liabilities and deferred revenue	18,629,127	6,324,394	78,891,643	(23,849,952)	79,995,212
Members' equity/(deficit)	(8,311,047)	1,277	35,676,191	-	27,366,421
Total liabilities and members' equity/(deficit)	\$ 10,318,080	\$ 6,325,671	\$ 114,567,834	\$ (23,849,952)	\$ 107,361,633

EXHIBIT D

5-YEAR PROSPECTIVE FINANCIAL STATEMENTS

[ATTACHED]

The Templeton of Cary

Compilation of a Financial Projection

For Each of the Five Years Ending
December 31, 2026

(with Independent Accountants'
Compilation Report thereon)

The Templeton of Cary

Compilation of a Financial Projection

Five Years Ending December 31, 2026

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Independent Accountants' Compilation Report

The Templeton of Cary
Wilmington, North Carolina

Management of The Templeton of Cary (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, 2026, the related projected combined statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

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

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

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

- the independent living apartments and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period; and
- the Company refinances its construction loan during fiscal year 2024 at rates and terms as assumed in the projection.

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

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

Dixon Hughes Goodman LLP

Atlanta, Georgia
May 20, 2022

The Templeton of Cary

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

	2022	2023	2024	2025	2026
Revenue:					
Community fee amortization	\$ 53	\$ 53	\$ 61	\$ 66	\$ 69
Independent living	9,392	12,842	14,208	14,679	15,120
Assisted living	5,979	6,789	7,356	7,577	7,804
Skilled nursing	5,249	5,583	5,770	5,926	6,105
Other revenue	136	157	162	167	172
Total operating revenue	20,809	25,424	27,557	28,415	29,270
Expense:					
Independent living	247	282	295	304	313
Assisted living	2,296	3,035	3,250	3,348	3,448
Skilled nursing	3,437	3,741	3,841	3,957	4,075
Dietary	4,098	5,613	6,056	6,237	6,424
Housekeeping	712	955	1,024	1,054	1,086
Laundry	136	140	144	148	153
General and administrative	2,949	3,103	3,194	3,288	3,385
Management Fee	1,154	1,399	1,512	1,559	1,606
Plant operations	1,190	1,434	1,530	1,574	1,619
Physical plant	115	119	122	126	130
Total operating expenses	16,334	19,821	20,968	21,595	22,239
 Operating income	 4,475	 5,603	 6,589	 6,820	 7,031
Other expense:					
Interest expense	3,563	3,747	3,074	2,958	2,934
Deferred financing cost amortization	142	142	62	74	74
Deferred marketing cost amortization	16	27	29	23	25
Depreciation	3,475	3,516	3,522	3,528	3,530
Other expense	43	8	8	8	8
Total other expense	7,239	7,440	6,695	6,591	6,571
 Net income (loss)	 (2,764)	 (1,837)	 (106)	 229	 460
 Members' equity, beginning of year	 27,188	 24,424	 22,587	 22,481	 22,710
Members' equity, end of year	\$ 24,424	\$ 22,587	\$ 22,481	\$ 22,710	\$ 23,170

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

The Templeton of Cary

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

	2022	2023	2024	2025	2026
Cash flows from operating activities:					
Net income (loss)	\$ (2,764)	\$ (1,837)	\$ (106)	\$ 229	\$ 460
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	3,475	3,516	3,522	3,528	3,530
Deferred financing cost amortization	142	142	62	74	74
Deferred marketing cost amortization	16	27	29	23	25
Community fee amortization	(53)	(53)	(61)	(66)	(69)
Change in current assets and liabilities, net	1,287	106	(2,768)	(3,701)	(2,855)
Cash flows from operating activities	2,103	1,901	678	87	1,165
Cash flows from investing activities:					
Capital additions	(75)	(75)	(75)	(75)	(75)
Cash flows from investing activities	(75)	(75)	(75)	(75)	(75)
Cash flows from financing activities:					
Proceeds from Permanent Loan	-	-	73,751	-	-
Payoff of Construction Loan	-	-	(73,751)	-	-
Deferred financing costs	-	-	(738)	-	-
Principal payment of long-term debt	(1,319)	(1,655)	(284)	-	(1,079)
Cash flows from financing activities	(1,319)	(1,655)	(1,022)	-	(1,079)
Change in cash and restricted cash	709	171	(419)	12	11
Cash and restricted cash, beginning of year	2,455	3,164	3,335	2,916	2,928
Cash and restricted cash, end of year	\$ 3,164	\$ 3,335	\$ 2,916	\$ 2,928	\$ 2,939
Cash and restricted cash reconciliation:					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Cash - restricted	1,164	1,335	916	928	939
Total cash and restricted cash	\$ 3,164	\$ 3,335	\$ 2,916	\$ 2,928	\$ 2,939

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

The Templeton of Cary

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

Assets	2022	2023	2024	2025	2026
Current assets:					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Cash - restricted	1,164	1,335	916	928	939
Resident accounts receivable, net	1,009	1,071	1,104	1,136	1,171
Other	45	45	45	45	45
Inventories	44	54	57	59	61
Prepaid expenses	201	239	251	258	265
Total current assets	\$ 4,463	\$ 4,744	\$ 4,373	\$ 4,426	\$ 4,481
Non-current assets:					
Property and equipment, net	99,226	95,785	92,338	88,885	85,430
Intangible asset	1,407	1,407	1,407	1,407	1,407
Due from related parties	1,970	2,420	5,959	9,727	13,717
Deferred marketing costs, net of amortization	74	81	64	49	32
Other non-current assets	28	28	28	28	28
Total non-current assets	102,705	99,721	99,796	100,096	100,614
Total assets	107,168	104,465	104,169	104,522	105,095
Liabilities and Members' Equity					
Current liabilities:					
Long-term debt, current portion	\$ 1,655	\$ 284	\$ -	\$ 1,079	\$ 1,343
Deferred revenue, current portion	135	130	123	108	93
Accounts payable and accrued expenses	3,543	4,118	3,816	3,905	3,987
Accrued payroll and related withholdings	444	539	569	588	605
Total current liabilities	\$ 5,777	\$ 5,071	\$ 4,508	\$ 5,680	\$ 6,028
Non-current liabilities:					
Long-term debt, net of current portion and deferred financing cost	73,893	73,751	73,075	72,070	70,801
Due to related parties	2,671	2,671	3,739	3,739	4,818
Deferred revenue, net	403	385	366	323	278
Total non-current liabilities	76,967	76,807	77,180	76,132	75,897
Total liabilities	82,744	81,878	81,688	81,812	81,925
Members' equity	24,424	22,587	22,481	22,710	23,170
Total liabilities and members' equity	\$ 107,168	\$ 104,465	\$ 104,169	\$ 104,522	\$ 105,095

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

The Templeton of Cary

Summary of Significant Projection Assumptions and Rationale

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of The Templeton of Cary, a group of entities under common control, (the “Company” or the “Community”) and the day-to-day operating manager, Liberty Living Management, LLC (the “Operating Manager”) (collectively “Management”), the expected financial position, results of operations and changes in members’ equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2026. Accordingly, the accompanying financial projection reflects Management’s judgment as of May 20, 2022, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming that 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 Assumption – 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 independent living apartments and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period; and
- the Company refinances its construction loan during fiscal year 2024 at rates and terms as assumed in the projection.

See Independent Accountants’ Compilation Report

Background

The Company is an economic entity comprised of three individual companies listed below. Management provides senior living services in Cary, North Carolina. Services include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services. The Community began operations in June 2020.

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

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

Brightmore Senior Living of Cary, LLC (“Brightmore Senior Living”) is a North Carolina for-profit limited liability company formed for the purpose of employing the employees of the Community and providing management services to Cary PROPCO and Cary OPCO.

The activities of Cary PROPCO, Cary OPCO and Brightmore Senior Living (collectively the “Company”) are included in Management’s projection.

The Community currently consists of 199 independent living rental apartments (the “Independent Living Units”); 59 assisted living units, 9 multi-unit assisted housing with services units and 22 memory support units (collectively referred to as the “Assisted Living Units”); and 28 skilled nursing beds (the “Skilled Nursing Beds”). The Assisted Living Units and Skilled Nursing Beds are collectively referred to as the “Healthcare Center.”

Cary OPCO and Cary PROPCO hold the license or certificate of need for 82 assisted living beds, 10 multi-unit assisted housing with services beds and 28 skilled nursing beds. The Company obtained a permanent Continuing Care Retirement Community (“CCRC”) license from the North Carolina Department of Insurance (“NCDOI”) in July 2021.

Related Parties

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

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

See Independent Accountants’ Compilation Report

The Community

The Community is located in Cary, North Carolina on a 15.5-acre site owned by Cary PROPCO. The following table summarizes the types of units, approximate square footage, and current monthly fees (“Monthly Fee”) and daily service fees (“Daily Service Fee”) of the Community:

Unit Type	Number of Units	Square Footage	Monthly Fee⁽¹⁾⁽²⁾⁽³⁾
<i>Independent Living Units:</i>			
One-bedroom	73	807	\$ 5,141
Two-bedroom	66	1,138	5,608
Two-bedroom/den	60	1,363	6,618
Total / Weighted Average	199	1,084	\$ 5,741
<i>Assisted Living Units: ⁽⁴⁾</i>			
Memory Support	22	338	\$ 6,983
Multi-unit Assisted Housing w/ Services	9	541	7,105
Standard	59	440	6,542
Total / Weighted Average	90	425	\$ 6,706
<i>Skilled Nursing Beds:</i>			Daily Service Fee
Private			\$ 378
Medicare – Traditional			571
Medicare – Managed Care			408
Total / Weighted Average	28	371	\$ 452
Total Units / Beds	317		

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 \$900 for the Independent Living Units and \$3,000 for the Assisted Living Units.
- (3) The Monthly Fees and Daily Service Fees increase each January. Residents renew their respective leases at renewal dates throughout the year. The Monthly Fees and Daily Service Fees shown are averages of the Monthly Fees and Daily Service Fees effective January 1, 2022.
- (4) The Assisted Living Units are assumed to be licensed for 92 beds with two units available for double occupancy.

See Independent Accountants’ Compilation Report

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

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

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

Healthcare Benefit – The Company provides 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 receive an annual, non-cumulative discount of 10 percent from the current market rate during the first 30 days of residency in the Healthcare Center.

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

See Independent Accountants’ Compilation Report

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 shall 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 by giving 30 days’ prior written notice. 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 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 shall be liable for the Monthly Fee until the date that all of the Resident’s personal belongings are removed from the Independent Living Unit. In addition, the Resident shall be responsible for payment of liquidated damages of one month’s rental charge.

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

See Independent Accountants’ Compilation Report

Summary of Significant Accounting Policies

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

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

Restricted Cash – Restricted cash includes patient trust fund, Security Deposits received from current residents, and refundable priority deposits (the “Priority Deposit”) received from future residents, which are held in accordance with statute, law, or regulation of the federal, state, and local government. The Priority Deposit shall be applied to the Security Deposit paid by the Resident upon execution of a Residency and Care Agreement.

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

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

Deferred Revenue – The one-time, upfront, non-refundable Community Fee is recorded as deferred revenue and amortized into income over five (5) years, the estimated length of stay of a Resident in an Independent Living Unit.

See Independent Accountants’ Compilation Report

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

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

Deferred Marketing Costs – Management has implemented ASU No. 2014-09 “Revenue from Contracts with Customers” and adopted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions associated with securing new Residency Agreements and Care Agreements as an asset and amortizes these commissions over five (5) years, the estimated term of the respective Residency and Services Agreements.

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

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

See Independent Accountants’ Compilation Report

Summary of Revenue Assumptions

The following table summarizes the fill-up assumptions for the Community during the projection period.

Table 2
Assumed Quarterly Fill-up for the
Independent Living Units/Assisted Living Units/Skilled Nursing Beds

Fiscal Year/Month	Independent Living Move-in Schedule			Assisted Living Units Move-in Schedule			Skilled Nursing Beds Move-in Schedule		
	<i>Cumulative</i>			<i>Cumulative</i>			<i>Cumulative</i>		
	Quarterly Move-ins Net	Unit Total	Unit % ⁽¹⁾	Quarterly Move-ins Net	Unit Total	Unit % ⁽¹⁾	Quarterly Move-ins Net	Bed Total	Bed % ⁽¹⁾
<i>Occupancy on December 31, 2021</i>		96	48%		51	57%		19	68%
2022									
1 st Quarter	14	110	55%	(5)	46	51%	6	25	89%
2 nd Quarter	11	121	61%	18	64	71%	2	27	96%
3 rd Quarter	17	138	69%	5	69	77%	-	27	96%
4 th Quarter	20	158	79%	4	73	81%	-	27	96%
2023									
1 st Quarter	8	166	83%	4	77	86%	-	27	96%
2 nd Quarter	7	173	87%	4	81	90%	-	27	96%
3 rd Quarter	8	181	91%	4	85	94%	-	27	96%
4 th Quarter	5	186	93%	1	86	96%	-	27	96%
2024									
1 st Quarter	2	188	94%	-	86	96%	-	27	96%
2 nd Quarter	2	190	95%	-	86	96%	-	27	96%
Total		190	95%		86	96%		27	96%

Source: Management

(1) Cumulative occupancy is based on 199 available Independent Living Units, 90 Assisted Living Units and 28 Skilled Nursing Beds.

See Independent Accountants' Compilation Report

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

Table 3 Utilization			
Year Ending December 31,	Average Units Available	Average Units Occupied	Occupied Percentage
<i>Independent Living Units:</i>			
2022	199	126	63%
2023	199	175	88%
2024	199	189	95%
2025-2026	199	190	95%
<i>Assisted Living Units:</i>			
2022	90	63	70%
2023	90	82	91%
2024-2026	90	86	96%
<i>Skilled Nursing Beds:</i> ⁽¹⁾			
2022	28	26	93%
2023-2026	28	27	96%

Source: Management

(1) The payor mix for the Skilled Nursing Beds is assumed to be 1 percent for private pay and 99 percent for Medicare, during the projection period.

Independent Living and Assisted Living Revenue

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

Skilled Nursing Revenue

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

Other Revenue

Revenue from other revenue is assumed to be generated guest meals and other miscellaneous sources and is assumed to increase 3.0 percent annually during the projection period.

See Independent Accountants' Compilation Report

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits

Salaries, wages, and employee benefits are assumed to increase incrementally during the fill-up period, then 3.0 percent annually thereafter.

Non-Salary Expenses

Non-salary expenses are assumed to increase incrementally during the fill-up period, then 3.0 percent 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 revenue and 6.0 percent of Assisted Living and Skilled Nursing revenue.

See Independent Accountants' Compilation Report

Statutory Operating Reserve

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

	2022	2023	2024	2025	2026
Projected expenses	\$ 23,573	\$ 27,261	\$ 27,663	\$ 28,186	\$ 28,810
Add: principal payments on long-term debt	1,319	1,655	284	-	1,079
Subtract:					
Depreciation	(3,475)	(3,516)	(3,522)	(3,528)	(3,530)
Amortization	(158)	(169)	(91)	(97)	(99)
Projected operating expenses-adjusted	21,259	25,231	24,334	24,561	26,260
Operating reserve % required ⁽¹⁾	50%	25%	25%	25%	25%
Operating reserve ⁽²⁾	\$ 10,630	\$ 6,308	\$ 6,084	\$ 6,140	\$ 6,565
Independent Living Units and Assisted Living Units:					
Available, end of year	289	289	289	289	289
Occupied, end of year	231	272	276	276	276
Occupancy percentage	80%	94%	96%	96%	96%

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 satisfies the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution.

See Independent Accountants' Compilation Report

Property and Equipment

The Company is assumed to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40, 15 or 10 years. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

	2022	2023	2024	2025	2026
Beginning balance	\$ 108,299	\$ 108,374	\$ 108,449	\$ 108,524	\$ 108,599
Routine capital additions	75	75	75	75	75
Property and equipment, cost	108,374	108,449	108,524	108,599	108,674
Accumulated depreciation	(9,148)	(12,664)	(16,186)	(19,714)	(23,244)
Property and equipment, net	\$99,226	\$95,785	\$ 92,338	\$ 88,885	\$ 85,430

Source: Management

Long-Term Debt*Construction Loan*

Cary PROPCO has a construction loan agreement (the "Construction Loan") with a financial institution bearing interest at a variable rate of 2.90 percent plus LIBOR with interest only payments due monthly from the note effective date through February 15, 2022, and payment in full due upon the maturity date of February 15, 2023 of \$73,751,000. Management assumes a 5.0 percent per annum interest rate for the period of the Construction Loan.

Cary PROPCO has an option to extend the Construction Loan, which Management intends to exercise. Commencing on February 15, 2023, payments of principal would be due in equal monthly amounts sufficient to amortize the outstanding principal balance of the loan, as of February 15, 2024, in level monthly payments over 25 years, at an interest rate of 5.0 percent.

Permanent Loan

For purposes of the projection, Management assumes the outstanding balance of the Construction Loan shall be refinanced to a permanent loan (the "Permanent Loan") in March 2024. The Permanent Loan is assumed to approximate \$73,751,000 with a fixed interest rate of 4.0 percent per annum with interest only payments due monthly from the note effective date through January 2026. Principal and interest on the Permanent Loan are assumed to be paid monthly beginning in February 2026 and amortized over a 30-year period.

See Independent Accountants' Compilation Report

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

Table 6
Principal and Interest Payments
(In Thousands)

Years Ended December 31,	Construction Loan		Permanent Loan		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2022	\$ 1,318	\$ 3,563	\$ -	\$ -	\$ 4,881
2023	1,655	3,747	-	-	5,402
2024	74,035	616	-	2,458	77,109
2025	-	-	-	2,958	2,958
2026	-	-	1,079	2,934	4,013
Thereafter	-	-	72,672	24,356	97,028
Total	\$ 77,008	\$ 7,926	\$ 73,751	\$ 32,706	\$ 191,391

Source: Management

Current Assets and Current Liabilities

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

Table 7
Working Capital – Days on Hand

Resident accounts receivable, net	70 days of Skilled Nursing revenue
Inventories	1 day of operating expenses
Prepaid expenses	4 days of operating expenses
Accounts payable and accrued expenses	40 days of operating expenses
Accrued payroll and related withholdings	10 days of operating expenses

Source: Management

COVID-19 Pandemic

Management continues to evaluate the impact of the COVID-19 pandemic on the health care industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, and the results of its operations, the specific impact is not readily determinable as of the date of this projection. Management's projection does not include any adjustments that might result from the outcome of this uncertainty.

See Independent Accountants' Compilation Report

EXHIBIT F

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

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

	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020	Effective 1/1/2021
Independent Living Units (Monthly Fees):					
Apartments:					
One-bedroom	*	*	*	*	\$ (309)
Two-bedroom	*	*	*	*	\$ 144
Two-bedroom with den	*	*	*	*	\$ 147
Second person fee	*	*	*	*	\$ -
<i>Independent living fees are revised annually effective January 1 and adjusted throughout the year at the time of each individual resident's contract renewal.</i>					
	Effective 7/1/2017	Effective 7/1/2018	Effective 7/1/2019	Effective 7/1/2020	Effective 7/1/2021
Healthcare Center:					
Assisted Living Units (Monthly Fees):					
Memory care	*	*	*	*	\$ -
Multi-unit assisted housing with services	*	*	*	*	\$ -
Standard	*	*	*	*	\$ -
Second person fee	*	*	*	*	\$ -
Skilled Nursing Beds (Daily Fees):					
Private	*	*	*	*	\$ -
*Community opened independent living units in June 2020 and the healthcare center in July 2020.					

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]



THE
TEMPLETON
OF CARY

Residency and Care Agreement

**215 Brightmore Drive
Cary, North Carolina 27518
(984) 200-3688**

5/31/2020

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

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THE TEMPLETON OF CARY

RESIDENCY AND CARE AGREEMENT

This RESIDENCY AND CARE AGREEMENT (the “Agreement”) is made this ___ day of _____, _____, between CARY SENIOR HOUSING I OPCO, LLC, a Delaware for-profit limited liability company registered to do business in North Carolina, CARY SENIOR HOUSING I PROPCO, a Delaware for-profit limited liability company registered to do business in North Carolina, BRIGHTMORE SENIOR LIVING OF CARY, LLC, a North Carolina for-profit limited liability company, (collectively, “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 Templeton of Cary (the “CCRC”), located at 215 Brightmore Drive, Cary, 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
Cary Senior Housing I OPCO, LLC
215 Brightmore Drive
Cary, NC 27518

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: _____

CARY SENIOR HOUSING I 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	_____

EXHIBIT F

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

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

	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020	Effective 1/1/2021
Independent Living Units (Monthly Fees):					
Apartments:					
One-bedroom	*	*	*	*	\$ (309)
Two-bedroom	*	*	*	*	\$ 144
Two-bedroom with den	*	*	*	*	\$ 147
Second person fee	*	*	*	*	\$ -
<i>Independent living fees are revised annually effective January 1 and adjusted throughout the year at the time of each individual resident's contract renewal.</i>					
	Effective 7/1/2017	Effective 7/1/2018	Effective 7/1/2019	Effective 7/1/2020	Effective 7/1/2021
Healthcare Center:					
Assisted Living Units (Monthly Fees):					
Memory care	*	*	*	*	\$ -
Multi-unit assisted housing with services	*	*	*	*	\$ -
Standard	*	*	*	*	\$ -
Second person fee	*	*	*	*	\$ -
Skilled Nursing Beds (Daily Fees):					
Private	*	*	*	*	\$ -

*Community opened independent living units in June 2020 and the healthcare center in July 2020.