Disclosure Statement

Legacy at Mills River Continuing Care Retirement Community

Providers: Blue Ridge Retirement Partners, LLC, Legacy at Mills River Club, Inc., and Legacy at Mills River Owners Association, Inc.

Date of Disclosure Statement: 12/31/2025

Last Date for Delivery: 06/09/2027

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement, continuing care contract, or continuing care at home contract.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes ("Article 64A").**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Blue Ridge Retirement Partners, LLC, Legacy at Mills River Club, Inc., and Legacy at Mills River Owners Association, Inc. to penalties under Article 64A.**
- **UPDATED July 7, 2026**

Financial Snapshot: Key Ratios for Blue Ridge Retirement Partners, LLC (Development Stage)

Legacy at Mills River is in the development stage and had not commenced operations as of December 31, 2025. Accordingly, historical operating ratios are not yet available and are reported as Not Applicable (N/A) where appropriate. Prospective ratios are derived from the five-year prospective financial statements included in Appendix B.

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended December 31, 2025 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*	NC 25th %[1]	NC 50th%[1]	NC 75th %[1]
DCOH	2	17	1	115	786	732	—	—	—
CUSH	0.01	0.63	0.01	0.25	0.85	0.40	—	—	—
OR	N/A	N/A	N/A	N/A	2%	1%	—	—	—
NOM	N/A	N/A	N/A	N/A	98.14%	99.11%	—	—	—
NOM-A	N/A	N/A	N/A	N/A	98.14%	99.11%	—	—	—
DSCR	-0.17	-4.60	-1.68	-0.45	17.06	19.99	—	—	—
CD	0.00	0.01	0.00	0.01	0.03	0.02	—	—	—
CED	42.34	71.44	357.17	12.18	170.40	131.54	—	—	—

Liquidity Ratios:

- **Days Cash on Hand (DCOH)**. Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH)**. Number of times the provider's unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

- **Operating Ratio (OR)**. Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM)**. Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A)**. Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

- **Debt Service Coverage (DSCR)**. Measures the provider's ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD)**. Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

[1] **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

- **Capital Expenditures to Depreciation (CED)**. Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

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1. Provider Identification

Legal Responsibility for Continuing Care

Legacy at Mills River Club, Inc. is the entity that enters into continuing care contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts.

Blue Ridge Retirement Partners, LLC owns and develops the real property comprising Legacy at Mills River.

Legacy at Mills River Owners Association, Inc. governs condominium common property and real-estate-related matters only and is not a "provider" of continuing care as that term is defined under Article 64A.

No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

As of the date of this Disclosure Statement, Legacy at Mills River Club, Inc. and Legacy at Mills River Owners Association, Inc. have not yet been formally organized or incorporated. These entities are expected to be formed prior to the commencement of operations and prior to entering into any continuing care contracts, and will thereby assume the roles and responsibilities described herein.

Doing Business As (DBA)

The Providers conduct business under the name "Legacy at Mills River." This name is a trade name only and does not represent a separate legal entity.

Item	Information
Legal Provider Name:	Blue Ridge Retirement Partners, LLC, Legacy at Mills River Club, Inc., and Legacy at Mills River Owners Association, Inc.
Doing Business As (DBA):	Legacy at Mills River
Business Address:	582 Jeffress Rd, Mills River, NC 28759
Telephone Number:	(910) 815-3122
Legal Entity Type:	Blue Ridge Retirement Partners, LLC: For-profit limited liability company under the laws of North Carolina Legacy at Mills River Club, Inc.: Nonprofit corporation organized under the laws of North Carolina

Item	Information
	Legacy at Mills River Owners Association, Inc.: Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	For-Profit / Nonprofit
Federal Tax Status:	Blue Ridge Retirement Partners, LLC: Not tax-exempt under the Internal Revenue Code Legacy at Mills River Club, Inc. & Legacy at Mills River Owners Association, Inc.: Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled for-profit & nonprofit entities. The providers are not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Blue Ridge Retirement Partners, LLC is a for-profit limited liability company, the Managers of which are Grant Investment Group, LLC and LSL Properties of Mills River, LLC. Legacy at Mills River Club, Inc. & Legacy at Mills River Owners Association, Inc. are nonprofit corporations to be governed by Boards of Directors

2. Organizational Structure

2.1 Multi-Entity Organization Status

Legacy at Mills River operates as part of a multi-entity organizational structure.

2.2 Consolidation of Financial Statements

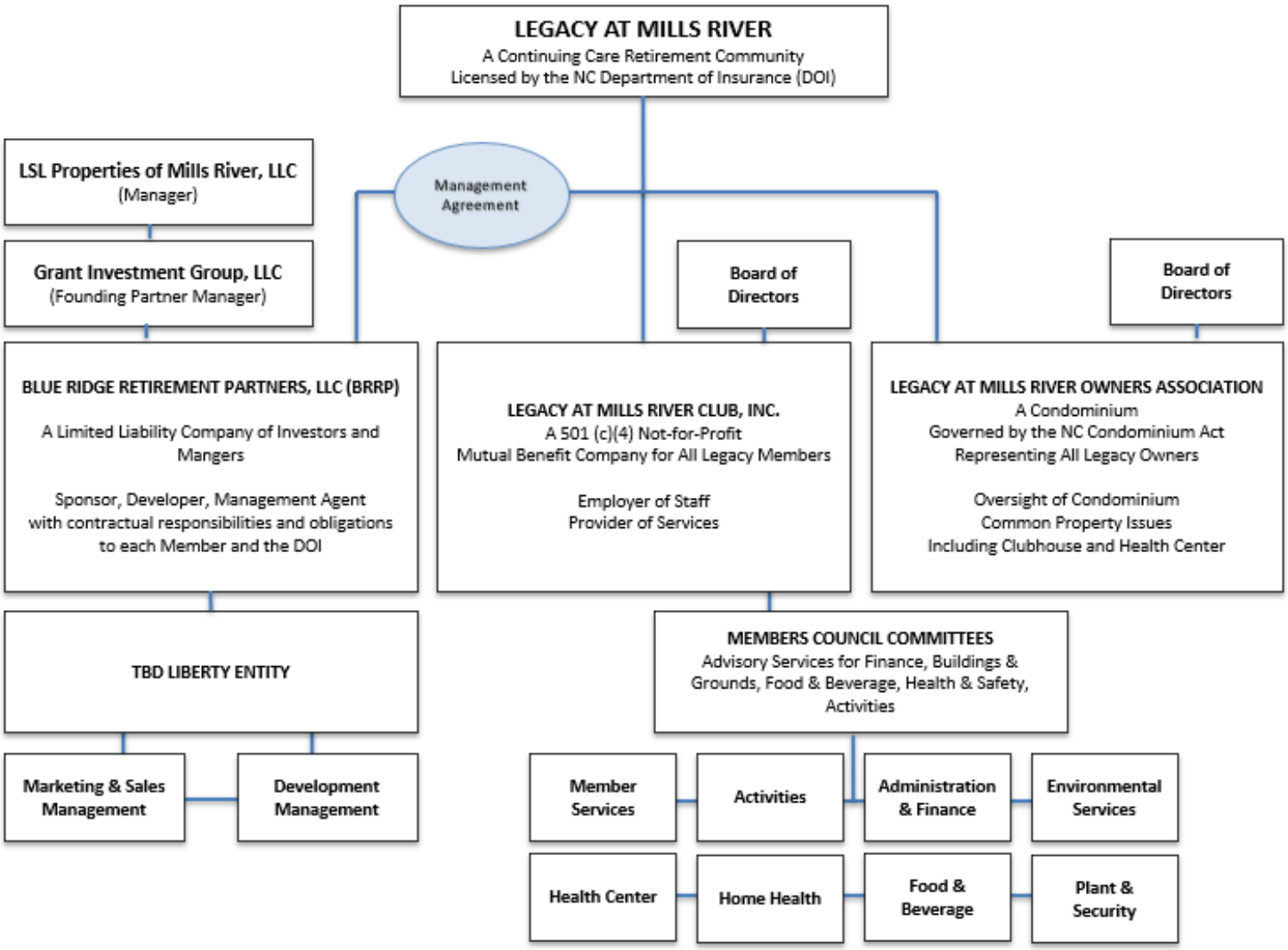
Audited financial statements are prepared on a consolidated basis with Blue Ridge Retirement Partners, LLC, and its subsidiaries, which include all continuing care providers and related supporting organizations. Consolidating schedules within the audit present the financial position and results of operations of each subsidiary.

2.3 Controlling Person

Item	Information
Name:	LSL Properties of Mills River, LLC
Business Address:	2334 S. 41st Street, Wilmington, NC 28403
Telephone Number:	(910) 815-3122

2.4 Company Structure Chart

The organizational structure of Blue Ridge Retirement Partners, LLC; Legacy at Mills River Club, Inc.; and Legacy at Mills River Owners Association, Inc.; and, its related entities, is outlined below:



Accessible Text Equivalent:

- **LSL Properties of Mills River, LLC** (controlling person; limited liability company)
    - **Blue Ridge Retirement Partners, LLC** – Owner of all of the development of Legacy at Mills River
    - **Legacy at Mills River Club, Inc.** - provider of continuing care contracts; operator of Legacy at Mills River
    - **Mills River Owners Association, Inc** - serves as the governing body for all issues related to the real estate aspects of common property related to the Association
    - **[TBD LIBERTY MANAGEMENT ENTITY, LLC]** – limited liability company providing management, staffing, and administrative services to affiliates

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests**: Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of $5,000 or more. If none, the provider discloses “None.”
- **Adverse Disclosures**: Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

3.1 Senior Officers of LSL Properties of Mills River, LLC

Name / Role	Education	Experience	Length of Service
John "Sandy" A. McNeill Jr. – Manager of Liberty Senior Living, LLC and Liberty Living Management, LLC	PharmD, UNC	50 + years in senior-living and pharmacy operations	30 years at current position (since 10/01/1996)
Ronald "Ronnie" B. McNeill – Manager of Liberty Senior Living, LLC and Liberty Living Management, LLC	Registered Professional Engineer (NC State University), MBA	50 + years in senior-living and pharmacy operations	30 years at current position (since 10/01/1996)
William "Will" B. Purvis – Manager of Liberty Living Management and President of Liberty Senior Living	B.S. business management (NC State University), MBA (Wake Forest University)	Prior work with Grandbridge Real Estate, BOD for Cape Fear Council Boy Scouts of America, NHRMC Foundation, Wilmington Chamber of Commerce, NC Coastal Land Trust	Over 16 years (since 02/03/2010)
Bob Goyette – Chief Operations Officer of Liberty Living Management	MBA with healthcare concentration (Lipscomb University)	33+ years in Senior Living administration. Past board member of Ohio, Kentucky and Virginia Health Care Administrations and adjunct professor at Western Kentucky University.	2 years at current position (since 09/30/2024)
Cindy Stancil – Vice President of Operations Support of Liberty Living Management	Licensed Administrator	41+ years in Senior Living administration. Served as board member of NC Assisted Living Association and in Task Force groups such as "The Star Rating program"	41+ years with Liberty Healthcare Group and Liberty Senior Living

Name / Role	Education	Experience	Length of Service
Nicole Cook – VP of Operations of Liberty Living Management	Registered Nurse and Nursing Home Administrator	25+ years in Senior Living administration	7 years with Liberty Senior Living (since 5/30/2019)

Business Address: 2334 S. 41st Street, Wilmington, NC 28403

Disclosure: No officer has reported any Outside Interests or Adverse Disclosures.

3.2 Community Management – Legacy at Mills River Continuing Care Retirement Community

Name / Role	Education	Experience	Length of Service
Executive Director - TBD			

Business Address: 582 Jeffress Rd, Mills River, NC 28759

Disclosure: The Executive Director has reported no Outside Interests or Adverse Disclosures.

3.3 Board of Directors — Legacy at Mills River Club, Inc.

Name / Role	Education	Experience	Length of Service
TBD			

Business Address: 582 Jeffress Rd, Mills River, NC 28759

Disclosure: None of the directors of Legacy at Mills River Club, Inc. have reported any Outside Interests or Adverse Disclosures.

3.4 Board of Directors — Legacy at Mills River Owners Association, Inc.

Name / Role	Education	Experience	Length of Service
TBD			

Business Address: 582 Jeffress Rd, Mills River, NC 28759

Disclosure: None of the directors of Legacy at Mills River Owners Association, Inc. have reported any Outside Interests or Adverse Disclosures.

3.5 Management Entity — [TBD LIBERTY MANAGEMENT ENTITY, LLC]

- **Nature of Role**: For-profit supporting organization controlled by Liberty Living Management, LLC; employs the Executive Director and staff; provides on-site management and centralized administrative services to Blue Ridge Retirement Partners, LLC, Legacy at Mills River Club, Inc., and Legacy at Mills River Owners Association, Inc.
- **Business Address**: 2334 S. 41st Street, Wilmington, NC 28403
- **Key Officers**: John A. McNeill, Jr. and Ronald B. McNeill (Managers), William B. Purvis (Manager)

3.6 10% + Ownership Interests

(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)

No individual holds a ten percent (10%) or greater beneficial interest in either entity.

4. Governing Body and Oversight

4.1 Provider Governing Body

Blue Ridge Retirement Partners, LLC is controlled and managed by Blue Ridge is LSL Properties of Mills River, LLC. LSL Properties of Mills River, LLC is responsible for developing Legacy at Mills River.

Legacy at Mills River Club, Inc. is governed by a Board of Directors. The Board is responsible for the overall direction and oversight of Legacy at Mills River Club, Inc.'s operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to Legacy at Mills River Club, Inc.'s solvency and operations.

Legacy at Mills River Owners Association, Inc. is governed by a Board of Directors. The Board is responsible for the oversight of maintenance in the condominium.

4.1.1 Selection of Members

Directors of Legacy at Mills River Club, Inc. are appointed by Blue Ridge Retirement Partners, LLC. Directors serve three-year staggered terms and may be reappointed for up to three consecutive terms. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

Directors of Legacy at Mills River Owners Association, Inc. are appointed by Blue Ridge Retirement Partners, LLC during the Period of Declarant Control.

4.1.2 Oversight of Management and Operations

The Board delegates day-to-day operations of Legacy at Mills River to the Executive Director and senior management employed by [TBD LIBERTY MANAGEMENT ENTITY, LLC]. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, and debt issuances.
- Quarterly board meetings and periodic committee reports.
- Evaluation of management performance and compliance with the management agreement.

4.1.3 Committees

The Legacy at Mills River Club, Inc. Board maintains member council committees that may include advisory services for finance, building & grounds, food & beverage, health & safety, and activities.

4.2 Controlling Person Governing Body

The controlling person of the Provider is LSL Properties of Mills River, LLC, a North Carolina limited liability company. LSL Properties of Mills River, LLC is governed by its Members and Managers in accordance with its operating agreement.

The governing authority of LSL Properties of Mills River, LLC is responsible for oversight of matters that affect the Provider at the ownership and development level, including:

- Approval of development strategy, financing, and capital structure related to Legacy at Mills River.
- Appointment and removal of directors of Legacy at Mills River Club, Inc. during the period of developer control.
- Oversight of material contracts and development-related decisions affecting the Provider.
- Monitoring the financial condition of the development entities and their ability to support the project through completion and stabilization.

The governing authority of the controlling person does not provide day-to-day operational oversight of resident services.

4.2.1 Selection of Members

LSL Properties of Mills River, LLC is governed in accordance with its operating agreement. Members and Managers are designated pursuant to that operating agreement and applicable North Carolina law.

The governing structure of the controlling person is not self-perpetuating through a board election process and does not operate as a nonprofit board of directors.

4.2.2 Oversight of Management and Operations

LSL Properties of Mills River, LLC does not employ operational staff and does not manage daily community operations.

Operational oversight of Legacy at Mills River is delegated to Legacy at Mills River Club, Inc., which, upon commencement of operations, will oversee resident services through a management agreement with Liberty Living Management, LLC or an affiliated entity.

The controlling person exercises oversight through:

- Approval of material development-phase decisions and financing arrangements.
- Monitoring compliance with development agreements, budgets, and regulatory milestones.
- Oversight of the management entity's performance during the development and transition to operations, as applicable.

4.2.3 Committees

LSL Properties of Mills River, LLC does not maintain standing committees comparable to a nonprofit board committee structure.

4.3 Division of Responsibilities

To ensure clarity and avoid duplication of oversight responsibilities:

- The Legacy at Mills River Club, Inc. (Provider Board) focuses on resident-level matters once operational, including community operations, quality of care, regulatory compliance, resident rights, and contract administration.
- LSL Properties of Mills River, LLC (Controlling Person) focuses on ownership- and development-level matters, including capital structure, financing, development completion, and appointment authority during the period of developer control.

5. Related Parties

Blue Ridge Retirement Partners, LLC has relationships with related parties under common control with its controlling person, LSL Properties of Mills River, LLC. Each arrangement exceeded $5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by Blue Ridge Retirement Partners, LLC.

Due to the pre-operational status of the community as of December 31, 2025, certain services described below relate primarily to development-phase planning and preparation rather than ongoing resident operations. Actual costs incurred may differ from prospective costs once operations commence.

5.1 Liberty Living Management, LLC (or Affiliate)

- **Nature of Relationship**: Liberty Living Management, LLC (or an affiliated entity) is a for-profit management organization under common control with the controlling person of the Provider.
- **Goods/Leases/Services Provided**: During the development and pre-operational phase, the management entity provides or is expected to provide planning, advisory, and preparatory services in support of the development and future operation of Legacy at Mills River. These services may include executive oversight, operational planning, staffing strategy, business office setup, information systems planning, and administrative support under a management or development services arrangement.
- **Future Operational Management:** Upon commencement of operations, the management entity is expected to provide on-site and centralized management services pursuant to a formal management agreement with Legacy at Mills River Club, Inc.
- **Actual/Probable Cost**: As of December 31, 2025, costs attributable to development-phase management and planning services were incurred by development entities and were not reflective of stabilized operational management expenses. Ongoing management fees and allocation methodologies applicable to resident operations will be determined and disclosed once operations commence.

6. Relationships with Religious, Charitable, or Other Organizations

The Providers do not have any relationships with religious, charitable, or other organizations.

7. Other Persons Responsible for Obligations

No other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of the Providers.

8. Obligated Groups

The Providers are not members of an obligated group.

9. Debt Covenants and Compliance

Blue Ridge Retirement Partners, LLC, the developer and owner of the real property comprising Legacy at Mills River, is subject to financial and non-financial covenants contained in its construction and development financing agreements.

As of December 31, 2025, Blue Ridge Retirement Partners, LLC was in compliance with all covenants contained in its debt agreements.

Legacy at Mills River Club, Inc., the Provider of continuing care contracts, and Legacy at Mills River Owners Association, Inc. are not parties to any debt agreements and are not subject to any debt covenants.

10. Third-Party Management Arrangements

The Providers do not employ an unrelated third-party manager to operate Legacy at Mills River.

Management and operational services are provided, or are expected to be provided upon commencement of operations, by Liberty Living Management, LLC (or an affiliated entity), a related, for-profit management organization under common control with the controlling person.

Upon commencement of operations, day-to-day community operations will be overseen by an Executive Director and senior management personnel employed by the management entity, pursuant to a management agreement with Legacy at Mills River Club, Inc. The Provider retains responsibility for compliance with Article 64A and for fulfillment of all obligations under continuing care contracts.

11. Real Property Leases

The Providers do not lease any real property comprising the Legacy at Mills River community.

12. Endowment Funds

The Providers do not maintain endowment funds.

13. Description and Location of the Community

Legacy at Mills River is to be a continuing care retirement community under development by and to be operated by Legacy at Mills River Club, Inc., located at 582 Jeffress Road, Mills River, North Carolina 28759.

The community is being developed on approximately 112 acres and is expected to commence operations upon construction completion and receipt of required licenses. The planned campus includes a mix of both detached and semi-detached cottages, a central community building that includes apartment-style residences, and an on-site health care center.

Planned shared amenities include dining facilities, fitness and wellness areas, meeting and activity spaces, a library, auditorium, landscaped courtyards, walking trails, outdoor recreation areas, and gardens. The final configuration and timing of development are subject to market conditions, financing, and regulatory approvals.

14. Living Units by Level of Care & Project Phasing

As of December 31, 2025, Legacy at Mills River is entitled under a Special Use Permit issued by the Town of Mills River, NC and is planned to be developed in multiple phases. Upon full build-out and subject to financing, market conditions, and regulatory approvals, the community is expected to include the following living units and licensed beds:

- Up to 228 apartment-style Independent Living units (Manor Home) situated within one or more multi-story buildings
- Up to 148 total single-story detached (Estate Home) and semi-detached (Village Home) Independent Living units
- Up to 48 total health care units with a TBD mix of assisted living and skilled nursing beds/services to be provided

Development of Legacy at Mills River is expected to occur in multiple phases:

- **Phase 1** is currently planned include up to 76 detached and semi-detached Independent Living residences that provide an opportunity for residents to take

occupancy ahead of the main (Appalachian) and Health Care Center buildings' delivery.

The location of these initially delivered homes along the southern/southwestern portion of the overall project Master Plan is separated from the Appalachian and HC Center building pads by a natural stream and surrounding trees that provide a natural buffer from the construction activities' dust and noise.

Phase 1 residents' access to the future amenities and care services will be available upon delivery of the Appalachian and HC buildings in Phase 2. In the intervening period, these early residents are to pay reduced Monthly Service Fees that cover residence and grounds maintenance, insurance, taxes, and limited other services until such time as those Phase 2 amenities are delivered and licensed for operation.

- **Phase 2** is expected to include:
    - up to 76 remaining developable single-story cottage Independent Living units;
    - the Appalachian Building – which will include ≥ 70 apartment-style (Manor Homes) Independent Living units, and the community's management offices, dining venues, and primary indoor amenity areas; and,
    - the HC Center Building that is expected to include some or all of the approved healthcare units/beds.

A subsequent phase or phases would include additional structures or wings appended to the Appalachian Building and Health Care Center in which the remaining apartment-style units and Healthcare units allowable under the Special Use Permit approved by the Town of Mills River would be situated.

Independent living residences within multi-story apartment buildings may be released for resident move-in by floor or individual unit as certificates of occupancy are obtained.

Health care services (assisted living, memory support, and skilled nursing) are expected to become available as part of Phase 2, with some units potentially delivered in a subsequent phase, subject to licensure and operational readiness.

The timing, sequencing, and scope of each phase may vary. Not all living units or levels of care may be available at the same time, and the Provider is not obligated to open all levels of care simultaneously.

Future expansion beyond Phase 1, including additional independent living units or an expanded health care component, will be considered at a later date. The specific scope and timing of any such future phases have not been determined.

15. Continuing Care at Home Program

Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

16. Resident Population Served

As of December 31, 2025, Legacy at Mills River had not commenced operations and was not serving any residents under continuing care contracts. Accordingly, there were:

- Zero (0) residents in independent living
- Zero (0) residents in assisted living
- Zero (0) residents in skilled nursing

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of zero (0) individuals. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

To be placed on the independent living waitlist, prospective applicants are required to submit a $1,000 waitlist deposit. The waitlist deposit is fully refundable and is not considered an entrance fee. If the applicant later enters into a continuing care contract, the waitlist deposit is applied toward the required deposit at that time.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a continuing care contract.

17. Occupancy Rates

As of December 31, 2025, Legacy at Mills River had not commenced operations and had no residents in occupancy. Accordingly, historical occupancy rates are not applicable for independent living, assisted living, or skilled nursing for the current or prior fiscal years.

The 12-month daily average occupancy rates for Legacy at Mills River for the past five fiscal years will be reported following commencement of operations.

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	0.0%	0.0%	0.0%
12/31/2024	0.0%	0.0%	0.0%
12/31/2023	0.0%	0.0%	0.0%
12/31/2022	0.0%	0.0%	0.0%
12/31/2021	0.0%	0.0%	0.0%

18. Semiannual Resident Meetings

Following commencement of operations, the Providers will hold meetings with residents of Legacy at Mills River at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- N/A
- N/A

As required by law, an independent member of the provider's board of directors will be present at each of the meetings.

19. Resident Property Rights

Residents' rights with respect to their living units and the use of common areas are governed by their continuing care contracts, applicable condominium or other ownership documents, the declaration and bylaws of Legacy at Mills River Owners Association, Inc., and related governing documents.

Independent living unit residents may obtain an ownership or membership interest in their individual residence or the associated condominium regime, as applicable, subject to the terms and conditions of the governing documents. Ownership interests in individual residences are separate from, and do not replace, the continuing care contract.

Residents do not obtain an ownership interest in Legacy at Mills River Club, Inc., the Provider, or in its assets by entering into a continuing care contract. The Owners' Association is responsible solely for the governance of real-property-related matters and does not provide continuing care services.

20. Services Provided Under the Contract

Legacy at Mills River Club, Inc. is to provide services to residents pursuant to continuing care contracts at Legacy at Mills River. The services described below are those expected to be provided upon commencement of operations and as applicable based on the resident's contract type and level of care.

20.1 Health Care Services

Residents of Legacy at Mills River are expected to have access to assisted living, skilled nursing, and memory support services on campus, subject to licensure, phased development, and the resident's eligibility for the applicable level of care.

Health care services may include, as appropriate to the level of care:

- Twenty-four-hour nursing care
- Medication management

- Rehabilitative therapies
- Assistance with activities of daily living
- Coordination with residents' personal physicians

Not all health care services may be available simultaneously during initial phases of development.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on the Legacy at Mills River campus receive certain residential and supportive services as part of their monthly fees. Additional services may be available at an additional charge. The specific services included and excluded are governed by the applicable continuing care contract.

20.2.1 Services Included in Monthly Fees

- A monthly meal allowance usable within community dining venues
- Bi-weekly housekeeping services
- Bi-weekly flat linen laundry service
- Grounds maintenance and exterior maintenance of common areas
- Scheduled local transportation
- Use of Club Facilities, which may include dining venues, wellness and fitness areas, activity and meeting rooms, library, auditorium, and walking trails
- Social, cultural, and recreational programming coordinated by the Club
- Security services
- Utilities for apartment-style residences (Manor Homes)
- Owners of Village Homes and Estate Homes are responsible for payment of utilities applicable to their individual residences, as provided in the governing documents.
- Maintenance of Village and Estate Homes.

20.2.2 Services Available at Additional Charge

- Guest meals and additional dining services
- Additional housekeeping or personal laundry services
- Expanded television, internet, and telephone services
- Salon and barber services
- Transportation services outside scheduled routes
- Concierge services
- Home care or personal care services provided in a Member's residence
- Special duty nursing services and private aides

20.3 Continuing Care at Home (CCaH) Contracts

Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

20.4 Delivery of Services

Residential services and Continuing Care Services are provided by Legacy at Mills River Club, Inc., either directly or through personnel employed or engaged by the Club or its affiliated management entity.

Certain services, including physical therapy, occupational therapy, speech therapy, pharmacy services, and other specialized clinical services, may be provided under contract with independent third-party service providers. Physicians, including the Medical Director, are not employees of the Club, and medical services rendered by physicians are provided at the Member's expense.

All services are provided in accordance with applicable licensure requirements and governing law.

21. Resident Fees

Non-ancillary fees at Legacy at Mills River consist of required, ongoing fees such as Monthly Payments and membership-related fees payable under the Membership Agreement and related continuing care contracts. The tables below present current fee schedules and historical information regarding fee adjustments.

Narrative explanations regarding household composition changes, transfer obligations, and resale responsibilities are also included.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Legacy at Mills River campus.

Table 21.1: Current Monthly Fees (CCRC Contracts)

Unit Type	Single Occupant	Double Occupant
Independent Living – Apartment	$4,500	$5,700
Independent Living – Cottage	$4,900	$6,100
Assisted Living / Memory Care	$9,400	$13,900
Skilled Nursing	$14,000	N/A

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments are subject to board approval, with no contractual cap on increases.

Table 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average $ Increase	Frequency
12/31/2025	0.0%	$0	Annual
12/31/2024	0.0%	$0	Annual
12/31/2023	0.0%	$0	Annual
12/31/2022	0.0%	$0	Annual
12/31/2021	0.0%	$0	Annual

21.2 CCaH Contracts

Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

21.3 Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, the monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

21.4 Transfer Fees and Resale Fees

A Member acknowledges that the resale or transfer of a Home must be made to an individual or individuals who meet the community's requirements for Membership, or to a purchaser acting on behalf of such individual(s), as provided in the Membership Agreement and governing documents.

If a Member vacates a Home prior to resale or transfer, the Member remains obligated to pay the Monthly Fees and any other applicable charges until the Home is resold, transferred, or properly occupied by a successor Member who assumes the corresponding obligations.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

The Providers do not offer entrance fee contracts.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of Legacy at Mills River Club, Inc. to endeavor to avoid termination of a continuing care contract solely due to a Member's financial inability to pay required charges, provided such inability is through no fault of the Member and subject to the conditions set forth in the Membership Agreement.

Members experiencing financial difficulty may be permitted to remain at Legacy at Mills River if the Club determines, in its discretion, that temporary deferral or adjustment of payment obligations can be granted without impairing the Club's ability to operate on a sound financial basis.

No assurance is given that financial assistance will be available in all circumstances, and assistance is provided only in accordance with the terms and limitations of the Membership Agreement.

23.2 Sources of Financial Support

If a Member / Home Owner encounter financial difficulty making it impossible to pay the Monthly Fees or health-related charges, the Club may, in its discretion, permit one or more of the following accommodations, as provided in the Membership Agreement:

- *Temporary Deferral or Reduction of Charges* - the Member may be permitted to remain for a limited period at a reduced payment amount, subject to review and approval by the Club.
- *Secured Repayment Obligation* - Deferred charges remain the obligation of the Member and may be secured by a note and mortgage on the Member's Home, subordinate only to superior liens permitted under the Membership Agreement and governing documents.

Any loss of revenue resulting from deferred charges is borne by the Club until repayment occurs. Deferred amounts accrue as a debt to be repaid, typically upon resale or transfer of the Home.

23.3 Conditions or Limitations

Financial accommodation is subject to the following conditions and limitations:

- Eligibility is determined through a confidential financial review conducted by Legacy at Mills River Club, Inc.
- Assistance may be granted only if the Club determines that:
    - The Member can justify deferral of charges;
    - The Member is able to secure repayment of deferred amounts; and
    - Granting assistance will not impair the Club's financial stability.

- The Club may require documentation of financial condition and may require execution of repayment instruments.
- Financial accommodation is not available in cases where financial difficulty results from unapproved gifts, transfers, or inappropriate financial actions, as provided in the Membership Agreement.
- Members receiving accommodation may be required to periodically recertify financial condition as a condition of continued assistance.

23.4 Narrative

No narrative is provided for this section.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

The Providers may terminate a continuing care contract:

- Before occupancy or commencement of services, if:
    - The applicant fails to meet health or financial eligibility requirements at the time of application;
    - The applicant provided materially false or misleading information during the application process; or
    - Admission would pose a direct threat to the health and safety of others.
- After occupancy or commencement of services, if:
    - Failure to pay required Monthly Payments, health care charges, or other amounts due after notice and opportunity to cure;
    - A material breach of the Membership Agreement or related documents;
    - Conduct by a Member that is detrimental to the health, safety, or welfare of other Members or staff, including disruptive behavior;
    - A determination that the Member's health condition cannot be safely or appropriately accommodated within the community or Health Care Facility license;
    - Refusal to comply with required medical treatment or approved relocation or care arrangements.

24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances**:**

- **Before occupancy or commencement of services**:

  A Member may rescind the Membership Agreement by providing written notice within thirty (30) days following the later of execution of the Membership Agreement or receipt of the Disclosure Statement, as required by North Carolina law.

  If the Membership Agreement is rescinded within this period, all monies are refunded in accordance with the Membership Agreement and applicable law.

  If the Member dies or becomes incapable of independent living prior to occupancy, the Membership Agreement is automatically terminated, and funds are refunded as provided in the Membership Agreement.

- **After occupancy or commencement of services**:

  A Member may voluntarily terminate the Membership Agreement at any time by providing thirty (30) days' written notice to the Club.

  Notwithstanding such termination, the Member and, if applicable, the Home Owner remain obligated to pay the Monthly Payment and any other applicable charges until the Home is resold, transferred, or otherwise properly occupied by a successor Member who assumes those obligations, in accordance with the Membership Agreement.

24.3 Refunds Upon Cancellation

Refunds, if any, are governed by the Membership Agreement, Purchase and Sale Agreement, and applicable escrow provisions, and may include:

- Refunds of monies paid prior to closing or occupancy in accordance with statutory rescission rights;
- Refunds of prepaid Monthly Payments prorated to the date of termination or vacancy;
- Repayment of refundable amounts, if any, following satisfaction of contractual conditions, including resale or transfer of the Home.

No refunds are made except as expressly provided in the Membership Agreement and applicable law.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services**:

  If a Member dies prior to closing on the purchase of a Home or prior to occupancy, the Membership Agreement and associated purchase agreement are terminated, and funds paid are refunded in accordance with the Membership Agreement and applicable law.

- **After occupancy or commencement of services**:

  If a Member dies after occupancy, the Membership Agreement terminates automatically. The Member's estate remains responsible for Monthly Payments and other applicable charges until the Home is resold, transferred, or otherwise properly occupied by a successor Member who assumes the corresponding obligations.

  Prepaid Monthly Payments, if any, are prorated to the date of death. Any other refunds are governed strictly by the Membership Agreement and governing documents.

25. Re-occupancy of Units

Living units at Legacy at Mills River are re-occupied only in accordance with the Membership Agreement, condominium governing documents, and applicable continuing care contracts.

25.1 Resident-Initiated Vacating

A living unit may become eligible for re-occupancy under the following circumstances

- **Voluntary termination**: When a Member voluntarily terminates the Membership Agreement or permanently vacates the Home, the unit may be reassigned to a successor Member only after the Home is resold, transferred, or otherwise properly conveyed in accordance with the Membership Agreement and governing documents.
- **Transfer to a higher level of care**: If a Member permanently relocates to the Health Care Facility and will not return to independent living, the Home may be marketed for resale or transfer in accordance with the Membership Agreement. Until such resale or transfer occurs, the Member or the Member's estate remains responsible for the Monthly Payment and other applicable charges.

25.2 Provider-Initiated Vacating

A living unit may become eligible for re-occupancy if the Membership Agreement is terminated by Legacy at Mills River Club, Inc. for just cause, as described in Section 24 of this Disclosure Statement and the Membership Agreement.

In such cases, the Home may be resold or transferred in accordance with governing documents. The Member or the Member's estate remains responsible for the Monthly Payment and other applicable charges until a successor Member assumes those obligations.

25.3 Temporary Absences

Temporary absences due to hospitalization, rehabilitative care, travel, or other short-term reasons do not constitute permanent vacating of a Home and do not allow reassignment or re-occupancy of the unit by another person.

25.4 Refunds

Refunds associated with vacating a Home, if any, are governed by the Membership Agreement.

Where refunds are conditioned upon resale or transfer of the Home, the timing of repayment may vary based on market demand and the pace at which the Home is resold or reassigned to a successor Member.

26. Resident Relocation

Residents of Legacy at Mills River may be required to relocate from their current Home to another location within the community in accordance with the Membership Agreement, continuing care contracts, and applicable licensure requirements.

26.1 Resident Needs

- **Health-Related Transfer**: When, in the opinion of the Member's attending physician or the Medical Director, the Member's physical or mental condition requires assisted living or skilled nursing services that cannot be safely or appropriately provided in the Member's Home, the Member may be required to relocate to the on-site Health Care Facility or another appropriate licensed facility.
- **Safety and Accessibility**: When independent living is no longer practical due to a Member's health condition, functional limitations, or inability to safely reside in the Home, relocation may be required in accordance with the Membership Agreement and licensure standards.

Admission to and continued occupancy of the Health Care Facility are subject to applicable licensing requirements and admission criteria. Not all medical conditions can be accommodated within the scope of the facility's licensure.

26.2 Provider Needs

- **Renovation or Construction**: When necessary to complete renovation, repair, or construction work required for safety, compliance with law, or community operations.
- **Operational Necessity**: When continued occupancy of a Home materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the Member, and where appropriate, the Member's family, attending physician, Medical Director, or other qualified professionals.
- The Provider makes reasonable efforts to relocate the Member to an appropriate and comparable accommodation within the community when available and appropriate.
- Members are provided notice of required relocation, except in emergency circumstances where immediate action is necessary to protect the health or safety of the Member or others.

26.4 Financial Obligations

Relocation does not relieve the Member or, if applicable, the Home Owner of financial obligations under the Membership Agreement. Monthly Payments, health care charges, and other contractual obligations continue in accordance with the terms of the continuing care contracts until modified as expressly provided therein.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Legacy at Mills River is subject to both health and financial screening at the time of application, as set forth in the Membership Agreement and related continuing care contracts.

27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards**: Applicants must demonstrate sufficient assets and income to reasonably cover the purchase of a Home, the required Monthly Payment, and any other applicable fees and charges, as determined by the Club.
- **Health Standards**: Applicants must be capable of safe and independent living at the time of entry, with or without reasonable accommodation. A current medical history and health assessment completed by the applicant's physician are required.

27.1.2 CCaH Contracts (Continuing Care at Home)

Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

27.2 Continuation Requirements

- **CCRC Contracts**: Once admitted, Members may continue to reside at Legacy at Mills River so long as independent living remains practical and safe, and provided the Member complies with the terms of the Membership Agreement.
    - Members whose health condition changes may be required to relocate to the on-site Health Care Facility or another appropriate licensed facility if their

needs can no longer be safely met in independent living, as described in Section 26 – Resident Relocation.
    - Members experiencing financial difficulty may be eligible for financial accommodation only in accordance with Section 23 – Financial Hardship Policies and the Membership Agreement.
- **CCaH Contracts**: Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts**: If an applicant's health or financial condition materially changes after execution of the Membership Agreement but before initial occupancy, the Club may re-evaluate eligibility for admission.
    - Health Changes
        - If an applicant's health declines such that independent living is no longer appropriate at the time of intended move-in, the Club may require admission to a higher level of care, if available. If the applicant no longer meets admission standards and no suitable accommodation is available, the Membership Agreement may be canceled in accordance with Section 24 – Contract Cancellation and Refund Policies.
    - Financial Changes
        - If an applicant experiences a material adverse change in financial condition prior to occupancy that impacts their ability to meet contractual payment obligations, the Club may re-evaluate eligibility. If standards are no longer met, the Membership Agreement may be canceled, with refunds handled in accordance with Section 24 and applicable law.
- **CCaH Contracts**: Legacy at Mills River does not operate a Continuing Care at Home Program (CCaH).

28. Age and Insurance Requirements

28.1 Age Requirements

- At least one Member of the household must be fifty-five (55) years of age or older at the time of admission.
- A younger spouse or partner may also be admitted, provided the household otherwise meets the admission, health, and financial eligibility requirements.

- There is no maximum age limit for admission, provided the applicant meets the health and financial standards described in Section 27 – Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for admission to Legacy at Mills River under a continuing care contract are required to maintain appropriate health insurance coverage, as provided in the Membership Agreement, including:

- Enrollment in Medicare Part A and Part B, when eligible; and
- Medicare supplemental insurance (Medigap) or other health insurance coverage reasonably acceptable to the Club to cover services and expenses not paid by Medicare.

Applicants and Members must provide evidence of required coverage upon request and are responsible for maintaining such coverage throughout residency.

Long-term care insurance is not required for admission or continued residency. Possession of long-term care insurance may be considered as part of the financial review process but does not substitute for required health insurance coverage.

28.3 Special Conditions

- An exception to the minimum age requirement may be permitted when a younger spouse or partner resides with a qualifying Member who meets the minimum age requirement, provided the household otherwise satisfies the admission, health, and financial eligibility standards of Legacy at Mills River.
- Waivers of specific insurance requirements may be considered only in limited circumstances, at the discretion of the Club, if an applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses, as determined through the Club's financial and administrative review.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, Legacy at Mills River had not commenced operations and was in the development and construction phase. Accordingly:

- The community had no operating revenues,
- No resident occupancy, and
- No historical operating expenses upon which statutory operating reserve calculations could be based.

Statutory operating reserve requirements under Article 64A become applicable only after commencement of operations and the establishment of operating expense history.

29.2 Investment Management and Oversight

Following commencement of operations, financial oversight of Legacy at Mills River will be the responsibility of the Board of Directors of Legacy at Mills River Club, Inc.

- **Oversight Body**: The Board of Directors, or a designated committee thereof, will provide oversight of financial policies, liquidity planning, and compliance with statutory reserve requirements.
- **Day-to-Day Management**: Day-to-day financial administration will be delegated to senior management or financial officers acting under the authority of the Board.

29.3 Statutory Operating Reserve Requirement

Legacy at Mills River will establish and maintain the required statutory operating reserve following commencement of operations.

Until operations commence, no statutory operating reserve is required or calculated.

Table 29.1: Statutory Operating Reserve Calculation (as of April 30, 2026)

Component	Amount
Total projected operating expenses	$N/A
Add: Debt service (principal and interest)	$N/A
Less: Principal and interest (covered by Debt Service Reserve Fund)	($N/A)
Less: Depreciation and amortization	($N/A)
Net projected operating costs	**$N/A**
Applicable reserve percentage based on occupancy	N/A%
Required operating reserve	**$N/A**
Unrestricted cash & investments on hand	$N/A
Excess above required reserve	**$N/A**

Summary: N/A.

29.4 Refund Security (Entrance Fee Refunds)

Legacy at Mills River does not charge entrance fees.

Table 29.2: Unrestricted Cash and Investment Summary as of December 31, 2025

Category	Amount	Notes
Total unrestricted cash & investments	$N/A	Legacy at Mills River had not commenced operations as of December 31, 2025.
Less: Required operating reserve	($N/A)	No operating reserve is required prior to commencement of operations.
Less: Board-designated for refunds	($N/A)	No entrance fees are charged and no refund-related designations exist.
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	**$N/A**	Liquidity planning will be addressed following commencement of operations.

30. Expansion and Renovation Plans

As of December 31, 2025, Legacy at Mills River was under development, with construction planned to occur in phases as described elsewhere in this Disclosure Statement.

The Providers do not have any approved plans for expansion or renovation beyond the phases currently described. While future expansion or additional development phases may be considered from time to time, no specific expansion or renovation projects have been approved.

31. Audit Opinion and Timeliness

The consolidated financial statements of Blue Ridge Retirement Partners, LLC for the fiscal year ended December 31, 2025 were included in a consolidated audit prepared by an independent certified public accounting firm, Cherry Bekaert Advisory LLC.

- **Timeliness**: The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion**: The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

Blue Ridge Retirement Partners, LLC does not issue separate stand-alone audited financial statements.

32. Audited Financial Statements

The audited consolidated financial statements of Blue Ridge Retirement Partners, LLC for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Blue Ridge Retirement Partners, LLC and its related entities for the period 2026 through 2030, are included as Appendix B to this Disclosure Statement.

The prospective financial statements were prepared by management and compiled by Forvis Mazars, LLP, and include a summary of significant assumptions and accounting policies used in their preparation.

34. Variances from Prospective Financial Statements

As of December 31, 2025, Legacy at Mills River had not commenced operations and had no operating revenues, expenses, or occupancy activity. Accordingly, there were no actual operating results against which to compare the prospective financial statements previously filed.

As a result, no variances between projected and actual results are reported for the fiscal year ended December 31, 2025.

A comparison of actual results to prospective financial statements will be provided in future annual Disclosure Statement filings following commencement of operations, as required by applicable law.

Table 34.1: Variance Analysis - Fiscal Year Ended 12/31/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	N/A%	N/A%	N/A%	N/A.
Entrance Fee Receipts	$N/A	$N/A	$N/A	N/A.

Category	Projected Amount	Actual Amount	Variance	Explanation
Staffing Costs	$N/A	$N/A	$N/A	N/A.
Debt Service	$N/A	$N/A	$N/A	N/A.

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider's five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DCOH	2	17	1	115	786	732
CUSH	0.01	0.63	0.01	0.25	0.85	0.40

Narrative – Provider Only:

Liquidity ratios are not applicable for the periods shown because Legacy at Mills River had not commenced operations as of December 31, 2025.

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
OR	N/A	N/A	N/A	N/A	2%	1%
NOM	N/A	N/A	N/A	N/A	98.14%	99.11%
NOM-A	N/A	N/A	N/A	N/A	98.14%	99.11%

Narrative – Provider Only:

Profitability ratios are not applicable for the periods shown because Legacy at Mills River had no operating activity during the periods presented.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DSCR	-0.17	-4.60	-1.68	-0.45	17.06	19.99
CD	0.00	0.01	0.00	0.01	0.03	0.02
CED	42.34	71.44	357.17	12.18	170.40	131.54

Narrative – Provider Only:

Capital structure ratios are not applicable because Legacy at Mills River had not commenced operations and did not have operating debt service attributable to the Provider as of December 31, 2025.

35.4 Overall Summary

Because Legacy at Mills River had not commenced operations as of December 31, 2025, statutory financial ratios are not applicable for the periods presented. These ratios will be calculated and disclosed in future annual Disclosure Statements following the commencement of operations and the accumulation of actual operating results, as required by law.

36. Actuarial Opinion and Balance

Legacy at Mills River does not offer entrance fee contracts. Providers who do not or will not collect entrance fees or some other prepayment of costs are exempt from this requirement. An actuarial projection of future population flows and adult care home bed and nursing bed needs is pending and will be attached hereto as Appendix C upon completion.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Blue Ridge Retirement Partners, LLC; Legacy at Mills River Club, Inc.; or Legacy at Mills River Owners Association, Inc. pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Legacy at Mills River Club, Inc. Other than the disclosures provided in prior sections of this Disclosure Statement, management is not aware of any additional material information that is required to be disclosed as of the date hereof.

39. Contract Forms and Attachments

Legacy at Mills River Club, Inc. offers a continuing care contract in the form of a Membership Agreement. A representative form of the continuing care contract is attached hereto as Appendix D.

39.1 Continuing Care Contracts

Legacy at Mills River Club, Inc. offers one form of a continuing care contract. The representative Membership Agreement included in Appendix D govern the provision of services and the rights and obligations of Members under Article 64A of the North Carolina General Statutes.

Residents purchasing a Home at Legacy at Mills River also enter into a Purchase and Sale Agreement and are subject to applicable condominium governing documents, which govern real-property ownership and related obligations. These real-estate documents do not constitute continuing care contracts and are not included as appendices to this Disclosure Statement.

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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Appendix A — Audited Financial Statements

BLUE RIDGE RETIREMENT PARTNERS, LLC

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2025

And Report of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

BLUE RIDGE RETIREMENT PARTNERS, LLC
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Members
Blue Ridge Retirement Partners, LLC
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of Blue Ridge Retirement Partners, LLC (the "Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of operations and changes in members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 7 to the financial statements, the Company has a members' deficit of approximately $9.9 million and is dependent on member contributions to continue to fund the project. Management's evaluation of the events and conditions and management's plans regarding those matters are described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Cherry Bekaert LLP

Charlotte, North Carolina
May 15, 2026

BLUE RIDGE RETIREMENT PARTNERS, LLC
BALANCE SHEET

DECEMBER 31, 2025

ASSETS		
Current Assets:		
Cash and cash equivalents	$	3,368
Restricted Cash:		
Customer deposits held in escrow		12,356,965
Prepaid expenses and other assets		95,000
Total Current Assets		12,455,333
Noncurrent Assets:		
Land and development costs		11,815,059
Property and equipment, net		3,121
Total Noncurrent Assets		11,818,180
Total Assets	$	24,273,513
LIABILITIES AND MEMBERS' DEFICIT		
Current Liabilities:		
Accounts payable	$	1,244,646
Customer purchase deposits		12,356,965
Accrued interest		64,559
Note payable to private lender		3,521,400
Notes payable to affiliates		8,810,392
Accrued interest on notes payable to affiliates		3,479,303
Total Current Liabilities		29,477,265
Noncurrent Liabilities:		
Notes Payable:		
Promissory notes		700,001
Total Notes Payable		700,001
Accrued Interest:		
Promissory notes		4,005,067
Total Accrued Interest		4,005,067
Total Noncurrent Liabilities		4,705,068
Members' Deficit		(9,908,820)
Total Liabilities and Members' Deficit	$	24,273,513

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

BLUE RIDGE RETIREMENT PARTNERS, LLC
STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT

YEAR ENDED DECEMBER 31, 2025

Operating Expenses:		
Interest expense	$	1,115,687
Salaries and wages		299,133
Marketing		143,015
Legal and accounting		106,536
General and administrative		76,849
Other operating expenses		24,054
Depreciation		2,081
Net Loss		(1,767,355)
Members' deficit, beginning of year		(8,141,465)
Net loss		(1,767,355)
Members' deficit, end of year	$	(9,908,820)

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

BLUE RIDGE RETIREMENT PARTNERS, LLC
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:		
Net loss	$	(1,767,355)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation		2,081
Amortization of deferred financing costs		11,898
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets		(95,000)
Accounts payable		964,773
Customer purchase deposits		3,388,689
Accrued interest		748,307
Net cash flows from operating activities		3,253,393
Cash flows from investing activities:		
Land and development costs		(635,914)
Net cash flows from investing activities		(635,914)
Cash flows from financing activities:		
Proceeds from issuance of notes payable		701,000
Net cash flows from financing activities		701,000
Net change in cash, cash equivalents, and restricted cash		3,318,479
Cash, cash equivalents, and restricted cash, beginning of year		9,041,854
Cash, cash equivalents, and restricted cash, end of year	$	12,360,333
Supplemental schedule of cash flows activities:		
Cash paid for interest	$	387,354

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

Note 1—Nature of operations and summary of significant accounting policies

Blue Ridge Retirement Partners, LLC (the "Company") is in the process of developing a continuing care retirement community ("CCRC") in Mills River, North Carolina that will be known as Legacy at Mills River (the "Project"). As of December 31, 2008, the Company applied with the North Carolina Department of Insurance for developing the CCRC and is marketing the Project. Refer to Note 8, Subsequent Events, for further details on the status of the development and CCRC subsequent to year end.

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

Use of Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of these financial statements, cash and cash equivalents is defined as cash and other known amounts readily convertible into cash in three months or less with no significant change in value. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by arrangements under trust agreements.

Cash and cash equivalents and restricted cash and cash equivalents at December 31, 2025 were comprised of the following:

Cash and cash equivalents	$	3,368
Restricted cash and cash equivalents		12,356,965
	$	12,360,333

Concentration of Credit Risk – The Company places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits.

Land and Development Costs – Land and development costs contain the land costs, capitalized development costs, and a sales office building. These assets are recorded in accordance with U.S. GAAP which requires recording such assets at the lesser of their carrying amount or net realizable value. Land and development costs will not be depreciated until the assets are placed into service. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Property and Equipment, Net – Property and equipment acquisitions are recorded at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized and repairs and maintenance are charged to expense as incurred. Depreciation is computed over the estimated useful life of each class of depreciable assets. Long-lived assets held and used by the Company are reviewed for impairment whenever changes in circumstances indicate the carrying value of the asset may not be recoverable. There was no impairment noted at December 31, 2025.

Reclassification – Certain prior period amounts have been reclassified to conform to current period presentation.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Furniture and equipment	5-7 years
Automobiles	7 years
Signage	7 years
Computer equipment	5 years

Short-Term Notes Payable – The Company receives funding from members throughout the year, which is determined to be recorded as an equity contribution or short-term note to be repaid at the time of giving based on agreements with members. Total short-term notes payable at December 31, 2025 was $3,521,400.

Long-Term Debt – The deferred financing costs directly related to the construction of the Project are presented as a direct deduction of long-term debt and are amortized using the straight-line method over the term of the related financing. The straight-line method of amortization is materially similar to the effective interest method of amortization for these costs. As of December 31, 2025, deferred financing costs are fully amortized.

Income Taxes – The Company was formed as a limited liability company. The members of a limited liability company are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for income taxes have been included in these financial statements.

Tax Uncertainty – Management has evaluated the effect of guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes and all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions at December 31, 2025.

Note 2—Land and development costs

Land and development costs at December 31, 2025 were comprised of the following:

Land	$	6,888,155
Capitalized development costs		4,353,096
Building (sales office)		573,808
	$	11,815,059

Development costs incurred for the year ended December 31, 2025 totaled $743,268.

Note 3—Property and equipment, net

Property and equipment, net is comprised of the following at December 31, 2025:

Furniture and equipment	$	86,110
Automobiles		52,557
Signage		4,616
Computer equipment		500
Total property and equipment		143,783
Less accumulated depreciation		(140,662)
Property and equipment, net	$	3,121

Depreciation expense totaled $2,081 for the year ended December 31, 2025.

Note 4—Notes payable and accrued interest

Long-term debt at December 31, 2025 consists of the following:

	Notes Payable	Accrued Interest
Facility note payable under a $3,521,400 loan agreement to a private lender dated August 2, 2017 and amended on September 8, 2021 and again on February 2, 2024, with initial funding of $1,500,000 and periodic draws during term; monthly interest only payments at 10% through second amendment increasing to 11% thereafter; with a balloon payment of remaining principal and interest due December 31, 2026; collateralized by all assets of the Company and guarantees from both the members of the Company and personal guarantees from three of the individual members of those member LLCs.	$ 3,521,400	$ 64,559
Notes payable to affiliates:		
Note payable to a member dated April 10, 2013 with simple interest accruing at 4.25% per annum; with no maturity date, unsecured.	1,275,000	699,621
Note payable to a Company affiliated by common ownership dated April 10, 2013 with simple interest accruing at 4.25% per annum, with no maturity date, secured by the land but subordinated to the note payable to private lender.	1,225,000	672,185
Note payable to an affiliate by common ownership dated July 31, 2017 and accruing simple interest at 7% with no maturity date, but payable before any distributions to members.	849,719	695,762
Note payable to an affiliate by common ownership dated July 31, 2017 and accruing simple interest at 7% with no maturity date, but before any distributions to members.	860,673	762,127
Note payable to an affiliate by common ownership accruing simple interest at 6% with no maturity date, but before any distributions can be made to members.	2,300,000	320,908
Note payable to an affiliate by common ownership accruing simple interest at 6% with no maturity date, but before any distributions can be made to members.	2,300,000	328,700
Total notes payable - affiliates	8,810,392	3,479,303

Note 4—Notes payable and accrued interest (continued)

	Notes Payable	Accrued Interest
Promissory notes:		
Nine promissory notes issued between February 2, 2009 and March 23, 2010, aggregating $700,000, pursuant to a Private Placement Memorandum with interest accruing at 7% per annum and compounding annually on the note's anniversary date; initially due and payable on August 22, 2012 subject to special payment provisions allowing the Company to extend the maturity date until the completion of the development; collateralized by the assets of the Company but subordinate to construction lenders and other prioritized parties.	$ 700,001	$ 4,005,067
Total notes payable	13,031,793	7,548,929
Less current portion	(12,331,792)	(3,543,862)
	$ 700,001	$ 4,005,067

Aggregate annual principal payments of maturities of long-term debt for years subsequent to December 31, 2025 are as follows:

Years Ending December 31,	
2026	$ 12,331,792
2027	-
2028	-
2029	-
2030	-
Thereafter	700,001
	$ 13,031,793

Note 5—Related party transactions

The Company has several related party transactions and balances included within these financial statements. A summary of those balances and transactions are as follows:

Grant Investment Group, LLC (“GIG”) is a member of the Company with a 46% ownership interest at December 31, 2025. As of December 31, 2025, the Company had a note payable to GIG of $1,275,000 with accrued interest thereon of $699,621. The Company’s operating agreement originally dated November 19, 2010 and amended on January 1, 2020, requires the Company to enter into an agreement with GIG for its supervision of the development of the Project in the amount of $1,000,000, subject to approval of form and substance by both parties. Additionally, one of the individuals who owns GIG owns 63.97% of GPS Investments, LLC, which has an 8% ownership interest and a short-term loan balance of $2,300,000 at December 31, 2025 and accrued interest thereon of $328,700.

Note 5—Related party transactions (continued)

PB & DA, LLC ("PB&DA") is owned by two individuals who have an ownership interest in Triangle Retirement Partners, LLC, a member of the Company with a 28% ownership interest at December 31, 2025. Additionally, one of the individuals owns 100% of Western North Carolina Retirement II, LLC, a member of the Company with a 10% ownership interest at December 31, 2025. The same individual and his family together own 100% of David W. Ammons Family Limited Partnership, which has an 8% ownership interest and loan balance of $2,300,000 with accrued interest of $320,908 as of December 31, 2025. As of December 31, 2025, the Company had a note payable to PB&DA of $1,225,000 with accrued interest thereon of $672,185.

Town Mountain Associates, LLC ("TMA") is owned by the same individuals that own GIG. As of December 31, 2025, the Company had a note payable to TMA of $849,719 with accrued interest thereon of $695,762.

Retirement Living Associates, Inc., ("RLA") is an entity owned 100% by an individual who has an ownership interest in the Company. The Company is party to Development Consulting Agreement with RLA dated August 1, 2012. The Development Consulting Agreement requires the Company to pay a Development Consulting Fee to RLA for its supervision of the development of the Project and pre-construction marketing services. The Development Consulting Fee of 5% of certain direct costs including land, construction, and site costs is not to exceed $5,000,000. As of December 31, 2025, the Company had a note payable to RLA of $860,673 with accrued interest thereon of $762,127. The Company paid RLA $473,359 for expenses incurred on its behalf in 2025, of which $109,488 was related to advertising. The Company's accounting policy with regards to advertising costs is to expense them in the period in which such costs are incurred.

Beverly-Grant, Inc., ("B-G") is an entity with ownership interest by the individuals that also own GIG and TMA. The Company's operating agreement, dated November 19, 2010, anticipates B-G being the general contractor for the Project and being paid a fee equal to 4% of construction costs. The Company paid B-G $5,247 for repairs and maintenance performed in 2025.

Note 6—Customer deposits

The Company holds customer deposits for the purchase of units in the Project in bank escrow accounts. Interest earned on the deposits is credited to the customers. The deposits are fully refundable until both parties execute a purchase and sale agreement to purchase a unit in the Project. The non-binding deposits are $1,000 and places a customer on a waiting list. The binding deposits are for 10% of the purchase price of a specific unit in the Project. As of December 31, 2025, the Company held deposits as follows:

Deposit Type	Number of Deposits	Amount
Non-binding	7	$ 8,351
Binding	120	12,348,614
	127	$ 12,356,965

Note 7—Going concern considerations

The Company carries a members' deficit balance of approximately $9.9 million and will likely carry a deficit in members' equity balance until a facility is built and operational revenues can be generated to repay debt incurred to date.

At the beginning of the year, the Company reported approximately 54% or 95 of the 175-independent living units reserved with binding agreements to the North Carolina Department of Insurance in accordance with the financing agreement. At year-end, the Company reported approximately 69% or 120 of the 175-independent living units reserved with binding agreements. The Company has obtained at least 50% of the 175-independent living units reserved with binding agreements in order to meet the North Carolina Department of Insurance approval to seek permanent financing as of December 31, 2025.

The Company is currently in the process of working with various banks to obtain outside financing on the Project as they have reached the 50% threshold required prior to attempting to obtain outside financing; however, no assurance can be given regarding the success of management's efforts to obtain financing on reasonable terms. As described further in Note 8, the Company has engaged with Liberty Management for property management services subsequent to year end to assist in achieving financing and project development. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Note 8—Subsequent events

The Company has evaluated subsequent events through May 15, 2026, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

As of January 1, 2026, the Company entered into an Amended and Restated Limited Liability Company Operating Agreement (the "Agreement"). On the effective date, Liberty Management purchased part of the TRI Founding Membership Interest in the Company and a newly issued Membership Interest in the Company, such that, as of the Effective Date, Liberty holds a 33.33% Membership Interest in the Company. The Agreement will supersede and replace any existing oral or written agreements of the Member relative to the Company. According to the Agreement, the Company engaged Liberty Management to provide property management services.

As of March 17, 2026, the Company received conditional approval of a Start-up Certificate for Legacy at Mills River which allows the Company to enter into binding reservation agreements, begin site preparation work, and construct model units for marketing.

As of April 28, 2026, the Company received notice from its private lender that the maturity of the facility note payable has been extended through the end of 2026.

Appendix B — Five-Year Prospective Financial Statements

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Compilation of a Financial Projection

For Each of the Six Years Ending
December 31, 2031

(with Accountant's
Compilation Report thereon)

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Compilation of a Financial Projection

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Forvis Mazars, LLP
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Atlanta, GA 30303
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Accountant's Compilation Report

The Members
Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River
Wilmington, North Carolina

Management of Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River (the "Corporation") and Liberty Healthcare Management, Inc. ("Liberty" and collectively, "Management") is responsible for the accompanying financial projection of the Corporation, which comprises the projected balance sheets as of the six years ending December 31, 2031, the related projected statements of operations, changes in members' equity (deficit), and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

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

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

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

- Construction, development, marketing, and other project related costs for the proposed senior living community are similar to those assumed in the projection;
- The Corporation obtains financing at rates and terms similar to those assumed in the projection;
- The Corporation enters into a lease agreement with The Legacy at Mills River Club, Inc. at rates and terms similar to those assumed in the projection; and
- The independent living units and combination assisted living, memory care, and skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels.

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

Emphasis of a matter

The Corporation's financial statements as of and for the year ended December 31, 2025 were audited by other auditors whose report on those financial statements, dated May 15, 2026, expressed an unmodified opinion on the fair presentation of those financial statements in accordance with accounting principles generally accepted in the United States of America. That independent auditors' report also included an emphasis of a matter paragraph which stated there was substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time due to a deficit in members' equity and dependency on member contributions to finance development activities. As disclosed in the accompanying summary of significant projection assumptions and rationale, the accompanying financial projection includes hypothetical assumptions regarding successful permanent financing events at terms which would alleviate the adverse conditions which give rise to substantial doubt. Our report is not modified with respect to this matter.

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

Forvis Mazars, LLP

Atlanta, Georgia
June 29, 2026

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Statements of Operations and Members' Equity (Deficit)
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Operating Revenues:						
Sale of homes	$ -	$ 31,152	$ 129,028	$ 123,578	$ -	$ -
Commissions and Membership fees	-	-	-	590	3,011	4,970
Asset and Operating Management Fees	-	2	10	240	796	824
Commons and HC Center Lease fees	-	-	-	609	1,140	1,173
Total operating revenues	-	31,154	129,038	125,017	4,947	6,967
Cost of sales	-	(18,742)	(82,463)	(98,697)	-	-
Gross profit	-	12,412	46,575	26,320	4,947	6,967
Operating Expenses:						
Marketing	15	-	-	-	-	-
Salaries and wages	61	-	-	-	-	-
General and administrative	14	-	-	-	-	-
Legal and accounting	30	-	-	-	-	-
Management expense	-	1	5	120	398	412
Interest expense	297	129	129	129	899	337
Amortization of financing costs	268	537	537	-	-	-
Depreciation	68	298	1,099	1,984	2,271	2,273
Total operating expenses	753	965	1,770	2,233	3,568	3,022
Net income (loss)	(753)	11,447	44,805	24,087	1,379	3,945
Members' equity (deficit), beginning of year	(9,909)	(228)	11,219	56,024	80,111	81,490
Equity Member contribution - LSL	3,406	-	-	-	-	-
Equity Member distribution - TRI	(521)	-	-	-	-	-
Gain on extinguishment of deferred interest	7,549	-	-	-	-	
Members' equity (deficit), end of year	$ (228)	$ 11,219	$ 56,024	$ 80,111	$ 81,490	$ 85,435

See accompanying Summary of Significant Projection Assumptions and Rationale
and Accountant's Compilation Report

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Statements of Cash Flows
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Cash flows from operating activities:						
Net income (loss)	$ (753)	$ 11,447	$ 44,805	$ 24,087	$ 1,379	$ 3,945
Adjustments to reconcile net income (loss) to net cash flows from operating activities:						
Depreciation	68	298	1,099	1,984	2,271	2,273
Amortization of deferred financing costs	268	537	537	-	-	-
Changes in operating assets and liabilities:						
Accounts receivable	-	-	-	(35)	(45)	(2)
Prepaid expenses and other current assets	(15)	-	-	12	(8)	-
Accounts payable	(1,245)	-	-	10	23	1
Accrued interest	142	96	617	(771)	(37)	(47)
Net change in assets whose use is limited	-	-	-	-	-	-
Gain on extinguishment of deferred interest - Member Loans	7,549	-	-	-	-	-
Change in cost of sales	-	18,742	82,463	98,697	-	-
Net cash flows from operating activities	6,014	31,120	129,521	123,984	3,583	6,170
Cash flows from investing activities:						
Land and development costs:						
Land and land improvements	(1,212)	-	-	-	-	-
Capitalized interest	(671)	(1,275)	(4,760)	(2,823)	-	-
Construction costs - direct	(3,723)	(28,394)	(80,100)	(35,968)	-	-
Construction costs - indirect	(122)	(3,711)	(11,373)	(4,916)	-	-
Developer costs	-	-	-	(6,172)	-	-
Property and Equipment:						
Capitalized interest	(325)	(617)	(2,305)	(1,367)	-	-
Construction costs	(1,862)	(15,544)	(44,289)	(19,795)	-	-
Routine capital expenditures	-	-	-	(60)	(80)	(100)
Capitalized marketing costs	(369)	(738)	(738)	(615)	-	-
Developer costs	-	-	-	(2,988)	-	-
Transfer to the Club	-	(500)	(1,000)	(9,500)	-	-
Transfer from the Club	-	-	-	-	-	1,500
Net cash flows from investing activities	(8,284)	(50,779)	(144,565)	(84,204)	(80)	1,400
Cash flows from financing activities:						
Equity Member contribution - LSL	3,406	-	-	-	-	-
Member Equity distribution - TRI	(521)	-	-	-	-	-
Proceeds from First Bank Loan	27,784	13,725	8,491	-	-	-
Proceeds from CFG Loan	-	-	25,000	-	-	-
Proceeds from CPACE Loan	-	-	84,000	-	-	-
Financing costs-cost of sales	(2,771)	-	-	-	-	-
Deferred financing costs	(1,342)	-	-	-	-	-
Deferred interest-Notes payable to affiliates	129	129	129	129	129	125
Extinguishment of accrued interest	(7,549)	-	-	-	-	-
Repayment note payable to private lender	(3,521)	-	-	-	-	-
Payment of CFG Loan	-	-	-	(25,000)	-	-
Payment of CPACE Loan	-	-	-	(68,419)	(6,884)	(8,697)
Payment of First Bank Loan	-	-	-	(50,000)	-	-
Payment of Promissory notes	-	-	-	-	-	(700)
Change in customer deposits held in escrow	191	19,230	(7,062)	(24,716)	-	-
Net cash flows from financing activities	15,806	33,084	110,558	(168,006)	(6,755)	(9,272)
Change in cash, investments, and restricted cash	$ 13,536	$ 13,425	$ 95,514	$(128,226)	$ (3,252)	$ (1,702)
Cash, investments, and restricted cash, beginning of year	12,360	25,896	39,321	134,835	6,609	3,357
Cash, investments, and restricted cash, end of year	$ 25,896	$ 39,321	$ 134,835	$ 6,609	$ 3,357	$ 1,655
Cash, investments, and restricted cash reconciliation:						
Cash and cash equivalents	$ 215	$ 1,216	$ 1,721	$ 6,151	$ 3,357	$ 1,655
Working capital	-	20,000	25,000	-	-	-
Project Fund	2,816	6,239	102,696	-	-	-
Funded Interest Account	13,663	11,866	5,418	458	-	-
Customer deposits held in escrow	9,202	-	-	-	-	-
Cash, investments, and restricted cash, end of year	$ 25,896	$ 39,321	$ 134,835	$ 6,609	$ 3,357	$ 1,655

See accompanying Summary of Significant Projection Assumptions and Rationale and Accountant's Compilation Report

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Balance Sheets
At December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Assets						
Current Assets:						
Cash and cash equivalents	$ 215	$ 1,216	$ 1,721	$ 6,151	$ 3,357	$ 1,655
Accounts receivable, net	-	-	-	35	80	82
Prepaid expenses	15	15	15	3	11	11
Total current assets	230	1,231	1,736	6,189	3,448	1,748
Assets whose use is limited:						
Working Capital Reserve	-	20,000	25,000	-	-	-
Project Fund	2,816	6,239	102,696	-	-	-
Funded Interest Account	13,663	11,866	5,418	458	-	-
Customer deposits held in escrow	9,202	-	-	-	-	-
Total assets whose use is limited	25,681	38,105	133,114	458	-	-
Due from the Club	-	500	1,500	11,000	11,000	9,500
Development in process	20,410	53,790	150,023	199,902	199,902	199,902
Less: cost of sales	-	(18,742)	(101,205)	(199,902)	(199,902)	(199,902)
Development in process, net	20,410	35,048	48,818	-	-	-
Property and equipment	2,331	18,492	65,086	89,296	89,376	89,476
Less: accumulated depreciation	(209)	(507)	(1,606)	(3,590)	(5,861)	(8,134)
Property and equipment, net	2,122	17,985	63,480	85,706	83,515	81,342
Deferred costs:						
Unamortized marketing costs, net	369	1,107	1,845	2,460	2,460	2,460
Total assets	$ 48,812	$ 93,976	$ 250,493	$ 105,813	$ 100,423	$ 95,050
Liabilities and Members' Equity (Deficit)						
Current liabilities:						
Accounts payable	$ -	$ -	$ -	$ 10	$ 33	$ 34
Accrued interest	142	238	855	84	47	-
Total Current Liabilities	142	238	855	94	80	34
Noncurrent Liabilities:						
Debt payable:						
First Bank Loan	27,784	41,509	50,000	-	-	-
CFG Loan	-	-	25,000	-	-	-
Bayview - CPACE Loan	-	-	84,000	15,581	8,697	-
Promissory notes	700	700	700	700	700	-
Notes payable to affiliates	8,811	8,811	8,811	8,811	8,811	8,811
Accrued interest on notes payable to affiliates	129	258	387	516	645	770
Deferred financing costs, net	(1,074)	(537)	-	-	-	-
Total Debt payable, net	36,350	50,741	168,898	25,608	18,853	9,581
Customer purchase deposits	12,548	31,778	24,716	-	-	-
Total Noncurrent Liabilities	48,898	82,519	193,614	25,608	18,853	9,581
Members' equity (deficit)	(228)	11,219	56,024	80,111	81,490	85,435
Total liabilities and members' equity (deficit)	$ 48,812	$ 93,976	$ 250,493	$ 105,813	$ 100,423	$ 95,050

See accompanying Summary of Significant Projection Assumptions and Rationale
and Accountant's Compilation Report

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River ("BRRP" or the "Corporation") and Liberty Healthcare Management, Inc. ("Liberty" and collectively with BRRP "Management"), the expected financial position, results of operations and changes in members' equity (deficit), and cash flows of the Corporation as of and for each of the six years ending December 31, 2031. Accordingly, the accompanying financial projection reflects Management's judgment as of June 29, 2026, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming that the hypothetical assumptions stated 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 Corporation's annual disclosure statement in accordance with Chapter 58, Article 64A, of the North Carolina General Statutes and submission to the North Carolina Department of Insurance ("NCDOI"). Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

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

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

- Construction, development, marketing, and other project related costs for the proposed senior living community are similar to those assumed in the projection;
- The Corporation obtains financing at rates and terms similar to those assumed in the projection;
- The Corporation enters into a lease agreement with The Legacy at Mills River Club, Inc. at rates and terms similar to those assumed in the projection; and
- The independent living units and combination assisted living, memory care, and skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels.

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Background of the Corporation - The Corporation was formed in 2010 as a limited liability company under the laws and regulations of the State of North Carolina. Prior to January 1, 2026, the Corporation consisted of five members as follows: Grant Investment Group, LLC ("GIG") (owning 46.0 percent interest); Triangle Retirement Investment, LLC ("TRI") (owning 28.0 percent interest); Western North Carolina Retirement II, LLC ("WNC") (owning 10.0 percent interest); GPS Investment, LLC ("GPS") (owning 8.0 percent interest); and David W. Ammons Family Limited Partnership ("DWA") (owning 8.0 percent interest).

GIG was formed in 2005 as a limited liability company under the laws and regulations of the State of North Carolina to acquire real property and to develop, market and operate a continuing care retirement community ("CCRC") located in Henderson County, North Carolina, to be known as "Legacy at Mills River" (the "Community"). TRI was formed in 2010 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in the Community. WNC was formed in 2013 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in the Community. GPS was formed in 2021 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in and developing the Community. DWA was formed in 2002 as a limited partnership under the laws and regulations of the State of North Carolina for the purpose of investing in real estate and other investment opportunities including retirement related industries.

On January 1, 2026, the ownership structure was revised to include Liberty Senior Living, Inc. ("LSL") (owning a 33.3 percent interest); GIG owning 33.9 percent; WNC owning 7.4 percent; GPS owning 5.9 percent; DWA owning 5.9 percent; and TRI 13.6 percent.

The Corporation is responsible for all pre-development, marketing and construction activities. As each residence is sold, fee simple title to the residence, as a condominium along with an undivided interest in the common areas, is transferred to the purchaser (the "Member").

Community Description - The Community's units are assumed to be developed and sold under an equity ownership model and are proposed to include a total of 265 dwelling units, consisting of 70 apartments in the "Manor Building," 147 detached homes, referred to as "Estate and Village Homes" (collectively, the "Independent Living Units" or "ILUs"), a 48-unit licensed combination assisted living, memory care, and skilled nursing facility (the "Healthcare Center"), and various common spaces and amenities. Development of the Community is categorized in two phases, "Phase 1" and "Phase 2".

Phase 1 is to include 55 estate homes and 22 village patio homes and Phase 2 includes the remainder of the independent living units and the 48-bed health center, and community center. In addition to resident deposits and partner equity, Phases 1 and 2 are to be funded from three bank loans to close in July 2026, with first construction-related draws to occur in July 2026.

The Estate and Village Homes are to be built in six groups. The Manor Building is to open on a floor by floor basis as the Certificate of Occupancy notices ("CO's") are obtained. Management assumes construction of Phase 1 is to be completed January 2029 with final costs incurred April 2029, and with first move-ins of the Estate and Village Homes assumed to occur August 2027. The Community is to be substantially completed with all CO's obtained by September 2029. Final initial sales are expected to close by December 2029.

Subsequent expansion to the Community to include additional independent living units and healthcare beds and units (the "Future Phase") is assumed to occur at a future date yet to be determined. The plan of finance, construction, fill-up, and occupancy of the Future Phase is not certain. Therefore, the financial impact of the Future Phase is not included in Management's projection.

The Legacy at Mills River Owners' Association, Inc and The Legacy at Mills River Club, Inc.

The Legacy at Mills River Owners' Association (the "Association") is assumed to be created in accordance with the North Carolina Condominium Act to manage the Community. The Association's revenue would be generated primarily through monthly association fees collected from Members of the Community.

The Legacy at Mills River Club, Inc. (the "Club") is assumed to be a North Carolina not-for-profit corporation created to manage the commonly owned property of the Community and to provide services to its Members as provided for in each owner's membership agreement (the "Membership Agreement"). These services would include the operation of the Community's healthcare center (the "Healthcare Center"), clubhouse and the residences. The Club will collect from the Members and pay to the Corporation an overhead fee of ten percent of the operating revenues of the Club and the Association for management and oversight services. The Club and the Association are collectively defined as the "Combined Entities."

Liberty Healthcare Management, Inc.

The Corporation has retained Liberty, specialists in the management of CCRCs, to manage the daily operations of the Club and the Association and to provide development services for the Community.

Retirement Living Associates, Inc.

Retirement Living Associates, Inc. ("RLA") - the senior living development and management company headed by BRRP partner David Ammons, and Beverly Grant ("BG") – the commercial general contracting company headed by BRRP partner Richard Grant – serve as co-developers of the Community and provide additional support to Liberty in its role as lead developer and future operations manager of the company.

Independent Living Units

The following table summarizes the type, number, approximate square footage, purchase price ("Purchase Price") to be paid to the Corporation and monthly service fees ("Monthly Service Fee") to be paid to the Club:

Table 1
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Square Footage	Purchase Price [(1)(2)(3)(4)(5)(6)]	Monthly Service Fees [(7)(8)]
Manor Building Apartments				
Ironwood	13	811	$ 588,430	$ 3,138
Alderleaf	2	1,266	995,678	4,471
Birchpeak	2	1,266	877,250	4,471
Cherrybud	3	1,519	1,357,469	4,994
Timberfine	6	1,325	928,600	4,681
Walnut	2	1,344	1,071,991	4,772
Hickory	2	1,769	1,263,750	5,772
Hawthorne	6	1,586	1,082,916	5,602
Chestnut	3	1,583	1,254,743	5,592
Cypress	3	1,355	1,036,144	4,786
Olivescape	4	1,290	1,189,154	4,557
Willowgreen	4	1,351	1,159,998	4,748
Elmlace	2	1,592	970,250	5,623
HeartPine	4	1,593	1,153,973	5,628
Lacegreen	2	1,657	1,330,213	5,853
Applemoss	2	1,946	1,206,550	6,352
Plumbraid	2	2,195	1,807,630	6,541
Combo 310/312	1	2,136	1,296,900	6,098
Penthouse V	1	2,433	1,765,000	8,599
Penthouse IV	2	2,370	1,478,950	8,372
Penthouse III	2	2,210	1,307,000	7,806
Penthouse II	1	1,130	1,129,615	4,460
Penthouse I	1	1,270	897,700	4,486
Total / Weighted Average Homes	**70**	**1,436**	**$ 1,062,628**	**$ 5,029**

Table 1 (continued)
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Square Footage	Purchase Price [1][2][3][4]	Monthly Service Fees [5][6][7][8]
Estate and Village Homes				
Huntington	18	1,275	$ 930,697	$ 3,337
Brantwood	14	1,475	1,245,222	3,936
Springcot	8	1,690	1,158,000	4,669
Roycroft	38	1,645	1,379,449	4,545
Penlee	19	1,925	1,323,071	5,023
Maytham	2	2,075	1,543,150	5,733
Ashbee	9	2,252	1,940,885	6,065
Bramhall	16	2,090	1,588,404	5,420
Blackwell	18	2,496	1,923,987	6,710
Standen	3	2,388	1,600,500	6,597
Sledmere	2	1,970	1,482,200	5,442
Total / Weighted Average Homes	**147**	**1,837**	**$ 1,424,309**	**$ 4,931**
Grand Total / Weighted Average	**217**	**1,708**	**$ 1,307,638**	**$ 4,963**

Source: Management

(1) The Purchase Price is assumed to increase 5 percent in July 2026 and 3 percent quarterly thereafter through July 31, 2029. The Purchase Price is assumed to increase 3 percent annually thereafter.
(2) Finish upgrades are assumed to be available for the Independent Living Units. The average price to upgrade an Independent Living Unit is assumed to be $69,000.
(3) Upon closing on the purchase of a home and signing the Membership Agreement, residents are assumed to receive 15 eligible days in the Healthcare Center at no cost for room and board each year.
(4) First generation Members have the option to pay an additional non-refundable monthly fee to access healthcare services provided in the Healthcare Center at a cost equal to the Monthly Service Fee for their Independent Living Unit.
(5) During construction of the Community, residents are assumed to be entitled to a 75 percent discount on Monthly Service Fees and second person Monthly Service Fees.
(6) Monthly Service Fees shown for the Manor Building are assumed to be in effect upon opening of the Manor Building in October 2029. Monthly Service Fees shown for the Estates and Village Homes are assumed to be in effect upon opening of the Estates and Village Homes in August 2027.
(7) Second person Monthly Service Fees are $1,200 in 2027 dollars.

The Healthcare Center

The Healthcare Center is assumed to include a total of 48 combination healthcare units ("Combination Healthcare Units"), consisting of 48 licensed beds ("Combination Healthcare Beds"). Admittance is restricted to only those residents who have signed a Membership Agreement and provided fees in accordance with the terms of such agreement. The Combination Healthcare Units are designed to foster continued independence of residents who require varying levels of assistance with activities of daily living ("ADLs").

The following table summarizes the type, number, approximate square footage and fees ("Daily Fees") for the Healthcare Center:

Table 2
Healthcare Center Configuration

	Number of Units	Square Footage	Daily Fees [1]
Private Combination Nursing Healthcare Units	8	355	$460
Private Combination Memory Care Units	24	355	$329
Private Combination Assisted Living Healthcare Units	16	550	$276
Total / Weighted Average	**48**	**420**	**$333**

Source: Management

(1) First person Combination Healthcare Unit Daily Fees shown are assumed to be in effect through December 31, 2026. Subsequent years are assumed to increase at 3.5 percent annually.

Summary of Community Financing

Pre-development Financing

Management began developing the Community in 2010 through a combination of notes payable (the "Promissory Notes"), a pre-development loan from a private lender (the "Note Payable"), and loans with certain affiliates and Members (the "Notes Payable to Affiliates", and collectively with the Promissory Notes, and the Note Payable, the "Existing Debt") and equity contributions. As of December 31, 2025, Management had approximately $20,581,000 of Existing Debt and associated deferred interest outstanding. In the first quarter of 2026 all deferred interest for the Existing Debt, totaling approximately $7,549,000, was forgiven by the respective debt holders, leaving a remaining balance of $13,032,000.

Upon closing the Bank Loans in July 2026 (defined hereinafter), prior funding relating to the land purchase of approximately $3,521,000 is to be paid, with an assumed remaining Existing Debt balance of $9,511,000.

Resident Deposits

North Carolina General Statutes, Chapter 58, Article 64A, section 35, allows CCRCs to begin construction when at least 50 percent of the independent living units to be built have been pre-sold, as evidenced by the receipt of deposits equal to at least 10 percent of the purchase price (the "Resident Deposits"). Upon reaching this level of pre-sales, up to 25 percent of total Resident Deposits collected as of that date may be used to fund Community costs. As of May 31, 2026, the Company reported approximately 52 percent or 112 of the 217 planned independent living units were reserved with binding agreements. For purposes of the projection, Management assumes 100 percent, or approximately $56,751,000, of Resident Deposits are used to fund Community costs.

Summary of Financing

Total financial requirements for completion of the initial phases of the Community are estimated to approximate $339,444,000. The Corporation plans to fund these financial requirements through a combination of Resident Deposits, the Bank Loans, equity contributions from membership interests in the Corporation, and sales of homes. Management has assumed the following sources and uses of funds in preparing the financial projection:

Table 3
Sources and Uses of Funds
(in thousands of dollars)

Sources of Funds:	
First Bank Loan [(1)]	$ 50,000
Capital Funding Group Loan [(1)]	25,000
Bayview AM CPACE Loan [(1)]	84,000
Total New Borrowing	159,000
Equity contribution [(2)]	24,641
Resident Deposits [(3)]	56,751
Net sales proceeds – Project costs [(4)]	74,052
Net sales proceeds – Working Capital Reserve [(5)]	25,000
Total Sources of Funds	**$ 339,444**
Uses of Funds:	
Project-Related Costs:	
Construction [(6)]	$ 200,150
Land [(7)]	8,100
Site work [(8)]	17,969
Architectural and engineering [(9)]	4,025
Furniture and equipment [(10)]	4,031
Marketing [(11)]	2,460
Development Fees [(12)]	9,161
Pre-finance project costs [(13)]	17,232
Miscellaneous costs [(14)]	15,340
Construction contingency [(15)]	13,306
Total Project-Related Costs	$ 291,774
Financing-Related Costs:	
LSL Purchase of TRI Equity [(16)]	521
Repayment of the Note Payable [(17)]	3,521
Working capital [(18)]	25,000
Funded interest [(19)]	14,515
Issuance costs [(20)]	4,113
Total Financing-Related Costs	$ 47,670
Total Uses of Funds	**$ 339,444**

Source: Management

Notes to the Table:

(1) Management estimates three loans with three financial institutions for the Bank Loans consisting of the following:
   - First Bank Loan ("First Bank Loan"), approximately $50,000,000, 24-month draw-down loan with an average interest rate of 6.15 percent per annum;
   - Capital Funding Group Loan ("Capital Funding Group Loan"), approximately $25,000,000, 60-month draw-down loan with an average interest rate of 7.15 percent per annum; and,
   - Bayview AM C-PACE ("Bayview AM C-PACE"), approximately $84,000,000, 360-month direct placement loan with an average interest rate of 7.00 percent per annum.

(2) Management estimates equity contributions would approximate $24,641,000.

(3) Management assumes approximately $56,751,000 of Resident Deposits to be available for development of the Community.

(4) Sales proceeds received from Members of approximately $74,052,000 are to be used for costs required to complete the Project, including debt service.

(5) Sales proceeds received from Members of approximately $25,000,000 are to be used to fund a "Working Capital Reserve".

(6) Construction costs are estimated to approximate $200,150,000.

(7) Land costs are estimated to approximate $8,100,000.

(8) Site work is estimated to approximate $17,969,000.

(9) Architectural and engineering costs are estimated to approximate $4,025,000.

(10) Furniture and equipment costs are estimated to approximate $4,031,000.

(11) Marketing costs related to the Community are estimated to approximate $2,460,000 and include direct marketing costs, salaries and other promotional material.

(12) Developer Fees for the initial phase of the Community are estimated to approximate $9,161,000.

(13) Management assumes pre-finance project costs of approximately $17,232,000 to include various pre-development costs incurred since the inception of the planning for the Community.

(14) Miscellaneous project costs approximate $15,340,000 and include a project contingency, municipal and licensing fees, expenses related to taxes, insurance, legal, communication services, and other professional fees.

(15) Construction contingency is estimated to approximate $13,306,000 which represents approximately three and one-half percent of total project costs.

(16) A purchase of TRI Equity by LSL of approximately $521,000 occurred in January 2026.

(17) Refinancing costs associated with a portion of the Subordinate Loan are to approximate $3,521,000 and is to occur during Phase 1 from the First Bank Loan.

(18) Subsequent to the issuance of the Bank Loans and during the construction period, sales proceeds received from Members are assumed to be available to fund approximately $25,000,000 for the Working Capital Reserve.

(19) Proceeds from the Bank Loans are assumed to fund approximately $14,515,000 of the interest costs associated with the development of the Community.

(20) Cost of issuance related to the financing of the Bank Loans are assumed to approximate $4,113,000 and include lender fees, accounting fees, legal fees, feasibility consulting fees, and other miscellaneous financing related costs.

Development and Funding Timeline

The anticipated timeline for financing, sales, construction completion, and initial occupancy of the Community is shown below.

Table 4
Anticipated Development Timeline

Year Ending December 31, 2026	
Close on Bank Loans	July 2026
Year Ending December 31, 2027	
First Estate and Village Homes available for occupancy	August 2027
Year Ending December 31, 2029	
Manor Building available for occupancy, including Healthcare Center	October 2029
Independent Living Units achieve 100% Sales	December 2029
Year Ending December 31, 2030	
Healthcare Center achieves stabilized occupancy (94%)	November 2030

Source: Management

Operating Agreement

Pursuant to the Amended and Restated Limited Liability Company Operating Agreement of BRRP, (the "Operating Agreement"), the Company agrees to pay a development fee of $9,161,000 (the "Development Fee"). The Development Fee shall be allocated and paid one-third each to Liberty, Richard A. Grant and David W. Ammons, or their designees for development services for the Community. The Development Fee shall be paid in such amounts and in such manner as proposed to by the Manager and approved by any Company lender. For purposes of the projection, Management assumes the Development Fee is paid during fiscal year 2029, upon the sale of the final Manor Building Independent Living Units.

Reservation Agreement & Purchase and Sale Agreement

After being accepted as a qualified buyer ("Qualified Buyer"), each prospective resident ("Resident" or "Member") is asked to enter into a reservation agreement ("Reservation Agreement"), select the type of Independent Living Unit desired and pay a fully refundable 10 percent of the Purchase Price of the selected Independent Living Unit Resident Deposit.

Within 90 days prior to the construction of the initial phase of Estate and Village homes ("Phase 1"), Residents who had previously reserved homes situated on sites within that phase will be asked to sign a purchase and sale agreement (the "Purchase and Sale Agreement" or the "Binding Agreement") and pay an additional 10 percent of the Purchase Price. Residents with reservations for Estate and Village homes in subsequent phases and residences of Manor homes will likewise be asked to sign Purchase and Sales Agreements and pay second 10 percent deposits within 90 days of construction commencement for the phase in which these homes, or in the case of Manor homes, the multifamily building in which their reserved residences are situated. The remainder of the Purchase Price for all homes is payable by the Resident prior to occupancy of the Independent Living Unit.

Payment of the Purchase Price and ongoing Monthly Fee entitles the Member to occupy the selected Independent Living Unit and receive the following services and amenities:

- Standard utilities, including water, sewer, trash, basic cable and internet;
  - Gas and electricity are included for the Manor Building
  - Village and Estates Homes pay individual gas and electric
- A dining credit that approximates one meal per day;
- Bi-weekly housekeeping and flat linen services;
- General maintenance;
- Landscaping for common areas and grounds;
- Scheduled transportation;
- Twenty-four hour emergency response system;
- Security services;
- Planned social, recreational, spiritual, educational and cultural activities; and
- Access to wellness amenities such as the fitness center, group exercise spaces, spa and salon, trails, pickleball and bocce courts and gardens.

In addition to the above services and amenities the Member is entitled to the use of Community common areas, including private dining and meeting rooms, lounges, lobbies, library, business center, social and recreational rooms, wellness center and other common activities.

Eligible Days

Under the Binding Agreement, Members are assumed to receive up to 30 eligible days in the Healthcare Center at no cost for room and board ("Eligible Days"). Eligible Days do not accumulate when a Member becomes a permanent resident in the Healthcare Center. In addition, the Member is to be responsible for the cost of two extra meals per day plus nursing supplies, therapies, pharmacy, special duty nurses, personal laundry, rental of equipment, or other services upon special arrangement while utilizing Eligible Days.

Termination of the Agreements

The Reservation Deposit is refundable to the Member upon one of the following four events:

(a) Non-acceptance of Member for residency at the Community.
(b) Timely rescission of the Sale and Purchase Agreement by the Member.
(c) Death or illness, injury or incapacity of the Member which precludes his/her occupying an Independent Living Unit.
(d) Cancellation by the Member other than previously described, in which the Member Deposit is returned to the Member upon remarketing of the unit, and the execution of a Purchase and Sale Agreement if construction has already begun.

After the Member requests a refund of the Reservation Deposit, the Corporation has five days to issue the refund.

Refunds of the Construction Deposit are non-refundable after a seven-day rescission period, as required under the North Carolina Condominium Act.

Vacancy of Independent Living Units

Management considers occupied ILUs to be actively lived in and occupied more days than vacant in a calendar year. Certain ILUs may not be actively lived in, but all Member owned ILUs require the payment of the applicable Monthly Fee, which may be paid by the heirs or the estates of former Members prior to a resale (described below), and the continued satisfaction of all other requirements of the Membership Agreement. No Member owned ILU can be occupied by other Members or by people that do not meet the criteria to be a Qualified Buyer, as defined in the Membership Agreement. ILUs may not be "subleased" or made available as short or long term rentals.

Resale of ILUs

Until the ILU has been resold, the Member, their heirs, or their estates, is responsible for the Monthly Fee. When a Member, their heirs, or their estate sell an ILU, the new Purchase Price paid by the Qualified Buyer is determined by the marketplace. Members, their heirs, or their estates, have flexibility and ultimate authority as to how to price and market an ILU for resale. Upon a sale to a Qualified Buyer at any time, a resale fee ("Membership Fee") equal to ten percent of the resale Purchase Price paid by the new Member is to be paid to BRRP.

Summary of Significant Accounting Policies

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

Use of Estimates – The preparation of prospective financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the prospective financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Member's Equity – Equity has been provided by the Corporation's six members, LSL, GIG, TRI, WNC, GPS, and DWA.

Cash and Investments – Cash and investments, excluding those classified as assets limited as to use, include certain investments in highly liquid instruments with original maturities of three months or less when purchased.

Restricted Cash – The Corporation has implemented FASB ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the statement of cash flows. The provisions of FASB ASU No. 2016-18 are effective for the purpose of Management's projection.

Deferred Costs – Costs associated with the issuance of the related financing are assumed to be capitalized and amortized over the expected life of the debt using the effective interest method. Debt issuance costs are netted against the related debt on the projected balance sheet, and the amortization is included in interest expense on the projected statement of operations.

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

Leases – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 all leases with lease terms over twelve months to be capitalized as a right-of-use asset and a lease liability on the balance sheet as the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. For purposes of the projection ASU 2016-02 has been implemented by the Corporation.

Summary of Operating Revenue Assumptions

Assumed Independent Living Unit Sales Date

Residents are assumed to purchase completed Independent Living Units as they become available beginning in August 2027. ILUs are assumed to be available one month after CO's are received. Once an ILU is sold, Monthly Service Fees are the responsibility of the Member, their heirs, or their estates. The following table summarizes the monthly sales of the Independent Living Units.

Table 5

Monthly Sales of the Independent Living Units

Fiscal Year/Month	Estate and Village Homes	Manor Building	Cumulative Total	Cumulative Percentage [1]
FY 2027				
August	4.0	-	4.0	1.8%
September	4.0	-	8.0	3.7%
October	4.0	-	12.0	5.5%
November	4.0	-	16.0	7.4%
December	4.0	-	20.0	9.2%
FY 2028				
January	4.0	-	24.0	11.1%
February	4.0	-	28.0	12.9%
March	4.0	-	32.0	14.7%
April	4.0	-	36.0	16.6%
May	4.0	-	40.0	18.4%
June	8.0	-	48.0	22.1%
July	8.0	-	56.0	25.8%
August	10.0	-	66.0	30.4%
September	10.0	-	76.0	35.0%
October	10.0	-	86.0	39.6%
November	12.0	-	98.0	45.2%
December	10.0	-	108.0	49.8%
FY 2029				
January	9.0	-	117.0	53.9%
February	6.0	-	123.0	56.7%
March	6.0	-	129.0	59.4%
April	6.0	-	135.0	62.2%
May	6.0	-	141.0	65.0%
June	6.0	-	147.0	67.7%
July	-	-	147.0	67.7%
August	-	-	147.0	67.7%
September	-	-	147.0	67.7%
October	-	23.0	170.0	78.3%
November	-	23.0	193.0	88.9%
December	-	24.0	217.0	100.0%
Total	**147.0**	**70.0**		**100.0%**

Source: Management

(1) Management assumes that 100% of the Independent Living Units will be sold. Management assumes that Monthly Service Fee revenue will be based on 100% of the Independent Living Units as described in the Membership Agreement.

Management has assumed that turnover of the Independent Living Units is assumed to be 5.0 percent starting in October 2029, and increasing to 10.0 percent in October 2030.

Commons and HC Center Lease Revenue – Upon opening, the Combined Entities and BRRP are expected to enter into a lease agreement for use of the common areas and the Healthcare Center (the "Commons and HC Center Lease"). The Commons and HC Center Lease is assumed to include an approximate $12,122,000 present value of lease payments due to BRRP over a 15-year assumed lease term, discounted at 3.0 percent ("Present Value"). Management assumes The Combined Entities will be assessed a lease fee for the use of the Healthcare Center and other common areas owned by the Corporation, based on the market value of the leased space (the "Lease Fee"). The Lease Fee is to begin upon receipt of the certificate of occupancy of the clubhouse building and the Health Center, assumed to be October 2029. Lease Fee payments are to be made monthly, with an initial lease payment of $650,000 and $350,000 annually for the clubhouse building and Health Center, respectively. Management assumes the Lease Fee would increase 3.0 percent annually.

Assumed Health Center Utilization

Management assumes the 48 Combination Healthcare Units will achieve 94.0 percent occupancy by November 30, 2029. The following table summarizes the projected utilization of the Combination Healthcare Units.

Table 6
Average Utilization of Combination Healthcare Units

Years ending December 31,	Occupied Units	Available Units	Occupied Units %
2029[(1)]	8.0	48.0	16.7%
2030	42.8	48.0	89.2%
2031	45.1	48.0	94.0%

Source: Management

(1) Management assumes that the Community's Combination Healthcare Units to be available for occupancy beginning May 1, 2029.

Resale Revenue – Resale revenues will be generated from resales of ILUs by Members , their heirs, or their estates, equal to 5 percent of the new Member's Purchase Price ("Resale Revenue").

Management Fee Revenue – Management fee revenues will be generated from annual management fees assessed to The Club, equal to 10 percent of total Club and Association annual revenue, of which 50 percent of the management fees represent an operator management fee (the "Operating Management Fee") and the remaining 50 percent of the management fees represent an asset management fee (the "Asset Management Fee", and together with Operating Management Fee, the "Operating and Asset Management Fees).

Cost of Sales – Cost of sales for homes sold includes specific construction costs of each Independent Living Unit and all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot based upon the total number of Independent Living Units expected to be sold.

Summary of Operating Expense Assumptions

Management Expense – The Corporation is assumed to pay Liberty a management fee for the day-to-day operations of The Club equal to 50 percent of the Operating and Asset Management Fees earned from The Club.

Fixed Assets

Development in Process – Development in process comprises all costs incurred to design, construct, develop, and market the Independent Living Units and is stated at cost. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Development in process is a cost repository used to determine the cost of sales as a Resident makes a purchase.

The Corporation's development in process costs during the projection period is summarized in the table below.

Table 7
Schedule of Development in Process
(In thousands of dollars)

Years Ending December 31,	2026	2027	2028	2029	2030	2031
Development in process, beginning balance [(1)]	$ 11,911	$ 20,410	$ 53,790	$ 150,023	$ 199,902	$ 199,902
Construction costs	5,057	32,105	91,473	47,056	-	-
Capitalized interest, net	671	1,275	4,760	2,823	-	-
Financing costs	2,771	-	-	-	-	-
Development in process	20,410	53,790	150,023	199,902	199,902	199,902
Less: cost of sales	-	(18,742)	(101,205)	(199,902)	(199,902)	(199,902)
Development in process, ending balance	$ 20,410	$ 35,048	$ 48,818	$ -	$ -	$ -

Source: Management

(1) Beginning balance for fiscal year 2026 includes approximately $11,816,000 of land and development costs and approximately $95,000 of prepaid expenses and other assets.

Property and Equipment– Property and equipment is stated at cost less accumulated depreciation. Contributed property is recorded at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives from 5 to 40 years using the straight-line method. The cost of maintenance and repairs is expensed as incurred. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

The Corporation's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 8
Schedule of Property and Equipment
(In thousands of dollars)

Years Ending December 31,	2026	2027	2028	2029	2030	2031
Property and equipment, gross beginning balance	$ 144	$ 2,331	$ 18,492	$ 65,086	$ 89,296	$ 89,376
Construction costs	1,862	15,544	44,289	22,783	-	-
Routine capital expenditures	-	-	-	60	80	100
Capitalized interest, net	325	617	2,305	1,367	-	-
Property and equipment, gross	2,331	18,492	65,086	89,296	89,376	89,476
Accumulated depreciation	(209)	(507)	(1,606)	(3,590)	(5,861)	(8,134)
Property and equipment, net ending balance	$ 2,122	$ 17,985	$ 63,480	$ 85,706	$ 83,515	$ 81,342

Source: Management

Long-Term Debt and Interest Expense

Note Payable

The Note Payable to a private lender is dated August 2, 2017 and amended on September 8, 2021 and again on February 2, 2024, with initial funding of $1,500,000 and periodic draws during the term. The Note Payable has monthly interest only payments at 10 percent through the second amendment and increasing to 11 percent thereafter, with a balloon payment of remaining principal and interest due December 31, 2026. The Note Payable had a balance of $3,521,000 at December 31, 2025. Management assumes that the Note Payable is to be paid from a portion of the First Bank Loan proceeds in July 2026.

Bank Loans

Management plans to enter into three loans with three financial institutions for the Bank Loans consisting of the following:

- First Bank Loan, approximately $50,000,000 to be financed July 2026, as a 24 month draw-down loan with an average interest rate of 6.15 percent per annum, based on the Secured Overnight Financing Rate ("SOFR") plus 2.50 percent;
- Capital Funding Group Loan, approximately $25,000,000 to be financed July 2026, as a 60 month draw-down loan with an interest rate of 7.15 percent per annum, based on the SOFR plus 3.50 percent; and,
- Bayview AM C-PACE, approximately $84,000,000 to be financed July 2026, as a 360 month direct placement loan with an interest rate of 7.00 percent per annum, based on the greater of the 10-Year US Treasury yield plus 3.20 percent or 7.00 percent per annum.

The Bank Loans are to be incurred individually with separate terms and conditions. A portion of proceeds of the First Bank Loan is to be used to refinance a portion of the Land Loan in July 2026. The Bank Loans are assumed to be paid off from initial Purchase Price proceeds beginning June 2029, with a final payment made August 2031. Once the Bank Loans are paid off, the remaining Member Loans are able to begin being paid down.

Existing Debt

Upon closing the Bank Loans in July 2026, approximately $3,521,000 of the Existing Debt balance is to be paid. Interest on the Existing Debt is assumed to approximate 5.69 percent per annum and is accrued and deferred throughout the projection period.

The following table presents the projected annual debt service on the Bank Loans and the Existing Debt during the projection period.

Table 9
Schedule of Annual Debt Service
(in thousands of dollars)

Fiscal Year Ending	Bank Loans		Existing Debt		Total
December 31,	Principal	Interest	Principal [1]	Interest [2]	Debt Service
2026	$ -	$ 853	$ -	$ -	$ 853
2027	-	1,797	-	-	1,797
2028	-	6,448	-	-	6,448
2029	143,419	4,960	-	-	148,379
2030	6,884	808	-	-	7,692
2031	8,697	259	700	-	9,656
Total	$ 159,000	$ 15,125	$ 700	$ -	$ 174,825

Source: Management

(1) $700,000 of the Existing Debt is assumed to be paid during fiscal year 2031. The remaining $8,811,000 of the Existing Debt is assumed to be paid beyond the projection period.

(2) Interest on the Existing Debt is assumed to be accrued and deferred during the projection period.

Investment Partners

While the Corporation may seek or admit additional equity investment partners ("Investment Partners") to develop the Project, Management is not assuming new Investment Partners during the projection period.

Current Assets and Current Liabilities - Operating expenses as used below exclude amortization, depreciation and interest expense. Operating revenue includes management fees and lease fees. Working capital components have been estimated based on Management's historical experience as follows:

Table 10

Working Capital

Accounts receivable	15	days of operating revenues
Prepaid expenses	10	days of operating expenses
Accounts payable	30	days of operating expenses
Other accrued liabilities	15	days of operating expenses

Source: Management

Going Concern Considerations

The Corporation's audited financial statements as of and for the year ended December 31, 2025, included a note disclosure which stated there was substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time due to a deficit in members' equity and dependency on member contributions to finance development activities.

The Corporation anticipates securing permanent financing to complete the development plan for the Community upon achievement of a pre-determined number of presales. At December 31, 2025, the Company reported 69 percent or 120 of the 175-independent living units available as of that date, with reserved with binding agreements.

For purposes of this presentation, Management has assumed the following Hypothetical Assumptions, the occurrence of which is assumed to alleviate the adverse conditions which give rise to substantial doubt:

- The Corporation funds interim marketing efforts, Community-related costs and other operating costs prior to permanent financing; and,
- The Corporation obtains permanent financing at rates and terms similar to those assumed in the projection.

The Legacy at Mills River Club, Inc. and
The Legacy at Mills River Owners' Association, Inc.

Compilation of a Financial Projection

For Each of the Six Years Ending
December 31, 2031

(with Accountant's
Compilation Report thereon)

The Legacy at Mills River Club, Inc. and
The Legacy at Mills River Owners' Association, Inc.

Compilation of a Financial Projection

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Accountant's Compilation Report

The Members
The Legacy at Mills River Club, Inc. and The Legacy at Mills River Owners' Association, Inc.
Wilmington, North Carolina

Management of The Legacy at Mills River Club, Inc. (the "Club"); and The Legacy at Mills River Owners' Association, Inc. (the "Association" and collectively with the Club the "Combined Entities"); Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River ("BRRP" or the "Corporation") and Liberty Healthcare Management, Inc. ("Liberty" and collectively with BRRP "Management") is responsible for the accompanying financial projection of the Combined Entities, which comprises the projected combined financial position as of the six years ending December 31, 2031, the related projected combined statements of operations, changes in net assets (deficit), and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64A and 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.

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

- Construction, development, marketing, and other project related costs for the proposed senior living community are similar to those assumed in the projection;
- The Club enters into a lease agreement with Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River at rates and terms similar to those assumed in the projection; and
- The independent living units and combination assisted living, memory care, and skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels,

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

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

Forvis Mazars, LLP

Atlanta, Georgia
June 29, 2026

The Legacy at Mills River Club, Inc. and
The Legacy at Mills River Owners' Association, Inc.

Projected Combined Statements of Operations and Changes in Net Assets (Deficit)
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Operating Revenues:						
Independent living	$ -	$ 86	$ 1,017	$ 4,656	$ 15,940	$ 16,498
Healthcare	-	-	-	353	5,263	6,413
Total operating revenues	-	86	1,017	5,009	21,203	22,911
Operating Expenses:						
Administration	-	1	18	687	1,513	1,562
Health care	-	-	-	617	2,594	2,846
Food service	-	-	-	2,735	6,260	6,473
Maintenance	-	7	110	1,904	3,780	3,897
Housekeeping	-	25	367	763	794	823
Resident services	-	8	110	544	1,176	1,242
Management fees	-	2	16	853	2,346	2,480
Lease expense						
Interest expense - Commons and HC Center Lease	-	-	-	364	345	322
Amortization expense - Commons and HC Center Lease	-	-	-	808	808	808
Total operating expenses	-	43	621	9,275	19,616	20,453
Change in net assets (deficit)	-	43	396	(4,266)	1,587	2,458
Net assets (deficit), beginning of year	-	-	43	439	(3,827)	(2,240)
Net assets (deficit), end of year	$ -	$ 43	$ 439	$ (3,827)	$ (2,240)	$ 218

See accompanying Summary of Significant Projection Assumptions and Rationale
and Accountant's Compilation Report

The Legacy at Mills River Club, Inc. and
The Legacy at Mills River Owners' Association, Inc.

Projected Combined Statements of Cash Flows
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Cash flows from operating activities:						
Change in net assets (deficit)	$ -	$ 43	$ 396	$ (4,266)	$ 1,587	$ 2,458
Adjustments to reconcile change in net assets (deficit) from operating activities:						
Net change in current assets and liabilities						
Accounts receivable	-	(4)	(38)	(164)	(665)	(71)
Prepaid expenses and other current assets	-	(1)	(16)	(237)	(283)	(23)
Accounts payable	-	4	47	711	850	69
Accrued expenses	-	2	23	273	364	30
Amortization of Commons and HC Center Lease	-	-	-	808	808	808
Net cash from operating activities	-	44	412	(2,875)	2,661	3,271
Cash flows from investing activities:						
Net cash provided by (used in) investing activities	-	-	-	-	-	-
Cash flows from financing activities:						
Payment on Commons and HC Center Lease	-	-	-	(245)	(794)	(851)
Transfer from BRRP	-	500	1,000	9,500	-	-
Transfer to BRRP	-	-	-	-	-	(1,500)
Net cash from financing activities	-	500	1,000	9,255	(794)	(2,351)
Change in cash, investments, and restricted cash	-	544	1,412	6,380	1,867	920
Cash, investments, and restricted cash, beginning of year	-	-	544	1,956	8,336	10,203
Cash, investments, and restricted cash, end of year	$ -	$ 544	$ 1,956	$ 8,336	$ 10,203	$ 11,123
Cash, investments, and restricted cash reconciliation:						
Cash and cash equivalents	$ -	$ 313	$ 871	$ 4,479	$ 6,213	$ 7,028
Statutory Operating Reserve Fund	-	22	311	2,319	2,452	2,557
Reserve and Replacement Fund - initial generation	-	209	774	1,538	1,538	1,538
Cash, investments, and restricted cash, end of year	$ -	$ 544	$ 1,956	$ 8,336	$ 10,203	$ 11,123

See accompanying Summary of Significant Projection Assumptions and Rationale
and Accountant's Compilation Report

The Legacy at Mills River Club, Inc. and
The Legacy at Mills River Owners' Association, Inc.

Projected Combined Statements of Financial Position
At December 31,
(in thousands of dollars)

	2026	2027	2028	2029	2030	2031
Assets						
Current assets:						
Cash and investments	$ -	$ 313	$ 871	$ 4,479	$ 6,213	$ 7,028
Accounts receivable, net	-	4	42	206	871	942
Prepaid expenses	-	1	17	254	537	560
Total current assets	-	318	930	4,939	7,621	8,530
Assets limited as to use:						
Statutory Operating Reserve Fund	-	22	311	2,319	2,452	2,557
Reserve and Replacement Fund - initial generation	-	209	774	1,538	1,538	1,538
Total assets limited as to use	-	231	1,085	3,857	3,990	4,095
Right of Use Asset - Commons and HC Center Lease	-	-	-	11,314	10,506	9,698
Total assets	$ -	$ 549	$ 2,015	$20,110	$ 22,117	$22,323
Liabilities and Net Assets (Deficit)						
Current liabilities:						
Accounts payable	$ -	$ 4	$ 51	$ 762	$ 1,612	$ 1,681
Accrued expenses	-	2	25	298	662	692
Commons and HC Center Lease, current	-	-	-	794	851	910
Total current liabilities	-	6	76	1,854	3,125	3,283
Commons and HC Center Lease, non-current	-	-	-	11,083	10,232	9,322
Due to BRRP	-	500	1,500	11,000	11,000	9,500
Total liabilities	-	506	1,576	23,937	24,357	22,105
Net assets (deficit)	-	43	439	(3,827)	(2,240)	218
Total liabilities and net assets (deficit)	$ -	$ 549	$ 2,015	$20,110	$ 22,117	$22,323

See accompanying Summary of Significant Projection Assumptions and Rationale
and Accountant's Compilation Report

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of The Legacy at Mills River Club, Inc. (the "Club"); and The Legacy at Mills River Owners' Association, Inc. (the "Association") (collectively the "Combined Entities"); Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River ("BRRP" or the "Corporation") and Liberty Healthcare Management, Inc. ("Liberty" and collectively with BRRP "Management"), the expected financial position, results of operations and changes in net assets (deficit), and cash flows of the Combined Entities as of and for each of the six years ending December 31, 2031. Accordingly, the accompanying financial projection reflects Management's judgment as of June 29, 2026, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming that the hypothetical assumptions stated 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 Combined Entities' annual disclosure statement in accordance with Chapter 58, Article 64A, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

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

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

- Construction, development, marketing, and other project related costs for the proposed senior living community are similar to those assumed in the projection;
- The Club enters into a lease agreement with Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River at rates and terms similar to those assumed in the projection; and
- The independent living units and combination assisted living, memory care, and skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels.

Background of the Combined Entities - The Club is assumed to be a North Carolina not-for-profit corporation created to manage the commonly owned and leased property of The Club and to provide services to its Members (hereinafter defined), as provided for in each owner's membership agreement (the "Membership Agreement"). These services are to include the operation of the Community's healthcare center (the "Healthcare Center"), clubhouse and the residences. The Club is to collect from the Members and pay to BRRP an overhead fee of ten percent of the operating revenues of The Club and the Association for management and oversight services.

The Association is assumed to be created in accordance with the North Carolina Condominium Act to manage the Community. The Association's revenue is assumed to be generated primarily through association fees collected monthly from independent living unit owners in the Community.

BRRP is responsible for all pre-development, marketing and construction activities. As each residence is sold, fee simple title to the residence as a condominium, along with an undivided interest in the common areas, is transferred to the purchaser (the "Member").

Community Description – Management assumes the Community is to be a continuing care retirement community ("CCRC") located in Henderson County, North Carolina, to be known as "Legacy at Mills River" (the "Community"). The Community's units are assumed to be developed and sold by BRRP under an equity ownership model and are proposed to include, at full build-out, a total of 265 dwelling units, consisting of 70 apartments, 147 detached homes, (collectively, the "Independent Living Units"), a 48-unit licensed combination assisted living, memory care, and skilled nursing facility (the "Healthcare Center") and various common spaces and amenities. Development of the Community is categorized in two subphases, "Phase 1" and "Phase 2", occurring concurrently.

Phase 1 is to include 55 estate homes and 22 village patio homes and Phase 2 includes the remainder of the independent living units and the 48-bed health center, and community center.

The Estate and Village Homes are to be built in six groups. The Manor Building is to open on a floor by floor basis as the Certificate of Occupancy notices ("CO's") are obtained. Management assumes construction of Phase 1 is to be completed January 2029 with final costs incurred April 2029, with first move-ins of the Estate and Village Homes assumed to occur August 2027. The Community is to be substantially completed with all CO's obtained by September 2029. Final initial sales are expected to close by December 2029.

Subsequent expansion to the Community to include additional independent living units and healthcare beds and units (the "Future Phase") is assumed to occur at a future date yet to be determined. The plan of finance, construction, fill-up, and occupancy of the Future Phase is not certain. Therefore, the financial impact of the Future Phase is not included in Management's projection.

Liberty Healthcare Management, Inc.

The Corporation has retained Liberty, specialists in the management of CCRCs, to manage the daily operations of the Club and the Association and to provide development services for the Community.

Retirement Living Associates, Inc.

Retirement Living Associates, Inc. ("RLA") - the senior living development and management company headed by BRRP partner David Ammons, and Beverly Grant ("BG") – the commercial general contracting company headed by BRRP partner Richard Grant – serve as co-developers of the Community and provide additional support to Liberty in its role as lead developer and future operations manager of the company.

Independent Living Units

The following table summarizes the type, number, approximate square footage, purchase price ("Purchase Price") paid to BRRP and monthly service fees ("Monthly Service Fee") paid to the Club.

Table 1
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Sq. Ft.	Purchase Price [(1)(2)(3)(4)(5)(6)]	Monthly Service Fees [(7)(8)]
Apartments				
Ironwood	13	811	$ 588,430	$ 3,138
Alderleaf	2	1,266	995,678	4,471
Birchpeak	2	1,266	877,250	4,471
Cherrybud	3	1,519	1,357,469	4,994
Timberfine	6	1,325	928,600	4,681
Walnut	2	1,344	1,071,991	4,772
Hickory	2	1,769	1,263,750	5,772
Hawthorne	6	1,586	1,082,916	5,602
Chestnut	3	1,583	1,254,743	5,592
Cypress	3	1,355	1,036,144	4,786
Olivescape	4	1,290	1,189,154	4,557
Willowgreen	4	1,351	1,159,998	4,748
Elmlace	2	1,592	970,250	5,623
HeartPine	4	1,593	1,153,973	5,628
Lacegreen	2	1,657	1,330,213	5,853
Applemoss	2	1,946	1,206,550	6,352
Plumbraid	2	2,195	1,807,630	6,541
Luxury Apartment	1	2,136	1,296,900	6,098
Penthouse V	1	2,433	1,765,000	8,599
Penthouse IV	2	2,370	1,478,950	8,372
Penthouse III	2	2,210	1,307,000	7,806
Penthouse II	1	1,130	1,129,615	4,460
Penthouse I	1	1,270	897,700	4,486
Total / Weighted Average Homes	**70**	**1,436**	**$ 1,062,628**	**$ 5,029**

Table 1 (continued)
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Square Footage	Purchase Price [1][2][3][4][5][6]	Monthly Service Fees [7]
Homes				
Huntington	18	1,275	$ 930,697	$ 3,337
Brantwood	14	1,475	1,245,222	3,936
Springcot	8	1,690	1,158,000	4,669
Roycroft	38	1,645	1,379,449	4,545
Penlee	19	1,925	1,323,071	5,023
Maytham	2	2,075	1,543,150	5,733
Ashbee	9	2,252	1,940,885	6,065
Bramhall	16	2,090	1,588,404	5,420
Blackwell	18	2,496	1,923,987	6,710
Standen	3	2,388	1,600,500	6,597
Sledmere	2	1,970	1,482,200	5,442
Total / Weighted Average Homes	**147**	**1,837**	**$ 1,424,309**	**$ 4,931**
Grand Total / Weighted Average	**217**	**1,708**	**$ 1,307,638**	**$ 4,963**

Source: Management

(1) The Purchase Price is assumed to increase 5 percent in July 2026 and 3 percent quarterly thereafter through July 31, 2029. The Purchase Price is assumed to increase 3 percent annually thereafter.
(2) Finish upgrades are assumed to be available for the Independent Living Units. The average price to upgrade an Independent Living Unit is assumed to be $69,000.
(3) Upon closing on the purchase of a home and signing the Membership Agreement, residents are assumed to receive 15 eligible days in the Healthcare Center at no cost for room and board each year.
(4) First generation Members have the option to pay an additional non-refundable monthly fee to access healthcare services provided in the Healthcare Center at a cost equal to the Monthly Service Fee for their Independent Living Unit.
(5) During construction of the Community, residents are assumed to be entitled to a 75 percent discount on Monthly Service Fees and second person Monthly Service Fees.
(6) Monthly Service Fees shown for the Manor Building are assumed to be in effect upon opening of the Manor Building in October 2029. Monthly Service Fees shown for the Estates and Village Homes are assumed to be in effect upon opening of the Estates and Village Homes in August 2027.
(7) Second person Monthly Service Fees are $1,200 in 2027 dollars.

The Healthcare Center

The Healthcare Center is assumed to include a total of 48 combination healthcare units ("Combination Healthcare Units"), consisting of 48 licensed beds ("Combination Healthcare Beds"). Admittance is restricted to only those residents who have signed a Membership Agreement and provided fees in accordance with the terms of such agreement. The Combination Healthcare Units are designed to foster continued independence of residents who require varying levels of assistance with activities of daily living ("ADLs").

The following table summarizes the type, number, approximate square footage and the fees ("Daily Fees") for the Healthcare Center:

Table 2
Healthcare Center Configuration

	Number of Units	Square Footage	Daily Fees [1]
Private Combination Nursing Healthcare Units	8	355	$460
Private Combination Memory Care Units	24	355	$329
Private Combination Assisted Living Healthcare Units	16	550	$276
Total / Weighted Average	**48**	**420**	**$333**

Source: Management

(1) First person Combination Healthcare Unit Daily Fees shown are assumed to be in effect through December 31, 2026. Subsequent years are assumed to increase at 3.5 percent annually.

Resident Reservation Agreement

After being accepted as a qualified buyer ("Qualified Buyer"), each prospective resident ("Resident" or "Member") is asked to enter into a reservation agreement ("Reservation Agreement"), select the type of Independent Living Unit desired and pay a fully refundable 10 percent of the Purchase Price of the selected Independent Living Unit Resident Deposit.

Within 90 days prior to the construction of the initial phase of Estate and Village homes ("Phase 1"), Residents who had previously reserved homes situated on sites within that phase will be asked to sign a purchase and sale agreement (the "Purchase and Sale Agreement" or the "Binding Agreement") and pay an additional 10 percent of the Purchase Price. Residents with reservations for Estate and Village homes in subsequent phases and residences of Manor homes will likewise be asked to sign Purchase and Sales Agreements and pay second 10 percent deposits within 90 days of construction commencement for the phase in which these homes, of in the case of Manor homes, the multifamily building in which their reserved residences are situated. The remainder of the Purchase Price for all homes is payable by the Resident prior to occupancy of the Independent Living Unit.

Payment of the Purchase Price and ongoing Monthly Fee entitles the Member to occupy the selected Independent Living Unit and receive the following services and amenities:

- Standard utilities, including water, sewer, trash, basic cable and internet;
  - Gas and electricity are included for the Manor Building
  - Village and Estates Homes pay individual gas and electric
- A dining credit that approximates one meal per day;
- Bi-weekly housekeeping and flat linen services;
- General maintenance;
- Landscaping for common areas and grounds;
- Scheduled transportation;
- Twenty-four hour emergency response system;
- Security services;
- Planned social, recreational, spiritual, educational and cultural activities; and
- Access to wellness amenities such as the fitness center, group exercise spaces, spa and salon, trails, pickleball and bocce courts and gardens.

In addition to the above services and amenities the Member is entitled to the use of Community common areas, including private dining and meeting rooms, lounges, lobbies, library, business center, social and recreational rooms, wellness center and other common activities.

Eligible Days

Under the Binding Agreement, Members are assumed to receive up to 30 eligible days in the Healthcare Center at no cost for room and board ("Eligible Days"). Eligible Days do not accumulate when a Member becomes a permanent resident in the Healthcare Center. In addition, the Member is to be responsible for the cost of two extra meals per day plus nursing supplies, therapies, pharmacy, special duty nurses, personal laundry, rental of equipment, or other services upon special arrangement while utilizing Eligible Days.

Termination of the Agreements

The Reservation Deposit is refundable to the Member upon one of the following four events:

(a) Non-acceptance of Member for residency at the Community.
(b) Timely rescission of the Sale and Purchase Agreement by the Member.
(c) Death or illness, injury or incapacity of the Member which precludes his/her occupying an Independent Living Unit.
(d) Cancellation by the Member other than previously described, in which the Member Deposit is returned to the Member upon remarketing of the unit, and the execution of a Purchase and Sale Agreement if construction has already begun.

After the Member requests a refund of the Reservation Deposit, the Corporation has five days to issue the refund.

Refunds of the Construction Deposit are non-refundable after a seven-day rescission period, as required under the North Carolina Condominium Act.

Vacancy of Independent Living Units

Management considers occupied ILUs to be actively lived in and occupied more days than vacant in a calendar year. Certain ILUs may not be actively lived in, but all Member owned ILUs require the payment of the applicable Monthly Fee, which may be paid by the heirs or the estates of former Members prior to a resale (described below), and the continued satisfaction of all other requirements of the Membership Agreement. No Member owned ILU can be occupied by other Members or by people that do not meet the criteria to be a Qualified Buyer, as defined in the Membership Agreement. ILUs may not be "subleased" or made available as short or long term rentals.

Resale of ILUs

Until the ILU has been resold, the Member, their heirs, or their estates, is responsible for the Monthly Fee. When a Member, their heirs, or their estate sell an ILU, the new Purchase Price paid by the Qualified Buyer is determined by the marketplace. Members, their heirs, or their estates, have flexibility and ultimate authority as to how to price and market an ILU for resale. Upon a sale to a Qualified Buyer at any time, a resale fee ("Membership Fee") equal to ten percent of the resale Purchase Price paid by the new Member is to be paid to BRRP.

Summary of Significant Accounting Policies

Basis of Accounting – The Club and the Association are assumed to maintain their accounting and financial records according to the accrual basis of accounting.

Use of Estimates – The preparation of prospective financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the prospective financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments – Cash and investments, excluding those classified as assets limited as to use, include certain investments in highly liquid instruments with original maturities of three months or less when purchased.

Income Taxes – The Club is assumed to be a not-for-profit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The Association is assumed to be taxed as a homeowners' association under Section 528 of the Internal Revenue Code. Under Section 528, taxable income of the Association (net of exempt function income) shall be subject to Federal taxation rules. However, the Association has not been formed and there is no projection of net taxable income during the projection period. Accordingly, no provision for income taxes for the Association has been included in the projections.

Deferred Revenue from Continuing Care Fees – Continuing Care Fees paid by a Resident upon entering into a continuing care contract are recorded as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis.

Leases – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 all leases with lease terms over twelve months to be capitalized as a right-of-use asset and a lease liability on the balance sheet as the date of lease commencement. Lease will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. For purposes of the projection, ASU 2016-02 has been implemented by the Combined Entities.

Summary of Operating Revenue Assumptions

Assumed Independent Living Sales Date

Residents are assumed to purchase completed Independent Living Units as they become available beginning in August 2027. ILUs are assumed to be available one month after CO's are received. Once an ILU is sold, Monthly Service Fees are the responsibility of the Member, their heirs, or their estates. The following table summarizes the monthly sales of the Independent Living Units.

Table 3
Monthly Sales of the Independent Living Units

Fiscal Year/Month	Estate and Village Homes	Manor Building	Cumulative Total	Cumulative Percentage [1]
FY 2027				
August	4.0	-	4.0	1.8%
September	4.0	-	8.0	3.7%
October	4.0	-	12.0	5.5%
November	4.0	-	16.0	7.4%
December	4.0	-	20.0	9.2%
FY 2028				
January	4.0	-	24.0	11.1%
February	4.0	-	28.0	12.9%
March	4.0	-	32.0	14.7%
April	4.0	-	36.0	16.6%
May	4.0	-	40.0	18.4%
June	8.0	-	48.0	22.1%
July	8.0	-	56.0	25.8%
August	10.0	-	66.0	30.4%
September	10.0	-	76.0	35.0%
October	10.0	-	86.0	39.6%
November	12.0	-	98.0	45.2%
December	10.0	-	108.0	49.8%
FY 2029				
January	9.0	-	117.0	53.9%
February	6.0	-	123.0	56.7%
March	6.0	-	129.0	59.4%
April	6.0	-	135.0	62.2%
May	6.0	-	141.0	65.0%
June	6.0	-	147.0	67.7%
July	-	-	147.0	67.7%
August	-	-	147.0	67.7%
September	-	-	147.0	67.7%
October	-	23.0	170.0	78.3%
November	-	23.0	193.0	88.9%
December	-	24.0	217.0	100.0%
Total	**147.0**	**70.0**		**100.0%**

Source: Management

(1) Management assumes that 100% of the Independent Living Units will be sold. Management assumes that Monthly Service Fee revenue will be based on 100% of the Independent Living Units as described in the Membership Agreement.

Management has assumed that turnover of the Independent Living Units is assumed to be 5.0 percent starting in October 2029, and increasing to 10.0 percent in October 2030.

Assumed Health Center Utilization

Management assumes the 48 Combination Healthcare Units will achieve 94.0 percent occupancy by November 30, 2030. The following table summarizes the projected utilization of the Combination Healthcare Units.

Table 4
Average Utilization of Combination Healthcare Units

Years ending December 31,	Occupied Units	Available Units	Occupied Units %
2029[(1)]	8.0	48.0	16.7%
2030	42.8	48.0	89.2%
2031	45.1	48.0	94.0%

Source: Management
(1) Management assumes that the Community's Combination Healthcare Units to be available for occupancy beginning May 1, 2029.

Independent Living Fees – Management assumes Independent Living Monthly Service Fees increase 3.0 percent annually beginning January 1, 2028 for the Estates and Village Homes and beginning January 1, 2030 for the Manor Building.

Healthcare Center Fees – Admittance to the Healthcare Center is restricted to only those residents who have become Continuing Care Members. Management assumes Combination Healthcare per diems increase 3.0 percent beginning January 1, 2030, and annually thereafter.

Other Revenues – Management assumes other revenues consist of revenues from additional resident meals and snacks, guest meals, guest apartment rentals and other miscellaneous sources. Management assumes these revenues will increase 3.0 percent annually throughout the projection period.

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits – Assumed by Management to increase 3.0 percent beginning January 1, 2028, and annually thereafter.

Other Operating Expenses – Supplies, accounting and legal, and facilities costs include property taxes, insurance, utilities, and other miscellaneous costs. Management assumes the cost of other operating expenses shall increase 3.0 percent beginning January 1, 2028, and annually thereafter.

Management Fee Expense – Management fee expense equal to 10 percent of total Club and Association annual revenue is to be paid to BRRP for the day-to-day operations of the Club, and management fee expense equal to 6 percent of total Healthcare Center annual revenue is to be paid to Liberty for the day-to-day operations of the Healthcare Center (the "Management Fees").

Transfer from BRRP – After the opening of the Club in October 2027, BRRP is assumed to transfer approximately $11,000,000 in varying increments over three years (the "Transfer") to the Club to ensure the Club achieves and maintains appropriate reserves. Transfers from the Club to BRRP are to be from operating cash flows. Based on the operating performance projected, Management assumes the Club shall be able to transfer approximately $1,500,000 to the Corporation during fiscal year 2031, with the remaining balance being paid off beyond the projection period..

Assets Limited as to Use – Assets limited as to use are comprised of an operating reserve fund. Assets limited as to use are assumed to be carried at fair value, which, based on the nature of the underlying securities, is assumed to approximate historical cost. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the projection period.

Statutory Operating Reserve

North Carolina General Statute § 58-64A-245 requires CCRC's to maintain an operating reserve (the "Statutory Operating Reserve") subject to the certain guidelines.

- A provider shall maintain after the opening of a CCRC an operating reserve equal to fifty percent of the total operating costs of the CCRC projected for the 12-month period following the period covered by the most recent disclosure statement filed with the North Carolina Department of Insurance ("NCDOI").
- Once a CCRC achieves a 12-month daily average independent living unit occupancy rate of 90 percent or higher, a provider shall be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by NCDOI.
- A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent and has no long-term debt or a debt service coverage ratio in excess of 2.00x as of the provider's most recent fiscal year-end shall be required to maintain an operating reserve equal to 12.5 percent of total operating costs of the CCRC.

12-Month Average Occupancy Rate	Operating Reserve Requirement as a Percentage of Independent Living Unit Occupancy Rate
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

Reserve and Replacement Fund

As described in the Reservation Agreement, Initial Members of the Community are required to fund a reserve and replacement fund (the "Reserve and Replacement Fund") for future use as determined by Management. Each initial move-in to an Independent Living Unit is responsible for a one-time payment equal to approximately two months of Monthly Service Fees. For purposes of the projection, upon reaching stabilized occupancy for the Operating Reserve Fund, the Reserve and Replacement Fund is released into operating cash.

Commons and HC Center Lease

Upon opening, the Combined Entities and BRRP are expected to enter into a lease agreement for use of the common areas and the Healthcare Center (the "Commons and HC Center Lease"). The Commons and HC Center Lease is assumed to include an approximate $12,122,000 present value of lease payments due to BRRP over a 15-year assumed lease term, discounted at 3.0 percent ("Present Value"). Management assumes The Combined Entities will be assessed a lease fee for the use of the Healthcare Center and other common areas owned by the Corporation, based on the market value of the leased space (the "Lease Fee"). The Lease Fee is to begin upon receipt of the certificate of occupancy of the clubhouse building and the Health Center, assumed to be October 2029. Lease Fee payments are to be made monthly, with an initial lease payment of $650,000 and $350,000 annually for the clubhouse building and Health Center, respectively. Management assumes the Lease Fee would increase 3.0 percent annually.

Current Assets and Current Liabilities - Operating expenses of the Club do not include amortization, depreciation, or interest expense. Operating revenue includes Monthly Fees, Daily Fees, and other revenue. Working capital components have been estimated based on Management's historical experience as follows:

Table 5
Working Capital

Accounts receivable	15	days of operating revenues
Prepaid expenses	10	days of operating expenses
Accounts payable	30	days of operating expenses
Other accrued liabilities	15	days of operating expenses

Source: Management

Appendix C — Statement of Actuarial Opinion

An actuarial projection of future population flows and adult care home bed and nursing bed needs is pending and will be attached hereto as Appendix C upon completion.

Appendix D — Representative Contract(s)

LEGACY
AT MILLS RIVER

MEMBERSHIP AGREEMENT

This Agreement is executed as of the _____ day of _____, 20___, by **LEGACY AT MILLS RIVER CLUB**, a nonprofit corporation organized under the laws of the State of North Carolina (hereinafter referred to as the "Club"), and _____ whose address is _____ (hereinafter referred to as the "Member") and, if different from the *Member*, _____ whose address is _____ and who is the purchaser (the "Purchaser") under that certain Purchase and Sale Agreement dated _____ (the "Purchase and Sale Agreement").

WHEREAS, Member, or Purchaser, if different from the Member, has entered into the Purchase and Sale Agreement for the purchase of Home No. _____ (hereinafter referred to in this Agreement as "Home" and referred to as "Unit" in the Declaration of Condominium for Legacy at Mills River) located in Legacy at Mills River, a Continuing Care Retirement Community located in Mills River, Henderson County, North Carolina (hereinafter referred to as "Legacy at Mills River"); and

WHEREAS, the purchase of the Home requires that it be coupled with the rights, privileges and responsibilities of membership in the Club as hereinafter more fully described, to be utilized by the Member, and this Agreement outlines the membership rights, obligations and services derived from membership.

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. The following terms used herein are defined as follows:

    a. "Blue Ridge Retirement Partners" shall mean and refer to Blue Ridge Retirement Partners, LLC, a North Carolina limited liability company.

    b. "Club" shall mean and refer to Legacy at Mills River Club, a North Carolina nonprofit corporation, its successors and assigns, which is the entity responsible for carrying out the plan of Membership as hereinafter set forth.

    c. "Club Facilities" shall mean and refer to the Clubhouse, which is physically located within Building A, including but not limited to, a community hall, kitchen and dining areas, living, game, craft and reading rooms, exercise areas, pool, limited offices and commercial leasable areas located on the site of and comprising an integral part of Legacy at Mills River. For purposes of this Agreement, Club Facilities do not include the Health Care Facility.

d. "Condominium" shall mean and refer to Legacy at Mills River as described in the Declaration of Condominium creating same.

e. "Condominium Fees" shall mean the regular monthly and any special assessments levied against a Home and payable to the Owners Association by a Member and Home Owner to pay the costs and expenses of operating and maintaining the Condominium and its properties.

f. "Continuing Care Fees" means the applicable one-time fees plus, in the case of the Life Care Option, the monthly fees charged for Continuing Care Services as more particularly described in Paragraph 3.

g. "Continuing Care Member" is a Member who has paid the Continuing Care Fee and is therefore entitled to Continuing Care Services at the Health Care Facility.

h. "Continuing Care Membership" shall mean and refer to that certain license or collection of rights provided hereunder to a Continuing Care Member, which is available to Members.

i. "Continuing Care Modified" shall refer to the monthly fee structure that is applicable to all Continuing Care Members who have not elected and paid for the Life Care Option and who have been admitted to the Health Care Facility.

j. "Continuing Care Services" means skilled nursing and assisted living services provided at the Health Care Facility as more particularly described in Paragraph 7(i) of this Agreement.

k. "Designated Member(s)" means the natural person or persons designated by the Purchaser as the Member under this Agreement. In such cases, the Designated Member is the Member, not the Purchaser.

l. "Health Care Facility" shall mean and refer to the building consisting of approximately 80 beds (initially up to 34 beds), and containing nursing care and assisted living facilities located on the site of and comprising an integral part of Legacy at Mills River. The Health Care Facility includes the portion of Building A which is being built as part of Phase I as well as a planned separate building to be constructed in a later phase of the development of Legacy at Mills River.

m. "Heath Care Rate" shall mean and refer to the monthly health care payment or health care rate which covers the cost of the Continuing Care Services provided to Continuing Care Members by the Club upon admission to the Health Care Facility and after exhaustion of eligible days as more particularly described in Paragraph 7(i). The Heath Care Rate depends upon whether a Continuing Care Member has elected the Continuing Care Modified or Life Care Option fee structure.

n. "Home" shall mean and refer to that certain Manor, Village or Estate home in the Condominium and, when used in its generic sense, denoting any independent living residence located within Legacy at Mills River.

o. "Legacy at Mills River" shall mean and refer to Legacy at Mills River, a Continuing Care Retirement Community consisting of the Club Facilities, the Health Care Facility and three types of independent living residences all being located upon property in Mills River, Henderson County, North Carolina.

p. "Life Care Option" shall refer to the monthly fee structure that is applicable to all Continuing Care Members who have elected and paid the Life Care Option Fees and who have been admitted to the Health Care Facility.

q. "Life Care Option Fees" shall mean both a one-time fee and monthly fees payable to upgrade a Continuing Care Membership from Continuing Care Modified to the Life Care Option.

r. "Member" shall mean and refer to the party or parties to this Agreement, whether one or more, hereinabove identified as the Member and shall likewise refer, in its generic context, to a person who has acquired a Membership, as hereinafter defined, and is therefore eligible for all rights of access to the Club Facilities. The Member(s) is either the Purchaser(s) or the Designated Member(s), not both. Member shall also refer to a Continuing Care Member, only where the Member has paid the Continuing Care Fee.

s. "Membership" shall mean and refer to that certain license or collection of rights, coupled with the corresponding responsibilities and obligations, associated with permanent residency within Legacy at Mills River which is available to persons age fifty-five (55) and over (or to couples with one spouse age 55 and over) and who meet the various requirements set forth in this Membership Agreement. Membership includes Continuing Care Membership only where the Member has paid the Continuing Care Fee.

t. "Monthly Payment" shall mean the monthly payment that a Member and, if the Member and the Purchaser are not the same person, the Member and the Purchaser are required to pay. The Monthly Payment includes the Service Fee and the Condominium Fees. In situations where there is a second occupant of the Home, the Monthly Payment shall include a "Second Person Fee". The Monthly Payment does not include the Health Care Rate, which applies only when a Continuing Care Member is admitted to the Health Care Facility and has exhausted his or her "eligible" days as described in Paragraph 7(i).

u. "Owner" or "Home Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity that owns a Home, as hereinafter defined, within the Condominium.

v. "Owners' Association" shall mean Legacy at Mills River Owners' Association, a North Carolina nonprofit corporation organized as the condominium association for Legacy at Mills River.

w. "Service Fee" shall mean and refer to that portion of the Monthly Payment which covers the cost of the various services other than Continuing Care Services provided to Members by the Club as more particularly described herein.

Legacy is a Continuing Care Retirement Community

2. Statement of Background.

Legacy at Mills River is a continuing care retirement community located in Henderson County, North Carolina, which offers the opportunity of ownership of real property in one of three available types of Homes for use by persons age fifty-five (55) and older, accompanied by a Membership which allows the Member access to the Club Facilities and for those Members who hold a Continuing Care Membership, access to the Health Care Facility, both of which are located on-site.

All Legacy Residents Must Be Members

3. Required Membership; Continuing Care Fee.

All Home Owners at Legacy at Mills River receive a non-transferable Membership for their use or for use by their Designated Member(s) simultaneously with the purchase of their Home. The Home Owner or his Designated Member(s), as applicable, shall be the holder of the Membership. The Membership entitles the Member to use the Club Facilities and, if the Continuing Care Fees have been paid in the manner described below in this Paragraph 3, gives the Member the right to live in the Health Care Facility and to receive Continuing Care Services when he is no longer capable of independent living as hereinafter more fully provided. The Membership is solely for the Member's personal participation in the Club and does not provide Membership in the Club for any purchaser of a Member's Home or any subsequent user of the Home.

Continuing Care Fees are Included in Purchase Price for First Generation Purchasers

The cost of Continuing Care Membership (herein referred to as the Continuing Care Fees) is included in the gross purchase price of a Home as stated in the Purchase and Sale Agreement only if the Home is purchased from Blue Ridge Retirement Partners. The Continuing Care Fees are therefore paid as part of the purchase price of a Home to Blue Ridge Retirement Partners at or prior to closing on the purchase of a Home. The Continuing Care Membership purchased as part of the purchase of a Home from Blue Ridge Retirement Partners is solely for the purchaser's or Designated Member's personal entitlement to Continuing Care Services and does not provide Continuing Care Membership or entitlement to receive Continuing Care Services for any purchaser of a Continuing Care Member's Home or any subsequent user of the Home.

Continuing Care Fees for Second Generation and Beyond Purchasers; Option to Elect Continuing Care Services

The Continuing Care Fees are not included in the gross purchase price of a Home when a Home is purchased by a "second generation and beyond" purchaser. A "second

generation and beyond" purchaser is one who does not buy a Home directly from Blue Ridge Retirement Partners but rather purchases a Home in Legacy at Mills River from a Home Owner other than Blue Ridge Retirement Partners. Second generation purchasers and those that follow (or such purchasers' approved Designated Member(s)), will become a Club Member upon purchase of a Home, but will not automatically have the right to receive Continuing Care Services. Club Members who are not automatically entitled to Continuing Care Services may elect to defer payment of the Continuing Care Fees -- and their consequent right to receive Continuing Care Services -- to a later date. However, payment of the Continuing Care Fees is required for a Club Member to be entitled to admission into the Health Care Facility for assisted or skilled care services.

As long as they are Home Owners, second generation and beyond purchasers (or their Designated Member(s)) who reside in a Home but who have not paid the Continuing Care Fees will have the option of receiving Continuing Care Services in exchange for payment of the Continuing Care Fees. Any second generation and beyond purchasers (or their Designed Member(s)) who wish to receive Continuing Care Services must elect to receive Continuing Care Services by executing and delivering to the Club the Continuing Care Addendum attached to this Agreement, and by paying the Continuing Care Fees. Further, at the time a Member elects to receive Continuing Care Services, he must be capable of independent living, free of communicable diseases and, in the judgment of the Club, not in need of continuing care services for the foreseeable future, that is, no sooner than 12 months.

The Continuing Care Fees are set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time. The Continuing Care Fees are subject to increase at any time so purchasers or their Designated Member(s) who elect to defer payment of the Continuing Care Fees may be required to pay higher Continuing Care Fees at a later date. The Club will periodically give advance notice to purchasers or their Designated Members who have not yet elected to receive Continuing Care Services of the amount of the Continuing Care Fees and any proposed increases. The decision to increase the Continuing Care Fees will be made by the Board of Directors of the Club, taking into account such factors as operating costs, anticipated inflation during the coming year or years, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Heath Care Facility.

Continuing Care Modified; Life Care Option

Continuing Care Members who are entitled to Continuing Care Services are initially eligible for what Legacy at Mills River refers to as Continuing Care Modified. Under the Continuing Care Modified fee structure, a Continuing Care Member, upon admission to the Health Care Facility, and after exhaustion of all "eligible days", as described in Paragraph 7(i) below, will pay the Health Care Rate that is applicable at the time of admission and subject to increase from time to time. The Health Care Rate is set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time. The decision to increase the Heath Care Rate will be made by the Board of Directors of the Club, taking into account the same factors described above used to determine increases in Continuing Care Fees.

Continuing Care Members can upgrade from Continuing Care Modified to the Life Care Option by executing and delivering to the Club the Life Care Option Election Addendum attached to this Agreement, and by paying the Life Care Option Fees. By upgrading to the Life Care Option, the Health Care Rate for the upgrading Continuing Care Member will be the same as the Member's Monthly Payment plus Life Care monthly fee at the time of admission to the Health Care Facility, as revised from time to time in accordance with Paragraph 7. The benefit of paying an amount equal to the Member's Monthly Payment and Life Care monthly fee rather than an amount equal to the Health Care Rate is that the Member's Monthly Payment may be lower than the Health Care Rate. The current Life Care Option Fees are set forth on Schedule A, as amended and published by the Club from time to time. Taking into account the factors described above which are used to determine any increases in Continuing Care Fees, the Life Care Option Fees are subject to increase by decision of the Board of Directors at any time so purchasers or their Designated Member(s) who elect the Life Care Option may be required to pay higher Life Care Option Fees at a later date. The Club will periodically give advance notice to purchasers or their Designated Members who have not elected to receive Continuing Care Services or who have elected to receive Continuing Care Services, Continuing Care Modified, of the amount of the Life Care Option Fees and any proposed increases.

Additional Members

In the event that a second person who is not the Designated Member (including any subsequent spouse of the Designated Member) resides in the Home, he will be required to apply for Membership in the Club. In addition, such second person will not be entitled to Continuing Care Services unless such person has elected, in accordance with this Paragraph 3, Continuing Care Services and paid the Continuing Care Fees charged by the Club at the then current rates.

Continuing Care Membership is Non-Transferable

4. Continuing Care Membership Non-Transferable.

The Continuing Care Fees whether paid as part of the gross purchase price of a Home or paid separately by a second generation and beyond purchaser is personal to the Home Owner or his Designated Member and is non-refundable and non-transferable. In those circumstances where a Home Owner is the occupant of a Home in Legacy at Mills River, the Continuing Care Membership will expire when that person or persons sells or otherwise disposes of the Home or permanently ceases to occupy the Home unless he is residing in the Health Care Facility. In the case of a Home Owner who acquires a Home to be used by someone other than himself, that circumstance is governed by the provisions of Paragraph 6 hereinafter.

Resale of Home and Club Membership

5. Resale of Homes.

Upon resale of a Home, the purchaser or his Designed Member becomes a Member of the Club upon execution and delivery of this Agreement but will not be eligible for Continuing Care Services unless the purchaser or Designated Member elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees.

In the event the Owner gives or wills his Home to a family member, or to anyone else, the donee, devisee or beneficiary or his Designated Member becomes a Member of the Club upon execution and delivery of this Agreement, but will not be eligible for Continuing Care Services unless such donee, devisee or beneficiary or his Designated Member elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees.

When Member is not the Home Owner

6. Provisions Applicable Where Member is Not the Home Owner.

In those circumstances where a Home Owner has acquired a Home to be used by someone other than himself, that Home Owner must designate the Designated Member or the person or persons who shall use the Membership. This designation must take place at least sixty (60) days prior to the time the Home is purchased. The Designated Member: (a) must meet the basic eligibility requirements for Membership in Legacy at Mills River; (b) must be approved by the Club; and (c) must have complied with the provisions of this Paragraph 6 and 19(f) regarding assurances with respect to the Monthly Payment. In this instance, the Membership expires when the Designated Member(s) ceases to use the Membership by ceasing to occupy the Home unless residing in the Health Care Facility. Any subsequent users of the Home, including the Home Owner, must acquire a Membership for their use by execution and delivery of this Agreement as a Member prior to occupying such Home. Such subsequent users of the Home will also have the option of electing to receive Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees.

If the Member is not the Owner of the Home, the Member shall be and is jointly and severally responsible and liable for the Monthly Payment of the Home Owner, and the Home Owner shall likewise be jointly and severally responsible and liable for the Monthly Payment and Health Care Rate, if applicable, and all other expenses with the Member. **In such circumstances the Member and the Home Owner agree, upon request, to execute a guaranty agreement in a form approved by the Club further evidencing this joint and several responsibility and liability**. The provisions of this Paragraph 6 also apply to individuals who qualify for Membership and move into a Home with an existing Member, whether through marriage or other arrangements.

Monthly Payment Includes Legacy Services and Condominium Fee; Health Care Rate Relationship to Monthly Payment

7. Monthly Payment.

All Members shall be responsible for a Monthly Payment which covers the cost of the various standard services provided to Members by the Club as more particularly described herein, and also includes the Condominium Fee. If a Continuing Care Member is admitted to the Health Care Facility, after exhaustion of "eligible" days, as described below, such Member will begin paying the Health Care Rate, as the Monthly Payment does not cover the cost of Continuing Care Services, and will continue to be responsible for payment of the Monthly Payment until the Member's Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. (See "**Payment of Health Care Rate**"

below). The Monthly Payment will be as set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time.

Monthly Payment may be Adjusted

The Monthly Payment may increase in future years and will be adjusted from time to time by decision of the Board of Directors of the Club depending upon changes in such factors as operating costs, anticipated inflation during the coming year or years, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Club.

The Member shall receive thirty (30) days advance notice of any Monthly Payment adjustment.

Overhead Fee

The annual gross operating costs of the Club and the Condominium include a corporate overhead payment to Grant Investment Group, LLC, the entity that will be responsible for developing Legacy at Mills River on behalf of Blue Ridge Retirement Partners. This overhead fee will be ten percent (10%) of the actual total operating and administrative costs of the Club and the Condominium.

Condominium Fee

As mentioned above, one component of the Monthly Payment is the Condominium Fee for the Home owned or occupied by the Member. The Condominium Fee will be based on actual costs as shown in the annual operating budget of the Condominium formulated and adopted in accordance with the Bylaws of the Owners Association. Each Member of the Club resides in a Home which is a part of the Condominium. The monthly Condominium Fee will be assessed as a cost of operation based on the statutory percentage of interest ownership in the common elements. The Condominium Fee is an additional charge which is a separate cost from the operation of the Club and is made a part of the Monthly Payment as previously indicated as a convenience to the Members so that the Member will only have to make one payment per month.

Payment of Health Care Rate

If a Continuing Care Member has exhausted all "eligible" days at the Health Care Facility as described in Paragraph 7(i) below, the admitted Continuing Care Member will begin to pay the Health Care Rate applicable to such Member. Such Member will be required to pay both the Health Care Rate and the Monthly Payment. Payment of the Monthly Payment will continue until such time as the Club determines, in its sole discretion, the Member will not return to independent living, and the Member's Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment.

Optional Services/Additional Cost

The Monthly Payment encompasses payment for the services and features, but not Continuing Care Services, outlined herein which are available to all Members. Members will be required to pay additional charges for any repair and/or maintenance of "custom

changes" as set forth in the Declaration of Condominium, and for optional services requested by them, as provided in Paragraphs 8 and 9 herein. The Monthly Payment will be payable on the first day of each month, in advance, and is past due after the fifth (5^{th}) day of each month. Payment may be made at the accounting office or by mail. Payments made after the fifth (5^{th}) day may be subject to a late fee. Additional charges for optional services will be payable on the first (1^{st}) day of each month for the optional services, such as, for example, home health services, obtained during the preceding month. The Member's responsibility for the Monthly Payment shall commence on the earlier of actual occupancy of a Home or the date of closing of a Home unless otherwise agreed to by the selling party, the Member, and the Club.

Services Included in Monthly Payment and Continuing Care Services

The following services and features are included in the Monthly Payment:

a. Meals.

A Meal Allowance will be provided to each Member at the beginning of each month and then in the various dining services venues this allowance will be "spent down" as food and beverages are selected.

b. Bi-Weekly Housekeeping.

Housekeeping services will include cleaning and dusting the interior of the Home, with vacuuming on a bi-weekly basis.

c. Bi-Weekly Flat Laundry.

The bi-weekly flat laundry service includes sheets, pillow cases, towels, face cloths and dish cloths. The flat laundry will be washed, dried, folded and returned at the next scheduled housekeeping visit.

d. Grounds Care.

Legacy at Mills River's lawns, trees and shrubs will be maintained as well as the interior and exterior of the club house, the parking areas, walks and exercise trails.

e. Club Activities.

Activities of the Club will include social, cultural and recreational activities for those who wish to participate. The Activities Director will be responsible for scheduling group events, transportation, newsletters and resident orientation. Arts, crafts and activities in the Club will be under the supervision of the Club's Activities Director.

f. Transportation.

Scheduled local transportation services will be provided. Medical transportation will be based on availability for a fee.

g. Security.

The Club will provide security personnel.

h. Utilities.

Utilities will be included in the Monthly Payment for owners of Manor Homes. Owners of Village or Estate Homes are required to pay for utility services. All Homes are responsible to pay for premium cable television charges and internet connections.

i. Health Care Facility; Continuing Care Services.

Blue Ridge Retirement Partners will initially have 9 skilled rooms and 8 home for the aged rooms (assisted living) licensed by the North Carolina Department of Health and Human Services, Division of Facility Services. The skilled nursing care facility and the assisted living facility are collectively referred to as the Health Care Facility. Members receive fifteen (15) "eligible" days per year in the Health Care Facility where there is no fee for room and board. A Member may accumulate a maximum of thirty (30) "eligible" days at any one time. During this 30-day period, the Member will continue to pay his Monthly Payment plus the cost of two (2) extra meals per day, nursing supply charges, and those costs outlined in Paragraph 9 of this Agreement. A private room may be available for an additional cost. If the Member needs additional care after he receives the maximum number of "eligible" days of care, then the Member will pay the applicable Health Care Rate in addition to the Monthly Payment. The Member will continue to pay both the applicable Health Care Rate (which is the amount of the Monthly Payment in the case of Continuing Care Members who have elected the Life Care Option and paid the Life Care Option Fees) and Monthly Payment until such time as it is determined that the Member's admission to the Health Care Facility is permanent and the Member's Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. At such time, the Member will pay only the applicable Health Care Rate. This amount will include meals and semi-private accommodations unless the Member makes arrangements to pay the extra charge for private accommodations which are provided on an "as-available" basis.

In the event there are two Members who occupy a Home together and one of the Members becomes a permanent resident of the Health Care Facility (after use of the maximum eligible days), then the Monthly Payment for the Member continuing to occupy the Home will not include a second person fee. The Member residing in the Health Care Facility will pay the applicable Health Care Rate only.

In the unlikely event accommodations are not immediately available in the Health Care Facility, the Member agrees to relocate to another health care facility arranged by the Club to provide such care until accommodations at the Health Care Facility are available. The Club shall be responsible for any increased charge associated with the alternate health care accommodations.

Admission to the Health Care Facility is subject to certain standards and conditions based upon licensing requirements of the facility. Not all health conditions can be treated, e.g., no psychiatric care is available. Continued

occupancy of the Health Care Facility is subject to the termination provisions described in paragraph 12 below.

j. Licensing Standards.

The operation of the Health Care Facility shall be governed by the applicable regulations and licensing standards of the State of North Carolina, including the North Carolina Department of Insurance ("NCDOI") and the North Carolina Department of Health and Human Services ("NCDHHS").

k. Absence Credit.

In the event that a Member provides prior written notice to the Club that the Home will be unoccupied for a period of at least thirty (30) consecutive days, such Member may be entitled to an "absence credit" in an amount as may be determined at the sole discretion of the Club.

8. Additional Amenities and Services.

Additional amenities and services that may be available to Members at an additional cost include, but may not be limited to, additional meals, additional housekeeping, beauty parlor, barber shop, personal transportation and home care services in the Member's Home.

9. Additional Health Services

a. General.

Special services and supplies which may include physical therapy, occupational therapy, pharmacy, special duty nurses, personal laundry, rental of equipment, home care and other services upon special arrangement will be available at an extra charge. These services and supplies are not included in the charges for care outlined in Paragraph 7 above.

b. Home Care and/or Home Health Care Services.

Special services in the form of home care and/or home health care will be available at additional charges, and only upon the execution of a specific agreement for home health services with the Club. The services may include the provision of either a home health aide ("HHA"), a certified nursing assistant ("CNA"), a licensed practical nurse ("LPN"), or a registered nurse ("RN"). Invoicing for such home health services may be done separately or as a supplement to the Monthly Payment. All fees due pursuant to the Home Health Services Agreement shall be considered part of the Monthly Payment for purposes of the Club's right of collection and enforcement.

Health Center has Medical Director

c. Medical Director.

A physician member in good standing of the Henderson or Buncombe County medical community will be designated as the Medical Director of the Club (herein referred to as "Medical Director"). The Medical Director will not be an employee of the Club. Beyond emergencies, the Member will be at liberty to engage the

services of the Medical Director, or any other physician, at the Member's expense. The Club will not be responsible for the cost of medical treatment by the Medical Director nor will the Club be responsible for the cost of medicine, drugs, prescribed therapy and similar treatment.

Relocation to Health Care Facility

10. Duration of Member's Right to Occupy Home.

The Member can live in his or her Home for as long as he or she is capable of independent living and so long as independent living is practical. If, in the opinion of the Member's attending physician, or the Medical Director of the Club, the Member's physical or mental health requires that nursing or home for the aged care be given, the Member agrees to relocate to the Health Care Facility which is licensed to provide such care or to some other health facility of the Member's choice or to obtain in-home care from a licensed health care professional upon terms and a schedule approved by the Club. The Club may limit the time and extent of licensed health care received in the Home.

11. Member's Termination Rights.

The Member (including both of them if there are two Members) may terminate this Agreement at any time for any reason by giving the Club thirty (30) days' written notice signed by the Member (or both of them if there are two Members). Notwithstanding such termination, the Member's (and Purchaser's, if the Purchaser is not the Member) obligations as provided herein shall continue until the Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. Transfer of a Home to a person (other than to the decedent's estate) by gift or under the Will of a deceased Home Owner or by the laws of intestacy is a conveyance which will require the execution and delivery of a new Membership Agreement in the event the donee, devisee or beneficiary or his Designated Member elects to become a Member of the Club. The donee, devisee or beneficiary or his Designated Member who becomes a new Member will not be eligible for Continuing Care Services unless he elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fee. In the event of a gift, the Home Owner and Member will retain all Membership obligations provided herein until the donee or his Designated Member becomes a Member. In the event of death, the estate of the Member will retain all Membership obligations provided herein until the Member's Home is resold or otherwise transferred and the purchaser/transferee or his Designated Member becomes a Member. Transfers to a trust or other entity for bona fide estate planning purposes do not constitute a transfer with respect to which a new Membership Agreement must be executed (and the option to receive Continuing Care Services elected) as long as the there is no change in the designated Member or the Home Owner remains the Member after such transfer. As previously stated, if the Member is not also the Home Owner, the Home Owner and the Member's estate shall be jointly and severally responsible for said obligations.

12. Termination Rights of the Club.

a. The Club shall not terminate this Agreement except for just cause. The Member who is a Home Owner (and Purchaser, if the Member is not the Home Owner) agrees that

he will be obligated to promptly sell his Home in the event the Club terminates this Agreement for just cause. Just cause includes, but is not limited to, the following:

i. except as set forth in Paragraph 12(b) below, failure to pay to the Club any charges due hereunder or any other breach of a material term of this Agreement;

ii. creation by the Member of a disturbance within Legacy at Mills River which in the judgment of the Club is detrimental to the health, safety, comfort and peaceful lodging of the other Members, e.g., loud noises, harassing other residents.

iii. the Member becomes infected with a dangerous and contagious disease or becomes mentally or emotionally disturbed, and the Medical Director determines that the Member's condition is detrimental to the health, safety or welfare of other Members or the staff of Legacy at Mills River and the Member's condition cannot be cared for in the Health Care Facility within the limits of its license from the State of North Carolina;

iv. the Member refuses medical treatment which, in the opinion of the attending physician or the Medical Director, is medically required for the Member's health or the health or safety of other Members or staff; or

v. the Member refuses to consent to relocation or home health services per Paragraph 10 above.

Legacy Policy not to Terminate Solely by Reason of Inability to Pay Monthly Charges

b. Because it is and shall continue to be the declared policy of the Club to endeavor to avoid termination of this Agreement solely by reason of his financial inability to pay the total Monthly Payment and other charges, the Member shall be permitted to remain at Legacy at Mills River at a reduced monthly charge based on the Member's and Home Owner's (if the Home Owner is not the Member) ability to pay for so long as: (i) they or he establishes facts to justify deferral of the usual charges; (ii) they or he establishes the ability to secure repayment of such deferred charges; and (iii) the determination is made that the deferral of such charges can, in the sole discretion of the Club, be granted without impairing the ability of the Club to operate on a sound financial basis. The loss of revenue to the Club from any such deferral of charges will be borne by the Club until repaid as further outlined.

If the Member has Financial Difficulties

c. If the Member and the Home Owner (if the Home Owner is not the Member) encounter financial difficulties making it impossible for them and him to pay the Monthly Payment charges and other charges appropriate for the Home or for health care in the Health Care Facility, then:

i. the Member may remain until any applicable insurance benefits and/or third party payment benefits received by the Club on his behalf have been exhausted. The Member and the Home Owner (if the Home Owner is not the Member) shall continue to have the obligation to pay the amount of the Monthly Payment and other charges which are not covered by the Member's insurance benefits.

ii. the Member shall in any case be permitted to remain at Legacy at Mills River after the date of failure to pay until such time as other arrangements can be made for the Member's care.

Policy not Applicable in Cases Where Member Makes Unapproved Gifts or Other Transfers

Notwithstanding the above, the provisions of Paragraphs 12(b) and (c) shall be rendered inoperative and inapplicable if the Member has impaired his ability to meet his financial obligations hereunder by making unapproved gifts or other transfers or speculative or otherwise inappropriate investments for someone in Member's circumstances.

Any charges deferred as herein contemplated will be offset by the Club against the proceeds from the sale of the Home when such sale occurs and the Club shall have a first priority claim against said proceeds, subject only to existing first mortgage liens, if any, and subject to the lien of the Owners Association for Condominium assessments as hereafter provided. The Member and the Home Owner (if the Home Owner is not the Member) agree that their or his financial obligations to the Club constitute a debt which must be repaid. The Home Owner, upon request by the Club, agrees to execute a note and a mortgage on his Home, and any other loan documents required by the Club as security for the repayment of this debt.

It is understood and acknowledged that the lien of such mortgage shall be subordinate to the lien of the Condominium Association for Condominium assessments and any such mortgage must expressly so provide. The Note shall bear interest at the prime rate as published in the Wall Street Journal.

Legacy will Give 30 Days Notice and Member has 30 Days to Correct Problem

d. Prior to any termination of this Agreement by the Club, the Club will give the Member notice in writing of the reasons for termination and the Member will have thirty (30) days thereafter within which the cause for termination may be corrected. If the cause for termination is corrected within such specified time, this Agreement

e. shall not be then terminated. If such cause is not corrected within such time this Agreement may be terminated and the Member must leave Legacy at Mills River. Notwithstanding such termination, however, the Member and the Home Owner (if the Home Owner is not the Member) will continue to pay his Monthly Payment and all other charges, until his Home has been resold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the Home and the Monthly Payment.

f. If the Medical Director determines that either the giving of notice or the lapse of time as provided above might be detrimental to the Member or other Members or staff of Legacy at Mills River, then such notice and/or waiting period, prior to termination and relocation to an appropriate hospital or other facility, shall not be required and termination of this Agreement shall be deemed to have occurred when the Member is relocated. In such event, the Club is expressly authorized to transfer the Member to an appropriate hospital or other facility and will promptly notify the Member's representative or his attending physician. However, the Member will retain all ownership rights and obligations in the Home until it is sold, transferred or otherwise conveyed to a new Owner who assumes the rights and obligations of the Member with respect to the Home and the Monthly Payment. If the Member is not the Home Owner, then the Member and the Home Owner shall be jointly and severally responsible for all such obligations until a new Owner and/or Member assumes all such rights and obligations of the Member with respect to the Home and the Monthly Payment.

13. Miscellaneous Provisions with Respect to the Member's Home.

Homes are for Residential Purposes Only

a. All Homes are for living purposes only and shall not be used for carrying on any business or profession without written approval of the Club, or in any manner in violation of zoning restrictions or applicable covenants and restrictions.

Pets are Permitted

b. Pets may be permitted. Pets must be on a leash at all times when outside. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Member owning the pet is responsible for any costs expended by the Club for the failure of the Member to adhere to Legacy at Mills River pet policy, including, but not limited to the cost of disinfection, cleaning, fumigation, and other corrective measures for damages to other Homes or common areas within Legacy at Mills River. Pets are not permitted in the Club Facilities or Health Care Facility. Any Member having a pet understands and agrees that the pet will be removed from the Home in the event the pet becomes a nuisance to other Members as determined in the sole discretion of the administrator of the Club. The Club will provide the Member with fourteen (14) days' written notice that the pet must be removed from the Home unless the pet poses an immediate threat, in which case removal may be required upon lesser notice. (Note: any damages to other Homes or to the common areas of Legacy at Mills River caused by the Member's pet is the sole responsibility of the Member.)

Occupancy of Homes

c. Except as hereinafter provided, no person other than the Member (or both of them) may occupy the Home except with the express written approval of the Club. In the event that a second person (including any subsequent spouse of the Member) is accepted for residency at Legacy at Mills River and Membership under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), the second person will become a Member upon execution and delivery of a Membership Agreement and will have the option to elect Continuing Care Services by execution and delivery of the attached Continuing Care Addendum and payment of the Continuing Care Fees all in accordance with Paragraph 3 above. The amount of the Continuing Care Fees paid to the Club shall be based on the then current Continuing Care Fees charged by the Club

Second Person Who Resides in a Home but is Not Party to This Agreement

The applicable Monthly Payment, together with the additional fee for second person occupancy, shall be paid for each month thereafter that the second person resides in the Home. Provided, however, if such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Home for more than thirty (30) days (except with the express written approval of the Club) and this Agreement may be terminated as provided herein if the Member continues to allow such unapproved occupancy of the Home.

Legacy May Modify Homes to Meet Legal Requirements

d. The Club or Blue Ridge Retirement Partners may effect changes in any Home in Legacy at Mills River at any time to meet the requirements of applicable law. The Member agrees to temporarily relocate to other facilities provided by the Club at its cost if it becomes necessary to vacate his Home in order to make such changes.

Member Must Obtain Insurance for Personal Property

e. Each Member must obtain his own insurance on his personal property (furniture, clothing, jewelry, etc.) located within his Home and for liability insurance within his Home (with a minimum $100,000 coverage). Furnishings provided by the Member shall not interfere with the health, safety and general welfare of other Members.

Future Purchasers Must Meet Legacy Residency Requirements

14. Resale.

The Member acknowledges that the resale of a Home in Legacy at Mills River must be made to an individual or individuals that meet Legacy at Mills River requirements for Membership or to a person who is purchasing a Home for or on behalf of an individual (or individuals) who meet Legacy at Mills River requirements for Membership. The determination that the individual or individuals meet the requirements for Membership shall be made by Blue Ridge Retirement Partners. The Member also acknowledges and agrees that in the event he moves out of his Home prior to its sale, the Member will be responsible for paying the Monthly Payment until his Home is resold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations

of the Member with respect to the Home and the Monthly Payment and the closing has taken place.

Associate Memberships

15. Associate Memberships.

Blue Ridge Retirement Partners anticipates that there will be a continuing large demand for Membership in the Club. Blue Ridge Retirement Partners shall have the option, at its sole discretion, to create a waiting list of Associate Members who are not residents of Legacy at Mills River to have secondary priority access to the Club Facilities and Health Care Facility.

Disagreement Settled by Arbitration

16. Arbitration.

It is the parties' intent that any controversy arising under, out of, in connection with, or relating to, this Agreement and any amendment thereof, or the breach thereof, shall be determined and settled by arbitration in accordance with the rules of the American Arbitration Association. Any award rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered on any such award in any court having jurisdiction. Notwithstanding the foregoing, these arbitration provisions shall not be mandatory for any collection efforts of the Club pertaining to the Monthly Payments, the Health Care Rate, Continuing Care Fees, or other charges.

Amendments to Agreement Must be in Writing

17. Amendments.

a. Except as expressly provided herein, no amendment or modification of this Agreement shall be made.

b. No amendment to this Agreement shall be valid unless in writing executed by the Member (or both of them if there are two) and the Home Owner (if the Home Owner is not the Member), the Club and Blue Ridge Retirement Partners or approved and made effective in the manner set forth herein. Changes in the Monthly Payment, the Health Care Rate and the Continuing Care Fee are outside the scope of the amendment process and may only be made by the Club pursuant to the terms and conditions provided herein.

c. This Agreement may also be amended by written approval of not less than fifty-one percent (51%) of the Members, the Club and Blue Ridge Retirement Partners, provided, however, that no such amendment shall:

i. reduce the aforesaid percentage of Members which is required to consent to any such amendment; or

ii. permit the preference or priority of any Member over any other Member without the consent of such Member.

18. Cancellation Rights.

Member has 30 Days from Date of Execution to Rescind this Agreement

a. This Agreement may be rescinded by the Member by providing notice of rescission within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, and the Member will not be required to close on the purchase of his or her Home before the expiration of the thirty (30) day period.

Automatic Termination of Agreement

b. If the Member dies before the closing on the purchase of a Home, or if, on account of illness, injury, or incapacity, the Member would be precluded from occupying a Home under the terms of this Agreement, the obligations of the Purchaser and the Designated Member, if any, shall cease, and this Agreement shall be terminated. If there is more than one Member, this Agreement will continue to be binding on the Member, and the Purchaser, where the Member is a Designated Member. Furthermore, if a Member sells his Home and does not reside in the Home as a Member, or within Legacy at Mills Rivers' Health Care Facility, the Membership is automatically canceled.

c. Notwithstanding the foregoing, if the Member's illness, injury, or incapacity is such that appropriate care can be provided at the Health Care Facility, and the Member otherwise meets residency requirements of Legacy at Mills River, the obligations of the Purchaser and the Designated Member, if any, shall cease only if the Purchaser or Designated Member elects to terminate the Membership Agreement and the Purchase and Sale Agreement. In the absence of such election, the Member shall be admitted directly to the Health Care Facility provided that the Continuing Care Fees are paid.

Member (or Member's Representative) may be Entitled to Refund Upon Rescission or Cancellation

d. If this Agreement is rescinded or canceled pursuant to this Paragraph 18, the Member, if the Purchaser, or if the Member is not the Purchaser, the Purchaser, or such Member's or Purchaser's legal representative shall receive a refund of all money or property transferred to Blue Ridge Retirement Partners or paid into escrow, less (i) nonstandard costs specifically incurred by Blue Ridge Retirement Partners at the request of the Purchaser as described in any contract amendment signed by the Purchaser of the Home; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed the greater of one thousand dollars ($1,000.00) or two percent (2%) of the amount of the Continuing Care Fees. If rescission of this Agreement occurs within seven (7) days following the later of the execution of the Membership Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, the Member or the Member's legal representative shall receive a refund of all money or property transferred to Blue Ridge Retirement Partners or paid into escrow.

e. Cancellation or termination of this Agreement prior to closing on the purchase of a Home shall constitute cancellation or termination of the Purchase and Sale Agreement and vice versa.

19. Miscellaneous Legal Provisions.

a. This Agreement will be interpreted according to the laws of the State of North Carolina.

b. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

c. This Agreement has been executed on behalf of the Club by its duly authorized agents, and no officer, director, agent or employee of the Club shall have any personal liability hereunder to the Member or the Purchaser, if not the Member, under any circumstances.

d. When Member consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires. For the avoidance of doubt, the term Member refers to the Purchaser of the Home if there is no Designated Member. If there is a Designated Member, the term Member refers to such Designated Member.

e. This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Member pursuant to this Agreement may not be assigned or transferred. Any attempt by Member to assign this Agreement is void and may be deemed a default of Member, and the Club shall not be bound by any such assignment. The use of the masculine gender in this Agreement includes the feminine gender and, when the context requires the use of the singular, includes the plural.

Member Represents He is Capable of Independent Living and has Sufficient Assets and Income for Payment of Membership Obligations

f. By executing this Agreement the Member represents and warrants that he is capable of independent living, free of communicable disease, and has assets and monthly income which have been represented to Legacy at Mills River in writing through a preliminary application which are sufficient under foreseeable circumstances and after provision for payment of the Member's obligations under this Agreement to meet his ordinary and customary living expenses after assuming Membership and occupancy. The Member further warrants that he will continue to carry the applicable Title XVIII Medicare benefits and Medicare Supplement and/or third party insurance policies listed on the preliminary application and that all written representations made with respect to such matters by him or on his behalf to the Club are true and correct.

Member Agrees to Execute a Durable Power of Attorney

g. Each Member agrees to execute and deliver to the Club at or before assuming residency in Legacy at Mills River a Durable Power of Attorney in compliance with North Carolina law in a form acceptable to the Club, naming a person of Member's

choice to act on Member's behalf in the capacity of attorney-in-fact in the event it shall become necessary that a third party representative act on behalf of the Member. The Durable Power of Attorney shall grant the power and authority to make personal care decisions and health care decisions for the Member. The Durable Power of Attorney shall not be affected by physical disability or mental incompetence of the Member which renders the Member incapable of managing his/her own affairs. Each Member shall keep such a Durable Power of Attorney in full force and effect throughout the term of this Agreement. The attorney-in-fact, trustee or other representative named in any such Durable Power of Attorney shall in no event be a person employed by the Club, Blue Ridge Retirement Partners, the Owners Association or any other entity engaged in the management of Legacy at Mills River.

20. Acknowledgment and Receipt of Documents.

The Member and Purchaser, if different from the Member, hereby certifies that he has received a printed copy of this Agreement, a copy of the Declaration of Condominium establishing Legacy at Mills River Condominium, all Exhibits thereto, a copy of the Bylaws of Legacy at Mills River Owners Association, and Legacy at Mills River's current Disclosure Statement.

[SIGNATURE PAGE TO FOLLOW]

SIGNED and SEALED by Member(s) in duplicate originals as of the day and year first above written.

Signed in the Presence of:

_____

_____

_____

MEMBERS

_____

_____

Purchaser (if Different than Member)

_____

_____

CLUB

LEGACY AT MILLS RIVER CLUB,
a North Carolina nonprofit corporation

By:

_____
Its:

Attest:

_____
Its:

Home Type: _____

Home Number: _____

SCHEDULE A

Initial Monthly Payment

The amount of the Monthly Payment will be determined by the size and type Home selected by the resident based on the Monthly Service Fee Schedule.

1. Initial Health Care Rate: Private: Skilled $237.00 Assisted $141.00

2. Initial Continuing Care Fees

Continuing Care Modified Fee:

Initial Purchaser - Included

Resale Purchaser - $32,000 Single
$48,000 Double

One Time Life Care Option Fee:

Initial & Resale Purchaser - $22,000 Single
$33,000 Double

Monthly Life Care Option Fee:

Initial & Resale Purchaser $920 per month

Appendix E — Examination Report

The North Carolina Department of Insurance has not conducted an examination of the Legacy at Mills River.

Appendix F — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *"A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees."* (G.S. 58-64A-145(1))

Annual Debt Service. *"The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service."* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *"The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, 'total expenses' includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses."* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *"A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense."* (G.S. 58-64A-145(3))

Cushion Ratio. *"A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service."* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *"A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses."* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *"A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of*

indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness." (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *"Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units."* (G.S. 58-64A-5(30))

Net Operating Margin Ratio. *"A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue."* (G.S. 58-64A-145(7))

Operating Ratio. *"A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue."* (G.S. 58-64A-145(8))

Prospective Financial Statements. *"Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant."* (G.S. 58-64A-5(38))

Resident Expense. *"Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes."* (G.S. 58-64A-145(10))

Resident Revenue. *"Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions."* (G.S. 58-64A-145(11))

Unrestricted Cash and Investments. *"The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted."* (G.S. 58-64A-145(12))

Unrestricted Cash and Investments to Long-Term Debt Ratio. *"A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt."* (G.S. 58-64A-145(13))

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.