



CAROLINA BAY

AT AUTUMN HALL

Disclosure Statement

630 Carolina Bay Opco, LLC

Date of Disclosure Statement: 12/29/2025

Last Date for Delivery: 06/06/2027

- **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 630 Carolina Bay Opco, LLC. to penalties under Article 64**

Financial Snapshot: Key Ratios for Carolina Bay at Autumn Hall

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 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	25	28	24	66	65	63	—	—	—
CUSH	12.00	N/A	N/A	N/A	N/A	N/A	—	—	—
OR	86%	96%	92%	90%	89%	88%	—	—	—
NOM	24.94%	2.96%	6.99%	9.49%	10.65%	11.45%	—	—	—
NOM-A	24.94%	2.96%	6.99%	9.49%	10.65%	11.45%	—	—	—
DSCR	54.32	N/A	N/A	N/A	N/A	N/A	—	—	—
CD	3.00	N/A	N/A	N/A	N/A	N/A	—	—	—
CED	0.39	0.22	2.55	2.77	2.61	2.47	—	—	—

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.

- **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.
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.
 2. Many of the ratios are reporting as not applicable from 2024 forward. This is due to the community eliminating long-term debt in 2024.

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1. Provider Identification

Provider Name: Carolina Bay at Autumn Hall

Legal Provider: 630 Carolina Bay Opco, LLC

Item	Information
Legal Provider:	630 Carolina Bay Opco, LLC
Doing Business As (DBA):	Carolina Bay at Autumn Hall
Business Address:	630 Carolina Bay Dr, Wilmington, NC 28403
Telephone Number:	(910) 455-0599
Legal Entity Type:	For-profit limited liability company organized under the laws of Delaware, registered to do business in North Carolina
For-Profit / Nonprofit Status:	For-profit
Ownership Type:	Privately owned and controlled for-profit organization. The provider is 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:	Welltower TRS Holdco LLC

2. Organizational Structure

Organization, Ownership and Management

2.1 Multi-Entity Organization Status

Organization

630 Carolina Bay OpCo LLC (the “Provider”) is a Delaware for-profit limited liability company registered to do business in North Carolina and formed for the purpose of leasing and operating the Community. Effective August 1, 2024, the North Carolina Department of Insurance issued a Continuing Care Retirement Community License to the Provider. The business address of the Provider is 4500 Dorr Street, Toledo, Ohio 43615. The Provider is owned 100% by Welltower TRS Holdco LLC. Welltower TRS Holdco LLC is owned 100% by Welltower OP LLC (“Welltower”), the sole subsidiary of Welltower Inc., a publicly traded real estate investment trust. No other individual or entity has a 10% or greater beneficial interest in the Provider. The Provider is managed by its sole member, Welltower TRS Holdco LLC.

It is anticipated that, in the near future, Carolina Bay Properties of Wilmington II Sub, LLC (“Liberty Member”) will acquire a 6.54% ownership interest in the Provider. When Liberty Member enters the ownership structure, the Provider will be owned 93.46% by Welltower TRS Holdco LLC and 6.54% by Liberty Member, and certain major decisions will require the

consent of Liberty Member. Liberty Member is an affiliate of Liberty Senior Living, LLC, a North Carolina for-profit limited liability company (or “Liberty”). The Provider does not have any officers, directors, trustees, or managing or general partners.

Facility Ownership

The real property comprising the Community is owned by 630 Carolina Bay NC PropCo, LLC (the “Real Property Owner”) and Carolina Bay Properties of Wilmington IV, LLC (the “New Garden Flats Owner”). Carolina Bay Properties of Wilmington IV, LLC, owns only the real property on which twelve (12) new Garden Flat apartments are located. The Real Property Owner and New Garden Flats Owner were formed to own the real property comprising the Community. The Real Property Owner and the New Garden Flats Owner, as applicable, lease the Independent Living Building, the Garden Flat Buildings, the Clubhouse, the Healthcare Center, and the associated common areas to the Provider. The Real Property Owner is a Delaware for-profit limited liability company registered to do business in North Carolina with a business address of 4500 Dorr Street, Toledo, Ohio 43615. The New Garden Flats Owner is a for-profit North Carolina limited liability company with a business address of 2334 S. 41st St., Wilmington, NC 28403.

2.2 Consolidation of Financial Statements

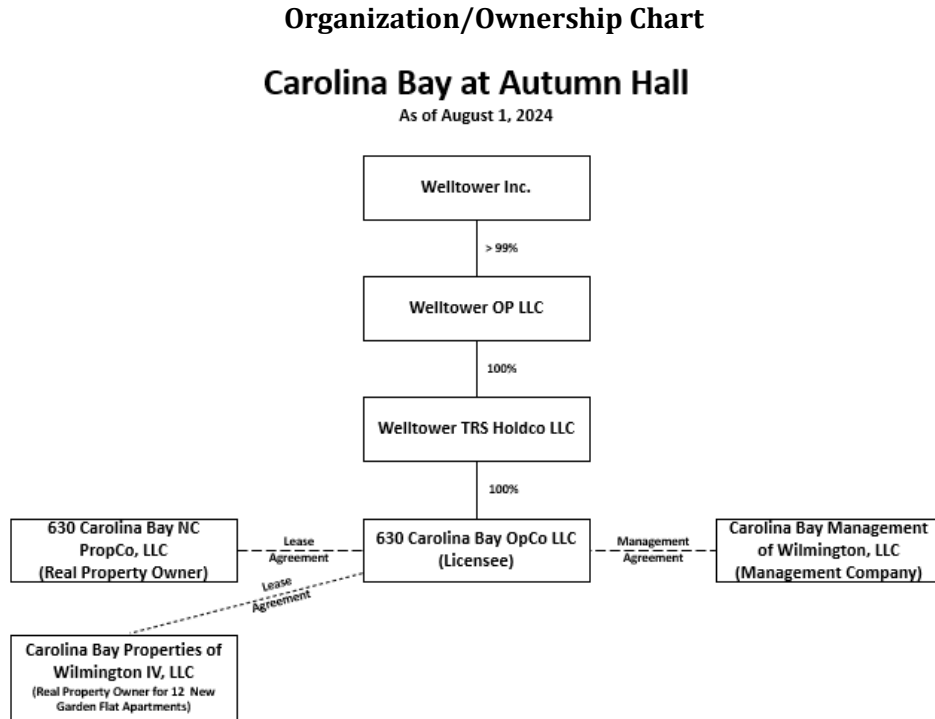
Audited financial statements are prepared on a consolidated basis for the co-providers. Consolidating schedules within the audit present the financial position and results of each co-provider (where applicable).

2.3 Controlling Person

Item	Information
Name:	Welltower TRS Holdco LLC
Business Address:	4500 Dorr Street, Toledo, Ohio 43615
Telephone Number:	(419) 247-2800

2.4 Company Structure Chart

See the organization/ownership chart below.



Healthcare

The CCRC provides the Residents temporary or permanent assisted living services and skilled nursing services in beds located within the Healthcare Center. The Healthcare Center is licensed for seventy-eight (78) adult care home beds (“Adult Care Home Beds”) and thirty (30) skilled nursing beds (the “Skilled Nursing Beds”). Twenty-six (26) of the Adult Care Home Beds and twelve (12) of the Skilled Nursing Beds are reserved for the Residents of the CCRC (the “Closed Beds”). The remaining beds are referred to as “Open Beds.”

Management

The Provider is licensed to operate the independent living units, Adult Care Home Beds, and Skilled Nursing Beds at the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of the Provider’s agreements or obligations, except as explained in Section IX.

Carolina Bay Management of Wilmington, LLC

The Provider has engaged Carolina Bay Management of Wilmington, LLC (the “Management Company”), an affiliate of Liberty Senior Living, to provide management services to the Community pursuant to a management agreement (the “Community Management

Agreement”). The Management Company is a North Carolina for-profit limited liability company. The amount of consideration under the Community Management Agreement is tied to the financial performance of the Community.

Liberty Living Management, LLC

Liberty Living Management, LLC (“Liberty Living Management”), has executed a separate management agreement with the Management Company under which the Management Company pays Liberty Living Management fees equal to the fees derived from the Community Management Agreement. Liberty Living Management’s headquarters are at 2334 S. 41st St., Wilmington, NC 28403. **3. Key Persons and Management**

Personnel

3.1 Senior Officers

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	2 years at current position (since 09/30/2024)

Name / Role	Education	Experience	Length of Service
		adjunct professor at Western Kentucky University.	
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
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)

3.2 Community Management

Name / Role	Education	Experience	Length of Service
Bill Piper, Executive Director	Extensive experience in Senior Living	25 years in Senior Living	2 Years at Liberty, 8 at current position
Taylor Pihlblad, Campus Director, Healthcare Administrator	MBA in healthcare management, Western Governors University	13 years in Senior Living administration	4 Years with Liberty (6/13/2022)

3.3 630 Carolina Bay Opco, LLC Board of Directors

Not applicable. The provider entities are limited liability companies and do not have a board of directors.

3.4 Management Entities

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

4. Governing Body and Oversight

The Company has executed a staffing agreement (the “Staffing Agreement”) with a fee of five percent (5%) of total revenues derived from independent living units and six percent (6%) of total revenues derived from assisted living beds, memory care beds, and skilled nursing beds paid to Carolina Bay at Autumn Hall.

Liberty Living Management, LLC

Liberty Living Management, LLC (“Liberty Living Management”), has executed a separate management agreement with the Management Company under which the Management Company pays Liberty Living Management fees equal to the fees derived from the Community Management Agreement. Liberty Living Management’s headquarters are at 2334 S. 41st St., Wilmington, NC 28403.

5. Related Parties

Please see organizational structure and management arrangements for related party information, including management agreements and lease arrangements among affiliated entities. Please also see sections 2.1, 3.4, 3.5, 3.6 and 4 for related party information.

6. Relationships with Religious, Charitable, or Other Organizations

The provider is a private independent, for-profit organization and is not affiliated with any religious, charitable, or other affinity group.

7. Other Persons Responsible for Obligations

No other person or entity is responsible for the financial or contractual obligations of Carolina Bay at Autumn Hall.

8. Obligated Groups

Not applicable. Carolina Bay at Autumn Hall does not have any obligated groups.

9. Debt Covenants and Compliance

Not applicable. Carolina Bay at Autumn Hall does not have any long-term debt.

10. Third-Party Management Arrangements

Carolina Bay at Autumn Hall does not employ an unrelated third-party manager. Day-to-day operations are carried out by management employed by Liberty Senior Living, LLC and supported by Liberty Living Management, LLC.

11. Real Property Leases

The real property comprising the Community is owned by 630 Carolina Bay NC PropCo, LLC (the “Real Property Owner”) and Carolina Bay Properties of Wilmington IV, LLC (the “New Garden Flats Owner”). Carolina Bay Properties of Wilmington IV, LLC, owns only the real property on which twelve (12) new Garden Flat apartments are located. The Real Property Owner and New Garden Flats Owner were formed to own the real property comprising the Community. The Real Property Owner and the New Garden Flats Owner, as applicable, lease the Independent Living Building, the Garden Flat Buildings, the Clubhouse, the Healthcare Center, and the associated common areas to the Provider. The Real Property Owner is a Delaware for-profit limited liability company registered to do business in North Carolina with a business address of 4500 Dorr Street, Toledo, Ohio 43615. The New Garden Flats Owner is a for-profit North Carolina limited liability company with a business address of 2334 S. 41st St., Wilmington, NC 28403.

12. Endowment Funds

Not applicable. Carolina Bay at Autumn Hall does not have any endowment funds.

13. Description and Location of the Community

Location. The Community is located on an approximately 20.5-acre site, having an address of 630 Carolina Bay Dr., Wilmington, North Carolina and is situated within the Autumn Hall development. Autumn Hall is a 236-acre mixed-use master planned community that includes a variety of residential choices, shops, and restaurants and is located near the Cape Fear Coast in Wilmington, North Carolina.

Layout and Types of Accommodations.

Accommodations of the Community include one hundred twenty-two (122) Independent Living Building Apartments within the Independent Living Building with one and two bedroom floor plans that range from approximately 800 to 1,500 square feet and thirty-six (36) Garden Flat Apartments located within stand-alone Garden Flat Buildings with two-bedroom floor plans that range from approximately 1,300 to 1,700 square feet each. Carolina Bay is able to accommodate up to two hundred and ninety-two (292) Residents, all of whom are provided services pursuant to their respective Residency and Care Agreements. Subject to the terms and conditions of the Residency and Care Agreement and

the limits of the Provider's license, a full continuum of healthcare services is provided in the Healthcare Center. In addition, in the event the Closed Beds are fully occupied, Residents will be given priority access to the available Open Beds.

Amenities

Clubhouse. The Clubhouse is a social center for residents to gather. The Clubhouse features opportunities for formal and informal dining, a corner market with all day service, wireless internet, a business center, billiards and card rooms, and a ballroom.

Wellness Center. The on-site wellness center (the "Wellness Center") provides an array of wellness programs for the Residents. Facilities and services include state-of-the-art fitness equipment, exercise classes, indoor heated pool, and certain wellness education programs.

14. Living Units by Level of Care

As of December 31, 2025, Carolina Bay at Autumn Hall included:

- 158 Independent Living rental apartments
- 70 Assisted Living and Memory Care apartments
- 30 Skilled Nursing beds

15. Continuing Care at Home Program

Not applicable. Carolina Bay at Autumn Hall does not provide continuing care at home.

16. Resident Population Served

As of December 31, 2025, the resident population served by Carolina Bay at Autumn Hall was as follows:

- 146 independent living units with 192 total residents
- 69 assisted living units with 70 residents
- 30 skilled nursing residents

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 241 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 priority partner 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 resident’s rent 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

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	89.5%	96.5%	94.8%
12/31/2024	88.9%	96.3%	96.4%
12/31/2023	97.0%	97.1%	95.8%
12/31/2022	96.8%	96.9%	94.0%
12/31/2021	90.7%	97.8%	94.0%

18. Semiannual Resident Meetings

Carolina Bay at Autumn Hall holds meetings with residents twice each year, as required by law.

Fiscal Year 2025 Meeting Dates:

- June 20, 2025
- December 23, 2025

Since Carolina Bay at Autumn Hall does not have a board, the North Carolina Department of Insurance has granted the provider a waiver from the legal requirement that a member of the provider’s board be present at each meeting. This approval is contingent upon continued compliance with the following conditions:

1. Independence Expectations

The designated representative must continue to satisfy the independence expectations and functional independence standards applicable to designated representatives under the Department’s interpretive framework. Any change in financial interests, compensation structure, or organizational role that could affect independence or the ability to function in an independent capacity must be reported to the Department promptly, along with a proposed alternative representative.

2. Implementation of Safeguards

The Provider must ensure consistent in-person attendance by the designated representative at each required semiannual resident meeting, timely communication of resident concerns to the governing body, and adherence to all established meeting procedures.

3. Documentation Requirements

The Provider must maintain complete documentation of all resident concerns raised during required semiannual meetings and ensure these concerns are transmitted to the governing body. All records must be made available to the Department upon request.

4. Disclosure Obligations

The waiver and the approved alternative participation arrangement must be disclosed in Section 18 of the Provider's Disclosure Statement and included in all updated and future Disclosure Statements.

5. Resident Association Engagement

The purpose of the waiver and the associated participation arrangement must be communicated to the resident association. The resident association must be given the opportunity to provide input. Documentation of this communication, including a summary of input received and the outcome, must be provided to the Department as verification of compliance. This communication shall occur on or before the first semiannual resident meeting of 2026.

6. Ongoing Compliance

All representations made in the waiver request must remain accurate for the duration of the waiver. Any material change in governance structure, operational oversight, meeting procedures, or other relevant factors must be reported promptly to the Department. The waiver will remain in effect unless modified or revoked by the Commissioner under Article 64A.

7. Role Limitation

The designated representative must maintain a role distinct from management's presentation of financial or operational performance during required resident meetings and shall not serve as the primary individual responsible for presenting, explaining, or defending management decisions, or otherwise acting in a management capacity while carrying out designated representative duties.

8. Verification of Independence and Qualifications

The Department may request, at any time, information or documentation necessary to evaluate the independence, role, and qualifications of the designated representative and the Provider's compliance with the conditions of this waiver.

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Carolina Bay at Autumn Hall. Residency and access to services are governed solely by the residency and care agreement.

20. Services Provided Under the Contract

630 Carolina Bay Opco, LLC offers services under continuing care contracts at Carolina Bay at Autumn Hall. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

20.1 Healthcare Services

Residents of Carolina Bay at Autumn Hall have access to assisted living and skilled nursing on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

20.2 Continuing Care Retirement Community (CCRC) Contracts

The Company's continuing care concept ensures a Resident, so long as the Resident is in compliance with the Residency and Care Agreement, residence in an Apartment, a wide array of personal services and long-term nursing care in the Healthcare Center if the Resident can no longer live independently. Residents living on the Carolina Bay at Autumn Hall campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included in Monthly Fees

- Three daily meals in assisted living and skilled nursing
- Independent Living meals are offered based on a monthly declining dollar allowance
- Weekly housekeeping in Independent Living, daily housekeeping and linen in assisted living and skilled nursing
- Scheduled local transportation
- Basic utilities, including electricity, water, heating, air conditioning, and basic cable
- Use of community amenities (wellness center, library, gardens, walking trails)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.2.2 Services Available at an Additional Charge

- Independent Living resident additional meals and guest meals
- Additional housekeeping or laundry services beyond standard schedule
- Expanded television, internet, and telephone packages
- Salon and barber services

- Special transportation outside scheduled routes

20.3 Continuing Care at Home (CCaH) Contracts

Not applicable. Carolina Bay at Autumn Hall does not have a continuing care at home program.

20.4 Delivery of Care

Core residential, assisted living, and skilled nursing are provided directly by Carolina Bay at Autumn Hall.

21. Resident Fees

Nonancillary fees at Carolina Bay at Autumn Hall consist of required, ongoing fees such as monthly service fees, and transfer fees. The following tables show Carolina Bay at Autumn Hall’s current fee schedules, along with historical information on monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

Table 21.1 – Current Monthly Fees

Unit Type	Single Occupant	Double Occupant
Independent Living	\$7,977	\$9,027
Assisted Living	\$9,122	\$12,022
Skilled Nursing	\$17,490	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 management approval, with no contractual cap on increases.

21.2 Historical Increases in Monthly Fees (CCRC Contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	5.00%	\$419	Annual
12/31/2024	8.93%	\$554	Annual
12/31/2023	9.50%	\$572	Annual
12/31/2022	5.00%	\$275	Annual
12/31/2021	1.50%	\$42	Annual

21.3 Current Entrance Fees (CCRC Contracts)

Not applicable. Carolina Bay at Autumn Hall does not charge entrance fees.

21.4 Historical Increases in Entrance Fees (CCRC Contracts)

Not applicable. Carolina Bay at Autumn Hall does not charge entrance fees.

21.5 Household Composition Changes

The Resident(s) named in the Residency and Care Agreement and no other person shall reside in or occupy the Apartment during the term of the Residency and Care Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to the Residency and Care Agreement is accepted for residency in the CCRC after the date of the Residency and Care Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

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

21.6 Transfer Fees

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

22. Refundable Entrance Fee Obligations

Not applicable. Carolina Bay at Autumn Hall does not charge entrance fees. Refundable obligations, if any, relate to deposits as specified in the residency agreement.

23. Financial Hardship Policies

Not Applicable / Carolina Bay at Autumn Hall does not have a formal policy regarding financial hardships.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, the Residency and Care Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.

Termination by the Company after the Occupancy Date. The Company may terminate the Residency and Care Agreement upon thirty (30) days written notice to the Resident in the event of the following:

- (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
- (2) The Resident fails to comply with any term of the Residency and Care Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or
- (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

Immediate Termination. If the Company determines in its sole and absolute discretion that a Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate the Residency and Care Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.

Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates the Residency and Care Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Care Agreement, the Resident shall promptly vacate the Apartment, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment.

24.2 Resident-Initiated Cancellation

Termination by Resident. Upon the termination of the Residency and Care Agreement, the Resident shall have no further right to reside in the CCRC. The Residency and Care

Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

Rescission During First Thirty (30) Days. The Resident may terminate the Residency and Care Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Care Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of the Residency and Care Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One-Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident's request and set forth in Exhibit A of the Residency and Care Agreement or in writing in a separate addendum to the Residency and Care Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident's election to terminate the Residency and Care Agreement.

Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, the Apartment Selection Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.

General Termination Right. The Resident may terminate the Residency and Care Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Care Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at the existing market rate.

24.3 Refunds Upon Cancellation

Refundable fees are returned in accordance with Section 22, 24.1 and 24.2 .

Nonrefundable portions of fees are retained by Carolina Bay at Autumn Hall.

24.4 Refunds Upon Death or Serious Illness

Termination by Death or Serious Illness Prior to the Occupancy Date. If prior to the Occupancy Date the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Care Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Care Agreement will automatically terminate. In the event the

Residency and Care Agreement is terminated as provided for in the Residency and Care Agreement, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One-Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after the Residency and Care Agreement is terminated pursuant to the applicable subsection of the Residency and Care Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care Agreement.

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

25. Re-occupancy of Units

A living unit at Carolina Bay at Autumn Hall may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

Voluntary termination: When a resident cancels their continuing care contract and permanently vacates the living unit.

Transfer to a higher level of care: When a resident moves from independent living to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

Contract termination by provider: When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.

Persistent nonpayment: When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Fee Obligations. Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

26. Resident Relocation

Residents of Carolina Bay at Autumn Hall may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

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

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

The Healthcare Center's Medical Director will determine the appropriate level of nursing care required by the Resident upon admission to the Healthcare Center. Residents who are unable to return to their Apartment will have the benefit of permanent care in the Healthcare Center. If the appropriate level of healthcare based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be provided by another provider of healthcare services, including, but not

necessarily limited to, a hospital, and the costs of those services are the responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident which is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of such any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

26.2 Provider Needs

If Management reasonably determines that your Residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Residence, or as a result of any other circumstances reasonably determined Management to justify such transfer, Carolina Bay at Autumn Hall may move you to a new Residence of a similar size provided that Carolina Bay at Autumn Hall (i) advises you prior to undertaking any such move, (ii) gives you reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of your personal furnishings, and (v) either provides in such new residence optional custom improvements comparable to those provided in your original Residence or, at your option, reimburses you for the value of such improvements.

26.3 Process

Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.

The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.

If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the resident's contract, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Carolina Bay at Autumn Hall is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal preliminary health screen substantially in the form attached to the Apartment Selection Agreement executed by the Resident and the Company, completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in the Residency and Care Agreement.

Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee, extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of the Residency and Care Agreement. Immediately prior to the Occupancy Date (as defined in the Residency and Care Agreement), the Resident will affirm to the Company that the Resident's personal financial situation does not differ materially and adversely from the financial situation presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Company may terminate the Residency and Care Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.

27.1.2 CCaH Contracts (Continuing Care at Home)

Not applicable. Carolina Bay at Autumn Hall does not have a continuing care at home program.

27.2 Continuation Requirements

The initial term of the Residency and Care Agreement shall be for thirteen (13) months beginning on the Occupancy Date. After the initial term, the Residency and Care Agreement will automatically renew for additional thirteen (13) months periods, unless terminated as set forth in the Residency and Care Agreement.

27.3 Changes in Condition Before Occupancy or Commencement of Services

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

28. Age and Insurance Requirements

28.1 Age Requirements

The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

28.2 Insurance Requirements

Prior to the Occupancy Date, each Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.

28.3 Special Conditions

See 28.1 for exception to the minimum age requirement of at least sixty-two (62) years of age for couples.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, 630 Carolina Bay Opco, LLC held \$1,724,732 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 24 days. This level reflects Carolina Bay at Autumn Hall’s rental operating model, in which recurring monthly rental revenue is designed to fund ongoing operating expenses, reducing reliance on maintaining large unrestricted cash balances. The community also has access to financial support from Liberty Healthcare Group, providing an additional layer of liquidity as needed.

29.2 Investment Management and Oversight

Oversight Body: Finance Department.

Day-to-Day Management: Chief Financial Officer (CFO) and Chief Accounting Officer (CAO).

Experience: CFO has over 18 years and Chief Accounting Officer has over 25 years of financial oversight and investment policy.

Policy and Controls: Investments are managed under a CFO and CAO guidelines emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds.

29.3 Statutory Operating Reserve Requirement

Component	Amount
Total projected operating expenses	\$28,034,000
Add: Debt service (principal and interest)	\$-
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$-
Less: Depreciation and amortization	\$(417,000)
Net projected operating costs	\$27,617,000
Applicable reserve percentage based on occupancy	25.0%
Required operating reserve	\$6,904,250
Unrestricted cash & investments on hand	\$1,724,732
Excess (deficiency) above required reserve	\$(5,179,518)

Summary: The required statutory operating reserve is \$6.90 million. Carolina Bay at Autumn Hall held \$1.74 million in unrestricted cash and investments, providing a deficit of \$5,179,518 million below the statutory minimum. The community will satisfy the deficit with an irrevocable, unconditional letter of credit in the amount of \$6,904,250, payable to the North Carolina Department of Insurance.

29.4 Refund Security (Entrance Fee Refunds)

Not applicable. Carolina Bay at Autumn Hall does not accept entrance fees.

30. Expansion and Renovation Plans

Planned future phases of the Community may include the construction of up to an additional one hundred (100) Independent Living Building Apartments, up to an additional eighteen (18) Garden Flat Apartments, and up to an additional one hundred (100) unit Healthcare Center. The additional Apartments and Healthcare Center will be constructed as dictated by demand for residency in the Community. The expected date for commencement of such construction is not known at this time.

31. Audit Opinion and Timeliness

The consolidated financial statements of 630 Carolina Bay Opco, LLC, for the fiscal year ended December 31, 2025, were audited by Cherry Bekaert, LLP (Charlotte, NC).

- **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.

32. Audited Financial Statements

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for 630 Carolina Bay Opco, LLC.

The audited consolidated financial statements of 630 Carolina Bay Opco, 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 630 Carolina Bay Opco, LLC for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Forvis-Mazars LLP (Atlanta, GA) and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for Carolina Bay at Autumn Hall on a stand-alone basis

34. Variances from Prospective Financial Statements

Table 34.1 – Variance Analysis – Fiscal Year Ended 12/31/2025

Cash	\$3,000,000	\$1,725,000	-42.50%	Operating income below projection combined with increase in accounts due from related parties.
Due From Related Parties	\$3,377,000	\$4,907,000	45.31%	Due to and due from related parties net to a variance of \$195K, 5.8%
Accounts Payable Related Parties	\$0	\$1,335,000	100.00%	Due to and due from related parties net to a variance of \$195K, 5.8%

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 (obligated group) 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.

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DCOH	25	28	24	66	65	63
CUSH	12.00	N/A	N/A	N/A	N/A	N/A

Narrative – Provider Only:

Liquidity declined in FY 2025 due to a decline in occupancy. The CUSH ratio is not applicable from 2024 forward. The company eliminated long-term debt in 2024.

A increase is projected FY 2026 as occupancy and expense control is expected to remain strong.

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.

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
OR	86%	96%	92%	90%	89%	88%
NOM	24.94%	2.96%	6.99%	9.49%	10.65%	11.45%
NOM-A	24.94%	2.96%	6.99%	9.49%	10.65%	11.45%

Operating margin saw downward movement from 2024 through 2025, due to the decrease in occupancy.

Management projects fairly flat margins through FY 2028 as occupancy is expected to remain high.

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.

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DSCR	54.32	N/A	N/A	N/A	N/A	N/A
CD	3.00	N/A	N/A	N/A	N/A	N/A
CED	0.39	0.22	2.55	2.77	2.61	2.47

The provider saw the elimination of long-term debt in 2024, making the DSCR and CD not applicable. .

The CED ratio increased from 2024 to 2025 due to increased capital improvements around the community. The provider expects to continue this level of capital expenditures through 2028.

35.4 Overall Summary

The provider demonstrates sound liquidity, maintaining profitability, and conservative leverage. Provider-level liquidity increased during recent reinvestment cycles and remains in a very comfortable range to satisfy debt service. Additionally, the provider has a standby letter of credit payable to the North Carolina Department of Insurance in the amount of the required statutory operating reserve level. Projected performance indicates stable or modestly improving results through FY 2029, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

36. Actuarial Opinion and Balance

Not Applicable

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of 630 Carolina Bay Opco, LLC 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 630 Carolina Bay Opco, LLC. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.³⁹ Contract Forms and Attachments

See Appendices for audited financial statements, prospective financial statements, representative contract(s), and other required attachments.

39. Contract Forms and Attachments

39.1 Continuing Care Contracts

630 Carolina Bay Opco, LLC offers thirteen (13) month rental contracts.

39.2 Continuing Care at Home (CCaH) Contracts

Not applicable. Carolina Bay at Autumn Hall does not offer a continuing care at home program.

Appendix Index

Appendix A — Audited Financial Statements

Appendix B — Five-Year Prospective Financial Statements

Appendix C — Statement of Actuarial Opinion

Appendix D — Representative Contract(s)

Appendix E — Examination Report

Appendix F — Statutory Ratio and Supporting Definitions

Appendix A — Audited Financial Statements

630 CAROLINA BAY OPCO LLC

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2025

And Report of Independent Auditor

630 CAROLINA BAY OPCO LLC
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Report of Independent Auditor

To the Members
630 Carolina Bay OpCo LLC
Wilmington, North Carolina

Opinion

We have audited the accompanying financial statements of 630 Carolina Bay OpCo LLC (the “Company”), which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in members’ equity, and cash flows for the year December 31, 2025, 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 December 31, 2025 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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’s ability to continue as a going concern within one year after the date that 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 judgement 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Cherry Bekaert LLP

Charlotte, North Carolina
June 4, 2026

630 CAROLINA BAY OPCO LLC
BALANCE SHEET

DECEMBER 31, 2025

ASSETS

Current Assets:

Cash	\$ 1,724,732
Restricted cash	2,167
Resident accounts receivable, net	794,582
Accounts receivable - other	5,522
Inventories	62,874
Prepaid expenses	257,309
Total Current Assets	<u>2,847,186</u>

Property and Equipment, Net	<u>2,857,452</u>
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Noncurrent Assets:

Accounts receivable - related parties	4,906,658
Other assets	8,113
Right-of-use assets	<u>77,204,385</u>
Total Noncurrent Assets	<u>82,119,156</u>
Total Assets	<u><u>\$ 87,823,794</u></u>

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities:

Trade accounts payable	\$ 11,033
Refundable patient fund deposits	3,679
Deferred revenue	97,394
Accrued expenses and other payables	426,558
Right-of-use liabilities, current portion	<u>8,709,095</u>
Total Current Liabilities	<u>9,247,759</u>

Noncurrent Liabilities:

Accounts payable - related parties	1,334,654
Right-of-use liabilities, net of current portion	<u>70,053,332</u>
Total Noncurrent Liabilities	<u>71,387,986</u>
Total Liabilities	80,635,745

Members' Equity	<u>7,188,049</u>
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Total Liabilities and Members' Equity	<u><u>\$ 87,823,794</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

630 CAROLINA BAY OPCO LLC
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2025

Revenue:

Resident revenue - Independent Living	\$ 13,387,825
Resident revenue - Assisted Living	7,821,137
Resident revenue - Skilled Nursing	6,558,309
Other revenue	211,410
Community fee	91,877
Interest income	86
Total Revenue	<u>28,070,644</u>

Expenses:

Resident services - Independent and Assisted Living	2,587,664
Resident services - Skilled Nursing	3,374,886
Plant operations	10,447,530
Dietary	3,257,277
General and administrative	2,933,380
Management fees	1,456,525
Housekeeping	908,843
Other expense	746,596
Depreciation and amortization	398,039
Laundry	200,052
Interest	74
Total Expenses	<u>26,310,866</u>
Net Income	<u>\$ 1,759,778</u>

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

630 CAROLINA BAY OPCO LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2025

	<u>Members' Equity</u>	<u>Due from Member</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
Balance, December 31, 2024	\$ 5,074,704	\$ -	\$ 353,567	\$ 5,428,271
Members' equity reclassification	92,133	-	(92,133)	-
Contributions	2,848,994	(2,848,994)	-	-
Net income	1,692,763	-	67,015	1,759,778
Balance, December 31, 2025	<u>\$ 9,708,594</u>	<u>\$ (2,848,994)</u>	<u>\$ 328,449</u>	<u>\$ 7,188,049</u>

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

630 CAROLINA BAY OPCO LLC
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:

Net income	\$ 1,759,778
Adjustments to reconcile net income to net cash flows from operating activities:	
Provision for credit losses	35,579
Depreciation and amortization	398,039
Noncash lease expense	252,132
Changes in operating assets and liabilities:	
Resident accounts receivable, net	325,449
Accounts receivable - other	(3,722)
Inventories	(4,632)
Prepaid expenses	(22,195)
Accounts receivable - related parties	(1,531,170)
Other assets	(8,113)
Trade accounts payable	(182,355)
Unearned revenue	(71,896)
Accrued expenses and other payables	(1,444,291)
Accounts payable - residents	3,034
Accounts payable - related parties	1,334,654
Net cash flows from operating activities	<u>840,291</u>

Cash flows from investing activities:

Purchases of property and equipment	<u>(1,013,362)</u>
Net change in cash and restricted cash	(173,071)
Cash and restricted cash, beginning of year	<u>1,899,970</u>
Cash and restricted cash, end of year	<u><u>\$ 1,726,899</u></u>

Reconciliation of cash and restricted cash to the balance sheet:

Cash per balance sheet	\$ 1,724,732
Restricted cash per balance sheet	<u>2,167</u>
	<u><u>\$ 1,726,899</u></u>

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

630 CAROLINA BAY OPCO LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of operations

Nature of Operations – 630 Carolina Bay OpCo LLC (the “Company”) provides senior living services in Wilmington, North Carolina. Services include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services. The Company was formed in August 2023 through a Limited Liability Agreement with Welltower TRS Holdco LLC, as its only member (“TRS”). In October 2023, Welltower OP LLC (“Welltower”), the 100% owner of TRS, acquired the certificate of needs (“CON”) for 78 adult care home beds and 30 skilled nursing beds from Carolina Bay Properties, a Delaware for profit limited liability company registered to do business in North Carolina. The collective value of the CON is recorded with 630 Carolina Bay NC PropCo LLC (“630 PropCo”). The Company leases all beds from 630 PropCo. Prior to August 1, 2024, the operating license to operate the beds directly was held with the prior owner. Transfer of the operating license was formally approved and transferred to the Company effective August 1, 2024. As the transfer of a majority of assets and liabilities were transferred to the Company prior to August 1, 2024, the historical basis of assets, liabilities, and equity transferred prior to August 1, 2024 are shown in the beginning equity as of August 1, 2024. The net cash flows from operating activities in the statement of cash flows only includes changes in operating assets and liabilities for the year ended December 31, 2025.

Effective November 2024, a restated Limited Liability Agreement was entered into between TRS and Carolina Bay Properties of Wilmington II Sub, LLC (“CB Liberty”). The Company is majority owned by TRS whereas CB Liberty has a noncontrolling interest in the Company. In January 2025, the restated Limited Liability Agreement was amended to adjust percentage interest as a result of an equalizing contribution. As a result, TRS’ membership interest was adjusted from 93.46% to 96.18% and CB Liberty’s interest was adjusted from 6.54% to 3.82%.

Note 2—Summary of significant accounting policies

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

No assets or liabilities (real or contingent) of the individual members of any of the limited liability companies are included in the financial statements of the Company. Individual members are not liable for the Company’s debt.

Cash and Cash Equivalents – Cash includes deposit accounts and investments purchased with an original maturity of three months or less. There were no cash equivalents as of December 31, 2025.

Restricted Cash – Restricted cash includes patient trust funds received from current. The liability associated with refundable patient fund deposits is reported as such on the balance sheet and totaled \$2,167 as of December 31, 2025.

Inventories – Inventories consist primarily of food supplies and are stated at the lower of average cost or net realizable value.

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

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization amounted to \$398,039 for the year ended December 31, 2025.

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

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

Buildings and improvements	5 to 40 years
Land improvements	5 to 15 years
Furniture and fixtures	5 to 20 years
Vehicles	10 years
Software	3 years
Leasehold improvements	Lesser of 40 years or the lease term
Equipment	3 to 20 years

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

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

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

The Company also collects a one-time upfront nonrefundable community fee. The community fee is a one-time fee equivalent to one monthly service fee and becomes non-refundable 30 days after the resident signs the Residency and Care Agreement (the “Rescission Period”). The community fee is initially recorded as deferred revenue, then recognized as revenue at the end of the Rescission Period.

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

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

The Company receives revenue from independent living residents containing a lease component that would fall under the guidance of ASC 842, *Leases*. The amount of revenue recorded under this guidance was approximately \$13,400,000 and there would be no difference in how the revenue would be recognized under ASC 606 or ASC 842.

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

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

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying balance sheet related to the nonrefundable community fee and prepaid resident revenue totaled \$97,394, as of December 31, 2025 and is recorded as deferred revenue on the balance sheet. There were no contract assets as of December 31, 2025.

Resident Accounts Receivable, Net – Receivables from residents, insurance companies, and third party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. Adequate allowances are provided for estimated credit losses and other uncertainties. Credit losses have historically been within management's expectations. Accounts receivable is stated in the amount management expects to collect from outstanding balances.

Changes in the allowance for credit losses related to patient accounts receivable for the year ended December 31, 2025 were as follows:

Balance, beginning of year	\$ 46,223
Change in provision	60,928
Write-offs, net of recoveries	<u>(26,026)</u>
Balance, end of year	<u><u>\$ 81,125</u></u>

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed essentially as a partnership. In lieu of corporation federal income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP for Uncertainty in Income Taxes. Management has evaluated all other 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.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment was not impaired as of December 31, 2025.

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

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

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

In order to meet the North Carolina General Statute operating reserve requirement for 2025, the Company has reserves that will be maintained through the majority owner through cash and invested cash.

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. During the year ended December 31, 2025, the Company from time to time may have had amounts on deposit in excess of the insured limits.

The Company grants credit without collateral to its patients and residents, most of whom are insured by third party payors. The mix of receivables from patients and third party payors at December 31, 2025 are as follows:

Medicare	96%
Commercial insurance/private pay/other	4%
	<u>100%</u>

The Company’s mix of revenue sources for the year ended December 31, 2025 are as follows:

Medicare	85%
Commercial insurance/private pay/other	15%
	<u>100%</u>

Advertising Costs – Advertising costs are expensed in the period incurred and totaled \$456,206 for the year ended December 31, 2025.

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

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

Admittance Standards – To be accepted for admission to the independent living units at the CCRC, each prospective resident must be at least 62 years of age at the time residency is established, with the exception of an underage spouse, who must be at least 50 years of age, have financial assets adequate to pay the admission fee, and have sufficient income to meet the anticipated monthly fee and other personal expenses not provided under the Residency Agreement. A reservation requires a signed Residency Agreement and the payment of a one-time community fee equal to one month's monthly resident fee. The community fee is refundable within the first 30 days of the execution of the Residency Agreement.

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

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

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

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

Termination by the Company – The CCRC may terminate the Residency Agreement for just cause. Just cause includes: (i) breach of agreement; (ii) misrepresenting information in admission process; (iii) failure to pay any charges; (iv) resident becomes infected with dangerous or contagious disease; and (v) a major change in physical or medical condition that cannot be cared for or is beyond the limits of the CCRC's license.

Healthcare Benefit – The CCRC provides the residents temporary or permanent skilled nursing services in Carolina Bay Healthcare, within the limits of Carolina Bay Healthcare's licensure.

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 3—Property and equipment, net

At December 31, 2025, property and equipment, net consists of the following:

Leasehold improvements	\$ 832,742
Land and land improvements	62,069
Furniture and fixtures	2,500,113
Equipment	229,569
	<hr/>
	3,624,493
Less accumulated depreciation	(767,541)
	<hr/>
	2,856,952
Construction in progress	500
	<hr/>
Property and equipment, net	<u>\$ 2,857,452</u>

Note 4—Related party transactions

Other entities owned by Liberty Healthcare Management, Inc. provide other benefits to the Company. These transactions are also considered related party transactions and are settled through cash accounts and payments to the other entities. As of December 31, 2025, total payables to related parties were \$1,334,654 and are included with accrued expenses and other payables. As of December 31, 2025, total receivables related to related parties with Liberty Healthcare Management, Inc. were \$4,906,658. Related receivable also includes a receivable from 630 PropCo in the amount of \$2,848,994 which is reflected on the statement of change in members equity since the member has not transferred cash or property to increase equity. This reflects the equalizing contribution (see Note 1).

The Company entered into a management service agreement effective August 2023, with Carolina Bay Management of Wilmington, LLC, (the "MSO") an affiliate of Liberty Healthcare Management, Inc. The agreement includes a provision in which facility employees are provided by the MSO. Day to day operations are performed by the MSO and are reported as operating expenses of the Company. Additionally, the MSO receives a management fee from the Company. The fee is comprised of 5% of total revenue derived from independent living units and 6% of total revenue derived from assisted living units, memory care units, and skilled nursing units. The fees totaled approximately \$1,457,000 for the year ended December 31, 2025, and are included as management fees and general and administrative expenses in the accompanying statement of operations.

Note 5—Lease commitments

The Company leases real estate which includes office space, nursing homes, and long-term care centers from 630 PropCo. under the terms of an Operating Lease Agreement effective November 30, 2023. The Company determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if its reasonably certain that these options would be exercised by the Company. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Company uses the implicit rate when it is readily determinable. As most of the Company's leases do not provide an implicit rate, management uses the risk-free rate based on the information available at lease commencement to determine the present value of lease payments.

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 5—Lease commitments (continued)

Lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have leases where it is involved with the construction or design of an underlying asset. The Company has no material obligation for leases signed but not yet commenced as of December 31, 2025. The Company does not have any material sublease activity.

The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, the Company's short-term lease expense for the period does not reflect the Company's on-going short-term lease commitments.

Classification of ROU assets and lease liabilities is as follows at December 31, 2025:

<u>Leases</u>	<u>Balance Sheet Classification</u>	<u>Amount</u>
Assets:		
Operating right-of-use assets	Right-of-use asset, net	\$ 77,204,385
Liabilities:		
Current:		
Operating lease liabilities	Current portion of operating lease liability	\$ 8,709,095
Noncurrent:		
Operating lease liabilities	Operating lease liability, net of current portion	70,053,332
Total lease liabilities		<u>\$ 78,762,427</u>

Future minimum lease payments as of December 31, 2025 is as follows:

<u>Years Ending December 31,</u>	<u>Operating</u>
2026	\$ 8,709,095
2027	8,709,095
2028	8,709,095
2029	8,709,095
2030	8,709,095
Thereafter	68,947,002
Total lease payments	112,492,477
Less interest	<u>(33,730,050)</u>
Present value of lease liabilities	<u>\$ 78,762,427</u>

630 CAROLINA BAY OPCO LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 5—Lease commitments (continued)

Required supplemental information relating to the Company's leases for the year ended is as follows:

Operating:

Operating leases, included in plant expenses	<u>\$ 8,588,472</u>
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Lease term and discount rate:

Weighted average remaining lease term - operating lease	12.92 years
Weighted average discount rate - operating lease	5.94%

Note 6—Contingencies

The Company is subject to legal proceedings and claims which arise in the ordinary course of providing healthcare services. The Company is covered by the 630 Propco's property and general liability and professional liability captive insurance programs. 630 Propco passes the incurred premiums and expenses to the Company in the form of operating expenses. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

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

Note 7—Litigation

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

Note 8—Subsequent events

The Company has evaluated subsequent events through June 4, 2026, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Appendix B — Five-Year Prospective Financial Statements

630 Carolina Bay OpCo LLC

Compilation of a Financial Forecast

Five Years Ending December 31, 2030

(with Accountant's Compilation Report thereon)

630 Carolina Bay OpCo LLC

Compilation of a Financial Forecast

Five Years Ending December 31, 2030

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Accountant's Compilation Report

630 Carolina Bay OpCo LLC
Wilmington, North Carolina

Management of 630 Carolina Bay OpCo LLC (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") are responsible for the accompanying financial forecast of the Company, which comprises the forecasted balance sheets as of and for each of the five years ending December 31, 2030, the related forecasted statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants ("AICPA").

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

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast 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 forecast. The forecasted 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.

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 24, 2026

630 Carolina Bay OpCo LLC

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

	2026	2027	2028	2029	2030
Revenue:					
Resident revenue - Independent Living	\$ 14,849	\$ 15,354	\$ 15,814	\$ 16,288	\$ 16,777
Resident revenue - Assisted Living	8,594	8,852	9,117	9,391	9,673
Resident revenue - Skilled Nursing	6,679	6,943	7,148	7,362	7,585
Other revenue	235	241	248	255	262
Community fee	392	404	416	428	441
Total Revenue	30,749	31,794	32,743	33,724	34,738
Expenses:					
Resident services - Independent and Assisted Living	3,034	3,125	3,218	3,315	3,414
Resident services - Skilled Nursing	3,979	4,098	4,221	4,348	4,478
Plant operations	10,292	10,340	10,389	10,439	10,491
Dietary	3,593	3,701	3,812	3,926	4,044
General and administrative	3,211	3,307	3,406	3,508	3,613
Management fees	1,449	1,501	1,545	1,591	1,639
Housekeeping	1,044	1,075	1,107	1,140	1,174
Other expense	769	792	816	840	865
Depreciation and amortization	417	457	497	539	582
Laundry	246	253	261	269	277
Total Expenses	28,034	28,649	29,272	29,915	30,577
Net Income	2,715	3,145	3,471	3,809	4,161
Members' equity, beginning of year	7,188	10,965	11,472	11,970	12,462
Members' contributions (distributions)	1,062	(2,638)	(2,973)	(3,317)	(3,668)
Net Income	2,715	3,145	3,471	3,809	4,161
Members' equity, end of year	\$ 10,965	\$ 11,472	\$ 11,970	\$ 12,462	\$ 12,955

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

630 Carolina Bay OpCo LLC

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

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Net income	\$ 2,715	\$ 3,145	\$ 3,471	\$ 3,809	\$ 4,161
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	417	457	497	539	582
Noncash lease expense	252	252	252	252	252
Changes in operating assets and liabilities:					
Resident accounts receivable, net	(47)	(29)	(26)	(24)	(31)
Inventories	(36)	(3)	(3)	(3)	(4)
Prepaid expenses	9	(8)	(8)	(7)	(9)
Trade accounts payable	39	1	2	1	2
Accrued expenses and other payables	20	14	14	13	16
Net cash flows from operating activities	3,369	3,829	4,199	4,580	4,969
Cash flows from investing activities:					
Purchases of property and equipment	(1,156)	(1,191)	(1,226)	(1,263)	(1,301)
Net cash flows from investing activities	(1,156)	(1,191)	(1,226)	(1,263)	(1,301)
Cash flows from financing activities:					
Contributions from (to) officers/members	1,062	(2,638)	(2,973)	(3,317)	(3,668)
Net cash flows from financing activities	1,062	(2,638)	(2,973)	(3,317)	(3,668)
Net change in cash and restricted cash	3,275	-	-	-	-
Cash and restricted cash, beginning of year	1,727	5,002	5,002	5,002	5,002
Cash and restricted cash, end of year	\$ 5,002	\$ 5,002	\$ 5,002	\$ 5,002	\$ 5,002
Reconciliation of cash and restricted cash to the forecasted balance sheet:					
Cash per forecasted balance sheet	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Restricted cash per forecasted balance sheet	2	2	2	2	2
Total cash and restricted cash	\$ 5,002	\$ 5,002	\$ 5,002	\$ 5,002	\$ 5,002

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

630 Carolina Bay OpCo LLC

Forecasted Balance Sheets As of December 31, (In Thousands)

Assets	2026	2027	2028	2029	2030
Current Assets:					
Cash	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Restricted cash	2	2	2	2	2
Resident accounts receivable, net	842	871	897	921	952
Accounts receivable - other	6	6	6	6	6
Inventories	99	102	105	108	112
Prepaid expenses	248	256	264	271	280
Total Current Assets	\$ 6,197	\$ 6,237	\$ 6,274	\$ 6,308	\$ 6,352
Property and Equipment, Net	3,596	4,330	5,059	5,784	6,503
Noncurrent Assets:					
Accounts receivable - related parties	4,907	4,907	4,907	4,907	4,907
Other assets	8	8	8	8	8
Right-of-use assets	68,243	59,282	50,321	41,359	32,398
Total Noncurrent Assets	73,158	64,197	55,236	46,274	37,313
Total Assets	\$ 82,951	\$ 74,764	\$ 66,569	\$ 58,366	\$ 50,168
Liabilities and Members' Equity					
Current Liabilities:					
Trade accounts payable	\$ 50	\$ 51	\$ 53	\$ 54	\$ 56
Refundable patient fund deposits	4	4	4	4	4
Deferred revenue	97	97	97	97	97
Accrued expenses and other payables	447	461	475	488	504
Right-of-use liabilities, current portion	8,709	8,709	8,709	8,709	8,709
Total Current Liabilities	\$ 9,307	\$ 9,322	\$ 9,338	\$ 9,352	\$ 9,370
Noncurrent Liabilities:					
Accounts payable - related parties	1,335	1,335	1,335	1,335	1,335
Right-of-use liabilities, net of current portion	61,344	52,635	43,926	35,217	26,508
Total Noncurrent Liabilities	62,679	53,970	45,261	36,552	27,843
Total Liabilities	71,986	63,292	54,599	45,904	37,213
Members' Equity	10,965	11,472	11,970	12,462	12,955
Total Liabilities and Members' Equity	\$ 82,951	\$ 74,764	\$ 66,569	\$ 58,366	\$ 50,168

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

630 Carolina Bay OpCo LLC

Summary of Significant Forecast Assumptions and Rationale

General

The accompanying financial forecast presents, to the best of the knowledge and belief of management of 630 Carolina Bay OpCo LLC (the “Company”) and the day-to-day operating manager, Liberty Living Management, LLC (the “Operating Manager”) (collectively, “Management”), the expected financial position, results of operations and changes in members’ equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2030. Accordingly, the accompanying financial forecast reflects Management’s judgment as of June 24, 2026, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. 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.

Management’s purpose in releasing this financial forecast is for inclusion in the Company’s 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 forecast 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.

Background

Management provides senior living services including providing and maintaining independent living, assisted living, skilled nursing care, and supporting services at its campus in Wilmington, North Carolina known as “Carolina Bay at Autumn Hall” (the “Community”).

See Accountant’s Compilation Report

Limited Liability Agreement

The Company was formed in August 2023 through a limited liability agreement with Welltower TRS Holdco LLC, as its only member (“TRS”) (the “Limited Liability Agreement”). In October 2023, Welltower OP LLC (“Welltower”), the 100 percent owner of TRS, acquired the certificate of needs (“CON”) for 78 adult care home beds and 30 skilled nursing beds from Carolina Bay Properties, a Delaware for-profit limited liability company registered to do business in North Carolina. The collective value of the CON is recorded with 630 Carolina Bay NC PropCo LLC (“630 PropCo”). The Company leases all beds from 630 PropCo.

Effective November 2024, a restated Limited Liability Agreement was entered into between TRS and Carolina Bay Properties of Wilmington II Sub, LLC (“CB Liberty”). The Company is majority owned by TRS whereas CB Liberty has a noncontrolling interest in the Company. In January 2025, the restated Limited Liability Agreement was amended to adjust percentage interest as a result of an equalizing contribution. As a result, TRS’ membership interest was adjusted from 93.46 percent to 96.18 percent and CB Liberty’s interest was adjusted from 6.54 percent to 3.82 percent.

The Company leases real estate which includes office space, nursing homes, and long-term care centers from 630 PropCo under the terms of an operating lease agreement effective November 30, 2023 (the “Operating Lease Agreement”).

See Accountant’s Compilation Report

The Community

The Community is located within Autumn Hall, a 236-acre mixed-use master planned community located near the Cape Fear Coast in Wilmington, North Carolina on a 20.5-acre site owned by Carolina Bay Properties. The Community consists of 158 independent living units (“Independent Living Units”), 70 assisted living units (“Assisted Living Units”), and 30 skilled nursing beds (“Skilled Nursing Beds”). The Assisted Living Units and Skilled Nursing Beds are collectively referred to as the “Healthcare Center.”

The following table summarizes the types of units, approximate square footage, and current monthly fees (“Monthly Fee”) and daily service fees (“Daily Service Fee”) of the Community, which consists of the Independent Living Units, the Assisted Living Units, the Skilled Nursing Beds, and related common spaces.

Table 1			
Community Configuration and Fees			
Unit Type	Number of Units	Square Footage	Monthly Fee ⁽¹⁾⁽²⁾⁽⁴⁾
<i>Independent Living Units:</i>			
<i>Apartments:</i>			
One bedroom	56	798	\$ 6,396
One bedroom/den	18	948	7,338
Two bedroom	19	1,143	8,375
Two bedroom/den	29	1,477	9,756
<i>Garden Flats</i>	36	1,657	10,658
Total / Weighted Average	158	1,177	\$ 8,329
<i>Assisted Living: ⁽³⁾</i>			
Standard	46	467	\$ 9,237
Memory Care	24	351	10,065
Total / Weighted Average	70	427	\$ 9,521
<i>Skilled Nursing:</i>			Daily Service Fee
Private			\$ 575
Medicare – Traditional			693
Medicate – Managed Care			480
Total / Weighted Average	30	356	\$ 583
Total Units / Beds	258		

Source: Management

- (1) Residents of the Independent Living Units are required to pay a one-time non-refundable fee equal to one month’s Monthly Fee (the “Community Fee”); a one-time non-refundable fee equal to one month’s Monthly Fee (the “Apartment Selection Fee”); and a one-time refundable security deposit equal to one month’s Monthly Fee (the “Security Deposit”).
- (2) The second person Monthly Fee for the Independent Living Units and Assisted Living Units is \$1,050 and \$3,000, respectively.
- (3) Assisted Living Units are assumed to be licensed for 78 beds with eight units available for double occupancy.
- (4) Monthly Fees for the Independent Living Units are assumed to increase at lease renewal. Monthly Fees and Daily Service Fees for the Assisted Living Units and Skilled Nursing Beds are assumed to increase each January for all residents. The Monthly Fees and the Daily Service Fees shown are an average of the Monthly Fees and Daily Service Fees effective January 1, 2026.

See Accountant’s Compilation Report

Residency and Care Agreement

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

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

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

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

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

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

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

See Accountant’s Compilation Report

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

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

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

See Accountant's Compilation Report

Summary of Significant Accounting Policies

- (a) Basis of Accounting and Presentation – The Company is assumed to maintain its accounting and financial records according to the accrual basis of accounting.
- (b) Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and cash on deposit held by one financial institution.
- (c) Restricted Cash – Restricted cash includes refundable priority deposits received from future residents (the “Priority Deposit”) and Security Deposits received from Residents upon execution of a Residency and Care Agreement, which are held in accordance with statute, law, or regulation of the federal, state, and local Government. The Priority Deposit shall be applied to the Security Deposit paid by the Resident upon execution of a Residency and Care Agreement.
- (d) Related-Party Transactions – The principal members of the Company and other entities which they own or with which they are associated are considered related parties. Management monitors cash flow at each related party entity and transfers cash on an as-needed basis. The cash flows between non-Company related parties are classified as non-current receivables/payables.
- (e) Statutory Operating Reserve – North Carolina General Statute § 58-64A-245 requires CCRCs to maintain an operating reserve (the “Statutory Operating Reserve”) as a percentage of the total operating costs in a given year, based on occupancy levels of the independent units. This law provides security to residents that the Company is able to meet its contractual obligations to provide continuing care. In order to meet the North Carolina General Statute operating reserve requirement for 2026, the Company has reserves maintained through Welltower. Management assumes that the statutory operating reserve for the forecast period shall be met through reserves maintained by Welltower.
- (f) Deferred Revenue – The Company initially records non-refundable Community Fees as deferred revenue until the completion of a rescission period. After a 30 day rescission period, the Company records Community Fees as other income.
- (g) Lease Accounting – ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases are to be classified as either finance or operating. This distinction shall be relevant for the pattern of expense recognition in the statement of operations.
- (h) Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets or the term of the depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.
- (i) Income Taxes – The Company has elected to be treated as a partnership for income tax purposes. The Company’s taxable income, its losses, and other pass-through items is reported on the members’ tax returns. Accordingly, no provision for income taxes has been included in the forecast.

See Accountant’s Compilation Report

Summary of Revenue Assumptions

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

Table 2 Utilization			
Year Ending December 31,	Average Units Available	Average Units Occupied⁽¹⁾	Occupied Percentage
2026 – 2030:			
Independent Living Units	158	149	94%
2026-2030:			
Assisted Living Units	70	67	96%
Skilled Nursing Beds	30	29	97%

Source: Management

(1) The payor mix for the Skilled Nursing Beds is assumed to approximate as follows: private pay: 10 percent; Medicare-traditional: 81 percent; and Medicare-managed care: 9 percent.

Independent Living Revenue and Assisted Living Revenue

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

Skilled Nursing Revenue

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

Other Revenue

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

See Accountant's Compilation Report

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

Salaries, wages, and employee benefits are assumed to increase 3.0 percent annually.

Non-Salary Expenses

Non-salary expenses are assumed to increase 3.0 percent annually.

Management Fee Expense

The Company is assumed to pay the Management Fee for the day-to-day management of the Community. The Management Fee is assumed to be based on 5.0 percent operating revenue.

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 forecasted 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%

See Accountant's Compilation Report

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

Table 3
Operating Reserve Requirement
(in Thousands)

	2026	2027	2028	2029	2030
Forecasted operating expenses	\$ 28,034	\$ 28,649	\$ 29,272	\$ 29,915	\$ 30,577
Subtract:					
Depreciation	(417)	(457)	(497)	(539)	(582)
Amortization (noncash lease expense)	(252)	(252)	(252)	(252)	(252)
Forecasted operating expenses-adjusted	27,365	27,940	28,523	29,124	29,743
Statutory Operating Reserve percent required	25%	25%	25%	25%	25%
Statutory Operating Reserve ⁽¹⁾	\$ 6,841	\$ 6,985	\$ 7,131	\$ 7,281	\$ 7,436
Occupancy of the Independent Living and Assisted Living Units:					
Units available, beginning of year	228	228	228	228	228
Units occupied, beginning of year	216	216	216	216	216
Occupancy Percentage	95%	95%	95%	95%	95%

Source: Management

(1) In order to meet the North Carolina General Statute operating reserve requirement for 2026, the Company has reserves maintained through Welltower. Management assumes that the statutory operating reserve for the forecast period shall be met through reserves maintained by Welltower.

Property and Equipment

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

Table 4
Schedule of Property and Equipment
(in Thousands)

	2026	2027	2028	2029	2030
Beginning balance	\$ 3,625	\$ 4,781	\$ 5,972	\$ 7,198	\$ 8,461
Routine capital additions	1,156	1,191	1,226	1,263	1,301
Property and equipment, cost	4,781	5,972	7,198	8,461	9,762
Accumulated depreciation	(1,185)	(1,642)	(2,139)	(2,677)	(3,259)
Property and equipment, net	\$ 3,596	\$ 4,330	\$ 5,059	\$ 5,784	\$ 6,503

Source: Management

See Accountant's Compilation Report

Lease Asset and Liability

The Company entered into the Operating Lease Agreement with 630 PropCo effective November 30, 2023 for the Company to utilize the property, plant, and equipment of the Community in exchange for a monthly lease payment of approximately \$715,706 per month. The initial lease is assumed to include an approximate \$84,972,000 present value of lease payments due over the lease term, discounted at 5.94 percent.

Right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if its reasonably certain that these options would be exercised by the Company.

Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Company uses the implicit rate when it is readily determinable. As most of the Company’s leases do not provide an implicit rate, management uses the risk-free rate based on the information available at lease commencement to determine the present value of lease payments.

Current Assets and Current Liabilities

Operating revenue as used below includes net resident service fee revenue. Operating expenses as used below exclude amortization and depreciation expense. Management has assumed working capital components based on the Company historical trends and are outlined in the following table:

Accounts receivables, net	10 days of operating revenues
Inventories	2 days of operating expenses
Prepaid expenses	5 days of operating expenses
Accounts payable and accrued expenses	9 days of operating expenses
Trade accounts payable	1 days of operating expenses

Source: Management

See Accountant’s Compilation Report

Appendix C — Statement of Actuarial Opinion

Not applicable. The provider does not have a new actuarial opinion.

Appendix D — Representative Contract(s)



CAROLINA BAY

AT AUTUMN HALL

Residency and Care Agreement

**630 Carolina Bay Drive
Wilmington, North Carolina 28403
(910) 769-7500**

9/13/2024

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

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CAROLINA BAY AT AUTUMN HALL

RESIDENCY AND CARE AGREEMENT

This RESIDENCY AND CARE AGREEMENT (the “Agreement”) is made this ___ day of _____, _____, between 630 Carolina Bay OpCo LLC, a Delaware for-profit limited liability company registered to do business in North Carolina (the “Company” or “Community”) and _____ and _____ (herein individually or collectively called “Resident”). If two persons desire to share an Apartment enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

WITNESSETH:

WHEREAS, the Company leases and operates the continuing care retirement community known as CAROLINA BAY AT AUTUMN HALL (the “CCRC”), located at 630 Carolina Bay Dr., Wilmington, North Carolina; and

WHEREAS, the Resident desires to use and occupy an apartment or garden flat unit (referred to collectively herein as an “Apartment”) located in the CCRC’s rental independent living buildings (the “Independent Living Buildings”); and

WHEREAS, and the Company desires to make the selected Apartment available to the Resident.

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

1. Eligibility Requirements and Procedures.

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

- a. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company’s sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.
- b. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which criteria may be amended from time to time in the Company’s sole discretion. The Resident shall provide to the Company an internal preliminary health screen (the “Preliminary Health Screen”), substantially in the form attached

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

- c. Apartment Selection Agreement. At the time of selecting an Apartment, the Resident completed an Apartment Selection Agreement and submitted it to the Company along with an Apartment Selection Fee and Community Fee, as defined in Sections 7.a. and 7.b., respectively, of this Agreement. In the event of any conflict between the provisions of the Apartment Selection Agreement and this Agreement, the provisions of this Agreement shall control.
- d. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the CCRC’s Disclosure Statement (the “Disclosure Statement”) which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.
- e. Application. Within thirty (30) days of execution of the Apartment Selection Agreement, the Resident will complete a Preliminary Health Screen and a confidential financial statement, all on the forms provided by the Company, and deliver the same (all such documents collectively referred to herein as, the “Application Forms”) to the Company.
- f. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining the whether the requirements for residency may be met.
- g. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in Section 7.d. of this Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement. Immediately prior to the Occupancy Date (as defined in Section 1.n. of this Agreement), the Resident will affirm to the Company that the Resident’s financial situation does not differ materially or adversely from the financial situation as presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident’s then personal financial situation differs materially and adversely from the Resident’s prior financial situation, the Company may terminate this Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company’s request for the same.

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

- n. Notification of Availability. If the Resident is approved for residency in the CCRC, the Company will notify the Resident of the projected date of availability for occupancy (the “Notice of Availability Date”) and the Resident will have sixty (60) days from date of the Notice of Availability Date to occupy the Apartment (the date of occupancy hereinafter referred to as the “Occupancy Date”) and begin paying the Monthly Service Fee. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, less those costs or other charges that are non-refundable pursuant to the terms of this Agreement, shall be refunded by the Company within thirty (30) days.

2. Basic Services and Programs.

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

- a. Description of Apartment. The Resident shall be entitled to the exclusive use of Apartment _____ located in the CCRC’s Independent Living Building.
- b. Appliances and Furnishings. The Apartment shall include the following appliances and furnishings:

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

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

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

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

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

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

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

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

3. Optional Services.

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

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

- h. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
- i. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC Concierge Desk.

4. Terms of Residence.

- a. Term of Agreement. The initial term of this Agreement shall be for thirteen (13) months beginning on the Occupancy Date (the “Term”). After the initial Term, this Agreement will automatically renew for additional thirteen (13) month periods, unless terminated in accordance with Section 8 below. Prior to the expiration of the initial Term or any renewal Term, the Company reserves the right to present the Resident with a new version of the Company Residency and Care Agreement for signature by the Company and the Resident.
- b. Nature and Extent of Rights. The Resident’s right to occupy the Apartment shall exist and continue unless terminated as provided in this Agreement. Nothing contained herein shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement.
- c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.
- d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Apartment to meet requirements of any statute, law or regulation of the federal, state or local Government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Apartment.
- e. Use. The Apartment shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.
- f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Apartment during the term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second

resident shall enter into a Residency and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

- g. Transfers. Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.
- h. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.
- i. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.
- j. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Apartments. All pets must be on a leash at all times while not in a Resident's Apartment. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Apartment, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Apartment, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.

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

5. Nursing and Healthcare Services.

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

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

6. Transfers of Resident

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

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

to the Healthcare Transfers to the Transfer Facility until such time as the Healthcare Center is available; provided however, the cost of the care at such Transfer Facility will be the responsibility of the Healthcare Transfer.

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

7. Fees and Charges.

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

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

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

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

- d. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") in the amount of \$ _____, as described on Exhibit A attached hereto, for a single Resident. If the Apartment will be occupied by two Residents pursuant to this Agreement, an additional monthly amount of \$ _____ shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Apartment is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Apartment prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If this Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in Section 7 below.

- e. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to any renewal of this Agreement. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis.

- f. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring optional services (“Optional Services”) the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit A.
- g. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, assisted housing with services, skilled nursing care and memory care services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Care Agreement and in accordance with the then published Healthcare Center per diem charge.
- h. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center per diem charge plus charges for other services not included in the Healthcare Center per diem charge, subject to available Discounted Fee Days. In addition, the Resident shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.
- i. Refund of Fees. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit, Apartment Selection Fee, Community Fee and Security Deposit (and any other fees paid by Resident) in accordance with this Residency and Care Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident’s request and set forth in Exhibit A of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company’s receipt of the Resident’s written notice of rescission. The Apartment Selection Fee and the Community Fee become non-refundable after the Rescission Period. The Security Deposit Fee is refundable and will be returned to the Resident within thirty (30) days after the Resident’s move-out date if the Resident has complied with all terms of the Agreement and returns the Apartment in the same or materially similar condition as when Resident moved into the Apartment. If the Resident breaches or otherwise violates the Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit Fee shall be forfeited to the Company.

- j. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Fees and extra charges that have not been paid within five (5) days after their due date.

8. Termination.

- a. Termination by Resident. Upon the termination of this Agreement, the Resident shall have no further right to reside in the CCRC. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:
 - i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the “Rescission Period”), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident’s termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit A of this Agreement or in writing in a separate addendum to the Agreement signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident’s election to terminate this Agreement.
 - ii. Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, the Apartment Selection Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.
 - iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days’ written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident’s personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at the existing market rate.

b. Termination by Death or Serious Illness

- i. Termination by Death or Serious Illness Prior to the Occupancy Date. If, prior to the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.
- ii. Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of Section 6, then this Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company

- i. Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.
- ii. Termination by the Company after the Occupancy Date. The Company may terminate this Agreement upon thirty (30) days written notice to the Resident in the event of the following:

- (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
- (2) The Resident consistently fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or
- (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

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

9. Miscellaneous

- a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.
- b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to

the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.

- c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.
- d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney's fees and court costs, resulting from any injury or death to persons or damage to property caused by, resulting from, attributable to or in any way connected to the Resident's negligence or intentional act or omission.
- e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement.
- f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director
Carolina Bay of Wilmington, LLC
630 Carolina Bay Drive
Wilmington, North Carolina 28403

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

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

Initials Resident _____

 Resident _____

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

[Signatures begin on following page]

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

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

CAROLINA BAY OF WILMINGTON, LLC

By: _____
_____, Authorized Representative

Date: _____

EXHIBIT A – FEE SCHEDULE

Resident Name(s) _____

Unit # _____

Agreement Date _____

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

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

Monthly Fees:	Amount
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	
Total monthly fees	\$

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

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

Initials	Resident	_____
	Resident	_____

Appendix E — Examination Report

Not applicable. At the time of submission, the North Carolina Department of Insurance has not completed a new examination of the provider.

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.

