

**CARE REALTY, LLC AND SUBSIDIARIES
(A DELAWARE LIMITED LIABILITY COMPANY)**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

CARE REALTY, LLC AND SUBSIDIARIES

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Independent Auditor's Report

To The Members
Care Realty, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Care Realty, LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income (loss), members' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 audits. 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 issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Sax LLP

Parsippany, New Jersey
May 14, 2026

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

ASSETS	December 31,	
	2025	2024
Current Assets		
Cash and Cash Equivalents	\$ 3,155	\$ 6,116
Restricted cash and deposits	12,342	12,660
Resident accounts receivable, net of allowance of \$8,530 and \$9,789, respectively	44,000	43,155
Other receivables	4,487	549
Related party note receivable, current portion	100	-
Prepaid expenses and other current assets	1,635	1,767
Total current assets	65,719	64,247
Other Assets		
Property and equipment, net	271,660	278,943
Licenses	850	850
Fair value of interest rate swap asset	-	248
Related party note receivable, noncurrent portion	1,767	3,367
Net operating lease - right of use ("ROU") asset	621	639
Other assets	5,599	2,857
Total other assets	280,497	286,904
Total Assets	\$ 346,216	\$ 351,151
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Deferred income and refundable advances	\$ 2,360	\$ 1,887
Current maturities of long-term debt	6,652	6,311
Accounts payable	221	36,345
Accrued expenses	94,403	70,896
Accrued interest payable	837	904
Other liabilities	-	3
Operating lease obligation, current portion	31	31
Total current liabilities	104,504	116,377
Long-Term Liabilities		
Long-term debt, net	250,589	240,532
Operating lease obligation, net of current portion	591	611
Fair value of interest rate swap liability	69	-
Total long-term liabilities	251,249	241,143
Total Liabilities	355,753	357,520
Members' Equity (Deficit)		
Members' equity (deficit)	(9,468)	(6,617)
Accumulated other comprehensive (loss) income	(69)	248
Total members' equity (deficit)	(9,537)	(6,369)
Total Liabilities and Members' Equity	\$ 346,216	\$ 351,151

See accompanying notes to the consolidated financial statements.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (IN THOUSANDS)

	For the years ended December 31,	
	2025	2024
Revenue		
Net resident service revenue	\$ 465,159	\$ 431,451
Other revenue	345	281
Rental revenue	5,318	4,220
Total revenue	470,822	435,952
Operating Expenses		
Salaries, wages and benefits	290,332	273,130
Management fees - affiliate	8,370	23,423
Other operating expenses	138,475	140,025
Depreciation expense	14,294	14,528
Total operating expenses	451,471	451,106
Income (Loss) from Operations	19,351	(15,154)
Other Income (Expense)		
Loss on sale of property	(4)	(30)
Interest income	201	3,373
Interest expense	(11,511)	(11,557)
Other income	3	-
Total other expense	(11,311)	(8,214)
Net Income (Loss)	8,040	(23,368)
Other Comprehensive Gain		
Change in fair value of interest rate swap agreements	(317)	680
Comprehensive Income (Loss)	\$ 7,723	\$ (22,688)

See accompanying notes to the consolidated financial statements.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (DEFICIT) (IN THOUSANDS)

	Total	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance - December 31, 2023, as originally stated	\$ 16,963	\$ (432)	\$ 16,531
Prior period adjustment (see Note 18)	(212)	-	(212)
Balance - December 31, 2023, as revised	16,751	(432)	16,319
Net loss	(23,368)	-	(23,368)
Other comprehensive income	-	680	680
Balance - December 31, 2024	(6,617)	248	(6,369)
Distributions	(10,891)	-	(10,891)
Net income	8,040	-	8,040
Other comprehensive loss	-	(317)	(317)
Balance - December 31, 2025	\$ (9,468)	\$ (69)	\$ (9,537)

See accompanying notes to the consolidated financial statements.

CARE REALTY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	For the years ended December 31,	
	2025	2024
Cash Flows from Operating Activities		
Net income (loss)	\$ 8,040	\$ (23,368)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	14,294	14,528
Amortization of debt issuance costs	303	319
Bad debt expense	8,326	9,987
Gain on sale of assets	(4)	(30)
Changes in operating assets and liabilities:		
Resident accounts receivable - net	(9,171)	(6,987)
Other receivable	(4,038)	(1,532)
Prepaid expenses and other current assets	132	(597)
Other assets	(2,742)	1,796
Amortization of net operating lease - right of use ("ROU") asset	18	18
Deferred revenue and refundable advances	473	(247)
Accounts payable	(36,124)	(2,991)
Accrued expenses	23,507	21,744
Accrued interest payable	(67)	(73)
Other liabilities	(3)	(2,120)
Operating lease obligation	(20)	(20)
Net Cash Provided by Operating Activities	2,924	10,427
Cash Flows from Investing Activities		
Payments (made) received on related party notes receivable	1,600	(1,305)
Payments for financing costs	(143)	-
Purchase of property and equipment	(7,007)	(3,897)
Proceeds from sale of property, net of debt repayments	-	36
Net Cash Used in Investing Activities	(5,550)	(5,166)
Cash Flows from Financing Activities		
Principal payments of long-term debt	(7,391)	(6,695)
Proceeds from long-term debt	17,629	-
Member distributions	(10,891)	-
Net Cash Used in Financing Activities	(653)	(6,695)
Net Decrease in Cash, Cash Equivalents and Restricted Cash and Deposits	(3,279)	(1,434)
Cash, Cash Equivalents and Restricted Cash and Deposits, Beginning of Year	18,776	20,210
Cash, Cash Equivalents and Restricted Cash and Deposits, End of Year	\$ 15,497	\$ 18,776
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 11,578	\$ 11,557
Cash paid during the year for taxes	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 - DESCRIPTION OF BUSINESS AND ORGANIZATION

DESCRIPTION OF BUSINESS AND ORGANIZATION

Care Realty, LLC, a limited liability company and Subsidiaries (the “Company”), was formed on March 30, 2001. The Company operated 22 health care facilities in five states as of December 31, 2025.

Effective January 1, 2015, seven Connecticut facilities entered into management and operations transfer agreements and a facilities agreement with a new unrelated third-party operator of the facilities. Under the terms of these agreements, the facility leases between Care Realty, LLC and certain of its subsidiaries have been assigned to the new operating company tenant. Six of the seven facilities were sold in 2023, and the remaining facility management and operating transfer agreement is no longer in force.

Although limited liability companies are not corporations, their members have limited personal liability for the obligations or debts of the entities similar to stockholders of a corporation; however, the entities are classified as partnerships for federal income tax purposes.

The Company is related to several other businesses that have common beneficial ownership and managerial control. These related businesses are hereinafter referred to as “affiliates” or “related parties.”

PRINCIPLES OF CONSOLIDATION AND COMBINATION

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, as listed in Note 15, that own real estate, nursing homes and assisted living facilities located in multiple states. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates include estimated impairment charges for long-lived assets, the allowance for doubtful accounts, contractual allowances, amounts earned under the CARES Act and other government grant programs, and estimated losses for insurance claims. Actual results could differ from those estimates.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments purchased with a maturity of three months or less at the time of purchase to be cash equivalents.

RESIDENT ACCOUNTS RECEIVABLE AND NET RESIDENT SERVICE REVENUE

Net resident service revenue and the related accounts receivable are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care.

The Company's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price considerations such as contractual adjustments and implicit price concessions provided, primarily to uninsured patients, and other reductions to the Company's standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For under-insured patients, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. These implicit price concessions included in the estimation of the transaction price are based on the Company's historical collection experience for applicable portfolios.

Settlements with third-party payors for cost report filing and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated contract price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given settlement item. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2025 and 2024.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESIDENT ACCOUNTS RECEIVABLE AND NET RESIDENT SERVICE REVENUE (CONTINUED)

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net resident services revenue in the period of change. For the years ended December 31, 2025 and 2024, changes in the estimates of implicit price concessions, discounts, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense.

After satisfaction of amounts due from insurance, the Company follows established guidelines for placing certain patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by the Company's policy. Changes in the effectiveness of the collection efforts could impact the amounts expected to be collected and, therefore, could impact net resident services revenue in future periods.

The Company uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The consolidated financial statements effects of using this practical expedient are not materially different from an individual contract approach.

The Company has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less. However, the Company may, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company does not have any off-balance sheet credit exposure related to its accounts receivable.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOWANCE FOR CREDIT LOSSES

The Company recognizes an allowance for expected credit losses on receivables, in accordance with ASU 2016-13, Financial Instruments - Credit Losses (“Topic 326”). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument. The expected credit losses on resident receivables are estimated based on historical credit loss experience, aging analysis, and management’s assessment of current conditions and reasonable and supportable expectation of future conditions. The Company assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at-risk or uncollectible. Accounts receivable balances are charged against the allowance for credit losses after recovery efforts have ceased. Changes in the valuation allowance have historically not been material to the financial statements.

The Company has tracked historical loss information based on the aging buckets and the type of payor for its patient receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, 91–120 days past due, 121–180 days past due, 181–365 days past due, 366–730 days past due, and more than 730 days past due).

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for patient receivables held at December 31, 2025 and 2024, because the composition of the patient receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). As a result, management applied the applicable updated credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, the allowance for expected credit losses at December 31, 2025 and 2024 totaled \$8,530 and \$9,789, respectively.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity’s accounting policy election. The total amount of write-offs for the years ending December 31, 2025 and 2024, were \$8,326 and \$9,987, respectively.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED INCOME AND REFUNDABLE ADVANCES

Deferred income and refundable advances include fees from residents received in advance of being earned, provider relief funds and Medicare accelerated and advance payments.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances held with a financial institution, which at times exceed federally insured limits, and resident accounts receivable. At December 31, 2025 there were four accounts with balances totaling \$1,830 that were in excess of these insurance limits.

The Company grants credit without collateral to its residents, most of whom are insured under third-party payor arrangements. Accounts receivable from residents and third-party payors were as follows:

	<u>2025</u>	<u>2024</u>
Medicare and Medicaid	54%	60%
Managed care/commercial insurance	22%	26%
Residents and other	24%	14%
	<u>100%</u>	<u>100%</u>

PROPERTY AND EQUIPMENT

Land, building and improvements, equipment, furniture and fixtures used in the skilled nursing and other operations of the Company are classified as property and equipment and are recorded at cost. Building, building improvements, equipment and furniture and fixtures are depreciated on the straight-line method over their estimated useful lives range from 5 to 40 years.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for improvements and betterments in excess of two thousand five hundred dollars with an estimated life of one or more years are capitalized. The cost and related accumulated depreciation of assets are removed from the accounts when such assets are retired or sold, and any related gains or losses are reflected in the statement of comprehensive income (loss) for the period.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LICENSES

Licenses, which consist of costs to acquire the required state licenses to operate healthcare facilities, have been determined to be intangible assets with indefinite lives. There were no impairment charges for the years ended December 31, 2025 and 2024.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operations to which the assets relate to the carrying amount. If it is determined that the Company is unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses for the years ended December 31, 2025 and 2024.

DEBT ISSUANCE COSTS

Debt issuance costs consist of costs incurred to obtain financing. Debt issuance costs are reported on the balance sheets as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Company reflects amortization of debt issuance costs within interest expense.

FAIR VALUE MEASUREMENTS

The Company follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy, based on whether the inputs used to determine their fair values are observable or unobservable. Fair value level inputs are as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS

The Company, in conjunction with some of its mortgage notes, has entered into interest rate swap agreements with financial institutions to manage its exposure to interest rate movements on the Company's variable rate mortgage notes. The agreements, designated as cash flow hedges, involve the exchange of amounts based on a variable interest rate for amounts based on a fixed interest rate over the term of the respective agreement. The differential to be paid or received, if any, is accrued and recognized as an adjustment of interest expense related to the mortgage note.

The Company records all derivative instruments, currently consisting of interest rate swap agreements, on the consolidated balance sheet at their respective fair values and all changes in fair values in the consolidated statement of comprehensive income as a component of other comprehensive income (loss), based on the derivative instrument's designation and effectiveness of hedging relationships.

FINANCIAL INSTRUMENTS

The Company follows U.S. GAAP guidance which affects the presentation and disclosure requirements of financial instruments whereby all entities that are not public business entities are exempt from disclosing fair value information for financial instruments measured at amortized cost.

COMPREHENSIVE INCOME

The reporting of comprehensive income (net income plus or minus other comprehensive income or loss) in financial statements is defined as the net change in equity of a business enterprise during a period from transactions and other events, except those resulting from investments by owners and distributions to owners.

CARE REALTY, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RENTAL REVENUE

The Company recognizes rental revenue in the accompanying consolidated statements of comprehensive income (loss) in accordance with the contractual terms of the lease agreements with tenants when collection is reasonably assured. The Company records minimum rental fees on a straight-line basis over the term of the lease in accordance with ASC 842.

EMPLOYEE HEALTH BENEFIT PLANS

The Company has one self-insured employee health benefit plan (the “Health Plan”). The Company contracts with a preferred provider organization to assist in the administration of the Health Plan. The estimated liabilities of the Health Plan, reported claims and claims incurred but not reported, are included in accrued expenses in the consolidated balance sheets. Actual amounts could differ from these estimates. Together with several affiliates, the Company maintains excess claims insurance for individual medical claims in excess of \$450 through a third-party insurer which expires on December 31, 2026.

PROFESSIONAL LIABILITY AND WORKERS’ COMPENSATION COSTS

The Company is self-insured for professional liability claims and maintains workers’ compensation insurance with a \$500 per employee deductible under an insurance policy that expires on July 1, 2026. The provision for estimated professional liability and workers’ compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimated liabilities for professional liability and workers’ compensation claims are included in accrued expenses in the consolidated balance sheets. See Note 12 for additional information regarding the Company’s professional liability program.

LEGAL FEES

Legal fees are recorded on the accrual basis as they are incurred. Loss reserves for cases that have been incurred but not reported include estimated legal costs to defend the cases.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Company is classified as a partnership for income tax reporting purposes. Accordingly, the Company has not provided for federal and certain state income taxes since all income or loss is passed through directly to the members. Certain states require state income taxes to be paid at the entity level. These state income taxes, if any, are reflected as state income tax expense in the accompanying consolidated statements of comprehensive income (loss). Management has determined that the deferred tax assets and/or liabilities related to entity level state taxes are not significant.

The Company has implemented the guidance in U.S. GAAP regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this guidance had no impact on the Company's consolidated financial statements.

The Company's income tax returns are subject to review and examination by federal, state and local authorities. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2025.

LEASES

The Company recognizes a right-of-use asset and lease liability for leases in accordance with ASC Topic 842, Leases. Topic 842 requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

NOTE 3 - SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2025 and 2024, cash and restricted cash consisted of the following:

	<u>2025</u>	<u>2024</u>
Operating cash and cash equivalents	\$ 3,155	\$ 6,116
Restricted cash - escrow deposits:		
Liability insurance escrow	538	396
Property tax escrow	982	895
Mortgage insurance escrow	713	747
Replacement reserve escrow	6,733	7,285
Other escrow	3,376	3,337
Total restricted cash - escrow deposits	<u>12,342</u>	<u>12,660</u>
Total cash, cash equivalents and restricted cash - escrow deposits presented in the consolidated statements of cash flows	<u>\$ 15,497</u>	<u>\$ 18,776</u>

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 and 2024, consists of the following:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 57,901	\$ 57,881
Buildings and improvements	336,992	334,427
Equipment, furniture and fixtures	76,812	71,548
Construction in progress	7	781
	<u>471,712</u>	<u>464,637</u>
Less accumulated depreciation	<u>(200,052)</u>	<u>(185,694)</u>
Property and equipment, net	<u>\$ 271,660</u>	<u>\$ 278,943</u>

There was no interest expense capitalized for the years ended December 31, 2025 and 2024. Construction in progress represents renovation projects and other equipment and fixtures that are not complete as of the balance sheet date.

NOTE 5 - LINES OF CREDIT

The Company has various outstanding lines of credit totaling \$6,500 in the aggregate (2024: \$7,300), which expire at various dates through February 2027. The lines of credit are based on the Secured Overnight Financing Rate (“SOFR”) and are subject to certain floors (effective interest rates on outstanding balances are approximately 6.62% as of December 31, 2025). The lines of credit are collateralized by various assets and ownership interests of the Company. The amount outstanding as of December 31, 2025 and 2024 was \$0 and \$0, respectively.

Irrevocable standby letters of credit in the amount of \$6,397 that are outstanding at December 31, 2025 and 2024, reduce the available borrowing capacity under the lines of credit to \$103 and \$903, respectively.

NOTE 6 - RELATED PARTY NOTES RECEIVABLE

In November 2013, the Company entered into a promissory note with a related party totaling \$2,800. Interest on the note accrues at 5.0% per annum. The note requires monthly payments of principal and interest of \$16 over a five-year term with a balloon payment of \$1,867 due upon maturity, originally December 1, 2024 and subsequently extended to December 1, 2026. The balance of this loan was \$1,867 and \$1,967 as of December 31, 2025 and 2024, respectively. Interest income related to the note was \$97 and \$103 for the years ended December 31, 2025 and 2024, respectively.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7 - LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

	<u>2025</u>	<u>2024</u>
Mortgages and term loan payable in varying monthly or annual installments with interest rates between 2.35% and 3.66% over the respective SOFR rates.	\$ 50,270	\$ 86,309
HUD loans payable in varying monthly installments with interest rates of 2.35% and 3.95%.	<u>210,029</u>	<u>163,753</u>
	260,299	250,062
Less current maturities of long-term debt	<u>6,652</u>	<u>6,311</u>
Long-term debt, net of current maturities	\$ 253,647	\$ 243,751
Unamortized debt issuance costs	<u>(3,058)</u>	<u>(3,219)</u>
Long-term debt, net	<u>\$ 250,589</u>	<u>\$ 240,532</u>

Long-term debt is shown net of unamortized issuance costs. Amortization of debt issuance costs included in interest expense was \$303 and \$318 for the years ended December 31, 2025 and 2024, respectively. Amortization of debt issuance costs for each of the next five years and thereafter is expected to be \$1,376, \$599, \$264, \$200, \$163 and \$456 thereafter.

Long-term debt consisted of mortgages and other debt agreements secured by the Company's assets and is payable in varying monthly installments. The Company has mortgages with interest set at a fixed rate of 4.0%, through January 1, 2017 at which time the interest rate is reset to 250 basis points above the five-year Treasury Note Yield as of January 1, 2017 with a floor of 4.0%.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7 - LONG-TERM DEBT (CONTINUED)

In February 2022, the Company refinanced these mortgage loans and its \$3,000 line of credit. The new debt agreement was entered into jointly with an affiliate of the Company that shares common management and control. The total debt facility includes loans totaling \$191,067, consisting of a term loan of \$153,280, a construction line of \$30,287 and a revolving line of credit in the amount of \$7,500. \$34,889 of the term loan and \$7,197 of the line of credit has been allocated to the Company. The term loan, which has an interest rate equal to the Secured Overnight Financing Rate (“SOFR”) plus 2.75%, requires monthly payments of interest only through February 2024. Beginning in February 2024, monthly payments of principal and interest are required, calculated using a fixed interest rate of 4.5%, based on a 30-year mortgage style amortization schedule through maturity in February 2027, with two one-year extension options, after which time the remaining principal balance is due. The line of credit requires monthly payments of interest only at SOFR plus 2.75% and expires in February 2027. The entire lending facility is also guaranteed by the co-borrower / Affiliate. The outstanding balance was \$33,837 and \$34,421 at December 31, 2025 and 2024, respectively.

In June 2010, HUD mortgage loans were secured for health care facilities. Interest on this debt is fixed between 2.67% and 3.95% with loan maturity dates between 2035 and 2048. The proceeds of the mortgage loans were used to refinance debt that came due during 2010. The mortgages are secured by the mortgaged health care facilities. In 2021, the Company refinanced one of these mortgage loans. The six remaining HUD mortgage loans had an outstanding balance of \$37,855 at December 31, 2021. On July 11, 2022, four of the health care facilities were sold and the mortgage loans totaling \$20,222 were paid in full (See Note 15). The two remaining HUD mortgage loans had an outstanding balance of \$14,901 and \$15,502 at December 31, 2025 and 2024, respectively.

In January 2011, HUD mortgage loans were secured for ten health care facilities in the amount of \$136,644. Interest on this debt is fixed between 2.65% and 3.15% with loan maturity dates between 2036 and 2046. The proceeds of the mortgage loans were used to refinance debt that came due during 2011. The mortgages are secured by the mortgaged health care facilities.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Five of the ten HUD loans originating in 2011, with a combined principal balance of \$55,772 at December 31, 2021 were refinanced in January and February 2022. The original principal of the new debts totaled \$63,634. There was an additional loan in the amount of \$842 that was added to one of the other HUD financed properties. Loans totaling \$13,302 are payable in equal monthly installments for principal and interest at rates ranging from 2.27% to 2.4% over 25 years, maturing in February 2047. Loans totaling \$50,332 are payable in equal monthly installments of principal and interest rates ranging from 2.27% to 2.4% over 25 years, maturing in February and March 2057. The remaining \$842 is payable in monthly installments of principal and interest at the rate of 2.4% through maturity in February 2046.

The ten HUD mortgage loans have an aggregate outstanding balance of \$103,403 and \$106,849 at December 31, 2025 and 2024, respectively.

On May 31, 2018, the Company obtained a term loan in the amount of \$30,000. The loan is secured by certain assets of subsidiaries of the Company. The loan bears interest at a variable rate equal to SOFR plus 2.35% (6.22% at December 31, 2025). In 2025 the loan was extended through June 1, 2030. The outstanding balance was \$24,980 and \$25,517 at December 31, 2025 and 2024, respectively.

On June 15, 2023, the Company secured a loan in the amount of \$10,400. The loan is secured by certain assets of subsidiaries of the Company. The loan bears interest at a variable rate equal to SOFR plus 3.66% (7.53% at December 31, 2025). The loan matured on August 14, 2023 at which time the loan was refinanced in the amount of \$27,000. The loan matures on June 15, 2027. The term loan, which has an interest rate equal to the Secured Overnight Financing Rate ("SOFR") plus 3.66%, requires monthly payments of interest only through June 2027. The outstanding balance was \$25,290 and \$26,370 at December 31, 2025 and 2024, respectively.

On December 29, 2023, HUD mortgage loans were obtained for five health care facilities in the amount of \$43,120. Interest on this debt is fixed between 3.53% and 3.75% with maturity dates between 2049 and 2054. The outstanding balance was \$40,495 and \$41,402 at December 31, 2025 and 2024, respectively.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7 - LONG-TERM DEBT (CONTINUED)

On July 2, 2025, the Company borrowed \$17,500 at an interest rate of 285 basis points above SOFR with a floor of 5.75% (6.72% at December 31, 2025) (“Line A”). The Company has an additional loan of \$5,250 available (“Line B”). On August 1, 2025, principal plus interest payments in the amount sufficient to fully amortize the Term Loan A over twenty-five years commenced. The loans mature in 2028 and can both be extended through 2030. There is \$17,500 (Line A) and \$0 (Line B) outstanding as of December 31, 2025.

The non-HUD debt agreements contain covenants related to the maintenance of financial ratios. The Company was in compliance at December 31, 2025.

The expected aggregate maturity schedule of the long-term debt during the next five years and thereafter is as follows:

For the years ending December 31,

2026	\$	6,652
2027		63,382
2028		22,258
2029		5,577
2030		30,726
Thereafter		<u>131,704</u>
	\$	260,299
Unamortized debt issuance costs		<u>(3,058)</u>
	\$	<u>257,241</u>

The net book value of the collateral for the Company’s long-term debt was \$247,404 and \$240,608 as of December 31, 2025 and 2024, respectively.

NOTE 8 - DERIVATIVE INSTRUMENTS - INTEREST RATE SWAPS

The Company entered into interest rate swap agreement to manage its interest rate risk on its variable rate debt.

Upon the occurrence of certain events of default or termination events, identified in the derivative contracts, either the Company or the counterparty could terminate the contract in accordance with its terms. Termination would result in the payment of a termination amount by one party to compensate the other party for its economic losses.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 - NET RESIDENT SERVICE REVENUE

The Company bills patients and third-party payors several days after the services are performed or shortly after discharge. Revenues are recognized as performance obligations are satisfied. The Company determines performance obligations based on the nature of the services provided. The Company recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing facility services. The Company measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

The table below depicts the Company's sources of net resident services revenue disaggregated by payor. The amounts presented are based on an allocation of the estimated transaction price between the primary patient classifications of insurance coverage for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Medicaid & Managed Medicaid	\$ 289,948	\$ 149,364
Medicare	5,570	106,854
Insurance & Managed Care	62,249	70,948
Private & Other	<u>107,392</u>	<u>104,285</u>
	<u>\$ 465,159</u>	<u>\$ 431,451</u>

Net resident service revenue is comprised primarily of skilled nursing revenue. Revenue from other services is not a significant component of net resident service revenue.

The Company has agreements with third-party payors that provide for payments for services rendered by the Company. A summary of the payment arrangements with the major third-party payors follows:

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 - NET RESIDENT SERVICE REVENUE (CONTINUED)

Medicaid

Medicaid is operated by the individual states with the financial participation of the federal government. Inpatient services rendered to Medicaid program beneficiaries are generally at a prospective cost-based rate which is intended to reimburse the facility for the reasonable direct and indirect allowable costs incurred in a base year for providing routine care as defined by the program. This rate can vary based on the clinical acuity level of the Medicaid population in the facility.

Medicare

Inpatient services rendered to Medicare program beneficiaries are based on a Patient Driven Payment Model case mix classification for inpatient services.

The Company has also entered into payment agreements with commercial insurance carriers. The basis for payment to the Company under these agreements generally is prospectively determined per-diem rates.

Third-party payors retain the right to review and propose adjustments to reimbursement amounts received by the Company. Provision is made in the consolidated financial statements for anticipated adjustments that may vary from such revisions.

In the normal course of business, the Company requests revisions to reimbursement amounts received under third-party payor agreements. No amounts are recorded unless the Company is reasonably assured that such revision will be granted.

Contract balances related to customer contracts were as follows:

	Resident Accounts Receivable	
	2025	2024
Beginning of Year	\$ 43,155	\$ 46,069
End of Year	\$ 44,000	\$ 43,155

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 - NET RESIDENT SERVICE REVENUE (CONTINUED)

	<u>Deferred Income</u>	
	<u>2025</u>	<u>2024</u>
Beginning of Year	\$ 1,887	\$ 2,133
End of Year	\$ 2,360	\$ 1,887

The following table presents revenue disaggregated by the timing of revenue recognition for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue recognized at a point in time	\$ 24,426	\$ 42,826
Revenue recognized over time	446,396	393,126
Total revenue	\$ 470,822	\$ 435,952

NOTE 10 - OTHER REVENUE

Other revenue consists of the follow for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Massachusetts relief funds	\$ 24	\$ -
Management fee and other	321	281
	\$ 345	\$ 281

NOTE 11 - RELATED PARTY TRANSACTIONS

PROFESSIONAL SERVICES

The Company has engaged affiliates to provide, among other things, services in connection with certain administration, advisory, consultation, accounting and supervisory services with respect to the management, operation and maintenance of the Company and the operating real estate. For each of the years ended December 31, 2025 and 2024, fees incurred for these services were approximately \$3,600.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 - RELATED PARTY TRANSACTIONS (CONTINUED)

HEALTH CARE FACILITY MANAGEMENT

In connection with the operation of health care facilities, the Company has hired an affiliate to manage the operations of the facilities. The Company paid \$23,138 and \$23,425 for such services for the years ended December 31, 2025 and 2024, respectively.

Additionally, in connection with the operation of the health care facilities, the Company has recorded fees for shared support services provided by an affiliate. These fees totaled \$4,184 and \$10,311 for the years ended December 31, 2025 and 2024, respectively, and are included in other operating expenses in the consolidated statements of comprehensive income (loss).

Included in accrued expenses as of December 31, 2025 and 2024, respectively, is \$67,515 and \$39,257, related to these expenses.

PHARMACY SERVICES

For the years ended December 31, 2025 and 2024, respectively, the Company recorded \$12,538 and \$11,219, in expense for products or services shipped from or performed by a company controlled directly or indirectly by certain affiliates of the Company. Included in accounts payable and accrued expenses as of December 31, 2025 and 2024, respectively, is \$1,119 and \$1,384, relating to these expenses.

NOTE 12 - PROFESSIONAL LIABILITY INSURANCE PROGRAM

HOSPICE SERVICES

An affiliate of the Company provides hospice services to the residents of the Company's health care facilities. For the years ended December 31, 2025 and 2024, respectively, the Company recorded net resident revenue of \$6,491 and \$5,631, related to hospice services provided to a company controlled directly or indirectly by certain members of the Company. Included in resident accounts receivable as of December 31, 2025 and 2024, respectively, is \$476 and \$543, relating to these revenues.

In 2025, the company dissolved Home State Insurance SPC, Inc. ("Home State") of the British Virgin Islands, a captive insurer, which the Company and an unconsolidated affiliate of the Company each owned 50%. This transaction did not have a material financial impact.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 13 - RETIREMENT PLAN

The Company sponsors a 401(k) savings plan which covers all eligible employees, as defined. Employees may make salary deferrals up to Internal Revenue Service limitations. Typically, employer matching contributions are limited to 25% of employee deferrals up to a maximum of 3% of each employee's total compensation. For the years ended December 31, 2025 and 2024, respectively, employer contributions totaled \$1,197 and \$1,145.

NOTE 14 - RISKS AND UNCERTAINTIES

LEGAL MATTERS

The Company may from time to time be a party to certain routine legal actions and complaints arising in the ordinary course of business. As of the reporting date, management is not aware of any pending or threatened litigation that would have a material effect on the Company's financial position, results of operations, or cash flows.

COMPLIANCE

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirement, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

While routine regulatory inquiries are pending, management believes the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations and that any such inquiries should not have a material effect on the Company's financial position or results of operations.

Compliance with such laws and regulations can be subject to future government review and interpretation, and there may be regulatory actions that are unknown or unasserted at this time.

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 15 - CARE REALTY, LLC SUBSIDIARIES

The consolidated financial statements include the following significant subsidiaries of Care Realty, LLC, all of which are wholly owned:

HEALTH CARE FACILITY OPERATORS

19 Varnum Street Operating Company, LLC
49 Thomas Patten Drive Operating Company, LLC
57 Old Road to Nine Acre Corner Operating Company, LLC
64 Performance Drive Operating Company, LLC
135 Benton Street Operating Company, LLC
162 South Britain Road Operating Company II, LLC
178 Lowell Street Operating Company, LLC
199 Andover Street Operating Company, LLC
221 Fitzgerald Drive Operating Company, LLC
260 Easthampton Road Operating Company, LLC
265 Essex Street Operating Company, LLC
312 Millbury Avenue Operating Company, LLC
548 Elm Street Operating Company, LLC
600 Kinderkamack Road Operating Company, LLC
750 Woburn Street Operating Company, LLC
800 River Road Operating Company, LLC
890 Weatherwood Land Operating Company, LLC
1055 Forest Hill Ave SE Operating Company, LLC
1621 Route 22 West Operating Company, LLC
2101 Washington Street Operating Company, LLC
19301 Watkins Mill Road Operating Company, LLC
Heather Hills Care LLC
Park, Marion and Vernon Streets Operating Company, LLC

REAL ESTATE OWNERS

1 Burr Road, LLC
9 Justin Drive, LLC
19 Varnum Street, LLC
49 Thomas Patten Drive, LLC
57 Old Road to Nine Acre Corner SNF, LLC
64 Performance Drive, LLC
107 Osborne Street, LLC
135 Benton Street, LLC

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 15 - CARE REALTY, LLC SUBSIDIARIES

REAL ESTATE OWNERS (CONTINUED)

135 Vermont Drive, LLC
162 South Britain Road, LLC
178 Lowell Street, LLC
199 Andover Street, LLC
221 Fitzgerald Drive, LLC
240 Church Street, LLC
245 Orange Avenue, LLC
260 Easthampton Road, LLC
265 Essex Street, LLC
312 Millbury Avenue, LLC
548 Elm Street, LLC
600 Kinderkamack Road, LLC
710 Long Ridge Road, LLC
745 Highland Avenue, LLC
750 Woburn Street, LLC
800 River Road, LLC
890 Weatherwood Lane, LLC
914 W. Market Street, LLC
1055 Forest Hill Ave SE, LLC
1621 Route 22 West, LLC
2028 Bridgeport Avenue, LLC
2101 Wabank Road, LLC
2101 Washington Street, LLC
2618 E. Market Street, LLC
2725 4 Mile Drive, LLC
2901 Harrisburg Pike, LLC
Park, Marion and Vernon Streets, LLC

HOLDING COMPANIES AND MASTER TENANTS

Freedom Realty Holdco, LLC
THCI Holding Company, LLC
THCI of Massachusetts, LLC
THCI Mortgage Holding Company LLC
THCI of New Jersey, LLC

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 15 - CARE REALTY, LLC SUBSIDIARIES

MASTER TENANTS

THCI Company, LLC
THCI Master Tenant 1, LLC
THCI of Massachusetts Master Tenant, LLC

NOTE 16 - LEASES

The entity leases real estate under operating lease agreements that have remaining terms from 6 to 42 years. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Supplemental balance sheet information related to leases were as follows:

	December 31,	
	2025	2024
Operating leases:		
Operating lease right-of-use assets	\$ 621	\$ 639
Operating lease liabilities, current	\$ 31	\$ 31
Operating lease liabilities, non-current	591	611
Total operating lease liabilities	<u>\$ 622</u>	<u>\$ 642</u>

Supplemental income statement information related to leases were as follows:

	For the years ended	
	December 31,	
	2025	2024
Operating lease cost	\$ 30	\$ 30
Short-term lease cost	-	31
Total lease cost	<u>\$ 30</u>	<u>\$ 61</u>

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 16 - LEASES (CONTINUED)

Supplemental cash flow information related to leases were as follows:

	For the years ended December 31,	
	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 33	\$ 33

Average lease term and discount rate as of December 31, 2025 and 2024 were as follows:

Weighted average terms and discount rates:

	2025	2024
Weighted-average remaining lease term:		
Operating leases	38.15 years	38.60 years
Weighted-average discount rate:		
Operating leases	1.98%	1.97%

The aggregate future lease payments for operating leases as of December 31, 2025 were as follows:

	Operating Leases
Future Lease Payments	
2026	\$ 33
2027	33
2028	33
2029	33
2030	21
Thereafter	735
Total lease payments	888
Less imputed interest	(266)
Total present value of lease liabilities	\$ 622

CARE REALTY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 17 - SUBSEQUENT EVENTS

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date or for disclosure in the notes to the consolidated financial statements. Management has evaluated events occurring subsequent to December 31, 2025 through May 14, 2026, the date on which the accompanying consolidated financial statements were available to be issued.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2025, management identified that the consolidated financial statements for the year ended December 31, 2024 did not include certain operating entities which were required to be consolidated. The Company wholly owns these entities, and accordingly, the financial position, results of operations, and cash flows of those entities should have been included in the consolidated financial statements as of and for the year ended December 31, 2024.

Management evaluated the impact of the correction on the previously issued consolidated financial statements and concluded that the adjustment was not material to the prior year consolidated financial statements. The prior period amounts presented herein have been revised to include the accounts of these omitted entities and to conform the prior period presentation to the current year consolidated presentation. As a result of the prior period adjustment, the net income for the year ending December 31, 2024 increased by approx. \$78,000 and members' deficit increased by \$212,000 as of January 1, 2024.



Independent Auditor's Report on the Supplementary Information

To the Members
Care Realty, LLC and Subsidiaries

We have audited the consolidated financial statements of Care Realty, LLC and Subsidiaries (the "Company") as of and for the year ended December 31, 2025, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Sax LLP

Parsippany, New Jersey
May 14, 2026

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

DECEMBER 31, 2025

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
Cash	\$ 10	\$ 26	\$ 133	\$ 148	\$ 8	\$ 119	\$ 64	\$ 204
Restricted cash and deposits	-	-	359	495	-	1,557	1	497
Resident accounts receivable	1,760	1,629	3,101	1,771	1,831	2,561	1,928	2,448
Other receivables	5,432	(5,460)	(4,877)	266	8,752	27,481	2,777	26,429
Related party note receivable, current portion	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	22	17	43	74	8	59	6	44
Total current assets	7,224	(3,788)	(1,241)	2,754	10,599	31,777	4,776	29,622
Other Assets								
Property and equipment, net	1,696	2,155	4,727	10,128	3,055	5,791	6,046	5,513
Licenses	-	-	-	-	-	-	-	-
Related party note receivable, noncurrent portion	-	-	-	-	-	-	-	-
Net operating lease - right of use ("ROU") asset	577	-	-	-	-	-	-	-
Other assets	56	28	45	62	44	456	68	194
Total other assets	2,329	2,183	4,772	10,190	3,099	6,247	6,114	5,707
Total Assets	\$ 9,553	\$ (1,605)	\$ 3,531	\$ 12,944	\$ 13,698	\$ 38,024	\$ 10,890	\$ 35,329
Current Liabilities								
Deferred income and refundable advances, current portion	\$ 26	\$ 83	\$ 14	\$ 233	\$ 285	\$ 7	\$ 251	\$ 17
Current maturities of long-term debt	-	-	239	254	-	436	-	725
Accounts payable	1,281	1,321	3,862	4,428	2,171	1,772	2,117	2,800
Accrued expenses	1,035	1,503	322	1,829	1,919	3,444	401	2,357
Accrued interest payable	-	-	21	9,533	-	1,950	-	11,766
Operating lease obligation, current portion	20	-	-	-	-	-	-	-
Total Current Liabilities	2,362	2,907	4,458	16,277	4,375	7,609	2,769	17,665
Long-Term Liabilities								
Long-term debt, net	-	-	10,559	11,287	-	11,155	-	7,651
Operating lease obligation, net of current portion	556	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
Due to affiliate	-	-	-	3,025	1,829	-	4,031	4,599
Total long-term liabilities	556	-	10,559	14,312	1,829	11,155	4,031	12,250
Total Liabilities	2,918	2,907	15,017	30,589	6,204	18,764	6,800	29,915
Members' Equity								
Members' equity	6,635	(4,512)	(11,486)	(17,645)	7,494	19,260	4,090	5,414
Accumulated other comprehensive loss	-	-	-	-	-	-	-	-
Total members' equity	6,635	(4,512)	(11,486)	(17,645)	7,494	19,260	4,090	5,414
Total Liabilities and Members' Equity	\$ 9,553	\$ (1,605)	\$ 3,531	\$ 12,944	\$ 13,698	\$ 38,024	\$ 10,890	\$ 35,329

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

DECEMBER 31, 2025

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins MillRoad, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates	162 South Britain Road, LLC & Affiliates
Cash	\$ 107	\$ -	\$ 177	\$ 36	\$ 91	\$ 274	\$ 119	\$ 10
Restricted cash and deposits	1,375	-	1,264	-	-	298	1,147	415
Resident accounts receivable	2,754	(12)	2,262	2,113	3,119	1,883	3,191	1,439
Other receivables	2,621	(21,740)	4,044	28,983	(2,755)	(390)	(24,607)	14,308
Related party note receivable, current portion	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	39	-	54	6	(12)	36	39	50
Total current assets	6,896	(21,752)	7,801	31,138	443	2,101	(20,111)	16,222
Other Assets								
Property and equipment, net	7,490	-	4,889	8,633	6,402	5,651	7,533	6,592
Licenses	-	-	-	-	-	-	-	-
Related party note receivable, noncurrent portion	-	-	-	-	-	-	-	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other assets	44	-	24	59	62	74	119	82
Total other assets	7,534	-	4,913	8,692	6,464	5,725	7,652	6,674
Total Assets	\$ 14,430	\$ (21,752)	\$ 12,714	\$ 39,830	\$ 6,907	\$ 7,826	\$ (12,459)	\$ 22,896
Current Liabilities								
Deferred income and refundable advances, current portion	\$ 71	\$ -	\$ 112	\$ 156	\$ 113	\$ 54	\$ 106	\$ 159
Current maturities of long-term debt	312	-	236	337	-	327	364	257
Accounts payable	4,386	45	2,195	976	2,009	2,588	2,290	1,784
Accrued expenses	892	(113)	1,806	1,775	1,368	1,868	1,075	1,033
Accrued interest payable	18	-	20	113	-	24	3,806	4,397
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Total Current Liabilities	5,679	(68)	4,369	3,357	3,490	4,861	7,641	7,630
Long-Term Liabilities								
Long-term debt, net	7,660	-	10,202	18,831	-	8,559	9,514	7,499
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
Due to affiliate	-	-	-	(1,500)	6,649	-	673	2,284
Total long-term liabilities	7,660	-	10,202	17,331	6,649	8,559	10,187	9,783
Total Liabilities	13,339	(68)	14,571	20,688	10,139	13,420	17,828	17,413
Members' Equity								
Members' equity	1,091	(21,684)	(1,857)	19,142	(3,232)	(5,594)	(30,287)	5,483
Accumulated other comprehensive loss	-	-	-	-	-	-	-	-
Total members' equity	1,091	(21,684)	(1,857)	19,142	(3,232)	(5,594)	(30,287)	5,483
Total Liabilities and Members' Equity	\$ 14,430	\$ (21,752)	\$ 12,714	\$ 39,830	\$ 6,907	\$ 7,826	\$ (12,459)	\$ 22,896

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

DECEMBER 31, 2025

	600									
	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	Kinderkamack Road Operating Company, LLC	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
Cash	\$ 231	\$ 154	\$ 169	\$ 130	\$ 205	\$ 61	\$ (834)	\$ 1,513	\$ -	\$ 3,155
Restricted cash and deposits	-	421	1,482	1,015	-	-	1,864	152	-	12,342
Resident accounts receivable	1,306	1,742	3,472	1,942	(105)	1,752	115	(2)	-	44,000
Other receivables	11,544	(9,999)	2,808	16,758	(15,532)	19,486	(31,671)	(6,430)	(43,741)	4,487
Related party note receivable, current portion	-	-	-	-	-	-	-	100	-	100
Prepaid expenses and other current assets	10	154	65	38	97	(14)	790	10	-	1,635
Total current assets	13,091	(7,528)	7,996	19,883	(15,335)	21,285	(29,736)	(4,657)	(43,741)	65,719
Other Assets										
Property and equipment, net	16,753	4,279	6,316	5,187	36,127	10,255	92,189	14,253	-	271,660
Licenses	818	-	-	-	-	32	-	-	-	850
Related party note receivable, noncurrent portion	-	-	-	-	-	-	-	1,767	-	1,767
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	44	-	621
Other assets	1	4	40	24	3,035	9	993	76	-	5,599
Total other assets	17,572	4,283	6,356	5,211	39,162	10,296	93,182	16,140	-	280,497
Total Assets	\$ 30,663	\$ (3,245)	\$ 14,352	\$ 25,094	\$ 23,827	\$ 31,581	\$ 63,446	\$ 11,483	\$ (43,741)	\$ 346,216
Current Liabilities										
Deferred income and refundable advances, current portion	\$ 285	\$ 40	\$ 132	\$ 75	\$ -	\$ 130	\$ 11	\$ -	\$ -	\$ 2,360
Current maturities of long-term debt	-	365	303	346	691	256	1,204	-	-	6,652
Accounts payable	993	653	2,867	2,958	28	963	(810)	(32,326)	(11,130)	221
Accrued expenses	(1,449)	58	1,684	2,184	119	1,111	274	67,908	-	94,403
Accrued interest payable	-	1,294	26	21	152	86	221	-	(32,611)	837
Operating lease obligation, current portion	-	-	-	-	-	-	-	11	-	31
Total Current Liabilities	(171)	2,410	5,012	5,584	990	2,546	900	35,593	(43,741)	104,504
Long-Term Liabilities										
Long-term debt, net	24,915	6,486	13,130	8,617	24,463	14,341	55,720	-	-	250,589
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	35	-	591
Fair value of interest rate swap agreements	-	-	-	-	69	-	-	-	-	69
Due to affiliate	4,465	575	-	-	-	(1,499)	2,247	(27,378)	-	-
Total long-term liabilities	29,380	7,061	13,130	8,617	24,532	12,842	57,967	(27,343)	-	251,249
Total Liabilities	29,209	9,471	18,142	14,201	25,522	15,388	58,867	8,250	(43,741)	355,753
Members' Equity										
Members' equity	1,454	(12,716)	(3,790)	10,893	(1,626)	16,193	4,579	3,233	-	(9,468)
Accumulated other comprehensive loss	-	-	-	-	(69)	-	-	-	-	(69)
Total members' equity	1,454	(12,716)	(3,790)	10,893	(1,695)	16,193	4,579	3,233	-	(9,537)
Total Liabilities and Members' Equity	\$ 30,663	\$ (3,245)	\$ 14,352	\$ 25,094	\$ 23,827	\$ 31,581	\$ 63,446	\$ 11,483	\$ (43,741)	\$ 346,216

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
Revenues								
Net Resident Service revenue	\$ 15,476	\$ 15,243	\$ 20,453	\$ 19,819	\$ 23,096	\$ 28,559	\$ 22,462	\$ 27,169
Other Revenue	1	37	(5)	-	(9)	2	(2)	-
Rental Revenue	893	669	1,013	1,312	823	1,139	1,146	1,528
Total Revenue	16,370	15,949	21,461	21,131	23,910	29,700	23,606	28,697
Operating Expenses								
Salaries and benefits	8,692	9,429	12,250	11,689	14,334	18,959	13,385	17,460
Management fees - affiliate	815	520	559	434	594	275	149	(637)
Other operating expenses	6,121	5,086	7,210	7,418	7,378	6,660	8,720	8,474
Depreciation expense	165	243	456	644	321	526	522	446
Total Operating Expenses	15,793	15,278	20,475	20,185	22,627	26,420	22,776	25,743
Income (Loss) from Operations	577	671	986	946	1,283	3,280	830	2,954
Other Income (Expense)								
Gain (loss) on sale of property	(3)	-	-	-	(1)	-	-	-
Interest income	(6)	(7)	-	-	(7)	9	(4)	4
Interest (expense)	-	-	(262)	(585)	-	(277)	-	(755)
Other expense	59	64	57	56	126	88	(156)	86
Total other income (expense)	50	57	(205)	(529)	118	(180)	(160)	(665)
Pretax Income (Loss)	\$ 627	\$ 728	\$ 781	\$ 417	\$ 1,401	\$ 3,100	\$ 670	\$ 2,289
Income Tax	-	-	-	-	-	-	-	-
Net Income (loss)	\$ 627	\$ 728	\$ 781	\$ 417	\$ 1,401	\$ 3,100	\$ 670	\$ 2,289

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins MillRoad, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates	162 South Britain Road, LLC & Affiliates
Revenues								
Net Resident Service revenue	\$ 22,620	\$ -	\$ 21,286	\$ 24,880	\$ 27,552	\$ 19,917	\$ 24,498	\$ 18,351
Other Revenue	5	-	5	10	249	-	3	(13)
Rental Revenue	921	-	1,120	1,375	1,474	1,093	1,181	840
Total Revenue	23,546	-	22,411	26,265	29,275	21,010	25,682	19,178
Operating Expenses								
Salaries, wages and benefits	14,218	-	12,823	14,589	17,062	12,072	15,426	11,742
Management fees - affiliate	897	-	630	29	995	362	1,065	27
Other operating expenses	7,569	168	7,598	8,202	9,282	7,201	8,186	5,781
Depreciation expense	482	-	334	691	513	404	563	463
Total Operating Expenses	23,166	168	21,385	23,511	27,852	20,039	25,240	18,013
Income (Loss) from Operations	380	(168)	1,026	2,754	1,423	971	442	1,165
Other Income (Expense)								
Gain (loss) on sale of property	-	-	-	-	-	-	-	-
Interest income	8	-	6	5	(1)	(5)	(3)	3
Interest (expense)	(228)	-	(247)	(1,413)	-	(300)	(400)	(445)
Other expense	91	6	77	98	47	82	84	61
Total other income (expense)	(129)	6	(164)	(1,310)	46	(223)	(319)	(381)
Pretax Income (Loss)	\$ 251	\$ (162)	\$ 862	\$ 1,444	\$ 1,469	\$ 748	\$ 123	\$ 784
Income Tax	-	-	-	-	-	-	-	-
Net Income (loss)	\$ 251	\$ (162)	\$ 862	\$ 1,444	\$ 1,469	\$ 748	\$ 123	\$ 784

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

	1621 Route 22West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	600 Kinderkamack Road Operating Company, LLC	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
Revenues										
Net Resident Service revenue	\$ 17,128	\$ 17,150	\$ 24,820	\$ 20,146	\$ 7,432	\$ 20,715	\$ 26,387	\$ -	\$ -	\$ 465,159
Other Revenue	1	44	6	1	-	10	-	-	-	345
Rental Revenue	5,532	1,096	1,103	1,069	1,815	1,047	5,005	-	(27,876)	5,318
Total Revenue	22,661	18,290	25,929	21,216	9,247	21,772	31,392	-	(27,876)	470,822
Operating Expenses										
Salaries, wages and benefits	9,947	11,128	14,456	13,228	4,238	12,383	16,808	4,014	-	290,332
Management fees - affiliate	46	37	1,227	14	(17)	150	-	(150)	349	8,370
Other operating expenses	9,966	6,227	8,902	5,939	3,325	6,793	6,593	7,901	(28,225)	138,475
Depreciation expense	1,157	323	431	382	17	745	4,411	55	-	14,294
Total Operating Expenses	21,116	17,715	25,016	19,563	7,563	20,071	27,812	11,820	(27,876)	451,471
Income (Loss) from Operations	1,545	575	913	1,653	1,684	1,701	3,580	(11,820)	-	19,351
Other Income (Expense)										
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	(4)
Interest income	2	4	7	5	-	7	15	159	-	201
Interest (expense)	(1,635)	(356)	(317)	(261)	(1,912)	(1,071)	(2,163)	1,116	-	(11,511)
Other expense	94	170	(84)	69	66	38	150	(1,426)	-	3
Total other income (expense)	(1,539)	(182)	(394)	(187)	(1,846)	(1,026)	(1,998)	(151)	-	(11,311)
Pretax Income (Loss)	\$ 6	\$ 393	\$ 519	\$ 1,466	\$ (162)	\$ 675	\$ 1,582	\$ (11,971)	\$ -	\$ 8,040
Income Tax	-	-	-	-	-	-	-	-	-	-
Net Income (loss)	\$ 6	\$ 393	\$ 519	\$ 1,466	\$ (162)	\$ 675	\$ 1,582	\$ (11,971)	\$ -	\$ 8,040

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates	312 Millbury Avenue, LLC & Affiliates
Patient Days									
Private	758	2,531	1,291	6,721	7,831	332	5,161	144	3,356
Medicare	7,917	4,939	6,554	7,310	8,207	116	8,288	348	8,297
Total Insurance and Managed Care	6,040	4,881	6,561	5,484	5,670	344	5,597	326	8,427
Medicaid	20,642	25,172	36,763	25,094	35,068	7,202	34,769	18,288	32,224
Other	70	2	2	4	-	49,438	3	36,656	211
Total Patient Days	35,427	37,525	51,171	44,613	56,776	57,432	53,818	55,762	52,515
PER RESIDENT DAY INFORMATIONS									
Total Revenue	436.88	407.20	399.60	451.27	406.64	497.31	417.34	487.23	430.81
Operating Expense									
Nursing	177.30	159.09	157.19	167.60	166.71	228.12	165.24	200.16	170.99
Dietary	25.67	23.19	22.34	24.14	20.76	22.05	21.64	22.02	23.99
Therapy	26.05	29.31	25.38	25.09	26.04	11.03	23.73	11.16	32.50
Ancillary Expenses	31.67	22.08	21.18	23.87	18.71	14.41	19.30	24.70	27.00
Administration	45.26	49.91	46.37	49.65	43.79	35.93	45.02	48.88	42.22
Plant & Utilities	19.65	13.47	19.68	24.38	12.23	13.20	23.46	14.55	16.21
Housekeeping & Laundry	16.76	11.84	10.46	13.72	11.94	11.74	14.48	11.30	10.36
Activities	5.56	4.86	4.73	8.27	6.84	8.66	5.65	9.27	8.37
Admissions & Marketing	1.79	6.26	5.45	5.57	5.83	9.25	5.91	5.13	9.14
Social Service	3.57	4.79	6.01	4.10	4.76	3.86	4.38	2.84	4.16
Employee Benefits and Payroll Taxes	29.17	26.20	23.96	36.40	34.50	43.38	29.84	46.31	36.72
Bad Debt Expense	7.10	7.94	5.64	6.29	2.80	1.03	9.28	2.23	7.91
Insurance Expense	3.42	3.55	3.08	3.99	3.13	3.50	3.41	3.34	3.32
Management fee	21.84	20.36	19.98	22.56	20.33	24.87	20.87	24.36	21.54
Rent expense	1.13	-	-	-	-	-	-	-	-
Depreciation and Amortization	4.74	6.48	8.98	14.53	5.67	9.26	9.71	8.27	9.35
Total Operating Expenses	420.68	389.33	380.43	430.16	384.04	440.29	401.92	434.52	423.78

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	19301 Watkins Mill Road, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates
Patient Days									
Private	-	4,312	5,268	2,970	1,990	5,210	3,664	13,293	2,345
Medicare	-	10,047	8,922	17,314	7,796	8,992	7,967	10,390	4,545
Total Insurance and Managed Care	-	6,208	2,585	6,299	6,739	10,456	6,845	6,751	13,769
Medicaid	-	32,018	46,623	34,635	33,026	36,882	21,105	3,088	18,430
Other	-	3	483	-	-	-	363	-	-
Total Patient Days	-	52,588	63,881	61,218	49,551	61,540	39,944	33,522	39,089
PER RESIDENT DAY INFORMATIONS									
Total Revenue		404.86	389.63	454.12	401.94	398.14	459.10	510.96	439.84
Operating Expense									
Nursing	-	155.15	118.10	178.57	155.28	162.48	147.39	144.88	149.68
Dietary	-	21.50	23.58	22.85	21.97	21.44	24.54	30.90	22.97
Therapy	-	23.32	26.51	30.26	27.04	28.49	33.07	37.56	40.00
Ancillary Expenses	-	27.05	15.40	29.32	22.47	21.27	26.55	33.60	43.11
Administration	-	41.16	38.42	44.22	44.84	44.11	43.94	39.42	51.26
Plant & Utilities	-	15.13	17.39	17.81	16.97	17.51	15.59	28.82	12.12
Housekeeping & Laundry	-	10.66	15.30	12.29	11.08	10.47	17.10	18.97	10.55
Activities	-	4.99	8.30	5.28	3.70	4.89	6.75	8.12	3.86
Admissions & Marketing	-	4.71	4.01	5.19	6.13	7.03	7.49	14.80	7.25
Social Service	-	5.23	2.11	3.48	4.80	5.60	4.44	5.54	4.11
Employee Benefits and Payroll Taxes	-	34.12	33.78	40.97	30.28	28.93	55.63	36.53	46.73
Bad Debt Expense	-	12.54	9.28	6.61	6.29	9.21	9.48	5.43	3.12
Insurance Expense	-	3.19	4.06	2.94	3.24	3.32	3.40	4.51	2.47
Management fee	-	20.24	19.47	22.71	20.10	17.05	22.95	21.35	19.69
Rent expense	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	-	6.42	11.41	8.37	8.33	9.32	11.69	34.99	8.60
Total Operating Expenses	-	385.41	347.12	430.87	382.52	391.12	430.01	465.42	425.52

See independent auditor's report on supplementary information.

CARE REALTY, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	600 Kinderkamack Road Operating Company, LLC	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
Patient Days								
Private	2,446	3,289	29,638	4,655	-	-	-	107,205
Medicare	14,378	13,081	-	9,316	-	-	-	164,724
Total Insurance and Managed Care	8,029	6,118	-	4,371	-	-	-	121,500
Medicaid	27,614	17,873	-	25,038	-	-	-	531,554
Other	15	-	-	71	-	-	-	87,321
Total Patient Days	52,482	40,361	29,638	43,451	-	-	-	1,012,304
PER RESIDENT DAY INFORMATIONS								
Total Revenue	473.03	499.18	250.75	476.97	-	-	-	468.53
Operating Expense								
Nursing	163.95	175.77	142.90	159.38	-	-	-	172.47
Dietary	22.58	24.97	(7.98)	22.62	-	-	-	25.92
Therapy	33.14	34.00	-	41.05	-	-	-	26.74
Ancillary Expenses	39.20	30.97	(0.02)	31.48	-	-	-	24.69
Administration	45.41	44.88	41.56	45.67	-	-	-	51.45
Plant & Utilities	17.99	15.11	(0.15)	14.60	-	-	-	19.52
Housekeeping & Laundry	13.66	10.47	(0.39)	14.57	-	-	-	13.47
Activities	3.27	6.52	(0.29)	6.07	-	-	-	6.85
Admissions & Marketing	5.95	7.36	(0.37)	5.69	-	-	-	6.17
Social Service	10.29	6.48	-	2.52	-	-	-	4.49
Employee Benefits and Payroll Taxes	51.54	60.81	0.98	37.81	-	-	-	43.30
Bad Debt Expense	13.54	2.84	-	10.84	-	-	-	8.22
Insurance Expense	3.28	3.60	4.61	4.50	-	-	-	4.30
Management fee	23.65	24.96	12.50	23.85	-	-	-	26.41
Rent expense	-	-	-	-	-	-	-	0.04
Depreciation and Amortization	8.30	9.70	3.83	17.71	-	-	-	14.45
Total Operating Expenses	455.75	458.44	197.18	438.36	-	-	-	448.47

See independent auditor's report on supplementary information.