



THE COTTAGES AT WILLOW CORSSINGS
2023 CCRC DISCLOSURE STATEMENT

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Connecting to what matters

201 Jones Road, Suite 300 West | Waltham MA 02451
 BenchmarkSeniorLiving.com  781.489.7100



The Cottages at Willow Crossings

CCRC Disclosure Statement

Fiscal Year Ended December 31, 2023

Owned and Operated By
KRE-BSL Husky Willow Cottages Operations LLC

25 Cobb Street
Mansfield, MA 02048
Telephone: (508) 261-1333
Facsimile: (508) 337-4663
Subject to Change Without Notice

Applicant(s), _____, hereby acknowledges receipt of this disclosure statement on _____, 20 ____ with respect to KRE-BSL Husky Willow Cottages in accordance with Section 76 of Chapter 93 of The Massachusetts General Laws.

Signature: _____

Signature (if two Residents): _____

WILLOW COTTAGES - CCRC DISCLOSURE STATEMENT

In accordance with the M.G.L. Chapter 93, Section 76(b), we are providing you with the following information:

1. General Information:

Name of Community:	The Cottages at Willow Crossings
Business Address:	25 Cobb Street Mansfield, MA 02048
Phone:	(508) 261-1333
Fax:	(508) 337-4663

The Operator of the Cottages is KRE-BSL Husky Willow Cottages Operations LLC, ("Cottages Operator"), a Delaware limited liability company.

2. Leadership:

Cottages Operator is a limited liability company which has no officers, directors or trustees. It has a sole member and manager, which is KRE-BSL Operations Holdco 2 LLC. The sole member and manager of that entity is

KRE-BSL Husky Operations LLC, which has a Board of Managers. The members of its Board are:

Thomas Grape
Jerry Liang
Peter Sundheim
Billy Butcher
Matthew Sherman

Anne DeMinico is Executive Director of The Village at Willows Crossings.

3. Business Experience:

Cottages Operator has contracted with Benchmark Senior Living LLC (“Benchmark”) to manage The Cottages at Willow Crossings.

Benchmark manages 64 senior living communities located throughout New England (32 in Massachusetts) and the mid-Atlantic region, including two other CCRCs in Massachusetts: New Pond Village and The Commons in Lincoln. These communities provide a variety of services including independent retirement housing, assisted living, memory care and skilled nursing. Benchmark has been operating senior living communities for over 25 years.

4. **Affiliation:**

The Cottages Operator is not affiliated with any religious, charitable or other non-profit organization.

5. **Location and Description of Property:**

The property is located at 25 Cobb Street, Mansfield, Massachusetts. The Legal Description of the property is attached hereto as Schedule A.

6. **Financial Information:**

Financial statements are attached as Schedule B-1.

In Schedule B-2, we have included tables showing the average monthly increase in periodic rates at the Cottages, as well as the periodic rates at the other two CCRCs which Benchmark operates in Massachusetts.

7. **License Agreement:**

The Resale License Agreement is attached as Schedule C.

SCHEDULE A

Legal Description

The following is a description of land in Mansfield, Massachusetts known as part of lot 98 on Assessors Map 34 and recorded in a deed at the Bristol County Registry of Deeds in Book 7585 on Page 338.

A certain parcel of land located on the southerly side of Cobb Street, bounded and described as follows.

Beginning at a point on the southerly side of Cobb Street at the Northeast corner of locus at land now or formerly of Clemmey and running; thence

S 68° 32' 03" E, along land now or formerly of Clemmey, 40.20 feet to a corner; thence
S 09° 04' 13" W, along land now or formerly of Clemmey, 231.13 feet to a corner; thence
S 80° 55' 47" E, along land now or formerly of Clemmey, 469.32 feet, to a corner; thence
S 26° 02' 31" E, along land now or formerly of the Town of Mansfield, 541.71 feet to a corner; thence

N 76° 32' 47" W, near the northerly edge of a parking area, 176.71 feet, to an angle; thence
Northwesterly, along a curve to the left with a radius of 62.69 feet, near the northerly side of Road 2, an arc distance of 62.40 feet to an angle; thence

N 54° 27' 25" W, near the northerly side of Road 2, 68.89 feet to a corner; thence
S 42° 50' 40" W, near the southerly side of Road 1, 57.10 feet to an angle; thence
S 85° 54' 38" W, near the southerly side of Road 1, 296.72 feet to an angle; thence
N 64° 49' 40" W, near the southerly edge of a Road 1, 125.53 feet to a corner at the approximate center of Back Bay Brook; thence

S 03° 34' 41" E, along the approximate center of Back Bay Brook, 142.35 feet to an angle; thence

S 00° 35' 35" W, along the approximate center of Back Bay Brook, 164.54 feet to an angle; thence

S 03° 41' 39" E, along the approximate center of Back Bay Brook, 95.28 feet to an angle; thence

N 72° 21' 12" W, along land now or formerly of Conner, 470.25 feet to a corner; thence
N 09° 08' 55" E, along land now or formerly of Annese, Gilbert Stuart Trust, Macdonald, Meszoely, and Sanchez, 935.46 feet to an angle; thence

N 09° 04' 13" E, along land now or formerly of Clemmey, 29.64 feet to a point of curvature; thence

Northeasterly, along a curve to the right with a radius of 30.00 feet, along land now or formerly of Clemmey, an arc distance of 47.12 feet to a point of tangency on the southerly sideline of Cobb Street; thence

S 80° 55' 47" E, along the southerly sideline of Cobb Street, 251.67 feet to a corner at the land now or formerly of Clemmey and the point of beginning.

The above-described parcel contains an area of 14.49 acres, more or less and is shown as Parcel A on a plan entitled, "Plan of Land in Mansfield, Massachusetts," prepared for Village at Willow Crossings Limited Partnership Condominiums, dated July 5, 2000 by Dunn McKenzie, Inc., Norfolk, Massachusetts.

SCHEDULE B-1

FINANCIAL STATEMENTS



Memo to financial statements:

Re: KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and KRE-BSL Husky Willow Cottages LLC d/b/a Willows Cottages in Mansfield MA

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and KRE-BSL Husky Willow Cottages LLC (together, Willows Cottages) is owned by KRE-BSL Husky LLC and KRE-BSL Husky Operations LLC (together, the Portfolio). The Portfolio is a joint venture of 50 senior living communities across New England and is audited as a combined portfolio. The financial statements for the Willows Cottages has been extracted from the combined Portfolio Audited Financial Statements for inclusion in this disclosure.

If you have any questions, please contact me at 781-489-2811 or my email at ksullivan1@benchmarkquality.com

A handwritten signature in cursive script, appearing to read "K. Sullivan", is positioned above the printed name.

Kathleen Sullivan
Vice President, Finance & Accounting
Benchmark Senior Living LLC

Connecting to what matters

201 Jones Road, Suite 300 West | Waltham MA 02451

BenchmarkSeniorLiving.com 781.489.7100

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and
KRE-BSL Husky Willow Cottages LLC
3-Year Combined Statement of Operations (as included in Portfolio Audited Financial Statements*)

	2021	2022	2023
Revenue:			
Resident services	\$ 856,284	\$ 886,193	\$ 942,509
Entrance fee amort, nonrefundable portion	56,412	88,153	125,672
Other	73,343	38,234	34,662
	<u>986,039</u>	<u>1,012,580</u>	<u>1,102,844</u>
Resident operating expenses:			
Salaries, wages and benefits	105,154	111,207	97,736
Resident service costs	73,403	67,945	118,166
Utilities	26,954	17,281	25,250
General and administrative	19,175	23,256	69,022
Property and other taxes	247,345	431,410	357,035
	<u>472,030</u>	<u>651,099</u>	<u>667,209</u>
Operating income before certain expenses	514,009	361,481	435,635
Other operating expenses:			
Amortization of in-place resident contracts	-	-	-
Depreciation	203,943	293,860	234,194
	<u>203,943</u>	<u>293,860</u>	<u>234,194</u>
Operating income (loss)	<u>310,066</u>	<u>67,621</u>	<u>201,441</u>
Financial (income) expenses:			
Interest income	-	-	(41,811)
Accretion of int. on acq. resident contracts	943,354	1,708,239	1,260,306
Interest on permanent financing	213,740	398,505	681,516
Change in value of interest rate cap	213,740	(42,502)	(37,752)
Amortization of deferred financing fees	7,473	16,336	56,125
	<u>1,378,306</u>	<u>2,080,579</u>	<u>1,918,385</u>
Net loss	<u>\$ (1,068,240)</u>	<u>\$ (2,012,957)</u>	<u>\$ (1,716,944)</u>

* KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and KRE-BSL Husky Willow Cottages LLC are included in the combined audit for its owners, KRE-Husky LLC and KRE-Husky Operations LLC in accordance with GAAP.

KRE-BSL Husky LLC and subsidiaries, and KRE-BSL Husky Operations LLC and subsidiaries

Combined and Consolidated Financial Statements and Supplementary Information
December 31, 2023 and 2022

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

Members:

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries:

Opinion

We have audited the accompanying combined and consolidated financial statements of KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries (the Company), which comprise the combined and consolidated balance sheets as of December 31, 2023 and 2022, and the related combined and consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the combined and consolidated financial statements.

In our opinion, the combined and consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 Auditors' Responsibilities for the Audit of the Combined and Consolidated 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 Combined and Consolidated Financial Statements

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

In preparing the combined and consolidated 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 for one year after the date that the combined and consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Combined and Consolidated Financial Statements

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic combined and consolidated financial statements as a whole. The supplementary information on pages 16 to 45 is presented for purposes of additional analysis and is not a required part of the basic combined and 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 combined and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined and 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 combined and consolidated financial statements or to the combined and consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined and consolidated financial statements as a whole.

KPMG LLP

Boston, Massachusetts
March 29, 2024

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries**Combined and Consolidated Balance Sheets
December 31, 2023 and 2022**

	2023	2022
Assets		
Cash and cash equivalents	\$ 13,088,530	\$ 16,583,772
Restricted cash	19,906,880	14,201,552
Accounts receivable, less allowance for uncollectible accounts	5,228,261	4,649,681
Prepaid expenses and other	5,037,618	2,530,095
Property, plant and equipment, net	1,573,108,151	1,597,679,373
Below market management contracts, net	14,761,493	16,915,810
Right of use assets	1,049,207	-
Interest rate cap asset at fair value	9,881,145	5,267,102
	<u>\$ 1,642,061,285</u>	<u>\$ 1,657,827,385</u>
Liabilities and members' equity		
Liabilities		
Notes payable, net of unamortized deferred financing costs	1,359,693,002	1,363,654,567
Accounts payable and accrued expenses	36,325,255	33,041,073
Refundable license fees and waitlist deposits	16,316,668	13,783,927
Deferred revenue	10,414,513	8,485,526
Deferred lease liability	1,049,207	-
	<u>1,423,798,645</u>	<u>1,418,965,093</u>
Members' equity	<u>218,262,640</u>	<u>238,862,292</u>
	<u>\$ 1,642,061,285</u>	<u>\$ 1,657,827,385</u>

See notes to combined and consolidated financial statements.

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Combined and Consolidated Statements of Operations
For the year ended December 31, 2023 and 2022

	2023	2022
Revenue		
Resident services	\$ 420,888,613	\$ 373,748,339
Total revenue	<u>420,888,613</u>	<u>373,748,339</u>
Resident operating expenses		
Salaries, wages and benefits	221,078,030	206,211,194
Resident services costs	24,453,908	23,564,423
Property and other taxes	11,436,565	12,233,619
General and administrative	14,229,221	14,033,141
Management and professional service fees	19,868,982	15,587,813
Utilities	12,310,459	10,678,768
Maintenance and repairs	10,857,586	10,910,546
Insurance	8,311,935	7,928,271
Marketing	10,550,047	10,141,326
Total resident operating expenses	<u>333,096,733</u>	<u>311,289,100</u>
Net operating income before other operating expenses	<u>87,791,880</u>	<u>62,459,239</u>
Other operating expenses		
Depreciation	48,708,914	46,936,456
	<u>48,708,914</u>	<u>46,936,456</u>
Net operating income (loss)	<u>39,082,966</u>	<u>15,522,783</u>
Financial expenses (income)		
Interest on permanent financing	83,351,113	48,767,062
Interest income	(478,209)	-
Capital lease expense	320,334	-
Amortization of deferred financing fees	6,848,676	1,961,995
Accretion of interest on acquired refundable license fees	1,260,306	1,708,239
Change in value of interest rate cap	(4,614,042)	(5,267,102)
	<u>86,688,178</u>	<u>47,170,194</u>
Net loss	<u>\$ (47,605,212)</u>	<u>\$ (31,647,411)</u>

See notes to combined and consolidated financial statements.

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Combined and Consolidated Statements of Members' Equity

For the year ended December 31, 2023 and 2022

	KRE Holdco LLC and KRE Holdco Operations LLC		B-XV Capital LLC	Total		
Balance, January 1, 2022	\$	241,071,968	\$	12,687,998	\$	253,759,966
Contributions		57,389,250		3,020,487		60,409,737
Distributions		(41,477,000)		(2,183,000)		(43,660,000)
Net loss		(30,065,040)		(1,582,371)		(31,647,411)
Balance, December 31, 2022		226,919,178		11,943,114		238,862,292
Contributions		33,730,283		1,775,277		35,505,560
Distributions		(8,075,000)		(425,000)		(8,500,000)
Net loss		(45,224,951)		(2,380,261)		(47,605,212)
Balance, December 31, 2023	\$	207,349,510	\$	10,913,130	\$	218,262,640
Ownership percentage		95%		5%		100%

See notes to combined and consolidated financial statements.

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Combined and Consolidated Statements of Cash Flows
For the year ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net loss	\$ (47,605,212)	\$ (31,647,411)
Adjustments to reconcile net loss to cash flow provided by operating activities:		
Depreciation	48,708,914	46,936,456
Amortization of deferred financing costs	6,848,676	1,961,995
Amortization of below market management contracts	2,154,317	2,585,180
Accretion of interest on acquired refundable license fees	1,260,306	1,708,239
Change in value of interest rate cap	(4,614,042)	(5,267,102)
Changes in:		
Accounts receivable, net	(578,580)	(303,863)
Prepaid expenses and other	(2,507,523)	917,479
Accounts payable and accrued expenses	2,861,147	582,427
Deferred revenue	1,928,987	(16,654,594)
Waitlist deposits	(83,250)	(2,150)
Net cash provided by operating activities	<u>8,373,740</u>	<u>816,656</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(23,714,658)	(31,134,097)
Net cash used in investing activities	<u>(23,714,658)</u>	<u>(31,134,097)</u>
Cash flows from financing activities		
Contributions from members	35,505,560	60,409,737
Distributions to members	(8,500,000)	(43,660,000)
Refundable license fees received, net of repayments	1,355,685	(206,832)
Payments of financing costs	(10,810,241)	(2,642,000)
Net cash provided by financing activities	<u>17,551,004</u>	<u>13,900,905</u>
Net change in cash, cash equivalents and restricted cash	<u>2,210,086</u>	<u>(16,416,537)</u>
Cash, cash equivalents and restricted cash, beginning of year	30,785,324	47,201,861
Cash, cash equivalents and restricted cash, end of year	<u>\$ 32,995,410</u>	<u>\$ 30,785,324</u>
Supplemental Disclosure of Non-cash Investing Activities		
Purchases of property, plant and equipment included in accounts payable and accrued expenses	<u>\$ 2,022,441</u>	<u>\$ 1,599,407</u>
Supplemental Disclosure for Cash Flow Information		
Cash paid for interest	<u>\$ 83,260,888</u>	<u>\$ 43,990,274</u>

See notes to combined and consolidated financial statements.

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Notes to Combined and Consolidated Financial Statements

Note 1. Organization

KRE-BSL Husky LLC (the “Landlord”) and KRE-BSL Husky Operations LLC (the “Tenant”) (together, the “Portfolio”) were formed in 2019 to acquire, own and operate senior living communities. The Portfolio acquired 48 communities on July 16, 2019 and two communities on August 23, 2019. The 50 acquired communities consist of approximately 5,800 units of independent living, assisted living and memory care. The communities were purchased by the Landlord and are operated by the Tenant through a master lease agreement with the Landlord. Each of the communities and its operations are owned by single member LLCs that consolidate into the Landlord and Tenant.

The Landlord is owned 95% by KRE Holdco LLC and 5% by B-XV Capital LLC and the Tenant is owned 95% by KRE Holdco Operations LLC and 5% by B-XV Capital LLC. The Landlord and the Tenant financial statements are presented on a combined basis as they are entities under common control.

Note 2. Significant Accounting Policies

Combination and consolidation: These combined and consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) by consolidating all entities in which it has a controlling financial interest. A controlling financial interest is usually obtained through ownership of a majority of the voting rights. However, there are situations in which an enterprise is required to consolidate a variable interest entity (“VIE”), even though the enterprise does not own a majority of the voting interests. An enterprise must consolidate a VIE if the enterprise is the primary beneficiary of the VIE. The primary beneficiary is the party that has both the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE. All material intercompany transactions and accounts have been eliminated in combination and consolidation.

Use of estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates significant to the financial statements include the life expectancy of residents used to amortize deferred non-refundable license fees, the estimated aggregated life of residents covered under in-place resident contracts at acquisition, and the allocation of purchase price to property, plant and equipment, in-place resident contracts, and below market contracts.

Cash and cash equivalents: Cash and cash equivalents include highly liquid financial instruments with maturities of three months or less at the date of purchase.

Restricted cash: Restricted cash include accounts set aside for specific purposes, including prepaid final fee deposits, real estate tax escrows, replacement reserves and other escrows. The restricted cash accounts are held in non-interest bearing cash or money market accounts. Restricted cash balances included in cash, cash equivalents and restricted cash as of December 31 are as follows:

	2023	2022
Interest rate cap escrow	\$ 9,698,513	\$ 5,112,032
Real estate tax escrow	3,747,403	3,227,111
Replacement reserves	19,707	128,459
Other escrows	6,441,258	5,733,950
	<u>\$ 19,906,881</u>	<u>\$ 14,201,552</u>

Notes to Combined and Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Accounts receivable: Resident accounts receivable result from the monthly service fees, health care and other related services provided by the Portfolio and are shown net of allowance for doubtful accounts. Bad debt expense totaled \$2,950,125 and \$3,068,655 for the years ended December 31, 2023 and 2022, respectively, and is included within resident service costs in the accompanying combined and consolidated statements of operations. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, economic conditions and other indicators. Interest is not charged on past due accounts. The allowance for doubtful accounts as of December 31, 2023 and 2022 totaled \$866,659 and \$2,414,419, respectively.

Property, plant and equipment: The initial measurement of property, plant and equipment acquired with the Portfolio's acquisitions of the communities is based on its fair value at acquisition date in accordance with the FASB Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. In order to allocate the purchase price of an acquisition of a company or facility, the Portfolio assesses the fair value of acquired assets and liabilities, which can include land, building, and other improvements, resident relationships, and acquired leases and liabilities. In acquisitions resulting in a business combination, all acquisition costs incurred are expensed as incurred. In acquisitions resulting in asset acquisition accounting, all acquisition costs are included in the allocated purchase price. The Portfolio calculates the fair value of the real estate acquired using an "as if vacant" approach and improvements and personal property using a cost approach, or obtains independent appraisals. Property, plant and equipment purchased after the acquisitions is carried at cost. Depreciation is calculated on a straight-line basis of the estimate useful lives ranging from five to 40 years. Costs associated with construction in progress are capitalized to property, plant and equipment and are depreciated once placed into service. Repairs and maintenance costs are expensed as incurred.

Below market management contracts: Below market management contracts represent the fair value assigned to the related party management contracts executed at acquisition of the Portfolio which is amortized on a straight-line basis over the term of the management contract. Accumulated amortization of the below market management contracts totaled \$11,090,300 and \$8,935,984 as of December 31, 2023 and 2022, respectively. Amortization expense totaled \$2,154,317 and \$2,585,180 the years ended December 31, 2023 and 2022, and is included within management and professional service fees in the accompanying combined and consolidated statements of operations. Estimated amortization expense related to the below market management contracts for the year ended December 31, 2024 is \$3,016,043, is \$2,585,180 for each of the years ended December 31, 2025 through December 31, 2028 and is \$1,404,733 for the year ending December 31, 2029.

Impairment of long-lived assets: Long-lived assets, including property, plant and equipment, are tested for impairment whenever events or circumstances indicate that the carrying value of such property or asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by comparison of the carrying value to the undiscounted future cash flows expected to be generated by the asset, including the eventual liquidation. If the carrying value exceeds its estimated undiscounted future cash flows, an impairment provision is recognized to the extent the book value of the asset exceeds estimated fair value. Management determined that no impairment of long-lived assets existed as of and for the years ending December 31, 2023 and 2022.

Notes to Combined and Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Notes payable and deferred financing costs: Notes payable is recorded on the combined and consolidated balance sheet at outstanding principal net of unamortized deferred financing costs. Deferred financing costs consist of costs incurred in obtaining notes payable, which are amortized on a straight-line basis over the term of the related debt, which is not materially different than the effective interest method.

Refundable license fees and waitlist deposits: Included in the Portfolio is a community with 62 independent living units which require a license fee upon the execution of a license fee agreement. The first 10% of the license fee is non-refundable and is amortized over the estimated length of stay of the resident. The remaining 90% of the license fee is non-interest bearing and refundable, less any allowable offsets and deductions, upon the sooner of 30 days from the receipt of payment of a new license fee for the same unit, 90 days from when the resident moves into a senior living community owned by the Portfolio, or 180 days from when the resident has vacated the unit.

Refundable license fees assumed at acquisition were recorded at fair value as of the date of acquisition. The fair value of those refundable license fees are being accreted to face value using the effective interest method over the estimated stay of the in-place residents associated with the acquired refundable license fees using a discount rate of 8%. As of December 31, 2023 and 2022, the unamortized discount was \$2,648,057 and \$3,908,364, respectively.

The independent living units requiring a license fee as described above require a prospective resident to pay a deposit, typically equal to 10% of the total license fee to reserve a unit and be placed on the waiting list. The deposit is held in operating cash and fully refundable until execution of the license fee agreements. Upon execution of the license fee agreement, the deposit is applied to the resident's license fee.

Deferred revenue: Deferred revenue consists of amounts received from residents for future services, including amounts prepaid for the final service fee due at move in which were escrowed in separate accounts. During 2022, the Portfolio returned all prepaid final fee deposits to residents. Deferred revenue is recognized into revenue as services are provided. In the event an amount in excess of services provided upon move out, the unapplied prepaid balance is refunded.

Interest rate derivative contracts: In conjunction with permanent financing, the Portfolio holds an interest rate cap agreement. The interest rate cap agreement does not qualify as a cash flow hedge and changes in fair value are recognized as earnings as interest expense (income) in the consolidated statements of operations. As of December 31, 2023 and 2022, the interest rate caps had an asset value of \$9,881,145 and \$5,267,102, respectively.

Income taxes: As limited liability companies with multiple members, the Portfolio is taxed as partnerships for U.S. federal tax purposes. Each member is taxed on its share of the Portfolio's taxable income, whether or not distributed, and reported on its tax return its share of any net income or loss. The tax years 2020 to 2023 are open tax years for Federal jurisdiction and for all of the Partnership's State jurisdictions. Many states require pass-through entities to withhold and remit income tax on non-resident members'/shareholders' distributive shares and may hold the entities liable for taxes that should have been withheld, in addition to penalties and interest (e.g. CT, ME, MA, RI, and VT). In certain circumstances, the Portfolio may be subject to certain state and local taxes. Some states that the Portfolio operates in subject a pass-through entity to an entity level tax in a similar manner as a C corporation (e.g. NH). These state and local taxes are not material to the Portfolio. Therefore, no provision is made in these financial statements for income taxes, or penalties and interest thereon. In accordance with the FASB ASC Topic 740, Income Taxes, management has evaluated material tax positions and determined there were no uncertain tax positions that require adjustment to the financial statements.

Notes to Combined and Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Resident services revenue recognition: The Portfolio accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract and (5) recognize revenue when or as performance obligations are satisfied. Payments received in advance of services provided are recorded as deferred revenue in the accompanying combined and consolidated financial statements.

Revenue from residents consist primarily of monthly rent for apartments and support services. Prior to admission to the communities a contract is required to be signed by the resident. Monthly fees for residents under these agreements are recognized monthly as the services are provided. The Portfolio has determined the basic rent for units and support services to residents in the contract are one performance obligation. There may be ancillary services provided that are not included in the monthly fees that are considered separate performance obligations which are recognized as the services are provided.

Concentration of credit risk: The Portfolio maintains its cash in depository accounts at one financial institution. The combined account balances exceed the Federal Deposit Insurance Corporation ("FDIC") insurance coverage of \$250,000 and, as a result there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. Management believes, based on the quality of the financial institution, that the risk is not significant.

Leases: In February 2016, the FASB established ASC Topic 842, Leases ("ASC 842") by issuing ASU 2016-02, Leases ("ASU 2016-02"), to increase transparency and comparability among organizations related to their leasing arrangements. The update 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. ASC 842 also requires additional disclosures of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in prior guidance) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Portfolio adopted ASC 842 on January 1, 2022.

The Portfolio elected the "package of practical expedients" under the transition guidance within ASC 842, in which the Portfolio does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Portfolio has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Portfolio determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Portfolio obtains substantially all of the economic benefits from the use of that underlying asset and direct how and for what purpose the asset is used during the term of the contract. The Portfolio also considered whether its service arrangements include the right to control the use of an asset.

Notes to Combined and Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Leases (continued): The Portfolio made an accounting policy election available under ASC 842 not to recognize ROU assets and lease liabilities for the leases with a term of 12 months or less and to account for lease and non-lease components in its contracts as a single lease component for its property and equipment. 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 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 present value of lease payments, the Portfolio 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 date. All material leases between the Tenant and Landlord have been eliminated in combination and consolidation.

Adoption of ASC 842 resulted in no material impacts to consolidated net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance sheet of retained earnings. During 2023, the Portfolio acquired vehicle leases and capitalized ROU assets and a lease liability of \$1,071,163. The vehicles typically range in terms from three to five years.

Subsequent events: Management has evaluated subsequent events for potential recognition and disclosure through March 29, 2024, the date the financial statements were available to be issued, and determined there were no events requiring recognition or disclosure.

Note 3. Members' Equity

The Landlord is owned 95% by KRE Holdco LLC and 5% by B-XV Capital LLC and the Tenant is owned 95% by KRE Holdco Operations LLC and 5% by B-XV Capital LLC. KRE Holdco LLC and KRE Holdco Operations LLC are referred to collectively as the "KKR Member" and B-VX Capital LLC is referred to as the "Benchmark Member".

Combined member contributions during the year ended December 31, 2023 total \$35,505,560 and are comprised between Landlord and Tenant as follows:

	KKR Member	Benchmark Member	Total
Landlord	\$ 25,655,283	\$ 1,350,277	\$ 27,005,560
Tenant	8,075,000	425,000	8,500,000
	<u>\$ 33,730,283</u>	<u>\$ 1,775,277</u>	<u>\$ 35,505,560</u>

Combined member contributions during the year ended December 31, 2022 total \$60,409,737 and are comprised between Landlord and Tenant as follows:

	KKR Member	Benchmark Member	Total
Landlord	\$ 27,312,250	\$ 1,437,487	\$ 28,749,737
Tenant	30,077,000	1,583,000	31,660,000
	<u>\$ 57,389,250</u>	<u>\$ 3,020,487</u>	<u>\$ 60,409,737</u>

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Notes to Combined and Consolidated Financial Statements

Note 3. Members' Equity (Continued)

Distributions from Cash Flow and Distributable Capital Proceeds, as defined, from the Portfolio have the following priority:

- i. First, to the KKR Member and Benchmark Member in accordance with their pro-rata interests, until the aggregate distributions to each member have been sufficient for such member to achieve an IRR of 10%;
- ii. Second, 90% to the KKR Member and 10% to the Benchmark Member, until the aggregate distributions to each member have been sufficient for such member to achieve an IRR of 20%;
- iii. Thereafter, 80% to the KKR Member and 20% to the Benchmark Member.

Combined member distributions during the year ended December 31, 2023 total \$8,500,000 and are comprised between Landlord and Tenant as follows:

	KKR Member	Benchmark Member	Total
Landlord	\$ 8,075,000	\$ 425,000	\$ 8,500,000
Tenant	-	-	-
	<u>\$ 8,075,000</u>	<u>\$ 425,000</u>	<u>\$ 8,500,000</u>

Combined member distributions during the year ended December 31, 2022 total \$43,660,000 and are comprised between Landlord and Tenant as follows:

	KKR Member	Benchmark Member	Total
Landlord	\$ 41,477,000	\$ 2,183,000	\$ 43,660,000
Tenant	-	-	-
	<u>\$ 41,477,000</u>	<u>\$ 2,183,000</u>	<u>\$ 43,660,000</u>

Note 4. Property Plant and Equipment

A summary of property, plant and equipment as of December 31 are as follows:

	2023	2022
Land and improvements	\$ 167,394,264	\$ 166,027,795
Buildings and improvements	1,534,988,830	1,523,913,783
Furniture, fixtures and equipment	53,881,997	44,513,989
Construction in progress	<u>14,514,865</u>	<u>12,186,698</u>
	1,770,779,956	1,746,642,265
Accumulated depreciation	<u>(197,671,805)</u>	<u>(148,962,892)</u>
	<u>\$ 1,573,108,151</u>	<u>\$ 1,597,679,373</u>

During 2023, there was a fire at one of the senior living communities within the Portfolio which caused property damage of approximately \$2,100,000. The property damage and related costs are covered by the Portfolios property insurance. During 2023, the Portfolio received \$2,157,925 from insurance recoveries and recognized a gain of \$57,925. The restoration efforts are expected to be completed during 2024.

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Notes to Combined and Consolidated Financial Statements

Note 5. Notes Payable

On July 16, 2019, the Portfolio entered into 3 loan agreements totaling \$1,300,000,000 bearing interest at a variable rate of 1.78% plus SOFR (7.16% and 5.92% as of December 31, 2023 and 2022, respectively) for the acquisition of the 48 communities. In conjunction with these loans, the Portfolio purchased a 2-year and a 3-year rate cap of 4.22% for the SOFR (previously LIBOR) rate on 50% of the original loan principal balance, which expired in 2021 and 2022, respectively. In August 2022, the Portfolio purchased a 1-year rate cap at 4.22% for the SOFR rate on the full outstanding principal balance. In March 2023, the Portfolio purchased another 1-year rate cap of SOFR at 4.22% on the full outstanding balance which was effective August 1, 2023. The loans require monthly payments of interest only through August 2024, after which time monthly payments of principal and interest are due through maturity, August 1, 2029. Principal and interest payments will be based on a 30-year amortization with a balloon payment for all remaining principal and accrued interest due at maturity.

On August 23, 2019, the Portfolio entered into 2 loan agreements totaling \$70,365,000 bearing interest at a variable rate of 1.81% plus SOFR (7.19% and 5.95% as of December 31, 2023 and 2022, respectively) for the acquisition of the 2 communities. In conjunction with these loans, the Portfolio purchased a 4-year rate cap of 4.19% for the SOFR (previously LIBOR) rate on the original loan principal balance. In March 2023, the Portfolio purchased another 1-year rate cap of SOFR at 4.19% on the full outstanding balance which was effective September 1, 2023. The loans require monthly payments of interest only through September 2024 after which time monthly payments of principal and interest are due through maturity, September 1, 2029. Principal and interest payments will be based on a 30-year amortization with a balloon payment for all remaining principal and accrued interest due at maturity.

As of December 31, 2023, the Portfolio is in compliance with applicable debt covenants.

The loan agreements require the Portfolio to maintain restricted reserves for real estate tax escrows, replacement reserves and interest rate cap reserves which are funded on a monthly basis. Releases from the restricted reserves must be approved by the lender.

The outstanding principal balance of notes payable as of December 31 is as follows:

	2023	2022
Loans originated July 16, 2019	\$ 1,300,000,000	\$ 1,300,000,000
Loans originated August 23, 2019	<u>70,365,000</u>	<u>70,365,000</u>
	1,370,365,000	1,370,365,000
Less, unamortized deferred financing costs	<u>(10,671,998)</u>	<u>(6,710,433)</u>
Notes payable, net of unamortized deferred financing costs	<u>\$ 1,359,693,002</u>	<u>\$ 1,363,654,567</u>

KRE-BSL Husky LLC and subsidiaries and KRE-BSL Husky Operations LLC and subsidiaries

Notes to Combined and Consolidated Financial Statements

Note 5. Notes Payable (Continued)

The aggregate principal payments due and amortization of deferred financing costs for the years ending December 31 are as follows:

	Principal Payments of Notes Payable	Amortization of Deferred Financing Costs	Net
2024	\$ 5,252,617	\$ (7,086,740)	\$ (1,834,123)
2025	16,629,933	(780,767)	15,849,166
2026	17,685,788	(780,767)	16,905,021
2027	18,808,680	(780,767)	18,027,913
2028	20,002,866	(780,767)	19,222,099
Thereafter	<u>1,291,985,116</u>	<u>(462,190)</u>	<u>1,291,522,926</u>
	<u>\$ 1,370,365,000</u>	<u>\$ (10,671,998)</u>	<u>\$ 1,359,693,002</u>

Note 6. Related Party Transactions

Benchmark Senior Living LLC ("BSL"), an affiliate of the Benchmark Member, employs all employees of the Portfolio and is reimbursed by the Portfolio for actual payroll costs, to include salaries, wages, employer taxes and other employer paid benefits. Amounts incurred for the years ended December 31, 2023 and 2022 totaled \$214,827,636 and \$197,035,060, respectively, of which \$1,328,581 and \$1,399,599 related to the 401(k) plan expense, respectively.

During 2020, BSL and the Portfolio took advantage of the payroll tax deferral within the Coronavirus Aid, Relief and Economic Security (CARES) Act which allowed for deferral of social security tax payments due between March 27, 2020 and December 31, 2020 to be paid 50% by December 31, 2021 and 50% by December 31, 2022. During 2020, the Portfolio deferred \$6,479,594 of social security tax related to this relief opportunity, of which was fully repaid during 2022.

The Portfolio has management and professional services agreements with BSL for management, administrative and professional services for each of the operating independent living, assisted living and memory care communities. The terms of the agreements are as follows:

Management and professional service agreements dated July 16, 2019

Management and professional service fees based on a Percentage of Gross Collections, as defined, in the stated amounts of 3% for the first 3 years, 4% for the 4th year, 4.5% for the fifth year and 5% thereafter. The initial term of the agreement expires July 15, 2029 with renewal options of two successive terms of 10 years each. Incentive management fees are earned based on achievement of certain hurdles, as described in the agreements. Fees for project management of Value-Add Services may be earned based on 4% of hard costs of the Value-Add Project, except for the Initial Cap Ex Program which is earned based on 2% of hard costs, as defined in the agreements.

Management and professional service agreements dated August 23, 2019

Management and professional service fees based on a Percentage of Gross Collections, as defined, in the stated amounts of 4%. The initial term of the agreement expires August 22, 2029 with renewal options of two successive terms of 10 years each. Incentive management fees are earned based on achievement of certain hurdles, as described in the agreements. Fees for project management of Value-Add Services may be earned based on 4% of hard costs of the Value-Add Project, except for the Initial Cap Ex Program which is earned based on 2% of hard costs, as defined in the agreements.

Notes to Combined and Consolidated Financial Statements

Note 6. Related Party Transactions (Continued)

For the years ended December 31, 2022 and 2021, the Portfolio incurred management and professional service fees totaling \$17,714,665 and \$13,002,633, respectively, included in the combined and consolidated statements of operations. For the years ended December 31, 2023 and 2022, the Portfolio did not incur fees for incentive management fees or value-add projects.

Note 7. Commitments and Contingencies

The Portfolio is exposed to risk of investigation, lawsuits and claims in the normal course of business. Management has evaluated current activities and actions along with its insurance policy coverages and believes they would not materially affect the financial position or results of operations

SUPPLEMENTARY INFORMATION

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Summary by Pool

	KRE-BSL Landlord Holdco 1 LLC and subsidiaries, and KRE-BSL Operations Holdco 1 LLC <i>together</i>	KRE-BSL Landlord Holdco 2 LLC and subsidiaries, and KRE-BSL Operations Holdco 2 LLC <i>together</i>	KRE-BSL Landlord Holdco 3 LLC and subsidiaries, and KRE-BSL Operations Holdco 3 LLC <i>together</i>	KRE-BSL Landlord Holdco 4 LLC and subsidiaries, and KRE-BSL Operations Holdco 4 LLC <i>together</i>	KRE-BSL Husky LLC and subsidiaries, and KRE-BSL Husky Operations LLC
	Pool 1	Pool 2	Pool 3	Pool 4	Total
Assets					
Cash and cash equivalents	\$ 3,332,800	\$ 3,460,188	\$ 4,569,387	\$ 1,726,155	\$ 13,088,530
Restricted cash	7,017,915	6,547,692	5,123,439	1,217,834	19,906,880
Accounts receivable, less allowance for uncollectible accounts	1,874,654	1,955,012	1,227,022	171,573	5,228,261
Prepaid expenses and other	1,068,341	992,394	2,967,168	9,715	5,037,618
Property, plant and equipment, net	517,033,193	544,390,567	431,207,128	80,477,263	1,573,108,151
Below market management contracts, net	5,356,314	4,465,494	4,283,605	656,080	14,761,493
Right of use assets	412,827	287,194	349,186	-	1,049,207
Interest rate cap	3,126,766	3,430,185	2,755,659	568,535	9,881,145
	<u>\$ 539,222,810</u>	<u>\$ 565,528,726</u>	<u>\$ 452,482,594</u>	<u>\$ 84,827,155</u>	<u>\$1,642,061,285</u>
Liabilities and members' equity					
Liabilities					
Notes payable, net of unamortized deferred financing costs	433,137,555	475,176,149	381,718,597	69,660,701	1,359,693,002
Accounts payable and accrued expenses	13,120,531	10,846,500	10,576,381	1,781,843	36,325,255
Refundable license fees and waitlist deposits	-	16,316,668	-	-	16,316,668
Deferred revenue	3,122,776	3,524,109	3,443,880	323,748	10,414,513
Deferred lease liability	412,827	287,194	349,186	-	1,049,207
	<u>449,793,689</u>	<u>506,150,620</u>	<u>396,088,044</u>	<u>71,766,292</u>	<u>1,423,798,645</u>
Members' equity	<u>89,429,121</u>	<u>59,378,106</u>	<u>56,394,550</u>	<u>13,060,863</u>	<u>218,262,640</u>
	<u>\$ 539,222,810</u>	<u>\$ 565,528,726</u>	<u>\$ 452,482,594</u>	<u>\$ 84,827,155</u>	<u>\$1,642,061,285</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Drum Hill Operations LLC and subsidiaries, and KRE-BSL Husky Drum Hill LLC <i>together, d/b/a</i>	KRE-BSL Faxon Woods Operations LLC and subsidiaries, and KRE-BSL Faxon Woods LLC <i>together, d/b/a</i>	KRE-BSL Husky Blenheim- Newport Operations LLC and subsidiaries, and KRE-BSL Husky Blenheim- Newport LLC <i>together, d/b/a</i>	KRE-BSL Husky Milford Operations LLC and subsidiaries, and KRE-BSL Husky Milford LLC <i>together, d/b/a</i>
	The Atrium at Drum Hill	The Atrium at Faxon Woods	Blenheim-Newport	Carriage Green at Milford
Assets				
Cash and cash equivalents	\$ 185,156	\$ 185,156	\$ 185,156	\$ 185,156
Restricted cash	120,027	114,950	290,998	115,193
Accounts receivable, less allowance for uncollectible accounts	9,248	111,621	59,494	115,543
Prepaid expenses and other	(2,222)	60,529	103,753	87,627
Property, plant and equipment, net	19,656,669	5,009,146	8,995,461	34,737,202
Below market management contracts, net	206,413	179,417	249,182	303,427
Right of use assets	39,379	38,973	-	-
Interest rate cap	110,297	38,246	64,966	200,766
Intercompany within receivable pool	-	-	-	1,142,770
	<u>\$ 20,324,967</u>	<u>\$ 5,738,038</u>	<u>\$ 9,949,010</u>	<u>\$ 36,887,684</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	15,279,005	5,298,037	8,999,409	27,811,195
Accounts payable and accrued expenses	569,442	391,034	463,554	626,992
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	168,821	58,528	192,979	61,412
Deferred lease liability	39,379	38,973	-	-
Intercompany within payable pool	1,341,254	6,330,594	3,015,819	-
	<u>17,397,901</u>	<u>12,117,166</u>	<u>12,671,761</u>	<u>28,499,599</u>
Members' equity	<u>2,927,066</u>	<u>(6,379,128)</u>	<u>(2,722,751)</u>	<u>8,388,085</u>
	<u>\$ 20,324,967</u>	<u>\$ 5,738,038</u>	<u>\$ 9,949,010</u>	<u>\$ 36,887,684</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Niantic Operations LLC and subsidiaries, and KRE-BSL Husky Niantic LLC <i>together, d/b/a</i>	KRE-BSL Husky Providence Operations LLC and subsidiaries, and KRE-BSL Husky Providence LLC <i>together, d/b/a</i>	KRE-BSL Husky Woodbridge Operations LLC and subsidiaries, and KRE-BSL Husky Woodbridge LLC <i>together, d/b/a</i>	KRE-BSL Husky Falls Operations LLC and subsidiaries, and KRE-BSL Husky Falls LLC <i>together, d/b/a</i>
	Crescent Point at Niantic	Capitol Ridge at Providence	Coachman Square at Woodbridge	The Falls at Cordingly Dam
Assets				
Cash and cash equivalents	\$ 185,156	\$ 185,156	\$ 185,156	\$ 185,156
Restricted cash	509,325	523,854	676,444	599,778
Accounts receivable, less allowance for uncollectible accounts	209,743	71,279	78,886	273,226
Prepaid expenses and other	54,060	142,388	90,943	80,641
Property, plant and equipment, net	36,230,308	14,105,836	31,850,688	73,469,204
Below market management contracts, net	298,581	283,636	298,374	412,715
Right of use assets	76,686	-	42,613	18,881
Interest rate cap	241,820	7	198,638	443,889
Intercompany within receivable pool	974,827	-	-	1,329,044
	<u>\$ 38,780,506</u>	<u>\$ 15,312,156</u>	<u>\$ 33,421,742</u>	<u>\$ 76,812,534</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	33,498,327	833	27,516,484	61,490,238
Accounts payable and accrued expenses	735,814	439,152	622,756	1,022,384
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	140,283	96,130	51,872	306,708
Deferred lease liability	76,686	-	42,613	18,881
Intercompany within payable pool	-	6,777,951	3,367,655	-
	<u>34,451,110</u>	<u>7,314,066</u>	<u>31,601,380</u>	<u>62,838,211</u>
Members' equity	<u>4,329,396</u>	<u>7,998,090</u>	<u>1,820,362</u>	<u>13,974,323</u>
	<u>\$ 38,780,506</u>	<u>\$ 15,312,156</u>	<u>\$ 33,421,742</u>	<u>\$ 76,812,534</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Warwick Operations LLC and subsidiaries, and KRE-BSL Husky Warwick LLC <i>together, d/b/a</i> Greenwich Farms at Warwick	KRE-BSL Husky Centerville Operations LLC and subsidiaries, and KRE-BSL Husky Centerville LLC <i>together, d/b/a</i> Harbor Point at Centerville	KRE-BSL Husky Leominster Operations LLC and subsidiaries, and KRE-BSL Husky Leominster LLC <i>together, d/b/a</i> Leominster Crossings	KRE-BSL Husky Trumbull Operations LLC and subsidiaries, and KRE-BSL Husky Trumbull LLC <i>together, d/b/a</i> Middlebrook Farms at Trumbull
Assets				
Cash and cash equivalents	\$ 185,156	\$ 185,156	\$ 185,156	\$ 185,156
Restricted cash	471,075	83,161	326,773	642,867
Accounts receivable, less allowance for uncollectible accounts	59,515	123,371	95,512	80,294
Prepaid expenses and other	62,589	(10,156)	35,909	82,084
Property, plant and equipment, net	28,174,719	5,436,757	26,298,981	33,023,679
Below market management contracts, net	344,367	205,698	223,115	349,837
Right of use assets	31,458	28,812	-	37,115
Interest rate cap	108,635	57,430	169,826	220,738
Intercompany within receivable pool	-	3,615,269	1,417,013	-
	<u>\$ 29,437,514</u>	<u>\$ 9,725,498</u>	<u>\$ 28,752,285</u>	<u>\$ 34,621,770</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	15,048,689	7,955,510	23,525,328	30,577,825
Accounts payable and accrued expenses	696,609	657,832	651,754	710,906
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	74,149	291,531	260,700	88,452
Deferred lease liability	31,458	28,812	-	37,115
Intercompany within payable pool	156,008	-	-	1,977,680
	<u>16,006,913</u>	<u>8,933,685</u>	<u>24,437,782</u>	<u>33,391,978</u>
Members' equity	<u>13,430,601</u>	<u>791,813</u>	<u>4,314,503</u>	<u>1,229,792</u>
	<u>\$ 29,437,514</u>	<u>\$ 9,725,498</u>	<u>\$ 28,752,285</u>	<u>\$ 34,621,770</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Nashua Operations LLC and subsidiaries, and KRE-BSL Husky Nashua LLC <i>together, d/b/a</i>	KRE-BSL Husky Robbins Brook Operations LLC and subsidiaries, and KRE-BSL Husky Robbins Brook LLC <i>together, d/b/a</i>	KRE-BSL Husky Avon Operations LLC and subsidiaries, and KRE-BSL Husky Avon LLC <i>together, d/b/a</i>	KRE-BSL Husky Split Rock Operations LLC and subsidiaries, and KRE-BSL Husky Split Rock LLC <i>together, d/b/a</i>
	Nashua Crossings	BSL at Robbins Brook	River Ridge at Avon	BSL at Split Rock
Assets				
Cash and cash equivalents	\$ 185,156	\$ 185,156	\$ 185,156	\$ 185,156
Restricted cash	313,569	297,663	395,548	533,907
Accounts receivable, less allowance for uncollectible accounts	219,898	42,665	117,462	78,025
Prepaid expenses and other	71,899	5,628	(63)	82,467
Property, plant and equipment, net	44,793,891	38,535,860	28,502,414	28,750,099
Below market management contracts, net	315,159	309,895	318,252	298,512
Right of use assets	27,519	28,781	-	42,610
Interest rate cap	274,307	216,769	211,339	165,442
Intercompany within receivable pool	7,084,665	4,249,993	-	3,284,691
	<u>\$ 53,286,063</u>	<u>\$ 43,872,410</u>	<u>\$ 29,730,108</u>	<u>\$ 33,420,909</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	37,998,580	30,028,112	29,275,890	22,917,979
Accounts payable and accrued expenses	868,439	850,802	755,949	651,289
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	261,503	326,587	148,378	160,126
Deferred lease liability	27,519	28,781	-	42,610
Intercompany within payable pool	-	-	1,982,080	-
	<u>39,156,041</u>	<u>31,234,282</u>	<u>32,162,297</u>	<u>23,772,004</u>
Members' equity	<u>14,130,022</u>	<u>12,638,128</u>	<u>(2,432,189)</u>	<u>9,648,905</u>
	<u>\$ 53,286,063</u>	<u>\$ 43,872,410</u>	<u>\$ 29,730,108</u>	<u>\$ 33,420,909</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Arbors Operations LLC and subsidiaries, and KRE-BSL Husky Arbors LLC <i>together, d/b/a</i>	KRE-BSL Husky East Farms Operations LLC and subsidiaries, and KRE-BSL Husky East Farms LLC <i>together, d/b/a</i>		
	The Arbors	The Village at East Farms	Eliminations	Pool 1
Assets				
Cash and cash equivalents	\$ 185,156	\$ 185,148	\$ -	\$ 3,332,800
Restricted cash	172,238	830,545	-	7,017,915
Accounts receivable, less allowance for uncollectible accounts	5,350	123,522	-	1,874,654
Prepaid expenses and other	27,034	93,231	-	1,068,341
Property, plant and equipment, net	16,418,068	43,044,211	-	517,033,193
Below market management contracts, net	266,733	493,001	-	5,356,314
Right of use assets	-	-	-	412,827
Interest rate cap	126,086	277,565	-	3,126,766
Intercompany within receivable pool	379,187	1,471,582	(24,949,041)	-
	<u>\$ 17,579,852</u>	<u>\$ 46,518,805</u>	<u>\$ (24,949,041)</u>	<u>\$ 539,222,810</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	17,466,118	38,449,996	-	433,137,555
Accounts payable and accrued expenses	1,224,008	1,181,815	-	13,120,531
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	114,204	320,413	-	3,122,776
Deferred lease liability	-	-	-	412,827
Intercompany within payable pool	-	-	(24,949,041)	-
	<u>18,804,330</u>	<u>39,952,224</u>	<u>(24,949,041)</u>	<u>449,793,689</u>
Members' equity	<u>(1,224,478)</u>	<u>6,566,581</u>	<u>-</u>	<u>89,429,121</u>
	<u>\$ 17,579,852</u>	<u>\$ 46,518,805</u>	<u>\$ (24,949,041)</u>	<u>\$ 539,222,810</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
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Pool 2 Summary

	KRE-BSL Husky Cardinal Drive Operations LLC and subsidiaries, and KRE-BSL Husky Cardinal Drive LLC <i>together, d/b/a</i>	KRE-BSL Husky North Andover Operations LLC and subsidiaries, and KRE-BSL Husky North Andover LLC <i>together, d/b/a</i>	KRE-BSL Husky Mystic Operations LLC and subsidiaries, and KRE-BSL Husky Mystic LLC <i>together, d/b/a</i>	KRE-BSL Husky Veronica Drive Operations LLC and subsidiaries, and KRE-BSL Husky Veronica Drive LLC <i>together, d/b/a</i>
	The Atrium at Cardinal Drive	Ashland Farm at North Andover	Academy Point at Mystic	The Atrium at Veronica Drive
Assets				
Cash and cash equivalents	\$ 230,679	\$ 230,679	\$ 230,679	\$ 230,679
Restricted cash	211,665	1,364,119	296,527	97,296
Accounts receivable, less allowance for uncollectible accounts	89,034	94,928	85,101	164,006
Prepaid expenses and other	24,856	52,584	78,941	27,337
Property, plant and equipment, net	18,551,061	33,239,956	32,030,668	15,824,205
Below market management contracts, net	201,573	312,738	278,814	203,696
Right of use assets	42,613	-	28,838	-
Interest rate cap	123,944	243,503	238,231	91,414
Intercompany within receivable pool	2,357,778	-	-	-
	<u>\$ 21,833,203</u>	<u>\$ 35,538,507</u>	<u>\$ 33,267,799</u>	<u>\$ 16,638,633</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	17,169,649	33,731,965	33,001,627	12,663,356
Accounts payable and accrued expenses	520,923	750,365	664,759	662,596
Refundable license fees and deposits	-	-	-	-
Deferred revenue	152,495	266,378	147,016	49,062
Deferred lease liability	42,613	-	28,838	-
Intercompany within payable pool	-	4,113,508	153,244	3,777,225
	<u>17,885,680</u>	<u>38,862,216</u>	<u>33,995,484</u>	<u>17,152,239</u>
Members' equity	<u>3,947,523</u>	<u>(3,323,709)</u>	<u>(727,685)</u>	<u>(513,606)</u>
	<u>\$ 21,833,203</u>	<u>\$ 35,538,507</u>	<u>\$ 33,267,799</u>	<u>\$ 16,638,633</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Concord Operations LLC and subsidiaries, and KRE-BSL Husky Concord LLC <i>together, d/b/a</i>	KRE-BSL Husky Bedford Operations LLC and subsidiaries, and KRE-BSL Husky Bedford LLC <i>together, d/b/a</i>	KRE-BSL Husky Yarmouth Operations LLC and subsidiaries, and KRE-BSL Husky Yarmouth LLC <i>together, d/b/a</i>	KRE-BSL Husky Cabot Park Operations LLC and subsidiaries, and KRE-BSL Husky Cabot Park LLC <i>together, d/b/a</i>
	The Birches at Concord	Bedford Falls	Bay Square at Yarmouth	Cabot Park Village
Assets				
Cash and cash equivalents	\$ 230,679	\$ 230,679	\$ 230,679	\$ 230,679
Restricted cash	268,838	537,844	236,093	77,426
Accounts receivable, less allowance for uncollectible accounts	106,100	58,901	105,545	25,359
Prepaid expenses and other	86,145	119,383	83,419	96,357
Property, plant and equipment, net	23,452,949	52,477,308	28,418,574	26,638,908
Below market management contracts, net	226,809	386,899	256,667	215,848
Right of use assets	40,097	40,097	-	-
Interest rate cap	164,475	330,719	220,086	167,742
Intercompany within receivable pool	4,199,945	7,637,148	3,932,862	2,316,159
	<u>\$ 28,776,037</u>	<u>\$ 61,818,978</u>	<u>\$ 33,483,925</u>	<u>\$ 29,768,478</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	22,784,381	45,813,888	30,488,008	23,236,830
Accounts payable and accrued expenses	619,551	832,672	663,585	597,733
Refundable license fees and deposits	-	-	-	-
Deferred revenue	294,269	305,014	66,890	45,229
Deferred lease liability	40,097	40,097	-	-
Intercompany within payable pool	-	-	-	-
	<u>23,738,298</u>	<u>46,991,671</u>	<u>31,218,483</u>	<u>23,879,792</u>
Members' equity	<u>5,037,739</u>	<u>14,827,307</u>	<u>2,265,442</u>	<u>5,888,686</u>
	<u>\$ 28,776,037</u>	<u>\$ 61,818,978</u>	<u>\$ 33,483,925</u>	<u>\$ 29,768,478</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Evans Park Operations LLC and subsidiaries, and KRE-BSL Husky Evans Park LLC <i>together, d/b/a</i>	KRE-BSL Husky Haverhill Operations LLC and subsidiaries, and KRE-BSL Husky Haverhill LLC <i>together, d/b/a</i>	KRE-BSL Husky Hamden Operations LLC and subsidiaries, and KRE-BSL Husky Hamden LLC <i>together, d/b/a</i>	KRE-BSL Husky Shrewsbury Operations LLC and subsidiaries, and KRE-BSL Husky Shrewsbury LLC <i>together, d/b/a</i>
	Evans Park at Newton Corner	Haverhill Crossings	BSL at Hamden	Shrewsbury Crossings
Assets				
Cash and cash equivalents	\$ 230,679	\$ 230,679	\$ 230,679	\$ 230,679
Restricted cash	312,762	283,913	543,197	135,776
Accounts receivable, less allowance for uncollectible accounts	145,632	41,645	78,119	47,860
Prepaid expenses and other	105,961	36,107	96,168	44,291
Property, plant and equipment, net	51,705,949	38,875,698	31,997,612	23,588,881
Below market management contracts, net	379,723	307,286	313,974	227,387
Right of use assets	37,080	-	42,613	-
Interest rate cap	241,591	208,810	238,818	159,797
Intercompany within receivable pool	-	-	-	389,434
	<u>\$ 53,159,377</u>	<u>\$ 39,984,138</u>	<u>\$ 33,541,180</u>	<u>\$ 24,824,105</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	33,466,990	28,926,013	33,082,967	22,136,356
Accounts payable and accrued expenses	735,334	731,683	477,583	559,922
Refundable license fees and deposits	-	-	-	-
Deferred revenue	103,993	82,519	86,924	169,868
Deferred lease liability	37,080	-	42,613	-
Intercompany within payable pool	7,708,850	1,907,095	4,679,958	-
	<u>42,052,247</u>	<u>31,647,310</u>	<u>38,370,045</u>	<u>22,866,146</u>
Members' equity	<u>11,107,130</u>	<u>8,336,828</u>	<u>(4,828,865)</u>	<u>1,957,959</u>
	<u>\$ 53,159,377</u>	<u>\$ 39,984,138</u>	<u>\$ 33,541,180</u>	<u>\$ 24,824,105</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Buckland Operations LLC and subsidiaries, and KRE-BSL Husky Buckland LLC <i>together, d/b/a</i>	KRE-BSL Husky Willow Crossings Operations LLC and subsidiaries, and KRE-BSL Husky Willow Crossings LLC <i>together, d/b/a</i>	KRE-BSL Husky Waltham Operations LLC and subsidiaries, and KRE-BSL Husky Waltham LLC <i>together, d/b/a</i>		
	The Village at Buckland Court	The Village at Willow Crossings	Waltham Crossings	Eliminations	Pool 2
Assets					
Cash and cash equivalents	\$ 230,679	\$ 230,679	\$ 230,682	\$ -	\$ 3,460,188
Restricted cash	660,044	1,149,112	373,080	-	6,547,692
Accounts receivable, less allowance for uncollectible accounts	91,728	455,489	365,565	-	1,955,012
Prepaid expenses and other	1,005	68,866	70,974	-	992,394
Property, plant and equipment, net	52,547,960	76,410,243	38,630,595	-	544,390,567
Below market management contracts, net	383,546	448,564	321,970	-	4,465,494
Right of use assets	-	18,776	37,080	-	287,194
Interest rate cap	290,690	462,235	248,130	-	3,430,185
Intercompany within receivable pool	-	9,261,355	-	(30,094,681)	-
	<u>\$ 54,205,652</u>	<u>\$ 88,505,319</u>	<u>\$ 40,278,076</u>	<u>\$(30,094,681)</u>	<u>\$ 565,528,726</u>
Liabilities and members' equity					
Liabilities					
Notes payable, net of unamortized deferred financing costs	40,268,597	64,032,486	34,373,036	-	475,176,149
Accounts payable and accrued expenses	1,103,880	1,057,763	868,151	-	10,846,500
Refundable license fees and deposits	-	16,316,668	-	-	16,316,668
Deferred revenue	157,591	1,397,308	199,553	-	3,524,109
Deferred lease liability	-	18,776	37,080	-	287,194
Intercompany within payable pool	2,914,873	-	4,839,928	(30,094,681)	-
	<u>44,444,941</u>	<u>82,823,001</u>	<u>40,317,748</u>	<u>(30,094,681)</u>	<u>506,150,620</u>
Members' equity	<u>9,760,711</u>	<u>5,682,318</u>	<u>(39,672)</u>	<u>-</u>	<u>59,378,106</u>
	<u>\$ 54,205,652</u>	<u>\$ 88,505,319</u>	<u>\$ 40,278,076</u>	<u>\$(30,094,681)</u>	<u>\$ 565,528,726</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Rocky Hill Operations LLC and subsidiaries, and KRE-BSL Husky Rocky Hill LLC <i>together, d/b/a</i>	KRE-BSL Husky Billerica Operations LLC and subsidiaries, and KRE-BSL Husky Billerica LLC <i>together, d/b/a</i>	KRE-BSL Chestnut Park Operations LLC and subsidiaries, and KRE-BSL Chestnut Park LLC <i>together, d/b/a</i>	KRE-BSL Husky Chelmsford Operations LLC and subsidiaries, and KRE-BSL Husky Chelmsford LLC <i>together, d/b/a</i>
	The Atrium at Rocky Hill	Billerica Crossings	Chestnut Park at Cleveland Circle	Chelmsford Crossings
Assets				
Cash and cash equivalents	\$ 304,626	\$ 304,626	\$ 304,626	\$ 304,626
Restricted cash	271,377	343,088	186,477	215,760
Accounts receivable, less allowance for uncollectible accounts	53,583	21,988	138,259	43,818
Prepaid expenses and other	230,720	2,028,931	39,151	103,790
Property, plant and equipment, net	4,137,281	27,787,875	25,068,875	24,357,623
Below market management contracts, net	191,844	237,411	268,564	192,742
Right of use assets	43,272	-	-	-
Interest rate cap	32,394	179,060	157,039	152,154
Intercompany within receivable pool	-	-	-	-
	<u>\$ 5,265,097</u>	<u>\$ 30,902,979</u>	<u>\$ 26,162,991</u>	<u>\$ 25,370,513</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	4,487,163	24,803,722	21,753,334	21,076,604
Accounts payable and accrued expenses	479,867	534,307	656,032	595,610
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	200,116	1,815	105,563	223,135
Deferred lease liability	43,272	-	-	-
Intercompany within payable pool	2,219,425	4,722,561	5,651,856	566,676
	<u>7,429,843</u>	<u>30,062,405</u>	<u>28,166,785</u>	<u>22,462,025</u>
Members' equity	<u>(2,164,746)</u>	<u>840,574</u>	<u>(2,003,794)</u>	<u>2,908,488</u>
	<u>\$ 5,265,097</u>	<u>\$ 30,902,979</u>	<u>\$ 26,162,991</u>	<u>\$ 25,370,513</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Forge Hill Operations LLC and subsidiaries, and KRE-BSL Husky Forge Hill LLC <i>together, d/b/a</i>	KRE-BSL Husky Salem Operations LLC and subsidiaries, and KRE-BSL Husky Salem LLC <i>together, d/b/a</i>	KRE-BSL Husky Wilbraham Operations LLC and subsidiaries, and KRE-BSL Husky Wilbraham LLC <i>together, d/b/a</i>	KRE-BSL Husky Danvers Operations LLC and subsidiaries, and KRE-BSL Husky Danvers LLC <i>together, d/b/a</i>
	BSL at Forge Hill	Greystone Farms at Salem	Orchard Valley at Wilbraham	Putnam Farm at Danvers
Assets				
Cash and cash equivalents	\$ 304,626	\$ 304,626	\$ 304,626	\$ 304,626
Restricted cash	380,218	371,506	277,019	259,436
Accounts receivable, less allowance for uncollectible accounts	51,995	76,308	164,381	65,389
Prepaid expenses and other	76,788	56,846	8,428	56,569
Property, plant and equipment, net	38,064,433	31,180,710	12,624,165	32,211,836
Below market management contracts, net	310,014	263,591	201,028	272,661
Right of use assets	37,080	-	-	42,614
Interest rate cap	237,550	239,606	71,428	164,948
Intercompany within receivable pool	3,630,569	3,848,374	-	2,218,515
	<u>\$ 43,093,273</u>	<u>\$ 36,341,567</u>	<u>\$ 13,651,075</u>	<u>\$ 35,596,594</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	32,905,899	33,190,731	9,894,250	22,848,850
Accounts payable and accrued expenses	1,093,925	717,903	537,776	697,911
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	314,966	286,103	134,291	267,557
Deferred lease liability	37,080	-	-	42,614
Intercompany within payable pool	-	-	2,023,339	-
	<u>34,351,870</u>	<u>34,194,737</u>	<u>12,589,656</u>	<u>23,856,932</u>
Members' equity	<u>8,741,403</u>	<u>2,146,830</u>	<u>1,061,419</u>	<u>11,739,662</u>
	<u>\$ 43,093,273</u>	<u>\$ 36,341,567</u>	<u>\$ 13,651,075</u>	<u>\$ 35,596,594</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Plymouth Operations LLC and subsidiaries, and KRE-BSL Husky Plymouth LLC <i>together, d/b/a</i>	KRE-BSL Husky Ridgefield Operations LLC and subsidiaries, and KRE-BSL Husky Ridgefield LLC <i>together, d/b/a</i>	KRE-BSL Husky Worcester Operations LLC and subsidiaries, and KRE-BSL Husky Worcester LLC <i>together, d/b/a</i>	KRE-BSL Husky Brookfield Operations LLC and subsidiaries, and KRE-BSL Husky Brookfield LLC <i>together, d/b/a</i>
	Plymouth Crossings	Ridgefield Crossings	Tatnuck Park at Worcester	The Village at Brookfield Common
Assets				
Cash and cash equivalents	\$ 304,626	\$ 304,626	\$ 304,626	\$ 304,626
Restricted cash	186,240	486,174	347,028	357,139
Accounts receivable, less allowance for uncollectible accounts	39,314	123,481	39,674	155,933
Prepaid expenses and other	39,137	95,162	60,692	25,787
Property, plant and equipment, net	13,913,409	71,684,041	19,566,392	23,917,915
Below market management contracts, net	211,167	531,317	247,508	317,983
Right of use assets	-	37,115	37,080	-
Interest rate cap	50,947	435,959	123,808	142,691
Intercompany within receivable pool	1,360,374	-	1,283,318	421,217
	<u>\$ 16,105,214</u>	<u>\$ 73,697,875</u>	<u>\$ 22,010,126</u>	<u>\$ 25,643,291</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	7,057,244	60,389,898	17,150,014	19,765,728
Accounts payable and accrued expenses	391,631	1,135,108	673,865	720,641
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	165,823	281,904	214,915	213,115
Deferred lease liability	-	37,115	37,080	-
Intercompany within payable pool	-	1,396,974	-	-
	<u>7,614,698</u>	<u>63,240,999</u>	<u>18,075,874</u>	<u>20,699,484</u>
Members' equity	<u>8,490,516</u>	<u>10,456,876</u>	<u>3,934,252</u>	<u>4,943,807</u>
	<u>\$ 16,105,214</u>	<u>\$ 73,697,875</u>	<u>\$ 22,010,126</u>	<u>\$ 25,643,291</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Kensington Operations LLC and subsidiaries, and KRE-BSL Husky Kensington LLC <i>together, d/b/a</i>	KRE-BSL Husky Mariners Point Operations LLC and subsidiaries, and KRE-BSL Husky Mariners Point LLC <i>together, d/b/a</i>	KRE-BSL Husky South Farms Operations LLC and subsidiaries, and KRE-BSL Husky South Farms LLC <i>together, d/b/a</i>		
	The Village at Kensington Place	The Village at Mariners Point	The Village at South Farms	Eliminations	Pool 3
Assets					
Cash and cash equivalents	\$ 304,626	\$ 304,626	\$ 304,623	\$ -	\$ 4,569,387
Restricted cash	477,177	549,009	415,791	-	5,123,439
Accounts receivable, less allowance for uncollectible accounts	73,827	143,655	35,417	-	1,227,022
Prepaid expenses and other	20,296	66,398	58,473	-	2,967,168
Property, plant and equipment, net	28,772,722	38,932,207	38,987,644	-	431,207,128
Below market management contracts, net	306,233	388,292	343,250	-	4,283,605
Right of use assets	42,502	79,727	29,796	-	349,186
Interest rate cap	231,734	278,705	257,635	-	2,755,659
Intercompany within receivable pool	-	1,963,720	2,885,595	(17,611,681)	-
	<u>\$ 30,229,117</u>	<u>\$ 42,706,339</u>	<u>\$ 43,318,224</u>	<u>\$ (17,611,681)</u>	<u>\$ 452,482,594</u>
Liabilities and members' equity					
Liabilities					
Notes payable, net of unamortized deferred financing costs	32,100,139	38,606,680	35,688,341	-	381,718,597
Accounts payable and accrued expenses	705,869	871,533	764,403	-	10,576,381
Refundable license fees and waitlist deposits	-	-	-	-	-
Deferred revenue	194,960	414,347	425,270	-	3,443,880
Deferred lease liability	42,502	79,727	29,796	-	349,186
Intercompany within payable pool	1,030,850	-	-	(17,611,681)	-
	<u>34,074,320</u>	<u>39,972,287</u>	<u>36,907,810</u>	<u>(17,611,681)</u>	<u>396,088,044</u>
Members' equity	<u>(3,845,203)</u>	<u>2,734,052</u>	<u>6,410,414</u>	<u>-</u>	<u>56,394,550</u>
	<u>\$ 30,229,117</u>	<u>\$ 42,706,339</u>	<u>\$ 43,318,224</u>	<u>\$ (17,611,681)</u>	<u>\$ 452,482,594</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Balance Sheets
December 31, 2023**

Pool 4 Summary

	KRE-BSL Husky Norwood Operations LLC and subsidiaries, and KRE-BSL Husky Norwood LLC <i>together, d/b/a</i>	KRE-BSL Husky Woburn Operations LLC and subsidiaries, and KRE-BSL Husky Woburn LLC <i>together, d/b/a</i>		
	BSL at Clapboardtree	BSL at Woburn	Eliminations	Pool 4
Assets				
Cash and cash equivalents	\$ 863,077	\$ 863,078	\$ -	\$ 1,726,155
Restricted cash	598,887	618,947	-	1,217,834
Accounts receivable, less allowance for uncollectible accounts	55,226	116,347	-	171,573
Prepaid expenses and other	(31,802)	41,517	-	9,715
Property, plant and equipment, net	39,983,476	40,493,787	-	80,477,263
Below market management contracts, net	331,510	324,570	-	656,080
Right of use assets	-	-	-	-
Interest rate cap	278,268	290,267	-	568,535
Intercompany within receivable pool	2,808,323	-	(2,808,323)	-
	<u>\$ 44,886,965</u>	<u>\$ 42,748,513</u>	<u>\$ (2,808,323)</u>	<u>\$ 84,827,155</u>
Liabilities and members' equity				
Liabilities				
Notes payable, net of unamortized deferred financing costs	34,073,946	35,586,755	-	69,660,701
Accounts payable and accrued expenses	885,114	896,729	-	1,781,843
Refundable license fees and waitlist deposits	-	-	-	-
Deferred revenue	218,788	104,960	-	323,748
Deferred lease liability	-	-	-	-
Intercompany within payable pool	-	2,808,323	(2,808,323)	-
	<u>35,177,848</u>	<u>39,396,767</u>	<u>(2,808,323)</u>	<u>71,766,292</u>
Members' equity	<u>9,709,117</u>	<u>3,351,746</u>	<u>-</u>	<u>13,060,863</u>
	<u>\$ 44,886,965</u>	<u>\$ 42,748,513</u>	<u>\$ (2,808,323)</u>	<u>\$ 84,827,155</u>

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Summary by Pool

	KRE-BSL Landlord Holdco 1 LLC and subsidiaries, and KRE-BSL Operations Holdco 1 LLC <i>together</i>	KRE-BSL Landlord Holdco 2 LLC and subsidiaries, and KRE-BSL Operations Holdco 2 LLC <i>together</i>	KRE-BSL Landlord Holdco 3 LLC and subsidiaries, and KRE-BSL Operations Holdco 3 LLC <i>together</i>	KRE-BSL Landlord Holdco 4 LLC and subsidiaries, and KRE-BSL Operations Holdco 4 LLC <i>together</i>	KRE-BSL Husky LLC and subsidiaries, and KRE-BSL Husky Operations LLC
	Pool 1	Pool 2	Pool 3	Pool 4	Total
Revenue					
Resident services	\$ 149,691,035	\$ 130,844,659	\$ 119,758,779	\$ 20,594,140	\$ 420,888,613
Total revenue	149,691,035	130,844,659	119,758,779	20,594,140	420,888,613
Resident operating expenses					
Salaries, wages and benefits	83,362,950	64,831,101	63,669,966	9,214,013	221,078,030
Resident services costs	8,936,700	7,461,490	6,919,490	1,136,228	24,453,908
Property and other taxes	4,699,447	3,321,608	3,152,059	263,451	11,436,565
General and administrative	5,464,113	4,214,797	4,007,257	543,054	14,229,221
Management and professional service fees	7,114,427	6,129,834	5,705,525	919,196	19,868,982
Utilities	4,308,928	3,855,770	3,514,139	631,622	12,310,459
Maintenance and repairs	4,001,402	3,610,297	2,794,427	451,460	10,857,586
Insurance	3,137,024	2,407,261	2,421,166	346,484	8,311,935
Marketing	3,766,588	3,241,974	3,104,680	436,805	10,550,047
Total resident operating expenses	124,791,579	99,074,132	95,288,709	13,942,313	333,096,733
Net operating income before certain expenses	24,899,456	31,770,527	24,470,070	6,651,827	87,791,880
Other operating expenses					
Amortization of in-place resident contracts	-	-	-	-	-
Depreciation	16,736,372	16,329,841	13,398,776	2,243,925	48,708,914
	16,736,372	16,329,841	13,398,776	2,243,925	48,708,914
Net operating income	8,163,084	15,440,686	11,071,294	4,407,902	39,082,966
Financial expenses (income)					
Interest on permanent financing	26,552,716	29,129,372	23,401,245	4,267,780	83,351,113
Interest income	(89,109)	(229,117)	(107,205)	(52,778)	(478,209)
Capital lease expense	140,988	75,603	103,743	-	320,334
Amortization of deferred financing fees	2,186,708	2,398,905	1,927,173	335,890	6,848,676
Accretion of int. on acquired refundable license fees	-	1,260,306	-	-	1,260,306
Change in value of interest rate cap	(1,470,852)	(1,613,583)	(1,296,279)	(233,328)	(4,614,042)
	27,320,451	31,021,486	24,028,679	4,317,564	86,688,178
Net income (loss)	\$ (19,157,367)	\$ (15,580,800)	\$ (12,957,385)	\$ 90,338	\$ (47,605,212)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Drum Hill Operations LLC and subsidiaries, and KRE-BSL Husky Drum Hill LLC <i>together, d/b/a</i>	KRE-BSL Faxon Woods Operations LLC and subsidiaries, and KRE-BSL Faxon Woods LLC <i>together, d/b/a</i>	KRE-BSL Husky Blenheim- Newport Operations LLC and subsidiaries, and KRE-BSL Husky Blenheim- Newport LLC <i>together, d/b/a</i>	KRE-BSL Husky Milford Operations LLC and subsidiaries, and KRE-BSL Husky Milford LLC <i>together, d/b/a</i>
	The Atrium at Drum Hill	The Atrium at Faxon Woods	Blenheim-Newport	Carriage Green at Milford
Revenue				
Resident services	\$ 6,176,010	\$ 4,146,909	\$ 6,091,538	\$ 7,543,618
Total revenue	6,176,010	4,146,909	6,091,538	7,543,618
Resident operating expenses				
Salaries, wages and benefits	3,424,401	3,734,801	3,659,892	4,359,426
Resident services costs	300,785	306,208	496,122	461,692
Property and other taxes	75,706	102,631	236,634	259,290
General and administrative	173,435	188,788	274,088	319,684
Management and professional service fees	292,306	199,381	294,800	363,606
Utilities	160,230	164,084	198,449	212,089
Maintenance and repairs	135,121	197,658	206,562	265,092
Insurance	111,764	124,465	157,793	174,968
Marketing	157,281	142,248	184,700	192,825
Total resident operating expenses	4,831,029	5,160,264	5,709,040	6,608,672
Net operating income (loss) before certain expenses	1,344,981	(1,013,355)	382,498	934,946
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	617,323	185,759	296,290	1,164,513
	617,323	185,759	296,290	1,164,513
Net operating income (loss)	727,658	(1,199,115)	86,208	(229,567)
Financial expenses (income)				
Interest on permanent financing	936,651	324,789	551,698	1,704,915
Interest income	(4,949)	(4,950)	(4,950)	(4,950)
Capital lease expense	19,326	21,348	-	-
Amortization of deferred financing fees	77,136	26,748	45,434	140,406
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(51,885)	(17,991)	(30,561)	(94,441)
	976,279	349,944	561,621	1,745,930
Net income (loss)	\$ (248,621)	\$ (1,549,058)	\$ (475,413)	\$ (1,975,497)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Niantic Operations LLC and subsidiaries, and KRE-BSL Husky Niantic LLC <i>together, d/b/a</i>	KRE-BSL Husky Providence Operations LLC and subsidiaries, and KRE-BSL Husky Providence LLC <i>together, d/b/a</i>	KRE-BSL Husky Woodbridge Operations LLC and subsidiaries, and KRE-BSL Husky Woodbridge LLC <i>together, d/b/a</i>	KRE-BSL Husky Falls Operations LLC and subsidiaries, and KRE-BSL Husky Falls LLC <i>together, d/b/a</i>
	Crescent Point at Niantic	Capitol Ridge at Providence	Coachman Square at Woodbridge	The Falls at Cordingly Dam
Revenue				
Resident services	\$ 7,820,304	\$ 5,852,629	\$ 6,250,597	\$ 12,407,696
Total revenue	7,820,304	5,852,629	6,250,597	12,407,696
Resident operating expenses				
Salaries, wages and benefits	4,210,607	3,979,368	3,793,936	5,334,371
Resident services costs	440,314	420,515	439,587	716,442
Property and other taxes	225,136	434,564	360,486	214,307
General and administrative	365,157	328,065	341,479	309,727
Management and professional service fees	369,239	290,550	306,650	581,651
Utilities	238,945	357,297	223,965	304,670
Maintenance and repairs	156,674	205,638	248,971	237,757
Insurance	162,900	248,705	125,423	262,773
Marketing	143,137	257,625	193,109	364,646
Total resident operating expenses	6,312,109	6,522,327	6,033,606	8,326,344
Net operating income (loss) before certain expenses	1,508,195	(669,698)	216,991	4,081,352
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,119,770	525,605	1,087,197	2,011,475
	1,119,770	525,605	1,087,197	2,011,475
Net operating income (loss)	388,425	(1,195,304)	(870,206)	2,069,877
Financial expenses (income)				
Interest on permanent financing	2,053,551	61	1,686,848	3,769,538
Interest income	(4,950)	(4,950)	(4,950)	(4,950)
Capital lease expense	22,748	-	11,434	-
Amortization of deferred financing fees	169,117	5	138,918	310,434
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(113,754)	(3)	(93,441)	(208,808)
	2,126,712	(4,887)	1,738,809	3,866,214
Net income (loss)	\$ (1,738,287)	\$ (1,190,416)	\$ (2,609,015)	\$ (1,796,337)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Warwick Operations LLC and subsidiaries, and KRE-BSL Husky Warwick LLC <i>together, d/b/a</i>	KRE-BSL Husky Centerville Operations LLC and subsidiaries, and KRE-BSL Husky Centerville LLC <i>together, d/b/a</i>	KRE-BSL Husky Leominster Operations LLC and subsidiaries, and KRE-BSL Husky Leominster LLC <i>together, d/b/a</i>	KRE-BSL Husky Trumbull Operations LLC and subsidiaries, and KRE-BSL Husky Trumbull LLC <i>together, d/b/a</i>
	Greenwich Farms at Warwick	Harbor Point at Centerville	Leominster Crossings	Middlebrook Farms at Trumbull
Revenue				
Resident services	\$ 8,638,695	\$ 10,059,794	\$ 7,141,959	\$ 8,008,467
Total revenue	8,638,695	10,059,794	7,141,959	8,008,467
Resident operating expenses				
Salaries, wages and benefits	4,806,519	5,083,933	4,005,901	4,529,026
Resident services costs	531,578	537,766	407,573	503,735
Property and other taxes	405,054	42,053	75,355	430,672
General and administrative	91,017	255,130	219,675	365,451
Management and professional service fees	414,605	456,113	334,232	388,697
Utilities	376,054	134,919	156,168	331,662
Maintenance and repairs	202,780	248,046	177,779	245,043
Insurance	169,281	139,020	119,438	199,340
Marketing	240,655	157,748	152,765	278,716
Total resident operating expenses	7,237,543	7,054,728	5,648,886	7,272,342
Net operating income (loss) before certain expenses	1,401,152	3,005,066	1,493,073	736,125
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	929,563	257,315	875,229	1,071,572
	929,563	257,315	875,229	1,071,572
Net operating income (loss)	471,589	2,747,751	617,844	(335,447)
Financial expenses (income)				
Interest on permanent financing	922,538	487,701	1,442,176	1,874,518
Interest income	(4,950)	(4,965)	(4,950)	(4,950)
Capital lease expense	17,232	9,312	-	9,959
Amortization of deferred financing fees	75,974	40,164	118,768	154,373
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(51,103)	(27,016)	(79,887)	(103,836)
	959,691	505,196	1,476,107	1,930,064
Net income (loss)	\$ (488,102)	\$ 2,242,555	\$ (858,263)	\$ (2,265,511)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Nashua Operations LLC and subsidiaries, and KRE-BSL Husky Nashua LLC <i>together, d/b/a</i>	KRE-BSL Husky Robbins Brook Operations LLC and subsidiaries, and KRE-BSL Husky Robbins Brook LLC <i>together, d/b/a</i>	KRE-BSL Husky Avon Operations LLC and subsidiaries, and KRE-BSL Husky Avon LLC <i>together, d/b/a</i>	KRE-BSL Husky Split Rock Operations LLC and subsidiaries, and KRE-BSL Husky Split Rock LLC <i>together, d/b/a</i>
	Nashua Crossings	BSL at Robbins Brook	River Ridge at Avon	BSL at Split Rock
Revenue				
Resident services	\$ 12,274,602	\$ 8,630,321	\$ 7,502,321	\$ 8,537,873
Total revenue	12,274,602	8,630,321	7,502,321	8,537,873
Resident operating expenses				
Salaries, wages and benefits	5,949,928	4,154,819	4,977,639	4,664,980
Resident services costs	606,764	458,029	459,961	563,054
Property and other taxes	186,432	143,517	362,385	207,933
General and administrative	281,513	336,212	481,980	339,967
Management and professional service fees	564,220	410,020	364,994	409,709
Utilities	240,521	156,257	254,054	205,716
Maintenance and repairs	249,828	323,699	199,901	244,509
Insurance	135,983	129,590	187,392	219,927
Marketing	315,233	202,489	202,639	191,814
Total resident operating expenses	8,530,422	6,314,632	7,490,945	7,047,609
Net operating income (loss) before certain expenses	3,744,180	2,315,689	11,376	1,490,264
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,384,755	1,223,705	947,050	906,132
	1,384,755	1,223,705	947,050	906,132
Net operating income (loss)	2,359,425	1,091,984	(935,674)	584,132
Financial expenses (income)				
Interest on permanent financing	2,329,430	1,840,817	1,794,705	1,404,946
Interest income	(4,950)	(4,950)	(4,950)	(4,950)
Capital lease expense	8,894	9,302	-	11,433
Amortization of deferred financing fees	191,837	151,598	147,800	115,702
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(129,036)	(101,970)	(99,415)	(77,825)
	2,396,175	1,894,797	1,838,140	1,449,306
Net income (loss)	\$ (36,750)	\$ (802,813)	\$ (2,773,814)	\$ (865,174)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 1 Summary

	KRE-BSL Husky Arbors Operations LLC and subsidiaries, and KRE-BSL Husky Arbors LLC <i>together, d/b/a</i>	KRE-BSL Husky East Farms Operations LLC and subsidiaries, and KRE-BSL Husky East Farms LLC <i>together, d/b/a</i>		
	The Arbors	The Village at East Farms	Eliminations	Pool 1
Revenue				
Resident services	\$ 8,319,151	\$ 14,288,551	\$ -	\$ 149,691,035
Total revenue	8,319,151	14,288,551	-	149,691,035
Resident operating expenses				
Salaries, wages and benefits	5,136,128	7,557,275	-	83,362,950
Resident services costs	404,899	881,676	-	8,936,700
Property and other taxes	106,655	830,637	-	4,699,447
General and administrative	367,440	425,305	-	5,464,113
Management and professional service fees	392,645	681,009	-	7,114,427
Utilities	156,341	437,507	-	4,308,928
Maintenance and repairs	149,817	306,527	-	4,001,402
Insurance	178,338	289,924	-	3,137,024
Marketing	108,424	280,534	-	3,766,588
Total resident operating expenses	7,000,687	11,690,394	-	124,791,579
Net operating income (loss) before certain expenses	1,318,464	2,598,157	-	24,899,456
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	674,609	1,458,510	-	16,736,372
	674,609	1,458,510	-	16,736,372
Net operating income (loss)	643,855	1,139,647	-	8,163,084
Financial expenses (income)				
Interest on permanent financing	1,070,728	2,357,106	-	26,552,716
Interest income	(4,950)	(4,945)	-	(89,109)
Capital lease expense	-	-	-	140,988
Amortization of deferred financing fees	88,178	194,116	-	2,186,708
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(59,312)	(130,570)	-	(1,470,852)
	1,094,644	2,415,707	-	27,320,451
Net income (loss)	\$ (450,789)	\$ (1,276,060)	\$ -	\$ (19,157,367)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Cardinal Drive Operations LLC and subsidiaries, and KRE-BSL Husky Cardinal Drive LLC <i>together, d/b/a</i>	KRE-BSL Husky North Andover Operations LLC and subsidiaries, and KRE-BSL Husky North Andover LLC <i>together, d/b/a</i>	KRE-BSL Husky Mystic Operations LLC and subsidiaries, and KRE-BSL Husky Mystic LLC <i>together, d/b/a</i>	KRE-BSL Husky Veronica Drive Operations LLC and subsidiaries, and KRE-BSL Husky Veronica Drive LLC <i>together, d/b/a</i>
	The Atrium at Cardinal Drive	Ashland Farm at North Andover	Academy Point at Mystic	The Atrium at Veronica Drive
Revenue				
Resident services	\$ 7,854,592	\$ 8,376,522	\$ 8,394,777	\$ 6,181,585
Total revenue	7,854,592	8,376,522	8,394,777	6,181,585
Resident operating expenses				
Salaries, wages and benefits	3,493,590	4,461,214	4,079,402	4,500,866
Resident services costs	297,073	530,337	411,311	344,734
Property and other taxes	77,614	130,903	225,877	113,115
General and administrative	199,073	263,968	300,092	214,147
Management and professional service fees	359,244	399,342	398,239	286,647
Utilities	150,467	272,227	324,431	129,118
Maintenance and repairs	188,893	353,397	184,805	191,298
Insurance	121,009	216,096	148,880	127,189
Marketing	179,946	312,146	161,009	213,947
Total resident operating expenses	5,066,909	6,939,630	6,234,046	6,121,061
Net operating income (loss) before certain expenses	2,787,683	1,436,892	2,160,731	60,524
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	593,535	1,038,508	1,035,567	532,775
	593,535	1,038,508	1,035,567	532,775
Net operating income (loss)	2,194,148	398,384	1,125,164	(472,251)
Financial expenses (income)				
Interest on permanent financing	1,052,538	2,067,847	2,023,073	776,294
Interest income	(12,284)	(12,285)	(12,285)	(12,285)
Capital lease expense	11,434	-	9,320	-
Amortization of deferred financing fees	86,680	170,294	166,607	63,930
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(58,304)	(114,546)	(112,065)	(43,002)
	1,080,064	2,111,310	2,074,650	784,937
Net income (loss)	\$ 1,114,084	\$ (1,712,926)	\$ (949,486)	\$ (1,257,188)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Bedford Operations LLC and subsidiaries, and KRE-BSL Husky Bedford LLC <i>together, d/b/a</i>	KRE-BSL Husky Yarmouth Operations LLC and subsidiaries, and KRE-BSL Husky Yarmouth LLC <i>together, d/b/a</i>	KRE-BSL Husky Concord Operations LLC and subsidiaries, and KRE-BSL Husky Concord LLC <i>together, d/b/a</i>	KRE-BSL Husky Cabot Park Operations LLC and subsidiaries, and KRE-BSL Husky Cabot Park LLC <i>together, d/b/a</i>
	Bedford Falls	Bay Square at Yarmouth	The Birches at Concord	Cabot Park Village
Revenue				
Resident services	\$ 13,140,577	\$ 9,785,303	\$ 7,962,269	\$ 6,736,777
Total revenue	13,140,577	9,785,303	7,962,269	6,736,777
Resident operating expenses				
Salaries, wages and benefits	5,153,187	4,822,523	3,917,682	2,225,735
Resident services costs	614,973	370,302	315,732	761,225
Property and other taxes	188,402	163,398	134,879	217,103
General and administrative	299,807	272,172	298,317	274,433
Management and professional service fees	613,056	450,500	367,703	321,456
Utilities	183,128	160,995	127,067	481,938
Maintenance and repairs	224,319	168,293	145,797	344,372
Insurance	182,671	122,910	116,882	107,278
Marketing	229,231	213,101	142,216	180,948
Total resident operating expenses	7,688,774	6,744,194	5,566,275	4,914,488
Net operating income (loss) before certain expenses	5,451,803	3,041,109	2,395,994	1,822,289
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,614,687	954,052	751,777	607,998
	1,614,687	954,052	751,777	607,998
Net operating income (loss)	3,837,116	2,087,057	1,644,217	1,214,291
Financial expenses (income)				
Interest on permanent financing	2,808,493	1,868,983	1,396,733	1,424,473
Interest income	(12,285)	(12,285)	(12,285)	(12,285)
Capital lease expense	10,759	-	10,759	-
Amortization of deferred financing fees	231,289	153,917	115,026	117,310
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(155,573)	(103,530)	(77,370)	(78,907)
	2,882,683	1,907,085	1,432,863	1,450,591
Net income (loss)	\$ 954,433	\$ 179,972	\$ 211,354	\$ (236,300)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Evans Park Operations LLC and subsidiaries, and KRE-BSL Husky Evans Park LLC <i>together, d/b/a</i>	KRE-BSL Husky Haverhill Operations LLC and subsidiaries, and KRE-BSL Husky Haverhill LLC <i>together, d/b/a</i>	KRE-BSL Husky Hamden Operations LLC and subsidiaries, and KRE-BSL Husky Hamden LLC <i>together, d/b/a</i>	KRE-BSL Husky Shrewsbury Operations LLC and subsidiaries, and KRE-BSL Husky Shrewsbury LLC <i>together, d/b/a</i>
	Evans Park at Newton Corner	Haverhill Crossings	BSL at Hamden	Shrewsbury Crossings
Revenue				
Resident services	\$ 7,299,457	\$ 8,717,120	\$ 6,890,029	\$ 6,015,507
Total revenue	7,299,457	8,717,120	6,890,029	6,015,507
Resident operating expenses				
Salaries, wages and benefits	4,621,514	4,606,059	3,939,696	3,355,528
Resident services costs	675,953	567,401	477,704	387,414
Property and other taxes	226,875	110,587	458,212	80,203
General and administrative	392,804	246,765	300,022	224,995
Management and professional service fees	366,418	415,730	336,695	288,911
Utilities	380,361	229,729	266,546	175,459
Maintenance and repairs	275,990	214,909	214,778	165,638
Insurance	178,085	136,308	189,291	126,684
Marketing	284,638	199,892	293,795	143,894
Total resident operating expenses	7,402,638	6,727,380	6,476,739	4,948,726
Net operating income (loss) before certain expenses	(103,181)	1,989,740	413,290	1,066,781
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,207,125	1,166,751	1,100,617	752,821
	1,207,125	1,166,751	1,100,617	752,821
Net operating income (loss)	(1,310,306)	822,989	(687,327)	313,960
Financial expenses (income)				
Interest on permanent financing	2,051,604	1,773,231	2,028,062	1,357,009
Interest income	(12,285)	(12,285)	(12,285)	(12,285)
Capital lease expense	9,950	-	11,434	-
Amortization of deferred financing fees	168,957	146,032	167,018	111,754
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(113,646)	(98,226)	(112,342)	(75,170)
	2,104,580	1,808,752	2,081,887	1,381,308
Net income (loss)	\$ (3,414,886)	\$ (985,763)	\$ (2,769,214)	\$ (1,067,348)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 2 Summary

	KRE-BSL Husky Buckland Operations LLC and subsidiaries, and KRE-BSL Husky Buckland LLC <i>together, d/b/a</i>	KRE-BSL Husky Willow Crossings Operations LLC and subsidiaries, and KRE-BSL Husky Willow Crossings LLC <i>together, d/b/a</i>	KRE-BSL Husky Waltham Operations LLC and subsidiaries, and KRE-BSL Husky Waltham LLC <i>together, d/b/a</i>		
	The Village at Buckland Court	The Village at Willow Crossings	Waltham Crossings	Eliminations	Pool 2
Revenue					
Resident services	\$ 9,559,305	\$ 15,177,595	\$ 8,753,244	\$ -	\$ 130,844,659
Total revenue	9,559,305	15,177,595	8,753,244	-	130,844,659
Resident operating expenses					
Salaries, wages and benefits	4,836,248	6,039,932	4,777,925	-	64,831,101
Resident services costs	489,825	696,889	520,617	-	7,461,490
Property and other taxes	474,615	598,340	121,485	-	3,321,608
General and administrative	261,515	415,058	251,629	-	4,214,797
Management and professional service fees	459,217	661,965	404,711	-	6,129,834
Utilities	298,413	352,106	323,785	-	3,855,770
Maintenance and repairs	202,124	409,315	326,369	-	3,610,297
Insurance	178,646	304,739	150,593	-	2,407,261
Marketing	198,545	208,389	280,277	-	3,241,974
Total resident operating expenses	7,399,148	9,686,733	7,157,391	-	99,074,132
Net operating income (loss) before certain expenses	2,160,157	5,490,862	1,595,853	-	31,770,527
Other operating expenses					
Amortization of in-place resident contracts	-	-	-	-	-
Depreciation	1,598,201	2,277,794	1,097,633	-	16,329,841
	1,598,201	2,277,794	1,097,633	-	16,329,841
Net operating income (loss)	561,956	3,213,068	498,220	-	15,440,686
Financial expenses (income)					
Interest on permanent financing	2,468,556	3,925,332	2,107,144	-	29,129,372
Interest income	(12,285)	(57,128)	(12,285)	-	(229,117)
Capital lease expense	-	1,995	9,952	-	75,603
Amortization of deferred financing fees	203,294	323,265	173,532	-	2,398,905
Accretion of int. on acquired refundable license fees	-	1,260,306	-	-	1,260,306
Change in value of interest rate cap	(136,742)	(217,438)	(116,722)	-	(1,613,583)
	2,522,823	5,236,332	2,161,621	-	31,021,486
Net income (loss)	\$ (1,960,867)	\$ (2,023,264)	\$ (1,663,401)	\$ -	\$ (15,580,800)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Billerica Operations LLC and subsidiaries, and KRE-BSL Husky Billerica LLC <i>together, d/b/a</i>	KRE-BSL Husky Rocky Hill Operations LLC and subsidiaries, and KRE-BSL Husky Rocky Hill LLC <i>together, d/b/a</i>	KRE-BSL Chestnut Park Operations LLC and subsidiaries, and KRE-BSL Chestnut Park LLC <i>together, d/b/a</i>	KRE-BSL Husky Chelmsford Operations LLC and subsidiaries, and KRE-BSL Husky Chelmsford LLC <i>together, d/b/a</i>
	Billerica Crossings	The Atrium at Rocky Hill	Chestnut Park at Cleveland Circle	Chelmsford Crossings
Revenue				
Resident services	\$ 4,441,935	\$ 5,475,516	\$ 6,908,697	\$ 5,130,212
Total revenue	4,441,935	5,475,516	6,908,697	5,130,212
Resident operating expenses				
Salaries, wages and benefits	2,567,359	3,997,776	4,555,517	2,783,105
Resident services costs	279,737	332,969	540,101	309,376
Property and other taxes	96,879	41,146	186,139	100,155
General and administrative	209,442	267,295	254,042	188,381
Management and professional service fees	224,009	259,534	331,137	245,256
Utilities	180,756	160,152	363,155	187,283
Maintenance and repairs	128,393	162,237	218,439	156,175
Insurance	104,649	149,457	170,543	87,365
Marketing	176,453	173,431	221,985	132,653
Total resident operating expenses	3,967,677	5,543,997	6,841,058	4,189,749
Net operating income (loss) before certain expenses	474,258	(68,481)	67,639	940,464
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	645,000	174,773	669,011	740,377
	645,000	174,773	669,011	740,377
Net operating income (loss)	(170,742)	(243,255)	(601,373)	200,087
Financial expenses (income)				
Interest on permanent financing	1,520,590	275,088	1,333,588	1,292,100
Interest income	(7,147)	(7,146)	(7,147)	(7,147)
Capital lease expense	-	11,611	-	-
Amortization of deferred financing fees	125,226	22,654	109,826	106,409
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(84,231)	(15,238)	(73,872)	(71,574)
	1,554,438	286,969	1,362,395	1,319,788
Net income (loss)	\$ (1,725,180)	\$ (530,224)	\$ (1,963,767)	\$ (1,119,701)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Forge Hill Operations LLC and subsidiaries, and KRE-BSL Husky Forge Hill LLC <i>together, d/b/a</i>	KRE-BSL Husky Salem Operations LLC and subsidiaries, and KRE-BSL Husky Salem LLC <i>together, d/b/a</i>	KRE-BSL Husky Wilbraham Operations LLC and subsidiaries, and KRE-BSL Husky Wilbraham LLC <i>together, d/b/a</i>	KRE-BSL Husky Danvers Operations LLC and subsidiaries, and KRE-BSL Husky Danvers LLC <i>together, d/b/a</i>
	BSL at Forge Hill	Greystone Farms at Salem	Orchard Valley at Wilbraham	Putnam Farm at Danvers
Revenue				
Resident services	\$ 10,212,454	\$ 9,356,105	\$ 5,216,506	\$ 8,406,340
Total revenue	10,212,454	9,356,105	5,216,506	8,406,340
Resident operating expenses				
Salaries, wages and benefits	4,449,774	4,260,884	3,462,676	4,214,859
Resident services costs	531,574	438,638	357,738	450,507
Property and other taxes	149,250	99,270	103,327	146,295
General and administrative	288,195	262,644	201,243	253,567
Management and professional service fees	476,691	433,888	250,770	397,894
Utilities	266,029	139,463	172,125	156,126
Maintenance and repairs	197,542	170,108	207,652	197,844
Insurance	179,282	103,955	109,100	145,410
Marketing	290,558	223,444	165,193	171,190
Total resident operating expenses	6,828,895	6,132,294	5,029,824	6,133,692
Net operating income (loss) before certain expenses	3,383,559	3,223,811	186,682	2,272,648
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,084,801	984,750	478,741	949,908
	1,084,801	984,750	478,741	949,908
Net operating income (loss)	2,298,757	2,239,061	(292,058)	1,322,739
Financial expenses (income)				
Interest on permanent financing	2,017,294	2,034,753	606,569	1,400,748
Interest income	(7,147)	(7,147)	(7,147)	(7,146)
Capital lease expense	9,950	-	-	11,435
Amortization of deferred financing fees	166,131	167,569	49,953	115,356
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(111,745)	(112,712)	(33,600)	(77,593)
	2,074,483	2,082,463	615,775	1,442,800
Net income (loss)	\$ 224,274	\$ 156,598	\$ (907,833)	\$ (120,061)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Plymouth Operations LLC and subsidiaries, and KRE-BSL Husky Plymouth LLC <i>together, d/b/a</i>	KRE-BSL Husky Ridgefield Operations LLC and subsidiaries, and KRE-BSL Husky Ridgefield LLC <i>together, d/b/a</i>	KRE-BSL Husky Worcester Operations LLC and subsidiaries, and KRE-BSL Husky Worcester LLC <i>together, d/b/a</i>	KRE-BSL Husky Brookfield Operations LLC and subsidiaries, and KRE-BSL Husky Brookfield LLC <i>together, d/b/a</i>
	Plymouth Crossings	Ridgefield Crossings	Tatnuck Park at Worcester	The Village at Brookfield Common
Revenue				
Resident services	\$ 6,721,644	\$ 12,351,654	\$ 7,570,915	\$ 8,071,049
Total revenue	6,721,644	12,351,654	7,570,915	8,071,049
Resident operating expenses				
Salaries, wages and benefits	3,806,514	6,525,661	3,826,084	4,687,050
Resident services costs	324,776	663,838	471,597	413,684
Property and other taxes	108,609	497,761	137,902	316,316
General and administrative	267,992	351,016	233,040	275,066
Management and professional service fees	314,084	602,365	357,941	387,845
Utilities	163,527	368,729	194,095	261,260
Maintenance and repairs	153,852	260,416	177,179	177,163
Insurance	105,423	297,065	93,586	229,031
Marketing	139,335	360,690	200,474	258,903
Total resident operating expenses	5,384,112	9,927,541	5,691,899	7,006,318
Net operating income (loss) before certain expenses	1,337,532	2,424,114	1,879,016	1,064,731
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	484,322	2,186,630	701,691	789,290
	484,322	2,186,630	701,691	789,290
Net operating income (loss)	853,210	237,484	1,177,325	275,441
Financial expenses (income)				
Interest on permanent financing	432,647	3,702,195	1,051,383	1,211,739
Interest income	(7,147)	(7,148)	(7,147)	(7,147)
Capital lease expense	-	9,959	9,950	-
Amortization of deferred financing fees	35,630	304,889	86,585	99,791
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(23,966)	(205,078)	(58,240)	(67,123)
	437,164	3,804,817	1,082,531	1,237,260
Net income (loss)	\$ 416,047	\$ (3,567,333)	\$ 94,794	\$ (961,819)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 3 Summary

	KRE-BSL Husky Kensington Operations LLC and subsidiaries, and KRE-BSL Husky Kensington LLC <i>together, d/b/a</i>	KRE-BSL Husky Mariners Point Operations LLC and subsidiaries, and KRE-BSL Husky Mariners Point LLC <i>together, d/b/a</i>	KRE-BSL Husky South Farms Operations LLC and subsidiaries, and KRE-BSL Husky South Farms LLC <i>together, d/b/a</i>		
	The Village at Kensington Place	The Village at Mariners Point	The Village at South Farms	Eliminations	Pool 3
Revenue					
Resident services	\$ 8,832,267	\$ 11,255,058	\$ 9,808,427	\$ -	\$ 119,758,779
Total revenue	8,832,267	11,255,058	9,808,427	-	119,758,779
Resident operating expenses					
Salaries, wages and benefits	4,478,697	5,440,259	4,613,751	-	63,669,966
Resident services costs	542,643	738,346	523,966	-	6,919,490
Property and other taxes	335,972	438,510	394,528	-	3,152,059
General and administrative	286,942	390,382	278,010	-	4,007,257
Management and professional service fees	422,025	534,347	467,739	-	5,705,525
Utilities	245,467	390,524	265,448	-	3,514,139
Maintenance and repairs	155,542	255,670	176,215	-	2,794,427
Insurance	167,657	276,007	202,636	-	2,421,166
Marketing	184,686	193,419	212,266	-	3,104,680
Total resident operating expenses	6,819,631	8,657,464	7,134,559	-	95,288,709
Net operating income (loss) before certain expenses	2,012,636	2,597,594	2,673,868	-	24,470,070
Other operating expenses					
Amortization of in-place resident contracts	-	-	-	-	-
Depreciation	976,017	1,291,434	1,242,031	-	13,398,776
	976,017	1,291,434	1,242,031	-	13,398,776
Net operating income (loss)	1,036,619	1,306,160	1,431,837	-	11,071,294
Financial expenses (income)					
Interest on permanent financing	1,967,898	2,366,782	2,187,871	-	23,401,245
Interest income	(7,148)	(7,147)	(7,147)	-	(107,205)
Capital lease expense	11,405	21,394	18,039	-	103,743
Amortization of deferred financing fees	162,063	194,913	180,178	-	1,927,173
Accretion of int. on acquired refundable license fees	-	-	-	-	-
Change in value of interest rate cap	(109,009)	(131,105)	(121,193)	-	(1,296,279)
	2,025,209	2,444,837	2,257,748	-	24,028,677
Net income (loss)	\$ (988,590)	\$ (1,138,677)	\$ (825,911)	\$ -	\$ (12,957,383)

See accompanying independent auditor's opinion on supplementary information.

**KRE-BSL Husky LLC and subsidiaries and
KRE-BSL Husky Operations LLC and subsidiaries
Combining and Consolidating Statements of Operations
For the year ended December 31, 2023**

Pool 4 Summary

	KRE-BSL Husky Norwood Operations LLC and subsidiaries, and KRE-BSL Husky Norwood LLC <i>together, d/b/a</i>	KRE-BSL Husky Woburn Operations LLC and subsidiaries, and KRE-BSL Husky Woburn LLC <i>together, d/b/a</i>		
	BSL at Clapboardtree	BSL at Woburn	Eliminations	Pool 4
Revenue				
Resident services	\$ 10,422,375	\$ 10,171,765	\$ -	\$ 20,594,140
Total revenue	10,422,375	10,171,765	-	20,594,140
Resident operating expenses				
Salaries, wages and benefits	4,476,288	4,737,725	-	9,214,013
Resident services costs	624,680	511,548	-	1,136,228
Property and other taxes	144,484	118,967	-	263,451
General and administrative	265,426	277,628	-	543,054
Management and professional service fees	465,367	453,829	-	919,196
Utilities	390,703	240,919	-	631,622
Maintenance and repairs	224,352	227,108	-	451,460
Insurance	185,795	160,689	-	346,484
Marketing	184,032	252,773	-	436,805
Total resident operating expenses	6,961,127	6,981,186	-	13,942,313
Net operating income (loss) before certain expenses	3,461,248	3,190,579	-	6,651,827
Other operating expenses				
Amortization of in-place resident contracts	-	-	-	-
Depreciation	1,108,882	1,135,043	-	2,243,925
	1,108,882	1,135,043	-	2,243,925
Net operating income (loss)	2,352,366	2,055,536	-	4,407,902
Financial expenses (income)				
Interest on permanent financing	2,088,856	2,178,924	-	4,267,780
Interest income	(26,389)	(26,389)	-	(52,778)
Capital lease expense	-	-	-	-
Amortization of deferred financing fees	164,401	171,489	-	335,890
Accretion of int. on acquired refundable license fees	-	-	-	-
Change in value of interest rate cap	(114,202)	(119,126)	-	(233,328)
	2,112,666	2,204,898	-	4,317,564
Net income (loss)	\$ 239,700	\$ (149,362)	\$ -	\$ 90,338

See accompanying independent auditor's opinion on supplementary information.

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and
KRE-BSL Husky Willow Cottages LLC

Combined and Consolidated Unaudited Financial Statements
For the Period from January 1, 2024 through March 31, 2024

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and
KRE-BSL Husky Willow Cottages LLC

Combined Balance Sheet (Unaudited)
March 31, 2024

Assets

	<u>12/31/2023</u>
Cash and cash equivalents	\$ 2,241,384
Restricted cash	1,089,411
Accounts receivable, less allowance for uncollectible accounts	8,328
Prepaid expenses and other	110,666
Property, plant and equipment, net	7,964,378
Interest rate cap	80,253
	<u>\$ 11,494,420</u>

Liabilities and Members' Equity

Liabilities:

Accounts payable and accrued expenses	\$ 79,028
Deferred revenue, prepaid rents	48,486
Deferred revenue, nonrefundable entrance fees	1,143,351
Mortgage note payable, net of unamortized deferred financing costs	11,141,716
Reservation and waitlist deposits	124,800
Refundable entrance fee contracts	<u>16,480,647</u>
	29,018,028
Members' equity	(17,523,608)

\$ 11,494,420

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and
KRE-BSL Husky Willow Cottages LLC

Combined Statement of Operations (Unaudited)
For the Period from January 1, 2024 through March 31, 2024

Revenue:

Resident services	\$	252,890
Entrance fee amortization, nonrefundable portion		35,592
Other		24,711
		<u>313,193</u>

Resident operating expenses:

Salaries, wages and benefits	34,576
Resident service costs	15,552
Utilities	(154)
General and administrative	20,647
Property and other taxes	84,734
	<u>155,354</u>

Operating income before certain expenses 157,839

Other operating expenses:

Depreciation	60,786
	<u>60,786</u>

Operating income (loss) 97,053

Financial (income) expenses:

Accretion of interest on acquired resident contracts	374,114
Interest on permanent financing	169,912
Change in value of interest rate cap	-
Amortization of deferred financing fees	23,439
	<u>567,465</u>

Net income (loss) \$ (470,412)

KRE-BSL Husky Willow Cottages Operations LLC and subsidiaries, and
KRE-BSL Husky Willow Cottages LLC

Combined Statement of Cash Flows (Unaudited)
For the Period from January 1, 2024 through March 31, 2024

Cash flows from operating activities:

Net loss	\$ (470,412)
Adj to reconcile net loss to net cash used in operating activities:	
Nonrefundable entrance fee amortization	(35,592)
Depreciation	60,786
Amortization of deferred financing costs	23,439
Accretion of interest on acquired resident contracts	374,114
Change in working capital components:	
Accounts receivable	332,871
Prepaid expenses and other	(26,715)
Accounts payable and accrued expenses	(782)
Reservation and waitlist deposits	73,000
Deferred revenue, prepaid rents	14,172
Deferred revenue, nonrefundable entrance fees	81,000
Net cash provided by (used in) operating activities	<u>425,881</u>

Cash flows from investing activities:

Purchases of property, plant and equipment	<u>(20,744)</u>
Net cash provided by (used in) investing activities	<u>(20,744)</u>

Cash flows from financing activities:

Payment of financing fees	-
Contributions from members	50,100
Distributions to members	(40,080)
Proceeds from refundable deposits	729,000
Repayments of refundable deposits	<u>(864,835)</u>
Net cash provided by (used in) financing activities	<u>(125,815)</u>

Net change in cash, cash equivalents and restricted cash	<u>279,322</u>
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Cash, cash equivalents and restricted cash:

Beginning of period	3,051,473
End of period	<u>\$ 3,330,795</u>

SCHEDULE B-2

Average Periodic Rate Change for Previous Five Years

The Cottages at Willow Crossings

January 2023 - December 2023	Average Increase of \$58/mo. (4.9%)
January 2022 – December 2022	Average Increase of \$62.55/mo. (5.5%)
January 2021 – December 2021	Average Increase of \$32.53/mo. (2.9%)
January 2020 – December 2020	Average Increase of \$30.59/mo. (3%)
January 2019 – December 2019	Average Increase of \$37/mo. (4%)

Benchmark Senior Living operates two other CCRCs in Massachusetts: The Commons in Lincoln and New Pond Village. We are including the average periodic rate changes for those two communities, as required by law, for your information:

The Commons in Lincoln

January 2023 - December 2023	Average Increase of \$309/mo. (4.5%)
January 2022 – December 2022	Average Increase of \$290.48/mo. (5.9%)
January 2021 – December 2021	Average Increase of \$161.32/mo. (3.4%)
January 2020 – December 2020	Average Increase of \$150.25/mo. (3.5%)
January 2019 - December 2019	Average Increase of \$120/mo. (3.5%)

New Pond Village

January 2023 - December 2023	Average Increase of \$261/mo. (5.9%)
January 2022 – December 2022	Average Increase of \$144.19/mo. (3.9%)
January 2021 – December 2021	Average Increase of \$132/mo. (3.5%)
January 2020 – December 2020	Average Increase of \$117/mo. (3.5%)
January 2019 – December 2019	Average Increase of \$117/mo. (3.5%)

SCHEDULE C

**RESALE LICENSE AGREEMENT
THE COTTAGES AT WILLOW CROSSINGS**

RESALE LICENSE AGREEMENT
THE COTTAGES AT WILLOW CROSSINGS

at 25 Cobb Street
in Mansfield, Massachusetts

RECITALS

WHEREAS, KRE-BSL Husky Willow Cottages Operations LLC (hereinafter the "Cottages"), a limited liability corporation organized under the laws of the State of Delaware, is the operator of THE COTTAGES AT WILLOW CROSSINGS, a retirement housing facility for seniors consisting of 62 cottages located in the Town of Mansfield, Massachusetts, and has filed Disclosure and other information as a Continuing Care Retirement Community with the Massachusetts Executive Office of Elder Affairs; and

WHEREAS, THE COTTAGES AT WILLOW CROSSINGS shares a campus ("Campus") with THE VILLAGE AT WILLOW CROSSINGS, an assisted living community commonly referred to as THE LODGE, which includes an Alzheimer/dementia care assisted living community commonly referred to as THE HARBOR; and

WHEREAS, _____ (hereinafter the "Resident") desires to reside at THE COTTAGES AT WILLOW CROSSINGS and to enjoy, consistent with the rights, welfare, and contentment of the other Residents thereof, the facilities and services provided by the Cottages; and

WHEREAS, _____ (hereinafter the "Licensee") is willing to pay the license fee and other compensation payable hereunder in order to permit Resident to reside at THE COTTAGES AT WILLOW CROSSINGS as described above;

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. LICENSE FOR OCCUPANCY; DISCLOSURE STATEMENT

- a) License: The Cottages hereby grants a proprietary license (the "License") to the Licensee to permit the Resident to occupy Residential Unit # _____ (hereinafter the "Living Unit") located on the real property

known as 25 Cobb Street in Mansfield, Massachusetts and described in Exhibit A attached hereto. The License is expressly limited to the occupancy of the Living Unit by the Resident, and no other person including, without limitation, the Licensee, may occupy the Living Unit under the License. The Resident and the Licensee agree that the Resident shall occupy such Living Unit upon the terms provided herein. The rights granted to the Resident and the Licensee under the License are personal and are detailed in this License Agreement. They are assignable by the Licensee only to or for the benefit of the Resident and the heirs, legatees, assignees, or representatives of the Resident, as expressly provided in this License Agreement.

- b) Disclosure Statement: Resident acknowledges receipt of The Cottages at Willow Crossings Disclosure Statement.

2. LICENSE FEE.

- a) License Fee: The Licensee will pay to the Cottages a license fee for the License in the amount of _____ (the "License Fee"), to be paid in full upon the execution hereof.
- b) Rescission prior to Occupancy: Resident shall be provided 90 days from the execution hereof to occupy the Living Unit ("Occupancy Deadline"). Prior to the Occupancy Deadline, Licensee may rescind the License Agreement as set forth in Section 6(a) by notifying the Cottages in writing. This License Agreement may also be cancelled as set forth in Section 6(b). However, if Resident has commenced occupancy of the Living Unit, the License Agreement may only be terminated in accordance with Section 6(c) of this License Agreement and Licensee shall also be responsible to pay to Cottages the Monthly Service Fee as set forth in Section 5 of this License Agreement for the period of time commencing the date of the execution of this License Agreement through the date of occupancy. Thereafter, Licensee shall be responsible for paying Monthly Service Fees in accordance with Section 5 of this License Agreement.

3. USE OF THE LICENSE FEES.

- a) Reserve Account: The Cottages shall hold an amount equal to five percent (5%) of the License Fee in a segregated account (the "Reserve Account") together with a portion of the license fees paid by other residents of THE COTTAGES AT WILLOW CROSSINGS. Funds in the Reserve Account

shall be used solely to pay refunds of license fees pursuant to Section 6(d) of this License Agreement or the corresponding provisions of the license agreements entered into by other residents of THE COTTAGES AT WILLOW CROSSINGS and the Cottages, provided, however, that (i) the Cottages shall have the right to withdraw any interest accrued on amounts held in the Reserve Account and to use such interest for any purpose; and (ii) except as set forth in this Section 3, the Cottages shall have the right to use the License Fee in any manner it deems appropriate. This Reserve Account shall be held by Bank of America N.A., provided that the Cottages shall have the right to hold some or all of the Reserve Account in one or more other banks licensed to do business in the Commonwealth of Massachusetts selected by the Cottages. Investment decisions are made by the Chief Financial Officer of Benchmark Senior Living LLC. The Chief Financial Officer oversees all aspects of financial reporting and systems management and investor relations for Benchmark Senior Living LLC and the communities it operates and has substantial prior experience in similar positions.

4. TERMS OF RESIDENCY.

- a) Health Condition Required for Acceptance and Continuation as a Resident: To be accepted as and to continue as a Resident at THE COTTAGES AT WILLOW CROSSINGS, the Resident must: (i) be capable of providing for Resident's health and personal care needs and continue to do so while a Resident; (ii) not require assisted living or health care in a licensed environment; (iii) not be in a condition or exhibit behavior which interferes with other occupants' quiet enjoyment of THE COTTAGES OF WILLOW CROSSINGS; or (iv) present a danger to the Resident or others. Resident represents that Resident's health condition meets these requirements. The Cottages, at its option, may require a physician's statement or nursing assessment at or prior to the signing of this Agreement or at any time while the Resident occupies the Unit. If Resident's condition should change, such that these requirements are not met either before the date of initial occupancy or thereafter, the Cottages may terminate this Agreement as set forth in Section 6 of this Agreement.
- b) Financial Condition Required for Acceptance and Continuation as a Resident: The Resident must have paid the License Fee prior to occupancy and must be capable of paying the Monthly Service Fee described in Section 5 of this Agreement throughout the term of this License

Agreement. Resident represents that Resident's financial condition meets the foregoing requirements.

- c) Accommodations Furnished: The Cottages will furnish to the Licensee the Living Unit specified above for the use of the Resident, together with the right to use, in conjunction with others, the common facilities and services offered by THE COTTAGES AT WILLOW CROSSINGS, including, but not limited to hallways and common walls.
- d) Furnishings Provided: The Cottages will furnish floor coverings, stove, garbage disposal, no-frost refrigerator, washer and dryer, dishwasher, tankless hot water heater, and all electrical and lighting fixtures. The furnishings shall remain the property of the Cottages and may not be removed by the Licensee or the Resident from the Living Unit. Any modification or substitution of these furnishings by the Licensee or the Resident shall be made only with the written approval of the Cottages, shall be made at no cost to the Cottages, and shall be deemed to be the permanent property of the Cottages.
- e) Services Provided:
 - (i) Utilities: The Licensee shall pay, as they become due, all bills for electricity, including heating and air conditioning, telephone, cable television and other utilities, which will be separately metered. Upon termination of this License Agreement for any reason, Licensee shall continue to be responsible for all such utilities until the later of: (a) the effective date of termination of the License Agreement under Section 6(c) hereof (or such earlier date on which a new licensee has closed on the Living Unit and paid the full License Fee therefor) or (b) the date on which the Licensee vacates the Living Unit and removes all of Resident's possessions from the Unit; provided that the obligations hereunder of a Licensee moving to the LODGE or the HARBOR at The Village at Willows Crossings on a non-respite basis shall terminate from and after the date on which the Licensee vacates the Living Unit, removes all of Resident's possessions therefrom and occupies The LODGE or THE HARBOR. The Cottages agrees that it will furnish cold water to the Living Unit, but the failure of the Cottages to provide said water to any specific degree, quantity, quality, or character due to any causes beyond the reasonable control of the Cottages, such as accident, restriction by town, state or federal regulations, or during necessary repairs shall not form a basis of any

claim for damages against the Cottages. The Cottages will furnish and maintain all of the equipment necessary to provide for utilities, including heating, hot water and air conditioning, where applicable.

- (ii) Maintenance and Repairs: The Cottages shall be responsible for all repairs, maintenance, and replacement of property and equipment owned by the Cottages not caused by gross negligence or willful misconduct of the Licensee, the Resident or any other resident of THE COTTAGES AT WILLOW CROSSINGS. All repairs, maintenance, and replacement of property and equipment owned by the Cottages which is required due to the Licensee's, the Resident's, or any other resident's gross negligence or willful misconduct shall be the responsibility of the Licensee and the Resident.
- (iii) Painting and Renovations: The Cottages shall have the right to paint or otherwise renovate the Living Unit upon such time, and from time to time, as the Cottages shall determine to be reasonably necessary or appropriate. Neither the Licensee nor the Resident shall paint or otherwise embellish or change the Living Unit, and neither the Licensee nor the Resident shall make nor suffer any additions or alterations to be made in or to the Living Unit without the prior written consent of the Cottages, nor make nor suffer any strip or waste, nor suffer any water to be wasted, and at the termination of this License Agreement, the Licensee and the Resident shall deliver up the Living Unit and all property belonging to the Cottages in good, clean, and livable order and condition, reasonable wear and tear excepted. No television or other aerials, or other like equipment shall be installed without the prior written consent of the Cottages. The foregoing notwithstanding, the Cottages shall provide cable television hookups to all units but will not be liable for monthly service fees of any provider for cable television service, which shall be the sole responsibility of the Licensee and Resident.
- (iv) Grounds: The Cottages will furnish basic grounds-keeping services, including lawn service and snow removal as well as washing of exterior window surfaces upon such time, and from time to time, as the Cottages shall determine to be reasonably necessary.
- (v) Parking: The Licensee and the Resident collectively shall have the right to park up to three (3) motor vehicles in the access driveway adjacent to and assigned to the Living Unit, but in no event, shall the

Licensee and the Resident collectively park more motor vehicles in such driveway than can fit without encroaching onto lawns, landscaped areas or streets. Visitors of the Licensee or the Resident may park their motor vehicles in such driveway as provided in the immediately preceding sentence or may park in any areas designated for such vehicle parking. Neither the Licensee, the Resident nor any visitor of the Licensee or the Resident (i) shall park in any street located in THE COTTAGES AT WILLOW CROSSINGS or on the shoulder of any such street, or (ii) shall park any recreational vehicles, campers, boats, trailers or other similar vehicles in any area at THE COTTAGES AT WILLOW CROSSINGS including, without limitation, the access driveway adjacent to and assigned to the Living Unit.

- f) Fire and other Casualty: If the Living Unit, or any part thereof, or the whole or a substantial part of the Building of which it is a part, shall be destroyed or damaged by fire or other casualty, then the Cottages shall have the option to terminate this License Agreement by notice to the Licensee. If this License Agreement is not so terminated, then the Cottages shall commence restoration of any premises destroyed or damaged by any such casualty and shall thereafter diligently pursue restoration of such premises to its former condition, to the extent reasonably practicable. If the Living Unit is not habitable during such restoration, in the reasonable determination of the Cottages, Resident will be offered an alternative apartment until such time as the Living Unit is again habitable, which shall be either another living unit at the Cottages, an apartment at the Lodge at The Villages at Willows Crossings or a comparable furnished unit, in the discretion of the Cottages. If the Living Unit has not been so restored within one hundred eighty (180) days after the date of the occurrence of such casualty, then the Licensee may give notice to the Cottages of its intention to terminate this License Agreement, and such notice shall be effective to terminate this License Agreement as of the date thereof unless the Cottages substantially completes such restoration within sixty (60) days after receipt of such notice. In the event of termination pursuant to this Section 4(f), the Licensee shall be entitled to a refund of the License Fee to the extent provided in Section 6(d) of this License Agreement. The Cottages shall carry insurance, at all times, for the “full replacement value” of the Living Unit, as such amount is determined in good faith by the Cottages.

- g) Risk of Loss to Personal Property and Insurance: The Cottages shall not be responsible for the loss of any personal property belonging to the Licensee or the Resident due to theft, fire, water damage, or any other cause. The Licensee shall obtain insurance protection adequate to cover the loss of any personal property placed in the Living Unit by the Licensee or the Resident and shall obtain personal liability insurance coverage providing a minimum limit of Five Hundred Thousand Dollar (\$500,000), naming the Cottages as an additional insured.
- h) Right to Entry: Upon reasonable notice, and at reasonable times, the Cottages reserves the right of entry into the Living Unit for purposes of repairs and emergencies. If such entry is in connection with an emergency, as determined in the reasonable judgment of the Cottages, such entry may be immediate and without notice to the Licensee or the Resident. Upon one week's notice, the Cottages may, during reasonable business hours, enter the Living Unit for purposes of examination and inspection.
- i) Eminent Domain: If the Living Unit shall be taken for any purpose by exercise of the power of eminent domain or condemnation, this License Agreement shall be terminated, and the Licensee shall be entitled to a refund of the License Fee to the extent provided in Section 6(d) of this License Agreement. Except for the provisions of Section 6(d), any compensation arising from such taking will be the sole property of the Cottages. Except as hereinbefore provided, the Licensee and the Resident each hereby assigns to the Cottages any and all claims and demands for damages on account of any such taking or for compensation for anything lawfully done in pursuance of any public authority.
- j) Government Regulations: The Cottages shall exercise good faith, diligent efforts to fulfill its obligations, covenants and agreements hereunder, but performance of the Cottage's obligations, covenants and agreements hereunder shall be excused to the extent that the Cottages is unable to supply or is delayed in supplying any service, equipment or fixtures, or is unable to make or is delayed in making any repairs, additions, alterations, due to any governmental action or the requirements of any law, code, order, rule, or regulation of any governmental agency.
- k) Keys and Locks: Locks shall not be changed, altered, or replaced, and no new locks shall be added by the Licensee or the Resident without prior written permission of the Cottages. Any locks so permitted to be installed shall become the property of the Cottages and shall not be removed by the

Licensee or the Resident. The Licensee shall promptly give a duplicate key to any such changed, altered, replaced, or new lock to the Cottages.

- l) Indemnification: The Resident and the Licensee jointly and severally agree to indemnify and save the Cottages harmless from all liability, loss, or damage (including, without limitation, attorney's fees) arising from any nuisance made or injury suffered on or about THE COTTAGES AT WILLOW CROSSINGS by the Resident or the Licensee or any of their respective family, friends, relatives, invitees, visitors, agents, or servants, or from any carelessness, neglect, or improper conduct of the Resident, the Licensee or any of their respective family, friends, relatives, invitees, visitors, agents, or servants.
- m) Plumbing: The water closets, disposals, and waste pipes shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags, or other improper articles be disposed of therein; and any damage to the building caused by the misuse of such equipment shall be borne by the Resident by whom or upon whose Living Unit such damage shall have been caused, unless caused by the negligence of the Cottages, or by the negligence of an independent contractor employed by the Cottages.

5. MONTHLY SERVICE FEE.

- a) Payment of Monthly Service Fee: The Resident shall pay monthly service fees (the "Monthly Service Fee") to the Cottages as provided herein. The Monthly Service Fee shall be prorated for any partial month in which the obligation of the Resident to pay the Monthly Service Fee commences or expires. The first installment of the Monthly Service Fee shall be due on the Occupancy Date, and subsequent installments of the Monthly Service Fee shall be due the first day of each month thereafter until the obligation to pay Monthly Service Fees expires pursuant to the terms of this License Agreement. The Monthly Services Fee shall be \$1,500.00 per month (excluding utilities for which the Resident is responsible under Section 4(e) above). The Monthly Service Fee shall be subject to increase, as provided below.
- b) Services Provided: The Monthly Service Fee covers the following services:

- (1) Facility management services provided by the Cottages or its property manager (such as landscaping, snow removal, maintenance of insurance and building and grounds maintenance and repairs).
- (2) Services of an attendant at the main desk during regular daytime hours.
- (3) Access to and use of common areas and the shared common areas.
- (4) Scheduled transportation.
- (5) Social/activity programs (as determined by the Cottages).
- (6) Priority listing on the waiting list for THE LODGE or THE HARBOR at THE VILLAGE AT WILLOW CROSSINGS.
- (7) A ten percent (10%) discount on the regular monthly rent rate (excluding personal care services) if the Resident elects to terminate this Agreement and occupy a unit in THE LODGE or THE HARBOR AT WILLOW CROSSINGS.
- (8) A five percent (5%) discount on the regular monthly rent rate (excluding personal care services) if the Resident elects to terminate this Agreement and occupy a unit in any senior living community then owned by the parent company of the Cottages (provided, however, that no assurance can be given as to the number and location of senior living communities that will be owned by the parent company of the Cottages at the time of Resident's proposed move-out of the Cottages).
- (9) Wellness programs (as determined by the Cottages).
- (10) Any other services which may be made available by the Cottages, at its discretion.

Services which shall not be included in the Monthly Service Fee, but which shall be made available on a fee-for-services basis include:

- (1) Meal program in THE LODGE Dining Room.
- (2) Special diet to be provided upon the order of the Resident's physician.
- (3) Housekeeping services.
- (4) Weekly flat and personal laundry service.
- (5) Unscheduled transportation services.
- (6) Access to THE LODGE beauty salon.
- (7) Certain social/activities programs as determined by the Cottages.

- (8) Maintenance work with respect to the Living Units that is not the responsibility of the Cottages pursuant to Section 4(e)(ii) above.
 - (9) Case management services to assist the Resident in remaining independent or to access needed services.
 - (10) Emergency call system monthly service in the Living Unit.
- c) The Cottages may, from time to time, upon sixty (60) days' written notice to the Licensee, increase the Monthly Service Fee to an amount determined by the Cottages, which shall not exceed market rates for the services provided by the Cottages hereunder, as determined by the Cottages in its sole, but good faith, judgment. A listing of recent increases in the Monthly Service Fee can be found in Exhibit C attached hereto.
- d) If the Resident does not pay the Monthly Service Fee by the fifteenth (15th) day of any month, then a one (1%) percent surcharge shall be added to the payment due for that month.
- e) The Resident's obligation to pay Monthly Service Fees shall continue until the first to occur of the following:
- (i) the date that (A) a new licensee (a "New Licensee") has closed on the acquisition of a license for the Living Unit and paid a new license fee (a "New License Fee") to the Cottages;
 - (ii) the date that the Resident has vacated the Living Unit, removed all of Resident's possessions therefrom and relocated on a non-respite basis to THE LODGE or THE HARBOR AT THE VILLAGE AT WILLOWS CROSSINGS;
 - (iii) the date that is one hundred eighty (180) days after the later of the effective date of termination of this License Agreement pursuant to the terms hereof or the date on which the Resident vacates the Living Unit and removes all Resident's possessions from it.
- f) Short Term Rental by the Cottages. Subject to obtaining the prior written consent of the Resident, the Cottages shall have the right, but not the obligation, to rent the Living Unit at any time after the Living Unit has been vacated by the Resident for one or more rental periods. The Resident shall have no obligation to pay the Monthly Service Fee for any period during which the Living Unit is rented by the Cottages as aforesaid

(prorated for any partial month during such rental period), and the Cottages shall retain all rental income received during any such rental period. The Resident acknowledges that the Cottages shall have the sole discretion to set the terms for any rental and shall have no obligation to rent the Living Unit at any time. Without limiting the generality of the foregoing, the Resident acknowledges that one or more living units may be vacant at any time, and that the Cottages shall have no obligation to show preference for rental of the Living Unit as compared to any other living unit. The Resident further acknowledges that the market for short-term rentals is unpredictable and the Resident should have no expectation that its Living Unit will be rented for any period of time, and that the Cottages may discontinue its rental program at any time in its sole discretion.

- g) Refreshing of Living Unit. If the Resident remains in occupancy of the Living Unit for at least ten (10) years, then, at no cost to the Resident, the Cottages shall repaint the interior of the Living Unit and repair, replace or refinish flooring in the Living Unit, as the Cottages determines to be appropriate, to refresh the appearance of the Living Unit.

6. RESCISSION, CANCELLATION AND TERMINATION OF CONTRACT AND REFUND OF LICENSE FEE.

a) Rescission:

- (i) The Licensee and Resident may rescind this License Agreement at any time prior to Resident occupying the Living Unit. If the Licensee/Resident shall so rescind this License Agreement, the Licensee/Resident shall receive within 30 days after written notification of rescission is received by the Cottages, a refund of all money or property transferred to the Cottages, less:
 - (A) The costs specifically incurred by the Cottages at the request of the Licensee/Resident described in Exhibit B to the Deposit Agreement executed by the Licensee and Resident; and
 - (B) A service charge of one percent (1%) of the License Fee.
- (ii) If the Resident has failed to occupy the Living Unit by the Occupancy Deadline, the Licensee/Resident shall be deemed to have rescinded this License Agreement, unless the Parties have agreed in writing to extend the Occupancy Deadline.

- (iii) If the Living Unit is not available for occupancy during the period set forth in Section 2 for occupancy, and if this License Agreement has not already been rescinded, this License Agreement shall be automatically cancelled, unless the Licensee/Resident and the Cottages have agreed to extend the occupancy date. If this License Agreement is automatically cancelled pursuant to this provision, the Licensee/Resident shall, within 30 days, receive a refund of all money or property transferred to the Cottages.
- b) If Resident dies before occupying the Living Unit (and there is no Co-Resident), this License Agreement shall be automatically cancelled and the legal representative of the Resident shall receive a refund of all money or property transferred to the Cottages, less:
 - (i) The costs specifically incurred by the Cottages at the request of the Licensee/Resident described in Exhibit B to the Deposit Agreement executed by the Licensee and the Resident; and
 - (ii) A service charge of one percent (1%) of the License Fee.

Notwithstanding the foregoing, if there is a surviving co-Resident, the co-Resident shall remain responsible for performance of the obligations of the Resident this Agreement.

c) Termination:

- (i) In the event of the Resident's death after occupying the Living Unit, this License Agreement shall terminate twenty (20) days after the date of death, subject nonetheless to the provisions of Section 6(d) hereof. However, in the event of Co-Residents, the death of any one Resident shall not terminate this License Agreement or the License as to the survivor, and the survivor shall be liable for all responsibilities and shall enjoy all rights previously held by the Co-Residents.
- (ii) Subject to the provisions of Section 6(d) hereof, the Licensee shall have the right to terminate this License Agreement by delivering written notification to the Cottages of the termination date, which termination date shall be not less than sixty (60) days from the giving of such notice. On or before the termination date of the License Agreement, Licensee agrees to complete a form of termination of

License Agreement in a form acceptable for recording in the Bristol County (North) Massachusetts Registry of Deeds.

- (iii) Subject to the provisions of Section 6(d) hereof, the Cottages reserves the right to terminate this License Agreement for cause. The License may be terminated if the Cottages determines (a) after consultation with the Resident and the Resident's physician, that the Resident is incapable of providing or fails to provide for his or her health care or personal care needs; or that the Resident requires assisted living or health care in a licensed environment; or (b) that the Resident's condition or behavior interferes with other occupants' quiet enjoyment of THE COTTAGES AT WILLOW CROSSINGS; or (c) that the Resident's presence creates a danger to self or others; or (d) that the Resident or the Licensee has failed to pay any Monthly Service Fee or other amount due from the Resident or the Licensee and such failure has not been cured within fifteen (15) days after written notice from the Cottages to the Resident; or (e) the Resident has failed to comply with any policy or rule set forth in the Cottages Resident Handbook (as the same may be modified from time to time by the Cottages). The Resident hereby acknowledges receipt of a copy of the Cottages Resident Handbook in effect as of the date hereof, and the Cottages shall provide a copy to the Resident of any modification to the Cottages Resident Handbook hereafter made by the Cottages. If the Cottages determines that it is inappropriate for the Resident to remain in the Unit, the Cottages will assist the Resident in identifying and relocating to an alternative setting, including if appropriate and space is available, THE LODGE or THE HARBOR. This License shall terminate on any date set forth in a notice of termination given by the Cottages to the Resident and Licensee pursuant to this Section 6(c)(iii).
- (iv) Subject to the provisions of Section 6(d) hereof, the Cottages reserves the right to terminate this License Agreement in the event that the Resident (including any co-Resident) ceases to occupy the Living Unit for any other reason whatsoever.
- (v) A termination of this License Agreement shall in no event relieve any of Resident, Licensee or Cottages of their respective obligations under this Agreement that survive the termination hereof, including, without limitation, the Licensee's obligation to continue paying utilities and

Monthly Service Fees subject to Sections 4(e)(i), 5(e) and (f) hereof and the Cottages' License repurchase obligations set forth in clause (d) below.

d) Repurchase of License:

(i) Upon termination of this License Agreement, the Cottages will use reasonable efforts to execute a similar agreement with a New Resident for the Living Unit. The Resident acknowledges that one or more living units may be available at any time, and that the Cottages shall have no obligation to show preference for marketing the Living Unit as compared to any other living unit. The License Fee received for the Living Unit shall be defined herein as the "New License Fee." Except as otherwise expressly provided herein, the Cottages will refund the License Fee to the Licensee, or to a party designated to receive such refund by the Licensee by a separate instrument executed (Exhibit D) by the Licensee and the Cottages¹, minus one percent (1%) of the License Fee for each month that the Resident occupied the Living Unit, but in any event no less than ninety percent (90%) of the License Fee. The Cottages shall pay the refund amount due to the Licensee on or before the first to occur of:

- (A) the date that is thirty (30) days after the payment in full of the New License Fee by the New Licensee;
- (B) the date that is ninety (90) days after the Resident vacates the Living Unit, removes all of Resident's possessions therefrom and occupies THE LODGE OR THE HARBOR located at THE VILLAGE AT WILLOW CROSSINGS pursuant to a written residency agreement (other than a respite agreement) with THE VILLAGE AT WILLOW CROSSINGS at the then current schedule of charges (subject to any discount as provided in Section 5(b)(7) above); or
- (C) the date that is ninety (90) days after the Resident vacates the Living Unit, removes all of Resident's possessions therefrom and occupies a unit in any senior living community owned by the parent company of the Cottages pursuant to a written residency agreement (other than a respite agreement) with such entity

¹ Please also have guarantor acknowledge Exhibit D, if applicable.

(subject to the limitations and to any discount, each as provided in Section 5(b)(8) above);

(D) the date that is two hundred seventy (270) days after the Resident has vacated the Living Unit.

Notwithstanding any provision hereof or to the contrary, the Cottages may retain from any refund a sum equal to the amount of unpaid Monthly Service Fees or other sums owed by the Licensee or the Resident to the Cottages under this License Agreement.

(ii) In the event of taking by eminent domain, or other governmental taking, or the termination of this License Agreement because of the Cottage's failure to restore the Licensed Unit after fire or other casualty in accordance with the provisions of Section 4(f) above, the Licensee will receive the proceeds of such taking or from any insurance proceeds arising from the casualty up to the amount of the portion of the License Fee which the Cottages would be required to refund to the Licensee pursuant to Section 6(d)(i) above, and the balance of such proceeds shall be paid to the Cottages.

7. RESIDENTS' COUNCIL. The Cottages, the Licensee and the Resident agree that the Residents shall form a Residents' Council (the "Residents' Council"). Said Residents' Council shall be comprised of all Residents of THE COTTAGES AT WILLOW CROSSINGS. Said Residents' Council shall meet at such times as it, in its sole discretion, shall elect. The Executive Director/Administrator of THE COTTAGES AT WILLOW CROSSINGS shall meet periodically with the Residents' Council. At such periodic meetings, the Residents' Council may present matters of concern to the Executive Director/Administrator.

8. MISCELLANEOUS.

a) Amendments: No amendments, change, or modification of this License Agreement shall be valid unless in writing as executed by the Cottages, the Licensee and the Resident.

b) Waiver: The waiver of one breach of any term, condition, covenant, obligation, or agreement of this License Agreement shall not be considered to be a waiver of that or any other term, condition, covenant, obligation, or agreement or of any subsequent breach thereof.

- c) Severability: If any of the provisions of this License Agreement, or portion of such provisions, or the application thereof to any person or circumstances is held invalid, the remainder of such provision and the application thereof to persons or circumstances shall not be affected thereby. Without limiting the foregoing, it is the intention of the parties that this License Agreement comply with all applicable legal requirements. In the event that any provision hereof violates the provisions of any applicable law, code, rule or regulation, then such provision shall be deemed to be null and void and of no force or effect, and this License shall be interpreted and enforced in a manner that complies with the applicable legal requirement.
- d) Choice of Law: This License Agreement shall be interpreted according to the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws provisions, and shall take effect as a document under seal under such laws.
- e) Subordination: This License Agreement shall be subject to and subordinate to any mortgage of THE COTTAGES AT WILLOW CROSSINGS now of record or recorded after the date hereof. Such subordination is effective without any further act of the Licensee or the Resident and the Licensee and the Resident will from time to time on request from the Cottages execute and deliver any instruments that may be required by any lender to confirm such subordination. If the Licensee or the Resident fails to execute and deliver any such instrument, the Licensee and the Resident each irrevocably appoint the Cottages with full power of substitution, as such person's attorney-in-fact to execute, deliver and record any such instrument.
- f) Co-Residents: If two people enter into this License Agreement as Resident, each of them shall be termed a Resident, and this License Agreement shall apply to both of them as if they constituted one "Resident" and to the survivor. The death of one co-Resident shall not affect the rights and responsibilities of the surviving co-Resident. Each of the co-Residents will be jointly and severally liable for the obligations of the "Resident" hereunder.
- g) Joint and Several Liability: The Licensee, the Resident and any co-Resident shall be jointly and severally liable for all obligations and liabilities of the Licensee and the Resident under this License Agreement.

- h) Entire Agreement: This License Agreement, together with the application forms, including financial statements and medical records, constitute the entire contract among the Cottages, the Licensee and the Resident. Each of the Licensee and the Resident warrants that all statements made by such party are true and correct. The Cottages is not liable for, nor bound in any manner, by any statements, representations, or promises made by any person representing or purporting to represent the Cottages unless such statements, representations or promises are set forth in this License Agreement.
 - i) Non-Discrimination: THE COTTAGES AT WILLOW CROSSINGS shall comply with all applicable federal and state laws prohibiting discrimination.
 - j) Limitation on Liability: Notwithstanding anything to the contrary contained herein, any claim based on or in respect of any liability of the Cottages under this License Agreement shall be enforced only against the assets of the Cottages, and, subject to the provisions of Section 3 hereof, the Reserve Account, and may not be enforced against and shall be deemed to be non-recourse to, any partner, member, trustee, shareholder, employee, officer, manager or director of the Cottages.
 - k) Notices: Any notice to be given to any Resident or Licensee pursuant to this Agreement shall be deemed to have been properly given if and when delivered personally or sent by mail to the Resident or Licensee addressed at the address set forth in the recitals to this License Agreement.
9. MARRIAGE OF A RESIDENT. The marriage of a Resident shall not affect the terms of this Agreement; provided, however, that the new spouse shall be required to sign this Agreement and meet the terms of residency specified in Section 4(a) hereof, and the refund provisions described in Section 6(d) shall be governed by the number of months that the initial Resident has occupied the Living Unit.
10. RECORDING OF INTERESTS/DISCHARGES. Upon the request of the Resident subsequent to the Occupancy Date, the Cottages shall cause to be recorded with the Bristol County (North), Massachusetts Registry of Deeds, at the Resident's expense, a memorandum indicating the granting of the License hereunder, which memorandum shall be substantially in the form of Exhibit B attached hereto and made a part hereof. In the event that, upon the termination of this License Agreement pursuant to the terms hereof, the Licensee is unable

or unwilling to provide the Cottages, with a certificate of termination in form suitable for recording, the Licensee irrevocably appoints the Cottages with full power of substitution, the Licensee's attorney-in-fact to execute, deliver and record any such instrument, at the Resident's expense.

11. EFFECT OF TERMINATION OF LICENSE AGREEMENT. Any termination of this License Agreement shall also constitute a termination of the License granted hereby.
12. RESTRICTIONS ON TRANSFERS. The License may not be transferred by the Licensee to any person other than the Resident (subject to the rights of co-Residents). Each of the Licensee and the Resident acknowledges and agrees that the Cottages shall only grant licenses for the occupancy of units at THE COTTAGES AT WILLOW CROSSINGS by persons who have reached the age of fifty-five (55), provided, that if there are to be co-residents and the co-residents are married, then only one of such persons shall be required to reach the age of fifty-five (55). If the co-residents are not married, then both of the co-residents must be age fifty-five (55) or older. The Cottages shall incur no liability for refund of the License Fee to the Licensee or otherwise as a consequence of the refusal of the Cottages to grant a license for occupancy of the Living Unit by persons below the age of fifty-five (55).
13. RESIDENTS RESTRICTION ON NUMBER OF RESIDENTS IN LIVING UNIT. In no event shall more than two Residents occupy the Living Unit as co-Residents.
14. MANAGEMENT. THE COTTAGES AT WILLOW CROSSINGS is managed by Benchmark Senior Living LLC. Benchmark Senior Living LLC has full authority to act for the Cottages in all matters pertaining to THE COTTAGES AT WILLOW CROSSINGS and this Agreement.

[This Space Intentionally Left Blank]

IN WITNESS WHEREOF, the Resident, the Licensee and the Cottages have caused this License Agreement to be executed this _____ day of _____, 20____.

KRE-BSL Husky Willow Cottages
Operations LLC

By: _____
its authorized representative

X _____
Resident

X _____
Resident

X _____
Licensee

X _____
Licensee

ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF **BRISTOL**, SS _____, 20__

Then came _____, an authorized representative of KRE-BSL Husky Willow Cottages Operations LLC, to me personally known to be the person executing the foregoing instrument on _____, and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of KRE-BSL Husky Willow Cottages Operations LLC.

Before me,

Notary Public
My commission expires:

ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF **BRISTOL**, SS _____, 20__

Then came _____, to me personally known to be the person executing the foregoing instrument and said _____ acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed.

Before me,

Notary Public
My commission expires:

ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF **BRISTOL**, SS

_____, 20__

Then came _____, to me personally known to be the person
executing the foregoing instrument and said _____
acknowledged the foregoing instrument to be his/her free act and deed and the free
act and deed.

Before me,

Notary Public

My commission expires:

EXHIBIT A

Legal Description

The following is a description of land in Mansfield, Massachusetts known as part of lot 98 on Assessors Map 34 and recorded in a deed at the Bristol County Registry of Deeds in Book 7585 on Page 338.

A certain parcel of land located on the southerly side of Cobb Street, bounded and described as follows.

Beginning at a point on the southerly side of Cobb Street at the Northeast corner of locus at land now or formerly of Clemmey and running; thence

S 68° 32' 03" E, along land now or formerly of Clemmey, 40.20 feet to a corner; thence

S 09° 04' 13" W, along land now or formerly of Clemmey, 231.13 feet to a corner; thence

S 80° 55' 47" E, along land now or formerly of Clemmey, 469.32 feet, to a corner; thence

S 26° 02' 31" E, along land now or formerly of the Town of Mansfield, 541.71 feet to a corner; thence

N 76° 32' 47" W, near the northerly edge of a parking area, 176.71 feet, to an angle; thence

Northwesterly, along a curve to the left with a radius of 62.69 feet, near the northerly side of Road 2, an arc distance of 62.40 feet to an angle; thence

N 54° 27' 25" W, near the northerly side of Road 2, 68.89 feet to a corner; thence

S 42° 50' 40" W, near the southerly side of Road 1, 57.10 feet to an angle; thence

S 85° 54' 38" W, near the southerly side of Road 1, 296.72 feet to an angle; thence

N 64° 49' 40" W, near the southerly edge of a Road 1, 125.53 feet to a corner at the approximate center of Back Bay Brook; thence

S 03° 34' 41" E, along the approximate center of Back Bay Brook, 142.35 feet to an angle; thence

S 00° 35' 35" W, along the approximate center of Back Bay Brook, 164.54 feet to an angle; thence

S 03° 41' 39" E, along the approximate center of Back Bay Brook, 95.28 feet to an angle; thence

N 72° 21' 12" W, along land now or formerly of Conner, 470.25 feet to a corner; thence

N 09° 08' 55" E, along land now or formerly of Annese, Gilbert Stuart Trust, Macdonald, Meszoely, and Sanchez, 935.46 feet to an angle; thence

N 09° 04' 13" E, along land now or formerly of Clemmey, 29.64 feet to a point of curvature; thence

Northeasterly, along a curve to the right with a radius of 30.00 feet, along land now or formerly of Clemmey, an arc distance of 47.12 feet to a point of tangency on the southerly sideline of Cobb Street; thence

S 80° 55' 47" E, along the southerly sideline of Cobb Street, 251.67 feet to a corner at the land now or formerly of Clemmey and the point of beginning.

The above-described parcel contains an area of 14.49 acres, more or less and is shown as Parcel A on a plan entitled, "Plan of Land in Mansfield, Massachusetts," prepared for Village at Willow Crossings Limited Partnership Condominiums, dated July 5, 2000 by Dunn McKenzie, Inc., Norfolk, Massachusetts.

EXHIBIT B

Memorandum of License

This Memorandum of License (this "Memorandum") is executed as of the _____ day of _____, 20____, by and between KRE-BSL Husky Willow Cottages Operations LLC, a Delaware limited liability corporation with an address at 201 Jones Road, Suite 300 West, Waltham, MA 02451 (the "Licensor"), and _____ a resident with an address at _____ (the "Licensee").

This Memorandum is recorded with the Bristol County (North) Registry of Deeds to notify all persons that the Licensor has granted a license (the "License") to the Licensee for the occupancy by _____, (the "Resident") of Residential Unit No. _____, located on that certain real property located at 25 Cobb Street, Mansfield, Massachusetts, and more particularly described on Exhibit A attached hereto and made a part hereof, pursuant to the terms of that certain License Agreement among the Licensor, the Licensee and the Resident dated as of _____ (the "License Agreement").

The License may be terminated under the circumstances set forth in the License Agreement. In the event that such termination occurs, and the Licensee is unable or unwilling to provide the Licensor with a certificate of termination, the Licensee hereby irrevocably appoints the Licensor, with full power of substitution, the Licensee's attorney-in-fact to execute, deliver and record any such instrument.

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed, this Memorandum as of the date first above written.

KRE-BSL Husky Willow Cottages Operations LLC

By: _____
its authorized representative

X _____
Licensee

X _____
Licensee

SCHEDULE B-2

Average Periodic Rate Change for Previous Five Years

The Cottages at Willow Crossings

January 2023 - December 2023	Average Increase of \$58/mo. (4.9%)
January 2022 – December 2022	Average Increase of \$62.55/mo. (5.5%)
January 2021 – December 2021	Average Increase of \$32.53/mo. (2.9%)
January 2020 – December 2020	Average Increase of \$30.59/mo. (3%)
January 2019 – December 2019	Average Increase of \$37/mo. (4%)

Benchmark Senior Living operates two other CCRCs in Massachusetts: The Commons in Lincoln and New Pond Village. We are including the average periodic rate changes for those two communities, as required by law, for your information:

The Commons in Lincoln

January 2023 - December 2023	Average Increase of \$309/mo. (4.5%)
January 2022 – December 2022	Average Increase of \$290.48/mo. (5.9%)
January 2021 – December 2021	Average Increase of \$161.32/mo. (3.4%)
January 2020 – December 2020	Average Increase of \$150.25/mo. (3.5%)
January 2019 - December 2019	Average Increase of \$120/mo. (3.5%)

New Pond Village

January 2 23 - December 2 23	Average Increase of \$261/mo. (5.9%)
January 2 22 – December 2 22	Average Increase of \$144.19/mo. (3.9%)
January 2 21 – December 2 21	Average Increase of \$132/mo. (3.5%)
January 2 2 – December 2 2	Average Increase of \$117/mo. (3.5%)
January 2 19 – December 2 19	Average Increase of \$117/mo. (3.5%)

EXHIBIT D

**AGREEMENT CONCERNING REFUND
THE COTTAGES AT WILLOW CROSSINGS**

Reference is made to that certain Resale License Agreement dated as of ____ day of ____, 20__ (“the Agreement”), by and between _____, as a Resident and Licensee, and KRE-BSL Husky Willow Cottages Operations LLC (“the Cottages”). Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Agreement.

Pursuant to Section 6(d) of the Agreement, the Licensee hereby authorizes and directs the Cottages to refund the portion of the License Fee, in such amount and at such time as the Licensee would be entitled under said Section 6(d), to the following designee in lieu of the Licensee: _____, at the following address: _____.²

Executed under seal as of the date set forth below.

Licensee Signature

Witness Signature

Guarantor

Witness Signature

Acknowledged:

KRE-BSL Husky Willow Cottages Operations LLC

By: _____

Its: _____

Hereunto Duly Authorized

Date: _____

² The Community reserves the right to request additional information/documents prior to refunding the portion of the License Fee to a second or alternate designee named by the Licensee.