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COMBINED FINANCIAL STATEMENTS

Avocet Playa Vista
Year Ended December 31, 2025 and 2024
With Report of Independent Auditors

Avocet Playa Vista

Combined Financial Statements

Year Ended December 31, 2025 and 2024

Contents

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Report of Independent Auditors

The Members
Avocet Playa Vista

Opinion

We have audited the financial statements of Avocet Playa Vista (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in member's equity and cash flows for the year then ended December 31, 2025 and for the period from March 13, 2024 (inception) to December 31, 2024, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the year then ended December 31, 2025 and for the period from March 13, 2024 (inception) to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

April 24, 2026

Avocet Playa Vista

Combined Balance Sheets

	December 31	
	2025	**2024**
Assets		
Cash and cash equivalents	**$ 14,077,238**	$ 11,973,585
Marketable securities	**11,759,273**	14,646,308
Accounts receivable, net and other assets	**739,157**	776,859
Operating community held for investment, net	**140,685,371**	155,184,578
Total assets	**$ 167,261,039**	$ 182,581,330
Liabilities and member's equity		
Deferred revenue from entrance fees *(Note 6)*	**4,944,672**	455,066
Refundable entrance fees *(Note 6)*	**110,382,180**	87,420,649
Accounts payable, accrued and other liabilities	**6,642,314**	7,434,369
Total liabilities	**121,969,166**	95,310,084
Commitments and contingencies *(Note 8)*		
Member's equity	**45,291,873**	87,271,246
Total liabilities and member's equity	**$ 167,261,039**	$ 182,581,330

See accompanying notes.

Avocet Playa Vista

Combined Statements of Operations

	Year Ended December 31 2025	Period from March 13, 2024 (inception) to December 31, 2024
Revenue:		
Rental	**$ 15,837,712**	$ 3,627,179
Other income, net	**1,583,971**	1,568,043
	17,421,683	5,195,222
Expenses:		
Operating and maintenance	**13,002,514**	4,478,321
Management fees to an affiliate	**1,075,686**	258,888
Real estate taxes	**1,872,948**	450,000
Insurance	**727,889**	190,629
Depreciation	**17,651,040**	5,455,838
Interest	**864**	45,932
	34,330,941	10,879,608
Entrance Fee Accretion to Par Value	**13,567,600**	2,368,283
Net loss	**$ (30,476,858)**	$ (8,052,669)

See accompanying notes.

Avocet Playa Vista

Combined Statements of Member's Equity

Balance at Inception (March 31, 2024)	$	**-**
Contribution from member		**95,323,915**
Net loss		**(8,052,669)**
Balance at December 31, 2024	**$**	**87,271,246**
Distribution to member		**(11,502,515)**
Net loss		**(30,476,858)**
Balance at December 31, 2025	**$**	**45,291,873**

See accompanying notes.

Avocet Playa Vista

Combined Statements of Cash Flows

	Year Ended December 31, 2025	Period from March 13, 2024 (Inception) to December 31, 2024
Operating activities		
Net loss	**$ (30,476,858)**	$ (8,052,669)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**17,651,040**	5,455,838
Entrance fees received from new residents	**4,760,828**	455,066
Entrance fee accretion	**13,567,600**	2,368,283
Entrance fees earned	**(271,222)**	–
Realized gain on marketable securities	**(543,828)**	(3,131)
Unrealized gain on marketable securities	**(103,200)**	(24,920)
Bad debt expense		
Changes in operating assets and liabilities:		
Accounts receivable and other assets	**(6,758)**	(422,449)
Accounts payable and accrued liabilities	**3,403,655**	2,329,420
Net cash provided by operating activities	**7,981,257**	2,105,438
Investing activities		
Additions to operating community	**(3,151,833)**	(262,969)
Acquisition of Avocet Playa Vista		(66,220,748)
Purchases of marketable securities	**(34,787,814)**	(16,551,982)
Sales of marketable securities	**38,366,337**	1,978,185
Net cash used in investing activities	**426,690**	(81,057,514)
Financing activities		
Contributions from Partners	**–**	91,823,915
Distributions to Partners	**(11,502,515)**	–
Refundable entrance fees received from new residents	**19,766,592**	1,820,264
Entrance fees refunded	**(14,568,371)**	(2,718,518)
Net cash (used in) provided by financing activities	**(6,304,294)**	90,925,661
Net increase in cash and cash equivalents	**2,103,653**	11,973,585
Cash and cash equivalents at beginning of year	**11,973,585**	–
Cash and cash equivalents at end of year	**$ 14,077,238**	$ 11,973,585
Supplemental disclosure of cash flow information		
Escrow Deposits paid directly by members	**$ –**	$ 3,500,000
Cash paid for interest	**$ 864**	$ 45,932

See accompanying notes.

Avocet Playa Vista

Notes to Combined Financial Statements

December 31, 2025

1. Organization and Summary of Significant Accounting Policies

Formation

The financial statements of Avocet Playa Vista (the "Company" or "Playa Vista") combine the accounts of HSH Playa Management CA, LLC and HSH Playa CA, LLC due to their common ownership.

HSH-LA Properties III, LLC (Playa Vista Prop Co member), a Delaware limited liability company, was formed on March 13, 2024 by a Harbert Seniors Housing's fund "HSH II Holdings, LLC" for the purpose of owning the California Type B CCRC senior housing community known as Avocet Playa Vista in Playa Vista, California. HSH-LA Management III, LLC (Playa Vista OpCo member), a Delaware limited liability company (collectively, with HSH-LA Properties III, LLC), was formed on March 13, 2024 by Harbert Seniors Housing for the purpose of operating the full-service Type B CCRC senior housing community, Avocet Playa Vista.

On June 15, 2024, an Amended and Restated Limited Liability Company Agreement was executed for HSH-LA Properties III, LLC by the Harbert and SRG members (HSH-LA PH, LLC, SRG Playa Capital Co, LLC, and SRGP Playa Vista Series), forming the "Prop Co" joint venture agreement.

On June 15, 2024, an Amended and Restated Limited Liability Company Agreement was executed for HSH-LA Management III, LLC by SRG and Harbert members (HSH-LA MH, LLC, SRG Playa Capital Co, LLC, and SRGP Playa Vista Series), forming the "Op Co" joint venture agreement.

SRGP Playa Vista Series (a series of SRG Partners, LLC) is the managing member of SRG Playa Capital Co LLC and is a direct party to the joint venture agreements with a promote interest (see note 7). All common shares held by SRGP Playa Vista Series are through SRG Playa Capital Co, LLC. The terms of Playa Vista shall continue until dissolved in accordance with their respective operating agreements.

As of December 31, 2025, the ownership of Playa Vista was as follows:

HSH-LA MH, LLC and HSH-LA PH, LLC	96%
SRG Playa Capital Co, LLC	4%

1. Organization and Summary of Significant Accounting Policies (continued)

Any references to acreage, number of units, occupancy, and other descriptive measures are unaudited and outside the scope of the Company's independent auditor's audit of the Company's financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States. All intercompany transactions have been eliminated in combination.

Use of Estimates

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenue and expenses during the reporting period. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ from these estimates.

Cash and Cash Equivalents

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

Cash and cash equivalents are held in demand deposit accounts. The Company maintains some of its cash in bank deposit accounts that, at times, exceed federally insured limits. No losses have been experienced related to such amounts. The Company believes it is not exposed to any significant concentrations of credit risk on cash and cash equivalents.

Marketable Securities

Marketable securities are composed of mutual funds that are institutional class shares and fixed income securities and are classified as available-for-sale securities. Available-for-sale securities are presented on the balance sheets at fair value at the end of each reporting period, with realized and unrealized gains or losses recorded in Other income, net. Realized gains or losses on the sale of securities available for sale, if any, are determined using the cost of the specific securities sold.

1. Organization and Summary of Significant Accounting Policies (continued)

Operating Community Held for Investment, Net

In October 2024, the senior living community was acquired and is classified as operating community held for investment at December 31, 2025.

In accordance with Accounting Standards Update (ASU) 2017-01 Business Combinations: Clarifying the Definition of a Business, the Company evaluates each acquisition to determine if it meets the definition of a business. Specifically, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the acquisition does not meet the definition of a business and is recorded as an asset acquisition. In connection with an asset acquisition, the Company capitalizes all transactions costs and allocates the cost of acquired land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and acquired intangibles based upon the relative fair value at acquisition. Acquired intangibles are the value of the in-place leases at the time of acquisition.

The assets are depreciated using the straight-line method over the following estimated useful lives:

Building	30 years
Building improvements	5-10 years
Furniture, fixtures, and equipment	5-7 years

Absorption period costs are amortized over an estimated 12-month period to achieve stabilized occupancy, had the community been vacant at the time of acquisition.

Expenditures for maintenance and repairs are charged to expense as incurred, and major additions and improvements are capitalized.

Operating community held for investment is reviewed for impairment, at least annually, or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If indicators of impairment are identified, recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is recorded in accordance with Accounting Standards Codification (ASC) 820, Fair Value Measurement, and is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

1. Organization and Summary of Significant Accounting Policies (continued)

Deferred Revenue From Entrance Fees

Each resident in the independent-living portion of the community enters into a Senior Residential Entrance Fee Contract. The entrance fee within each current contract is 80% refundable. Prior to December 2019, the contracts were 90% refundable. These fees paid by a resident upon entering into a contract are recorded as a liability. The form of the entrance fee contract provides that all of the entrance fees are fully refundable, less a $1,000 processing fee, for 90 days. Thereafter, 20% becomes nonrefundable and is then accounted for as deferred revenue. Deferred revenue from entrance fees is amortized to income based on the estimated actuarial life of the resident.

Refundable Entrance Fees

After the termination of an agreement, refundable portions of the entrance fee are required to be refunded fourteen days after the unit is re-occupied by a new resident who has entered into a Residence and Care Agreement with Provider and has maintained 90 days of occupancy. Any entrance fee repayment that has not been paid within 180 days after termination of agreement shall thereafter accrue simple interest at a rate of four percent per annum. Any entrance fee refund not paid within 240 days shall accrue simple interest at a rate of six percent per annum. Entrance fees not paid within 605 days shall accrue interest at a rate of six percent per annum, compounded annually. As certain portions of the entrance fees are required to be refunded, those amounts have been excluded from deferred revenue from entrance fees and are not amortized into income.

Revenue Recognition

The Company generally leases residential units within its senior housing communities under one-month to one-year operating leases, which automatically renew on an annual basis. Rental income is recorded in accordance with the contractual terms of the related lease agreements (recognized as earned on a monthly basis). Other revenues consisting of additional services to residents, such as dining, housekeeping, and assisted-living charges, are recognized as earned.

The Company has determined that the leases meet the criteria for classification as operating leases under ASC Topic 842, Leases (ASC 842). Rental income is recognized when the tenant controls the space through the term of the related lease and is included in rental revenue on the combined statements of operations.

The Company has elected the practical expedient to account for lease and non-lease components as a single combined lease component for all classes of underlying assets.

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The statements of operations contain no provision for income taxes since the income or loss of the Company flows through to the member, which is responsible for including its share of the taxable results of operations on its tax returns.

Accounting Standards Codification (ASC) Topic 740, *Income Taxes* (ASC 740), addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. The guidance requires the accounting and disclosure of tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not to be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Management of the Company is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. The Company has had no examinations in progress, and none are expected at this time. As of December 31, 2025, management of the Company has reviewed all open tax years and major jurisdictions and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken, or expected to be taken, in future tax returns.

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements* (ASC 820), defines fair value, establishes a framework for measuring fair value, outlines a fair value hierarchy based on inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair value, are as follows:

> Level I – Fair value is determined based on quoted prices in active markets for identical assets and liabilities at the measurement date.
>
> Level II – Fair value is determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.

1. Organization and Summary of Significant Accounting Policies (continued)

Level III – Fair value is determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

2. Operating Community Held for Investment

Operating community held for investment consists of the senior living community in Playa Vista, California at December 31, 2025:

Living Unit Types	**Occupancy**	**Effective Capacity**
	(In Units, Unaudited)	
Independent living	**171**	**175**
Assisted living	**12**	**12**
Special care	**11**	**12**
Total	**194**	**199**

The components of the operating community held for investment consist of the following at December 31, 2025 and December 2024:

	2025	**2024**
Land	**$ 26,035,300**	**26,035,300**
Building and building improvements	**114,216,208**	**112,100,011**
Absorption Period Costs	**17,354,029**	**17,354,029**
Furniture, fixtures, and equipment	**6,186,713**	**5,151,076**
	163,792,250	**160,640,416**
Accumulated depreciation	**(23,106,879**	**(5,455,838)**
Total	**$ 140,685,371**	**155,184,578**

3. Marketable Securities

Marketable securities are composed of mutual funds that are institutional class shares and fixed income securities and are classified as available-for-sale securities. The mutual funds consist primarily of investments in government bonds and high-grade corporate bonds. Available-for-sale securities are carried at fair value, using prices provided by independent market participants that are based on observable inputs using market-based valuation techniques (Level II of the fair value hierarchy). For the years ended December 31, 2025 and 2024, the Company recognized a realized gains from the sale of securities of $543,828 and $3,131, respectively. For the years ended December 31, 2025 and 2024, unrealized gains of $103,200 and $24,920, were recorded in other income, net.

4. Accounts Receivable, Net and Other Assets

Accounts receivable, net and other assets consisted of the following at December 31, 2025 and December 2024:

		2025	2024
Accounts receivable, net	$	**225,720**	**122,985**
Other assets		**513,437**	**653,874**
Total	$	**739,157**	**776,859**

5. Transactions With Affiliates

In 2025, the Company entered into a management agreement with SRG Playa Mgmt LLC, an affiliate of SRGP, to manage the operations of the Senior Living Community. The Company is entitled to a management fee, which is the aggregate of 5% of monthly Gross Receipts, as defined. In addition, SRG Playa Mgmt, LLC. is entitled to a marketing fee equal to 5% of Specific Entry Fees, as defined in the agreement.

During 2025 and 2024, the Company incurred $1,075,686 and $183,888, respectively, in management fees and marketing fees, of which $112,704 and $48,806, respectively, remained payable, and are included in accounts payable, and accrued and other liabilities on the accompanying balance sheets as of December 31.

5. Transactions With Affiliates (continued)

SRG Operating Inc., an affiliate of SRGP, employs personnel who work at the operating communities. The payroll and corresponding payroll burdens related to these personnel are reimbursed by the Company to SRG Operating Inc. Amounts incurred for payroll and related burdens by the Company for the years ended December 31, 2025 and 2024 was $7,350,257 and $1,903,072, respectively. A total of $219,268 and $133,154 remained payable at December 31, 2025 and 2024, respectively and is included in accounts payable, accrued and other liabilities on the accompanying balance sheets.

6. Deferred Revenue From Entrance Fees and Refundable Entrance Fees

Accretion to par value of refundable entrance fees acquired

At the time of acquisition, refundable entrance fees of $141,748,239 were assumed from the seller and were discounted to fair value based on an actuarial study performed by Continuing Care Actuaries. The entrance fees were discounted using a life expectancy of 6.17 years and a discount rate of 9%. Each month, the entrance fee liability is accreted until it reaches par value. If a resident moves out during the accretion period, the remaining balance is fully accreted to par value in that period. For the year ended December 31, 2025, the accretion amount was $13,567,600. Future projected accretion, by year, is as follows:

Year ending December 31:

2026	$ 8,641,538
2027	8,641,538
2028	8,641,538
2029	8,641,538
2030	7,981,781
2031	–
Total	**$ 42,547,933**

6. Deferred Revenue From Entrance Fees and Refundable Entrance Fees (continued)

Deferred revenue is being amortized into earnings based on the estimated actuarial life of the resident. The average estimated remaining term of the residents under entrance fee contracts is 11.19 years. Estimated amortization of deferred revenue as of December 31, 2025, expected to be amortized into earnings, is as follows:

Year ending December 31:

2026	$ 418,874
2027	386,259
2028	355,929
2029	327,745
Thereafter	3,455,865
Total	**$ 4,944,672**

7. Member's Equity

Profits and losses are allocated in accordance with the operating agreements. Cash is distributed as follows:

- First, to the Members on a *pari passu* basis in proportion to their respective Capital Contributions until all Capital Contributions have been fully returned;

- second, to the Members on a pari passu basis in proportion to their respective Percentage Interests until each Member shall have received Aggregate Distributions resulting in an Internal Rate of Return of eleven and one-half percent (11.5%);

- third, upon satisfaction of the criteria in (2) immediately above, twenty five percent (25%) of the remainder shall be distributed twenty-five percent (25%) to the SRG CC Member and seventy-five percent (75%) to SRGP Series Member and seventy five percent (75%) of the remainder to the Members on a pari passu basis in proportion to their respective Percentage Interests, until each Member shall have received Aggregate Distributions resulting in an Internal Rate of Return of fifteen percent (15%);

7. Member's Equity (continued)

- fourth, upon satisfaction of the criteria in (3) immediately above, thirty five percent (35%) of the remainder shall be distributed twenty-five percent (25%) to the SRG CC Member and seventy-five percent (75%) to SRGP Series Member and sixty five percent (65%) of the remainder to the Members on a pari passu basis in proportion to their respective Percentage Interests until each Member shall have received (i) Aggregate Distributions resulting in an Internal Rate of Return of nineteen percent (19%), and (ii) each Member shall have received Aggregate Distributions equal to two and one half (2.5) times its Aggregate Capital Contributions made by such Member;

- fifth, upon satisfaction of the criteria in (4) immediately above, forty percent (40%) of the remainder shall be distributed twenty-five percent (25%) to the SRG CC Member and seventy-five percent (75%) to SRGP Series Member and sixty percent (60%) of the remainder to the Members on a pari passu basis in proportion to their respective Percentage Interests

At December 31, 2025, no promote interest has been paid nor income allocated to the promote interest in the accompanying combined financial statements.

8. Commitments and Contingencies

Commitments and contingencies include the usual litigation and obligations incurred by real estate owners and operators in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company's financial position or results of operations.

9. Subsequent Events

The Company has evaluated subsequent events through April 24, 2026, the date these financial statements were available to be issued and determined that no other events have occurred that would require recognition or additional disclosures in these combined financial statements to prevent them from being misleading.