

2025 ANNUAL REPORT
SUNRISE STRATFORD, LP

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	76
[2]	Number at end of fiscal year	74
[3]	Total Lines 1 and 2	150
[4]	Multiply line 3 by ".50" and enter result on line 5	0.5
[5]	Mean number of continuing care residents	75
All Residents		
[6]	Number at beginning of fiscal year	82
[7]	Number at end of fiscal year	80
[8]	Total Lines 6 and 7	162
[9]	Multiply line 8 by ".50" and enter result on line 10	0.5
[10]	Mean number of <i>all</i> residents	81
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.93

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$ 7,897,171
[a] Depreciation	\$ 14,034
[b] Debt Service (Interest only)	\$ -
[2] Subtotal (add Line 1a and 1b)	\$ 14,034
[3] Subtract Line 2 from Line 1 and enter result	\$ 7,883,137
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.93
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 7,299,201
	x .001
[6] Total Amount Due	\$ 7,299.20

PROVIDER: Sunrise Stratford LP

COMMUNITY: The Stratford



April 28, 2026

Continuing Care Branch
California Department of Social Services
744 P Street, MS 9-14-91
Sacramento, CA 95814
ATTN: Jennifer Houston

Dear Ms. Houston:

This letter will serve as a certification on behalf of Sunrise Stratford LP to the California Department of Social Services for the following matters regarding the enclosed annual report for 2025 that Sunrise Stratford LP is submitting as the holder of a certificate of authority for The Stratford:

1. The annual report and any amendments to it are correct to the best of my knowledge.
2. Each continuing care contract form in use or offered to new residents at The Stratford has been approved by the Department.
3. Sunrise Stratford LP does not maintain cash or cash equivalents. Sunrise Senior Living, LLC, in its role as co-holder of the certificate of authority at The Stratford, is responsible for meeting the liquid reserve requirements in the California continuing care statute on behalf of Sunrise Stratford LP. Therefore, Form 5-5 lists under "Operating Reserve" the amount of cash and cash equivalents maintained by Sunrise Senior Living LLC, as set forth in Sunrise Senior Living, LLC's audited financial statements for 2025. A copy of the relevant portions of that statement is included with Form 5-5. See Form 5-5 and footnote 5 to the 2025 financial statement of Sunrise Stratford LP.

Please feel free to contact us if you have any questions about our submissions.

Sincerely,

Jack R. Callison, Jr.

Chief Executive Officer, Sunrise Senior Living, LLC

Community Support Office

7902 Westpark Drive | McLean, VA 22102 | Direct dial: (703) 854-0648

SunriseSeniorLiving.com



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
10/07/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Central, Inc. Philadelphia PA Office 100 North 18th Street 16th Floor Philadelphia PA 19103 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105		
	E-MAIL ADDRESS:		
INSURED Sunrise Senior Living, LLC 7902 Westpark Drive McLean VA 22102 USA	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Continental Casualty Company		20443
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

Holder Identifier :

COVERAGES **CERTIFICATE NUMBER:** 570112534640 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION						EACH OCCURRENCE AGGREGATE
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> Y / <input type="checkbox"/> N N / A PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT
A	Employment Practices Liability - Primary			596786770 Claims Made SIR applies per policy terms & conditions	09/01/2025	09/01/2026	Aggregate SIR \$10,000,000 \$350,000

Certificate No : 570112534640

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: The Carlisle, 1450 Post Street, San Francisco, CA 94109, The Stratford, 601 Laurel Avenue, San Mateo, CA 94401.

CERTIFICATE HOLDER State of California Dept. of Social Services 6167 Bristol Pkwy., Suite 400 Culver City CA 90230 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Aon Risk Services Central, Inc.</i>
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ADDITIONAL REMARKS SCHEDULE

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sunrise Senior Living, LLC	
POLICY NUMBER See Certificate Number: 570112534640			
CARRIER See Certificate Number: 570112534640	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance**

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	OTHER							
A	Fiduciary Liability - Primary			596786784 Claims Made SIR applies per policy terms & conditions	04/30/2025	04/30/2026	Aggregate	\$5,000,000



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
05/13/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER Aon Risk Services Central, Inc. Philadelphia PA Office 100 North 18th Street 16th Floor Philadelphia PA 19103 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105		
	E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: 570000060194		
INSURED Sunrise Senior Living, LLC 7902 Westpark Drive McLean VA 22102 USA	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Continental Casualty Company		20443
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		

Holder Identifier :


COVERAGES	CERTIFICATE NUMBER: 570112534495	REVISION NUMBER:
LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required) RE: The Carlisle, 1450 Post Street, San Francisco, CA 94109, The Stratford, 601 Laurel Avenue, San Mateo, CA 94401.		

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
	<input type="checkbox"/> PROPERTY <input type="checkbox"/> CAUSES OF LOSS DEDUCTIBLES <input type="checkbox"/> BASIC BUILDING <input type="checkbox"/> BROAD CONTENTS <input type="checkbox"/> SPECIAL <input type="checkbox"/> EARTHQUAKE <input type="checkbox"/> WIND <input type="checkbox"/> FLOOD				<input type="checkbox"/> BUILDING <input type="checkbox"/> PERSONAL PROPERTY <input type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> EXTRA EXPENSE <input type="checkbox"/> RENTAL VALUE <input type="checkbox"/> BLANKET BUILDING <input type="checkbox"/> BLANKET PERS PROP <input type="checkbox"/> BLANKET BLDG & PP	
	<input type="checkbox"/> INLAND MARINE <input type="checkbox"/> CAUSES OF LOSS <input type="checkbox"/> NAMED PERILS	TYPE OF POLICY POLICY NUMBER				
A X	CRIME TYPE OF POLICY Crime - Primary	5096786767 SIR applies per policy terms & conditions	04/30/2025	04/30/2026	<input checked="" type="checkbox"/> Employee Theft	\$5,000,000
	<input type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

CERTIFICATE NUMBER: 570112534495

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
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CERTIFICATE HOLDER State of California Dept. of Social Services 6167 Bristol Pkwy., Suite 400 Culver City CA 90230 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Sunrise Stratford, LP

Financial Statements as of and for the
Year Ended December 31, 2025, Other Financial
Information, and Independent Auditor's Reports

SUNRISE STRATFORD, LP

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INDEPENDENT AUDITOR'S REPORT

To the Partners of Sunrise Stratford, LP:

Opinion

We have audited the financial statements of Sunrise Stratford, LP (the "Partnership"), which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements (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 Partnership as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership'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 Partnership'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.

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, cursive script.

April 16, 2026

SUNRISE STRATFORD, LP

BALANCE SHEET AS OF DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:

Accounts receivable—net of allowance for doubtful accounts of \$105,298	\$ 190,240
Prepaid expenses and other assets	<u>40,737</u>
Total current assets	<u>230,977</u>

UTILITY DEPOSIT	<u>31,137</u>
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FURNITURE AND EQUIPMENT

Furniture, fixtures, and equipment	110,144
Construction in progress	<u>3,100</u>
Total property and equipment	113,244
Less accumulated depreciation	<u>(83,174)</u>
Property and equipment—net	<u>30,070</u>

MANAGEMENT RIGHTS INTANGIBLE—Net of accumulated amortization of \$9,496,690	<u>5,176,307</u>
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TOTAL ASSETS	<u><u>\$ 5,468,491</u></u>
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LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 438,281
Deferred revenue	<u>136,957</u>
Total current liabilities	<u>575,238</u>

TOTAL LIABILITIES	<u>\$ 575,238</u>
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PARTNERS' CAPITAL	<u>4,893,253</u>
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TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u><u>\$ 5,468,491</u></u>
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See notes to financial statements.

SUNRISE STRATFORD, LP

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

OPERATING REVENUE:	
Resident revenue	\$ 7,071,021
Other revenue	<u>1,232,097</u>
Total operating revenue	<u>8,303,118</u>
OPERATING EXPENSES:	
Labor	4,418,469
General and administrative	743,427
Depreciation and amortization	503,134
Management fees to affiliate	595,801
Food	512,863
Utilities	354,373
Insurance	302,861
Repairs and maintenance	309,084
Ancillary expenses	28,706
Advertising and marketing	75,926
Bad debt expense	30,344
Taxes and licenses	<u>22,182</u>
Total operating expenses	<u>7,897,170</u>
NET INCOME	<u>\$ 405,948</u>

See notes to financial statements.

SUNRISE STRATFORD, LP

STATEMENT OF CHANGES IN PARTNERS' CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025

PARTNERS' CAPITAL — January 1, 2025	\$	5,544,309
Net income		405,948
Contributions		7,536,843
Distributions		<u>(8,593,847)</u>
PARTNERS' CAPITAL — December 31, 2025	\$	<u>4,893,253</u>

See notes to financial statements.

SUNRISE STRATFORD, LP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from residents who did have a continue care contract	\$ 7,074,064
Cash received from residents who did not have a continue care contract	115,594
Cash received from other sources	1,232,100
Cash paid for labor	(4,410,301)
Cash paid for administrative expenses	(1,554,429)
Cash paid for insurance	(271,322)
Cash paid for food	(512,863)
Cash paid for management fee	<u>(595,801)</u>
Net cash provided by operating activities	<u>1,077,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(31,746)
Reimbursements of property and equipment	<u>11,708</u>
Net cash used in investing activities	<u>(20,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions	7,536,843
Distributions	<u>(8,593,847)</u>
Net cash used in financing activities	<u>(1,057,004)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS — Beginning of year	<u>-</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ -</u>

(Continued)

SUNRISE STRATFORD, LP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED

BY OPERATING ACTIVITIES:

Net income	\$	405,948
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for bad debt		30,344
Depreciation and amortization		503,134
Changes in operating assets and liabilities:		
Accounts receivable		76,686
Prepaid expenses and other assets		65,527
Accounts payable and accrued expenses		(46,549)
Deferred revenue		41,952
		<hr/>
Net cash provided by operating activities	\$	<u>1,077,042</u>

See notes to financial statements.

SUNRISE STRATFORD, LP

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

1. ORGANIZATION AND PRESENTATION

Organization—On August 1, 2006, Sunrise Stratford, LP (the “Partnership”), a Delaware limited partnership, acquired all easements and rights for The Stratford (“Stratford”), a licensed residential care facility for the elderly, from Raiser Resources, LLC. The Partnership is a wholly owned subsidiary of Sunrise Senior Living Services, Inc. (“Sunrise”).

Stratford filed declaration as a condominium and a continuing care retirement community (CCRC) in San Mateo City and County, California, on July 29, 1992. As a condition of ownership, each owner of a condominium is required to enter into a continuing care agreement (“CCRC Agreement”) with JHR Trust, an affiliate of Raiser Resources, LLC. The Partnership manages Stratford and markets vacant units on behalf of the condominium owners. The Partnership is entitled to transfer fees on the sale of a condominium unit in accordance with the CCRC Agreements.

The CCRC Agreements stipulate, among other things, monthly fees, the terms of resale of condominiums, transfer fees due at resale, an initial payment to The Laurel Avenue Trust (the “Trust”), and the Partnership’s obligation to provide both health care and nonhealth care services. In addition, the CCRC Agreements provide the Partnership with the right to increase future monthly fees.

Certain resident and admission agreements entitle residents to receive limited amounts of health care up to defined maximums.

The Trust is administered in accordance with the Trust agreement, which requires that the principal and income from investment of the principal be used for the benefit of the residents of Stratford, including, but not limited to, payment for medical and health-related costs, the replacement of fixtures and equipment, structural upgrades, other capital improvements, and interest-bearing loans to residents who become unable to pay their monthly fees or other fees. The Trust is administered by three trustees, two of whom are appointed by Sunrise and one of whom is appointed by Stratford of San Mateo Homeowners Association. Each year, there is a cash transfer between the Trust and the Partnership. The transfer is calculated as net operating income, adjusted for marketing expenses, wages and benefits, bad debt, and commissions received on unit sales. The net amount, whether positive (transfer to the Trust) or negative (transfer from the Trust), is included in general and administrative expense in the statement of operations. For the year ended December 31, 2025, the Trust has agreed to transfer \$75,950 to the Partnership. This amount is included in “accounts receivable” as of December 31, 2025. In addition, as the Trust is responsible for any payments relating to the replacement of fixtures and equipment, structural upgrades, and other capital improvements for the Stratford, the Trust reimburses the Partnership for payments made by the Partnership. As of December 31, 2025, the reimbursement amount due from the Trust to the Partnership was \$13,070 and is included in “prepaid expenses and other assets”.

Because Sunrise has the right to appoint two of the three trustees, it is deemed to control the Trust and consolidates the Trust in its financial statements. The Partnership has no direct interest in the Trust and does not have the right to appoint a trustee. Based on such and other applicable criteria, the Partnership does not consolidate the Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Partnership’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes to the financial statements. Significant estimates and assumptions have been made with respect to the useful lives of assets, recoverability of management rights, recoverable amounts of receivables, amortization rate of deferred revenue, and present value of estimated costs to be incurred under CCRC Agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash transactions are processed by Sunrise and balances are maintained in Sunrise’s cash concentration account.

Allowance for Doubtful Accounts—The Partnership records an allowance on its outstanding receivables based on an assessment of historical collection activity, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Write-offs of accounts are made after collection efforts have been exhausted.

Furniture and Equipment—Furniture and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of three to 10 years. Depreciation expense was \$14,034 in 2025. Losses on asset disposals were \$0 in 2025.

The Partnership assesses the carrying value of held-for-use assets when events or changes in circumstances indicate that the carrying value may not be recoverable. The Partnership tests the related assets held for use for impairment by comparing the sum of the expected future undiscounted cash flows to the carrying value of the related assets. The expected future undiscounted cash flows are calculated utilizing the lowest level of identifiable cash flows that are largely independent of the cash flows of other assets and liabilities. If the carrying value exceeds the expected future undiscounted cash flows, an impairment loss will be recognized to the extent that the carrying value of the real estate and related assets are greater than their fair values. No impairment charges were recorded in 2025.

Management Rights—The Partnership acquired all easements and rights for Stratford as part of the acquisition from Raiser Resources, LLC. The rights included the right to manage Stratford for a management fee and the right to transfer fees, including a commission of a percentage of the sale price on each condominium unit sold by an owner, plus a percentage of the appreciation in value. Management rights were recorded at fair value at acquisition and are being amortized using the straight-line method over the estimated useful life of 30 years. Amortization expense was \$489,100 for the year ended December 31, 2025.

Management rights are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Impairment is recognized when the asset’s undiscounted expected cash flows are not sufficient to recover its carrying amount. The Partnership measures an impairment loss for such assets by comparing the fair value of the asset to its carrying amount. No impairment charges were recorded in 2025.

Revenue Recognition and Deferred Revenue—Operating revenue consists of resident fee revenue. Revenue from resident fees and services is predominantly service based. The Partnership recognizes revenue for resident care services in accordance with the provisions of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (ASC 606)*. Although there are various tasks and activities performed by the Partnership under the contracts, the Partnership has determined that all resident care services are a single performance obligation, which is satisfied over time as the services are rendered. Agreements with residents are generally for a term of one year and are cancelable by residents with 30- to 90-day notice. The Partnership bills the residents one month in advance of the services being rendered and, therefore, cash payments received for services are recorded as deferred revenue, until the services are rendered and the revenue is earned.

Upon sale of a condominium by an owner, the Partnership receives a commission of 7% of the sale price, net of transactions costs, plus a percentage of the appreciation in price of the condominium. These fees are recognized when received and are recorded in other revenue in the amount of \$1,192,625 for 2025.

Future Service Obligation on CCRC Agreement—When the present value of estimated costs to be incurred under CCRC Agreements exceeds estimated revenues, the present values of such excess costs are accrued currently. The estimated future revenues assume a future increase in the monthly revenue commensurate with the monthly cost. The calculations at December 31, 2025, using a 5% discount rate, resulted in an expected positive net present value cash flows and, as such, no liability has been recorded in the accompanying financial statements.

Income Taxes—No provision has been made for federal and state income taxes, as the liability for such taxes, if any, is that of the partners and not the Partnership. The Partnership is subject to franchise taxes in the state of California where the property is located. These tax expenses are accrued and are included in taxes and license fees in the accompanying financial statements. Gross receipts and state and local tax expense was \$8,508 in 2025.

The Accounting Standards Codification Topic (ASC) 740-10-25, *Income Taxes—Overall Recognition*, describes a comprehensive model for the measurement, recognition, presentation, and disclosure of uncertain tax positions in the financial statements. Under the interpretation, the financial statements will reflect expected future tax consequences of such positions presuming the tax authorities have full knowledge of the position and all relevant facts, but without considering time values. The Partnership adheres to the provisions of this statement. The Partnership has no uncertain tax positions that require an accrual at December 31, 2025.

The statute of limitations for the Internal Revenue Service (IRS) and the State of California to perform audits on the Partnership are three and four years, respectively. The Partnership is currently not under an audit by any tax jurisdiction. Federal tax years December 31, 2022, through December 31, 2025, are open and subject to IRS audit. Tax years December 31, 2021, through December 31, 2025, are open and remain subject to California State audit.

New Accounting Standards—The following relevant Accounting Standards Updates (ASU) were issued in 2025:

ASU No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets (Topic 326)*, simplifies the estimation of credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606 by allowing entities to elect a practical expedient to assume the current conditions as of the balance sheet date remain unchanged for the

remaining life of the asset. ASU No. 2025-05 is effective for all entities for fiscal years beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Partnership is in the process of assessing the impact that ASU No. 2025-05 will have on its financial statements and disclosures.

3. TRANSACTIONS WITH AFFILIATES

The Partnership has a management agreement with Sunrise Senior Living Management, Inc. (SSLMI) to manage the facility. The agreement provided for a monthly fee of 7.1% of gross operating revenue. Total management fees incurred were \$595,801 in 2025.

The Partnership obtained worker's compensation, professional and general liability, and property coverage through Sunrise Senior Living Insurance, Inc., an affiliate of Sunrise. Related expenses totaled \$302,861 in 2025.

The Partnership and SSLMI do not settle cash received or paid in affiliated transactions at the subsidiary level; therefore, the affiliated activity between SSLMI and the Partnership for the year 2025 has been included in contributions and distributions in the statement of changes in partners' capital for the year ended December 31, 2025. Distributions represent cash collected from residents and subsequently remitted to Sunrise. Contributions represent the net of all other operating activities recorded through intercompany and paid by Sunrise, plus noncash financing activities.

4. CONTINGENCIES

The Partnership is involved in claims and lawsuits incidental to the ordinary course of business. While the outcome of these claims and lawsuits cannot be predicted with certainty, management of the Partnership does not believe the ultimate resolution of these matters will have a material adverse effect on the Partnership's financial position.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2026, the date these financial statements were issued. No subsequent events were identified.

* * * * *

INDEPENDENT AUDITOR'S REPORT

To the Partners of Sunrise Stratford, LP:

Opinion

We have audited the accompanying financial statements of Sunrise Stratford, LP (the "Partnership"), which comprise the Long-Term Debt Incurred in a Prior Fiscal Year, Long-Term Debt Incurred During the Fiscal Year, Calculation of Long-Term Debt Reserve Amount, Calculation of Net Operating Expenses, and Annual Reserve Certification, for the Partnership, as of December 31, 2025, and for the year then ended, and the related notes to the financial statements (collectively referred to as the "Schedules").

In our opinion, the accompanying Schedules present fairly, in all material respects, the long-term debt, net operating expenses, and liquid reserve amount in Forms 5-1 through 5-5 of the Partnership as of December 31, 2025, and for the year then ended, on the State of California Department of Social Services Social Services Annual Report Instructions dated January 1, 2019.

Basis for Opinion

We conducted our audit 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 Schedules section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 3 of the Schedules, which describes the basis of accounting. As described in Note 3 to the Schedules, the Schedules are prepared by the Partnership on the State of California Department of Social Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of California Department of Social Services. As a result, the Schedules may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions of the California Health and Safety Code section 1792, as instructed under the State of California Department of Social Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

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 Schedules, 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 Schedules.
- 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 Partnership'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 Schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership'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.

Restriction on Use

Our report is intended solely for the information and use of the Partners and the State of California and is not intended to be and should not be used by anyone other than these specified parties.

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, cursive script.

April 16, 2026

Red Fox Acquisition Company, Inc
and Its Wholly Owned Subsidiary,
Sunrise Senior Living, LLC

Consolidated Financial Statements

(See reports attached)

Sunrise Stratford, LP

Form 5-1 -
Long-Term Debt Incurred In a Prior Fiscal Year
(Including Balloon Debt)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns (b)+(c)+(d))
None					
TOTAL:					

(Transfer this amount to Form 5-3, Line 1)

Sunrise Stratford, LP

Form 5-2 -
 Long-Term Debt Incurred During the Fiscal Year
 (Including Balloon Debt)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (Columns (c) x (d))
None					
TOTAL:					

(Transfer this amount to Form 5-3, Line 2)

Sunrise Stratford, LP

Form 5-3 -
Calculation of Long-Term Debt Reserve Amount

Line		Total
[1]	Total from Form 5-1 bottom of Column (e)	\$ -
[2]	Total from Form 5-2 bottom of Column (e)	\$ -
[3]	Facility leasehold or rental payment paid by provider during fiscal year. (Including related payments such as lease insurance)	\$ -
[4]	Total Amount Required For Long-Term Debt Reserve:	\$ -

Sunrise Stratford, LP

Form 5-4 -
Calculation of Net Operating Expenses

Line	Amounts	Total
[1]	Total operating expenses from financial statements	<u>7,897,171</u>
[2]	Deductions	
a	Interest paid on long term debt (see instructions)	\$ -
b	Credit enhancement premiums paid for long-term debt (see instructions)	-
c	Depreciation	14,034
d	Amortization	489,100
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	115,594
f	Extraordinary expenses approved by the Department	<u>-</u>
[3]	Total Deductions	<u>\$ (618,728)</u>
[4]	Net Operating Expenses	<u>\$ 7,278,443</u>
[5]	Divide Line 4 by 365 and enter the result	<u>\$ 19,941</u>
[6]	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$ 1,495,575

Sunrise Stratford, LP

Form 5-5 -
Annual Reserve Certification

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	Amount
[1] Debt Service Reserve Amount	\$ -
[2] Operating Expense Reserve Amount	\$ 1,495,575
[3] Total Liquid Reserve Amount	\$ 1,495,575

Qualifying assets sufficient to fulfill the above requirements are held as follows:

	Amount	
	Debt Service Reserve	Operating Reserve
[4] Cash and Cash Equivalents		
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		
Total Amount of Qualifying Assets Listed		
for Liquid Reserve:	[11] \$ -	[12] \$ -
Total Amount Required	[13] \$ -	[14] \$ 1,495,575
Surplus/(Deficiency)	[15] \$ -	[16] \$ (1,495,575)

**Form 5-5
Annual Reserve Certification**

Provider Name: Sunrise Stratford LP
 Fiscal Year Ended: December 31, 2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for for the period ended December 31, 2025 and are in compliance with those requirements.

Our liquid reserve requirements., computed using the audited financial statements for the fiscal year are as follows:

		<u>Amount</u>
[1]	Debt Service Reserve Amount	\$ -
[2]	Operating Expense Reserve Amount	\$ 1,495,575
[3]	Total Liquid Reserve Amount	\$ 1,495,575

Qualifying assets sufficient to fulfill the above requirements are held as follows (SEE NOTE below):

	<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Amount</u>		<u>Operating Reserve</u>
[4]	Cash and Cash Equivalents*				\$ 43,689,639
[5]	Investment Securities				
[6]	Equity Securities				
[7]	Unused/Available Lines of Credit				
[8]	Unused/Available Letters of Credit				
[9]	Debt Service Reserve				(not applicable)
[10]	Other:				
	<hr style="border: 0.5px solid black;"/>				
	(describe qualifying asset)				
	Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] \$ -		[12] \$ 43,689,639	
	Total Amount Required	[13] \$ -		[14] \$ 1,495,575	
	Surplus/(Deficiency)	[15] \$ -		[16] \$ 42,194,064	

NOTE No cash and cash equivalents are held by Sunrise Stratford, LP. Cash is consolidated and held by Sunrise Senior Living, LLC. In order to provide a more complete portrayal of the assets available to meet the required reserves, DSS has requested Form 5-5 be revised to reflect the qualifying assets from the audited financial statements of Sunrise Senior Living, LLC..

SCHEDULE REVISIONS- UNAUDITED

Keith Bown
 (Authorized Representative)

4-29-2026
 (Date)

Chief Accounting Officer, Sunrise Senior Living
 (Title)

FORM 5-5

PART OF FORM 5-5, DESCRIPTION OF RESERVES AND ADDITIONAL DISCLOSURES

Provider Name: Sunrise Stratford, LP

Fiscal Year Ended: December 31, 2025

Calculation of Per Capita Cost of Operations

<u>Description</u>	<u>Current Year 2025</u>
Operating Expenses (Form 5-4, line 1)	\$ 7,897,171
Depreciation (Form 5-4, line 2c)	\$ 14,034
Net Operating Expenses	\$ 7,883,137
Mean # of all residents (Form 1-1, line 10)	81
Per Capita Cost of Operations	\$ 97,322.68

FORM 5-5
 Annual Reserve Certification
 Supplemental Information
 Year End Dec 31, 2025

Cash

Cash on Hand

Bank Name	GL Amount	Type
BMO	6,675,052.56	Operating
BMO	14,149,753.01	Operating
Key Bank BMO	701,859.03	Operating
Key Bank BMO	1,528,619.99	Operating
Key Bank BMO	235,246.22	Operating
BOA BMO	2,898,180.99	Operating
BMO	25,313.26	Operating
TD Bank	5,773,911.17	Operating
TD Bank	2,782.96	Operating
PNC Bank	10,000,000.00	Operating
	41,990,719.19	Operating

BOA BMO	(11,936.38)	Payroll
BMO	1,017,291.02	Payroll
	1,005,354.64	Payroll

Negative Balance represents Outstanding Payroll Checks that have not been Cashed

BMO	693,565.20	Tax EFT Payments
-----	-------------------	------------------

Total Cash on Hand

43,689,639.03

SUNRISE STRATFORD, LP

NOTES TO ANNUAL RESERVE CALCULATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

1. ORGANIZATION AND PRESENTATION

Organization—On August 1, 2006, Sunrise Stratford, LP (the “Partnership”), a Delaware limited partnership, acquired all easements and rights for The Stratford (“Stratford”), a licensed residential care facility for the elderly, from Raiser Resources, LLC. The Partnership is a wholly owned subsidiary of Sunrise Senior Living Services, Inc. (“Sunrise”).

Stratford filed declaration as a condominium and a continuing care retirement community (CCRC) in San Mateo City and County, California, on July 29, 1992. As a condition of ownership, each owner of a condominium is required to enter into a continuing care agreement (“CCRC Agreement”) with JHR Trust, an affiliate of Raiser Resources, LLC. The Partnership manages Stratford and markets vacant units on behalf of the condominium owners. The Partnership is entitled to transfer fees on the sale of a condominium unit in accordance with the CCRC Agreements.

The CCRC Agreements stipulate, among other things, monthly fees, the terms of resale of condominiums, transfer fees due at resale, an initial payment to The Laurel Avenue Trust (the “Trust”), and the Partnership’s obligation to provide both health and nonhealth care services. In addition, the CCRC Agreements provide the Partnership with the right to increase future monthly fees.

Certain resident and admission agreements entitle residents to receive limited amounts of health care up to defined maximums.

The Trust is administered in accordance with the Trust Agreement, which requires that the principal and income from investment of the principal be used for the benefit of the residents of Stratford, including, but not limited to, payment for medical and health-related costs, the replacement of fixtures and equipment, structural upgrades, other capital improvements, and interest-bearing loans to residents who become unable to pay their monthly fees or other fees. The Trust is administered by three trustees, two of whom are appointed by Sunrise and one of whom is appointed by Stratford of San Mateo Homeowners Association. Each year, there is a cash transfer between the Trust and the Partnership. The transfer is calculated as net operating income, adjusted for marketing expense, wages and benefits, bad debt, and commissions received on unit sales. The net amount, whether positive (transfer to the Trust) or negative (transfer from the Trust), is included in general and administrative expense in the statement of operations. For the year ended December 31, 2025, the Trust has agreed to transfer \$75,950 to the Partnership. This amount is included in “accounts receivable” as of December 31, 2025.

Because Sunrise has the right to appoint two of the three trustees, it is deemed to control the Trust and consolidates the Trust in its financial statements. The Partnership has no direct interest in the Trust and does not have the right to appoint a trustee. Based on such and other applicable criteria, the Partnership does not consolidate the Trust.

2. PURPOSE OF THE ANNUAL RESERVE CALCULATION

As the Partnership operates as a CCRC, the Partnership is required to file Forms 5-1 through 5-5 of the California Health and Safety Code Section 1792 (the “Schedules”) as instructed under the State of California Department of Social Services (DSS) Annual Report Instructions dated January 1, 2019, for the year ended December 31, 2025. The purpose of the Schedules is to determine the amount the Partnership must hold in its liquid reserves for debt service and operating expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Partnership’s Schedules are prepared as instructed under the State of California DSS Annual Report Instructions dated January 1, 2019.

Cash and Cash Equivalents—Cash transactions are processed by Sunrise and balances are maintained in Sunrise’s cash concentration account. Cash and cash equivalents include currency in hand, demand deposits, and all highly liquid investments with a maturity of three months or less at the date of purchase.

4. REVENUE FROM NONCONTINUING CARE RESIDENTS

The Partnership has deducted \$115,594 on Form 5-4 line 2 (e) for revenues received during the fiscal year for services to persons who did not have a continuing care contract. The revenue represents service fees received for nonresident revenues and short-term respite stays in assisted living for noncontinuing care residents.

5. LIQUID RESERVE AMOUNT

No cash and cash equivalents are held by the Partnership. Cash is consolidated and held by Sunrise. In order to provide a more complete portrayal of the assets available to meet the required reserves, DSS has requested the Form 5-5 be adjusted to reflect the qualifying assets from the audited financial statements of RFAC.

* * * * *

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 04/21/2026

Facility Name: The Stratford

Address: 601 Laurel Ave, San Mateo

Zip Code: 94401

Phone: 650-342-4106

Provider Name:

Sunrise Stratford LP

Facility Operator: Sunrise Senior Living Management LLC

Religious Affiliation: None

Year Opened: 1992 # of Acres: 1+/- Miles to Shopping Center: 1+/- Miles to Hospital: 1+/-

 Single Story
 Multi-Story
 Other:
Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	<u>0</u>	Assisted Living:	<u>9</u>
Apartments – 1 Bdrm:	<u>3</u>	Skilled Nursing:	<u></u>
Apartments – 2 Bdrm:	<u>62</u>	Special Care:	<u></u>
Cottages/Houses:	<u>0</u>	Description:	<u></u>

RLU Occupancy (%) at Year End: 93.2%

Type of Ownership: Not for Profit For ProfitAccredited? Yes By: DSS No
 Form of Contact: Continuing Care Life Care Entrance Fee Fee for Service
 (Check all that apply) Assignment of Assets Equity Membership Rental

 Refund Provisions: Refundable 90% 50%
 (Check all that apply) Repayable 75% Other: Unit Sale
Range of Entrance Fees: \$ 350,000 - \$ 1,800,000Long-Term Care Insurance Required? Yes NoHealth Care Benefits Included in Contract: NoEntry Requirements: Min Age: 62 Prior Profession: N/A Other: Health/Financia

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider's compliance and residents' roles):

see attached

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Housekeeping (<u>4</u> Times/ Month at \$_____ each)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (<u>1</u> /Day)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chapel	<input type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All Utilities Except Phone	<input type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Putting Green	<input type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Indoor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Prearranged	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other: <u>Dining Room</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Other: Assisted Living</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

PROVIDER NAME: Sunrise Stratford, LP

	<u>Community*</u>	<u>CCRC/MLRC/ LIFECARE</u>	<u>Street</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
1	Beverly Hills, Sunrise of	AL	201 North Crescent Drive	Beverly Hills	CA	90210
2	Canyon Crest, Sunrise of	AL	5265 Chapala Drive	Riverside	CA	92507
3	Carmichael, Sunrise of	AL	5451 Fair Oaks	Carmichael	CA	95608
4	Cupertino, Sunrise of	AL	581 E. Fremont Ave	Sunnyvale	CA	94087
5	Danville, Sunrise of	AL	1027 Diablo Road	Danville	CA	94526
6	Fair Oaks CA, Sunrise of	AL	4820 Hazel Avenue	Fair Oaks	CA	95628
7	Hermosa Beach, Sunrise of	AL	1837 Pacific Coast Highway	Hermosa Beach	CA	90254
8	La Costa, Sunrise of	AL	7020 Manzanita Street	Carlsbad	CA	92011
9	Mission Viejo, Sunrise of	AL	26151 Country Club Drive	Mission Viejo	CA	92691
10	Oceanside, Sunrise of	AL	4845 Mesa Drive	Oceanside	CA	92056
11	Orange, Sunrise of	AL	1301 E Lincoln Ave	Orange	CA	92865
12	Rocklin, Sunrise of	AL	6100 Sierra College Boulevard	Rocklin	CA	95677
13	San Mateo, Sunrise of	AL	955 South El Camino Real	San Mateo	CA	94402
14	Simi Valley, Varenita of	AL	3921 Cochran St	Simi Valley	CA	93063
15	Sterling Canyon, Sunrise at	AL	25815 McBean Parkway	Valencia	CA	91355
16	Stratford, The	CCRC	601 Laurel Avenue	San Mateo	CA	94401
17	Sunnyvale, Sunrise of	AL	633 S. Knickerbocker Drive	Sunnyvale	CA	94087
18	Westlake Village, Sunrise of	AL	3101 Townsgate Road	Westlake Village	CA	91361
19	Westlake, Varenita of	AL	95 Duesenberg Dr	Westlake Village	CA	91362
20	Yorba Linda, Sunrise of	AL	4792 Lakeview Avenue	Yorba Linda	CA	92886

* This list reflects Sunrise owned/operated communities in the State of California only.

A complete list of all Sunrise owned/operated communities is available upon request.

PROVIDER NAME:

Sunrise Stratford, LP

	2022	2023	2024	2025
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	<u>\$ 6,867,609</u>	<u>\$ 8,165,182</u>	<u>\$ 7,770,073</u>	\$ 8,303,118
LESS OPERATING EXPENSES (excluding depreciation, amortization & interest)	<u>\$ 6,494,991</u>	<u>\$ 7,134,678</u>	<u>\$ 7,281,025</u>	\$ 7,394,037
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ 372,618</u>	<u>\$ 1,030,504</u>	<u>\$ 489,048</u>	\$ 909,081
LESS INTEREST EXPENSE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
PLUS CONTRIBUTIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
PLUS NONOPERATING INCOME (EXPENSES) (excluding extraordinary items)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>\$ 372,618</u>	<u>\$ 1,030,504</u>	<u>\$ 489,048</u>	\$ 909,081
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits less Refunds)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	\$ -

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
None	\$ -	0.000%			

PROVIDER NAME:

Sunrise Stratford, LP

FINANCIAL RATIOS

	2022 CCAC Medians 50th percentile (optional)	2023	2024	2025
Debt to Asset ratio		0.00%	0.00%	0.00%
Operating Ratio		87.38%	93.71%	89.05%
Debt Servicing Coverage Ratio		0.00%	0.00%	0.00%
Days Cash on Hand ratio		0	0	0

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2022	%	2023	%	2024	%	2025	%
STUDIO								
ONE BEDROOM	\$ 6,275	1.25%	\$ 6,871	9.5%	\$ 7,180	4.5%	\$ 7,449	3.75%
TWO BEDROOM	\$ 12,550	1.25%	\$ 13,742	9.5%	\$ 14,360	4.5%	\$ 14,898	3.75%
COTTAGE/HOUSE								
ASSISTED LIVING	\$ 6,275	1.25%	\$ 6,871	9.5%	\$ 7,180	4.5%	\$ 7,449	3.75%
SKILLED NURSING	\$ 6,275	1.25%	\$ 6,871	9.5%	\$ 7,180	4.5%	\$ 7,449	3.75%
SPECIAL CARE								

COMMENTS FROM PROVIDER:

RESIDENT REPRESENTATIVE ON BOARD (SEE ATTACHED)

PROVIDER NAME:

Sunrise Stratford, LP

Financial Ratio Formulas**LONG TERM DEBT TO TOTAL ASSETS RATIO**

$$\frac{\text{Long term debt less Current Portion}}{\text{Total Assets}} = 0.00\%$$

Long term debt, less current maturities	\$	-
Total Assets	\$	5,468,491

OPERATING RATIO

$$\frac{\text{Total Operating Expenses - Depreciation Expense - Amortization Expense}}{\text{Total Operating Revenues - Amortization of Deferred Entrance Fees}} = 89.05\%$$

Total Operating Expenses	\$	7,897,171
Depreciation Expense	\$	14,034
Amortization Expense	\$	489,100
Total Operating Revenues	\$	8,303,118
Amortization of Deferred Entrance Fees	\$	-

DEBT SERVICE COVERAGE RATIO

$$\frac{\text{Total Excess of Revenues over Expenses + Interest, Depreciation and Amortization Expense - Amortization of Deferred Revenue + Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}} = 0.00\%$$

Excess of Revenues over Expenses	\$	405,947
Interest Expense	\$	-
Depreciation Expense	\$	14,034
Amortization Expense	\$	489,100
Amortization of Deferred Revenue	\$	-
Net Proceeds from Entrance Fees	\$	-
Annual Debt Service	\$	-

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash \& Investments + Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses - Depreciation - Amortization})/365} = 0$$

Unrestricted Non-Current Cash and Investments	\$	-
Operating Expenses	\$	7,897,171
Depreciation & Amortization Expense	\$	503,134

THE STRATFORD

RESIDENT REPRESENTATION

The COA holders at The Stratford are Sunrise Stratford GP, LLC (as general partner of Sunrise Stratford, LP, the owner of the easements) and Sunrise Senior Living, LLC (SSLLLC) (the ultimate owner of Sunrise Stratford, LP and of Sunrise Stratford GP, LLC). SSLLLC is itself subject to ultimate ownership by Public Sector Pension Investment Board, a Canadian crown corporation. Given this structure, there is no governing body as such that makes decisions about The Stratford on which a resident might serve, either as a resident representative or a full-fledged member. The regional and local managers employed by Sunrise Senior Living Management, Inc. (SSLMI), also as subsidiary of SSLLLC, make decisions regarding matters like fee increases, expansion or contraction of services, or other changes that would result in budget variances. Accordingly, residents can best convey their concerns, and ensure that their opinions are effectively relayed, to the COA holders by meeting with the regional and local managers responsible for The Stratford. With this in mind, the Sunrise Senior Living Regional Director of Operations for the Western Region and the Executive Director of The Stratford are meeting on a semi-annual basis with a resident selected by the Board of The Stratford of San Mateo Homeowners' Association in order to obtain input on relevant matters such as economic performance, building and plant issues, and general resident service questions. In addition, they are meeting with the resident to discuss any specific changes to in the foregoing areas.

**FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES**

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly service fees at beginning of reporting period: (Indicate range, if applicable)	\$7,449 to \$14,898	_____	_____
[2] Indicate percentage of increase in fees imposed during reporting period: (Indicate range, if applicable)	3.75%	0.00%	0.00%

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and the community.)

[3] Indicate the date the fee increase was implemented: 1/1/2025

[4] Check each of the appropriate boxes:

Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

Date of Notice: 10/29/24

Method of Notice: Letter

At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

Date of Meeting: 10/29/2024

At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: 10/01/2024

The governing body of the provider, or the designated representative of the provider posted notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

Date of Posting: 10/01/2024

Location of Posting: Mailboxes

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Sunrise Stratford, LP

COMMUNITY: The Stratford

**Attachment to FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES**

In determining the rate increase for monthly service fees at our community, the following data points were analyzed to determine the proper rate increases. Points considered included a comparison between where current fiscal year operations/budget to prior year's performance and projected increase in expenses over current period operations. All factors considered allow for The Stratford to measure our current and projected operation performance through our Net Operating Margin (NOM) which is used as a benchmark to ensure our core business of delivering services to our residents is sustainable. The findings are noted below.

Current Operations:

For the fiscal year ended December 31, 2025, operating revenue totaled \$8,303,118 and operating expenses were \$7,897,171, resulting in a net operating gain of \$405,947 and a net operating margin (NOM) of 4.9%. This represents a significant improvement over the 2025 budget, which projected operating revenue of \$7,657,866 and operating expenses of \$8,079,749, resulting in a budgeted net operating loss of (\$421,883) and a negative net operating margin of (5.5%).

Performance in 2025 also compares favorably to the prior year. For fiscal year 2024, operating revenue was \$7,770,073 and operating expenses were \$7,784,561, generating a net operating loss of (\$14,488) and a negative net operating margin of approximately (0.2%). The 2025 results reflect both improved revenue performance and disciplined cost management year over year.

Principal Projected Increases/Decreases in Expenses:

The following are budgeted increases in expenses as compared to projected year-end operations:

- Salaries and wages by \$363,211 or 8.3%
- Utilities by \$64,015 or 17.5%
- Dietary supplies by \$7,474 or 14.4%

Rationale for Monthly Fee Increase - 2026

The community anticipates a 4% annual increase in fiscal year 2026, reflecting competitive regional labor market conditions and rising operating costs.

PROVIDER: Sunrise Stratford, LP

COMMUNITY: The Stratford

**FORM 7-1 ATTACHMENT
Monthly Care Fee Increase**

Line	Fiscal Years	2024 (Baseline)	2025 (Current)	2026 (Projected)
1	F/Y 2024 (Baseline) Operating Expenses	\$ (7,281,025)		
2	F/Y 2025 (Current) Operating Expenses		\$ (7,394,037)	
3	Projected F/Y 2026 Operating Costs			\$ (7,808,966)
4	F/Y 2026 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ 7,504,074
5	Projected F/T 2026 (Net) Operating Results without a MCFI (Line 3 + Line 4)			\$ (304,892)
6	Projected F/Y 2026 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%			\$ 7,783,447
7	Grand Total - Projected F/Y 2026 Net Operating Activity After MCFI (Line 3 plus Line 6)			\$ (25,519)

Monthly Care Fee Increase: 4.00%

Adjustments explained:

Non-cash expenses such as amortization and depreciation are excluded for F/Y 2024, F/Y 2025 Operating Expenses, and F/Y 2026 Operating Costs

F/Y 2026

The proposed 4.0% Monthly Care Fee Increase for 2026 is necessary to offset rising labor and operating costs, maintain service levels, and support the financial sustainability of the community while minimizing the overall impact on residents.

Date Prepared: 4/21/26

KEY INDICATORS REPORT
Sunrise Stratford, LP

Keith Bown
Chief Accounting Officer Signature

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators

	2021	2022	2023	2024	2025	Projected 2026	Forecast				Preferred Trend Indicator	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
OPERATIONAL STATISTICS												
1. Average Annual Occupancy by Site (%)	94%	95%	95%	95%	94%	93%	93%	93%	93%	93%	93%	↓
MARGIN PROFITABILITY INDICATORS												
2. Net Operating Margin (%)	2.80%	3.02%	5.12%	4.17%	3.99%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	↓
3. Net Operating Margin - Adjusted (%)	2.80%	3.02%	5.12%	4.17%	3.99%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	↓
LIQUIDITY INDICATORS												
4. Unrestricted Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
5. Days Cash on Hand (Unrestricted)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A
CAPITAL STRUCTURE INDICATORS												
6. Deferred Revenue from Entrance Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
7. Net Annual E/F Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
8. Unrestricted Net Assets	\$ 7,578,760	\$ 7,488,281	\$ 6,836,338	\$ 6,092,042	\$ 5,437,354	\$ 5,450,352	\$ 5,457,852	\$ 5,462,852	\$ 5,467,852	\$ 5,472,852	\$ 5,472,852	↑
9. Annual Capital Asset Expenditures	\$ 103,180	\$ 88,371	\$ (202,622)	\$ 4,259	\$ 11,565	\$ 12,998	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	↑
10. Annual Debt Service Coverage - Revenue Basis (x)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A
11. Annual Debt Service Coverage (x)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A
12. Annual Debt Service/Revenue (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
13. Average Annual Effective Interest Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
14. Unrestricted Cash & Investments/Long Term Debt (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
15. Average Age of Facility (years)	30	31	32	33	34	35	36	37	38	39	39	↑

Attachment to KIR

SIGNIFICANT VARIANCE EXPLANATION

Line 9 Annual Capital Asset Expenditures

In 2025, The Stratford invested \$31,764 in new fixed assets and construction projects in progress. This was partially offset by \$11,708 in reimbursements from the Homeowners Association (HOA), \$9,438 from the retirement of old fixed assets, and an accrual of \$965. Overall, these transactions resulted in a net increase of \$11,565 in fixed assets.

PROVIDER: Sunrise Stratford, LP

COMMUNIT The Stratford

Red Fox Acquisition Company, Inc and Its Wholly Owned Subsidiary, Sunrise Senior Living, LLC

Consolidated Financial Statements as of and for the Years
Ended December 31, 2025 and 2024, Supplemental
Consolidating Financial Information as of and for the Years
Ended December 31, 2025 and 2024, and Independent
Auditor's Report

RED FOX ACQUISITION COMPANY, INC

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INDEPENDENT AUDITOR'S REPORT

Management of Red Fox Acquisition Company, Inc.

Opinion

We have audited the consolidated financial statements of Red Fox Acquisition Company, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and December 31, 2024, and the related consolidated statements of operations, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (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 as of December 31, 2025 and December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplemental Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information on pages 36-46 is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the balance sheets, statements of operations, comprehensive income, changes in stockholder's equity, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. This supplemental information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

March 13, 2026

RED FOX ACQUISITION COMPANY, INC
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 46,614	\$ 59,809
Accounts receivable, net	73,571	64,720
Due from affiliates	41,104	29,943
Notes receivable	1,832	-
Restricted cash	66,943	75,341
Restricted investments in marketable securities	50,785	50,967
Prepaid expenses and other current assets	13,697	11,703
Total current assets	<u>294,546</u>	<u>292,483</u>
Property and equipment, net	36,518	44,735
Right-of-use assets, net	13,331	30,003
Notes receivable	21,705	1,604
Intangible assets, net	79,718	85,443
Goodwill	90,069	90,069
Investments in unconsolidated entities	25,155	48,535
Restricted cash	10,398	4,251
Restricted investments in marketable securities	46,416	43,650
Due from affiliates	17,032	16,327
Deferred income tax assets, net	11,792	13,327
Other assets, net	10,715	5,199
Total assets	<u>\$ 657,395</u>	<u>\$ 675,626</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 142,660	\$ 152,207
Due to affiliates	329	25,230
Current lease liabilities	2,503	2,863
Deferred revenue	3,692	1,451
Note payable	-	3,026
Self-insurance liabilities	32,221	23,530
Total current liabilities	<u>181,405</u>	<u>208,307</u>
Note payable	60,479	53,996
Self-insurance liabilities	92,582	110,353
Deferred income tax liabilities, net	2,089	2,090
Long-term lease liabilities	14,746	33,978
Other long-term liabilities, net	37,728	35,332
Total liabilities	<u>389,029</u>	<u>444,056</u>
Equity:		
Preferred stock, \$0.01 par; authorized 100 shares, issued and outstanding 4 shares	-	-
Common stock, \$0.01 par; authorized 200,000 shares; issued and outstanding 100,000 shares	1	1
Additional paid-in capital	404,801	391,130
Accumulated earnings deficit	(140,563)	(162,994)
Accumulated other comprehensive loss	(1,777)	(1,940)
Total stockholder's equity	<u>262,462</u>	<u>226,197</u>
Noncontrolling interests	5,904	5,373
Total equity	<u>268,366</u>	<u>231,570</u>
Total liabilities and equity	<u>\$ 657,395</u>	<u>\$ 675,626</u>

See notes to consolidated financial statements.

RED FOX ACQUISITION COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2025	Year Ended December 31, 2024
(In thousands)		
Operating revenue:		
Management fees	\$ 134,919	\$ 114,833
Resident fees for consolidated communities	30,108	30,909
Ancillary services	3,226	3,464
Professional fees from development, marketing and other	10,235	11,934
Termination fees	2,909	1,164
Reimbursed costs incurred on behalf of managed communities	1,343,424	1,268,491
Total operating revenue	<u>1,524,821</u>	<u>1,430,795</u>
Operating expenses:		
Community expense for consolidated communities	22,247	25,604
Community lease expense	5,305	6,788
Depreciation and amortization	7,168	6,723
Impairment	921	50
Ancillary expenses	3,449	3,778
Provision for doubtful accounts	161	226
General and administrative	92,729	83,775
Share-based and incentive compensation expense	24,524	13,246
Development and idle land costs	9,036	9,385
Provision for abandoned projects	2,791	3,651
Transaction costs	1,041	612
Restructuring expense	-	217
Costs incurred on behalf of managed communities	1,335,381	1,259,468
Total operating expenses	<u>1,504,753</u>	<u>1,413,523</u>
Income from operations	20,068	17,272
Other non-operating income (expense):		
Interest income	10,125	7,159
Interest expense	(6,718)	(4,385)
Other income	1,619	765
Total other non-operating income	<u>5,026</u>	<u>3,539</u>
Gain (loss) on sale of real estate	4,242	(16)
Loss from investments in unconsolidated entities	<u>(1,137)</u>	<u>(4,653)</u>
Income before provision for income taxes	28,199	16,142
(Provision for) benefit from income taxes	<u>(5,352)</u>	<u>12,641</u>
Net income	22,847	28,783
Less: Income attributable to noncontrolling interests, net of tax	<u>(416)</u>	<u>(529)</u>
Net income attributable to stockholder	<u>\$ 22,431</u>	<u>\$ 28,254</u>

See notes to consolidated financial statements.

RED FOX ACQUISITION COMPANY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Year Ended December 31, 2025	Year Ended December 31, 2024
	<u>2025</u>	<u>2024</u>
Net income	\$ 22,847	\$ 28,783
Other comprehensive income (loss):		
Foreign currency translation adjustments	36	(591)
Unrealized gain on non-equity investments, net of tax	127	317
Comprehensive income	<u>23,010</u>	<u>28,509</u>
Less: Comprehensive income attributable to noncontrolling interests	<u>(416)</u>	<u>(529)</u>
Comprehensive income attributable to stockholder	<u>\$ 22,594</u>	<u>\$ 27,980</u>

See notes to consolidated financial statements.

RED FOX ACQUISITION COMPANY, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

(In thousands)	Common Stock	Additional Paid-in	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive Loss	Total Stockholder's Equity	Equity Attributable to Noncontrolling Interests	Total Equity
Balance at January 1, 2024	\$ 1	\$ 391,130	\$ (191,248)	\$ (1,666)	\$ 198,217	\$ 4,791	\$ 203,008
Net income	-	-	28,254	-	28,254	529	28,783
Contributions from noncontrolling interests	-	-	-	-	-	881	881
Distributions on behalf of noncontrolling interests	-	-	-	-	-	(828)	(828)
Foreign currency translation adjustments	-	-	-	(591)	(591)	-	(591)
Unrealized gain on non-equity investments, net of tax	-	-	-	317	317	-	317
Balance at December 31, 2024	<u>\$ 1</u>	<u>\$ 391,130</u>	<u>\$ (162,994)</u>	<u>\$ (1,940)</u>	<u>\$ 226,197</u>	<u>\$ 5,373</u>	<u>\$ 231,570</u>
Net income	-	-	22,431	-	22,431	416	22,847
Sale of interests under common control, net of tax	-	13,671	-	-	13,671	-	13,671
Contributions from noncontrolling interests	-	-	-	-	-	1,316	1,316
Distributions on behalf of noncontrolling interests	-	-	-	-	-	(1,201)	(1,201)
Foreign currency translation adjustments	-	-	-	36	36	-	36
Unrealized gain on non-equity investments, net of tax	-	-	-	127	127	-	127
Balance at December 31, 2025	<u>\$ 1</u>	<u>\$ 404,801</u>	<u>\$ (140,563)</u>	<u>\$ (1,777)</u>	<u>\$ 262,462</u>	<u>\$ 5,904</u>	<u>\$ 268,366</u>

See notes to consolidated financial statements.

RED FOX ACQUISITION COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31, 2025	Twelve Months Ended December 31, 2024
(In thousands)		
Operating activities		
Net income	\$ 22,847	\$ 28,783
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on sale of real estate	(4,242)	16
Loss from investment in unconsolidated entities	1,137	4,653
Net gain on investments in marketable securities	(1,701)	(1,567)
Depreciation and amortization	7,168	6,723
Impairment	921	50
Provision for abandoned projects	2,791	3,651
Provision for doubtful accounts	161	226
Reserve for notes receivable	1,832	-
Net lease payments	(746)	1,515
Accrued interest on note payable	5,225	2,830
Net interest accretion on notes receivable	(1,966)	(154)
Amortization of loan issue costs	200	57
Deferred income taxes	1,502	(14,488)
Share-based and incentive compensation expense	24,524	13,246
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(8,910)	2,502
Due from/due to affiliate	2,552	3,270
Prepaid expenses and other current assets	(2,019)	(296)
Other assets	(5,734)	(1,493)
(Decrease) increase in:		
Accounts payable, accrued expenses and other liabilities	(18,361)	6,739
Share-based and incentive compensation liability	(15,250)	(17,514)
Self-insurance liabilities	(9,080)	6,572
Deferred revenue	3,429	708
Net cash provided by operating activities	<u>6,280</u>	<u>46,029</u>
Investing activities		
Investment in unconsolidated entities	(9,223)	(5,172)
Distribution from unconsolidated entities	10,367	-
Capital expenditures	(13,353)	(4,113)
Sale of development projects and land parcel	19,426	-
Sale of entities under common control	(2,401)	-
Increase in notes receivable	(21,799)	-
Purchase of equity securities	(8,469)	(12,943)
Purchase of fixed maturities	(22,371)	(35,205)
Sale of equity securities	8,322	272
Sale, paydown or maturity of fixed maturities	21,524	10,165
Purchase of short-term investments	(122,932)	(70,485)
Maturities of short-term investments	123,204	20,160
Net cash used in investing activities	<u>(17,706)</u>	<u>(97,321)</u>
Financing activities		
Increase in note payable	1,886	5,589
Repayment of note payable	(5,981)	(9,431)
Contributions from non-controlling interests	1,317	881
Distributions on behalf of non-controlling interests	(1,201)	(828)
Lease payments - financing	(42)	(483)
Net cash used in financing activities	<u>(4,021)</u>	<u>(4,272)</u>
Net decrease in cash, cash equivalents, and restricted cash	(15,446)	(55,564)
Cash, cash equivalents, and restricted cash at beginning of year	139,401	194,965
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 123,955</u>	<u>\$ 139,401</u>
Supplemental Disclosure of Noncash Information:		
(Decrease) increase in accrued capital expenditures	<u>\$ (841)</u>	<u>\$ 781</u>

See notes to consolidated financial statements.

RED FOX ACQUISITION COMPANY, INC AND ITS WHOLLY OWNED SUBSIDIARY, SUNRISE SENIOR LIVING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. ORGANIZATION

Organization—Red Fox Acquisition Company, Inc (“Red Fox”) through its wholly owned subsidiary, Sunrise Senior Living, LLC (“Sunrise LLC” or “Sunrise” and collectively with Red Fox, “we,” “us,” “our,” or the “Company”) is a provider of senior living services in the United States (US) and Canada. We offer a full range of personalized senior living services, including independent living, assisted living, care for individuals with Alzheimer’s disease and other forms of memory loss, nursing, rehabilitative care, and home health care. At December 31, 2025, we operated 248 communities; 231 in the US and 17 in Canada, with a total unit capacity of approximately 24,000.

Business Lines—We derive the majority of our income from our core management business of managing senior living communities under long-term management contracts and providing insurance coverage to the communities we manage from Sunrise Senior Living Insurance, Inc. (“Sunrise Insurance”), our wholly owned insurance subsidiary. Our growth plan involves continued focus on the acquisition of strategic sites for development, construction, preopening, and lease-up of Sunrise communities with potential sale upon stabilization, collaborating with existing and new owners to acquire additional management contracts and exploring other selective investments into complementary business lines.

The following table reflects the change in the number of communities managed and number of development contracts for the year ended December 31, 2025:

	Operating Owned/ Leased US	Managed US	Canada	Total Operating All	Development Contracts
Community count—December 31, 2024	4	230	17	251	2
Management contracts—					
Acquired ²	(2)	11	-	9	-
New opening ¹	-	1	-	1	(1)
Terminated	-	(13)	-	(13)	-
New development contracts	-	-	-	-	2
Community count—December 31, 2025	<u>2</u>	<u>229</u>	<u>17</u>	<u>248</u>	<u>3</u>

¹ Management contracts entered into upon opening of newly developed communities.

² Includes contracts acquired when our ownership of two properties was sold to a related party (see Note 16, Related-Party Transactions)

Community Insurance Program—We utilize large deductible blanket insurance programs to contain costs for certain lines of insurance risks, including workers’ compensation and employers’ liability risks, automobile liability risk, employment practices liability risk, and general and professional liability risks (“Self-Insured Risks”). We have self-insured a portion of the Self-Insured Risks through Sunrise

Insurance. Sunrise Insurance receives premiums and issues policies of insurance on behalf of us and each US community we operate and pays the costs for each claim above a deductible up to a per-claim limit. Third-party insurers are responsible for claim costs above this limit. These third-party insurers carry an AM Best rating of A-/VII or better.

Revenue and expense (excluding net interest and investment income and provision for income taxes) for Sunrise Insurance are reported net and are included in “costs incurred on behalf of managed communities” in our consolidated statements of operations. Revenue and expense for the years ended December 31, 2025 and 2024, are as follows (in thousands):

	2025	2024
Revenue	\$ 48,016	\$ 45,863
Expense	<u>(35,903)</u>	<u>(29,292)</u>
Income	<u>\$ 12,113</u>	<u>\$ 16,571</u>

2. PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All material intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and entities in which we own more than 50% of the voting interests.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other ownership interests. If the entity is considered to be a variable interest entity (“VIE”), we determine whether we are the primary beneficiary and consolidate those VIEs for which we have determined we are the primary beneficiary. If the entity in which we hold an interest does not meet the definition of a VIE, we evaluate whether we have a controlling financial interest through our voting rights in the entity. We consolidate entities when we own more than 50% of the voting interests of a company or otherwise have a controlling financial interest. As of December 31, 2025, we held interests in three VIEs where we determined we are not the primary beneficiary.

Use of Estimates—Management is required to make estimates and assumptions in the preparation of consolidated financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates. Management believes that the assumptions and estimates used in preparation of the underlying consolidated financial statements are reasonable.

Cash and Cash Equivalents—Cash and cash equivalents include currency on hand, demand deposits, and all highly liquid investments with a maturity of three months or less at the date of purchase. These are carried at cost, which approximates fair value.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows (in millions):

	December 31,	
	2025	2024
Cash and cash equivalents	\$ 46.6	\$ 59.8
Restricted cash and cash equivalents	66.9	75.3
Long-term restricted cash	10.4	4.3
	<u>\$123.9</u>	<u>\$ 139.4</u>

Accounts Receivable—Our accounts receivable primarily consist of amounts due from owners of communities we manage with whom we have management and development agreements and include reimbursements of costs we incurred on behalf of those managed properties. We record an allowance for credit losses measured over the contractual life of the instrument based on an assessment of historical collection activity as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Write-offs of accounts are made after collection efforts have been exhausted.

Notes Receivable – We record notes receivable at amortized cost, including unpaid principal and accrued interest. We record interest income on unpaid principal balances using the effective interest rate method. We record an allowance for credit losses measured over the contractual life of the instrument based on an assessment of historical collection activity as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Our allowance for credit losses was \$1.8 million and \$0 at December 31, 2025 and 2024, respectively.

Due from / Due to Affiliates—Current due from or due to affiliates represents amounts due from or to affiliated entities and the communities we manage and develop for them. Amounts due from affiliates, long term, represent an indemnification receivable from Revera Inc. (“Revera”) related to our uncertain tax positions (see Note 16, Related-Party Transactions).

Investments—Our portfolio investments are primarily in publicly traded fixed-maturity, equity security and short-term investments. Fixed-maturity (corporate bonds, asset-backed securities and mortgage-backed securities), short-term investments classified as available for sale (commercial paper and US treasury bills purchased within one year of maturity) and equity security investments (common stocks, exchange traded and mutual funds, non-redeemable preferred stocks) are recorded at fair value in our consolidated financial statements. Changes in fair value of fixed-maturity and short-term investments are reported in other comprehensive income, net of deferred taxes, while changes in fair value of equity securities are reported in net income. Realized gains and losses for all investments are recorded in “Other income” in our consolidated statement of operations.

An available for sale fixed maturity is impaired if the fair value of the security is below amortized cost. The impaired loss is charged to net income when we have the intent to sell the security or it is more likely than not we will be required to sell the security before recovery of the amortized cost. For impaired securities we intend to hold, an allowance for credit related losses is recorded in investment losses when the company determines a credit loss has been incurred based on certain factors such as adverse conditions, credit rating downgrades or failure of the issuer to make scheduled principal or interest payments.

Investment income, net of expenses, consists mainly of interest and dividends. We record interest on an accrual basis and record dividends at the ex-dividend date.

Property and Equipment—Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the lesser of the estimated useful lives of the related assets or the remaining lease term. Depreciation is discontinued when a property is identified as held for sale. Repairs and maintenance are charged to expense as incurred.

Impairment of Long-Lived Assets—We assess the carrying value of held-for-use assets when events or changes in circumstances indicate that the carrying value may not be recoverable. We test the related assets held for use for impairment by comparing the sum of the expected future undiscounted cash flows to the carrying value of the related assets. The expected future undiscounted cash flows are calculated utilizing the lowest level of identifiable cash flows that are largely independent of the cash flows of other assets and liabilities. If the carrying value exceeds the expected future undiscounted cash flows, an impairment loss will be recognized to the extent that the carrying value of the real estate and related assets are greater than their fair values. In 2025, we recognized an impairment loss of approximately \$0.9 million related to an undeveloped land parcel due to a zoning change that restricts its use. No impairment charges were recorded in 2024.

Reserve for Abandoned Projects—We provide a reserve for costs related to our pipeline of development projects that may ultimately need to be abandoned primarily due to unsuccessful entitlement efforts. The reserve balance was \$1.6 million and \$1.4 million at December 31, 2025 and 2024, respectively, and is recorded in “property and equipment—net” in our consolidated balance sheets.

Leases—We determine if a contract is or contains a lease at the inception of the contract and classify leases with contractual terms longer than 12 months as either operating or finance leases. For leases greater than 12 months for which we are the lessee, such as ground leases, leases of real property and corporate office leases, we recognize a right-of-use asset and related lease liability at inception of the lease. The lease liability is calculated as the sum of the present value of minimum lease payments over the lease term at lease commencement (discounted using our secured incremental borrowing rate). Renewal options that we are reasonably certain to exercise are included in the lease term. The right-of-use asset is calculated as the lease liability, adjusted for the following: (i) any lease payments made to the lessor at or before the commencement date, minus any lease incentives received and (ii) any initial direct costs incurred. For operating leases, lease expense related to fixed payments is recognized on a straight-line basis over the lease term and lease expense related to variable payments is expensed as incurred. For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset.

For leases with a noncancellable lease term of 12 months or lease for which we are the lessee, we recognize expenses on a straight-line basis and do not recognize such leases on our consolidated balance sheets.

For contracts in which we are a lessee, that contain fixed payments for both lease and nonlease components, we have elected to account for the components as a single lease component, as permitted.

Intangible Assets—We capitalize costs incurred to acquire management and other contracts. Management contracts acquired outside of a business combination are recorded at fair value based on the actual incremental direct acquisition costs incurred. Management contracts acquired as part of a business combination are valued using the acquisition method of accounting in determining the allocation of the purchase price to net tangible and intangible assets acquired. We make estimates of

the fair value of the tangible and intangible assets using information obtained as a result of preacquisition due diligence, marketing, leasing activities, and independent appraisals.

Intangible assets are valued using expected discounted cash flows and are amortized using the straight-line method over the remaining contract term, generally ranging from one year to 30 years. The carrying amounts of amortizing intangible assets are reviewed for impairment when indicators of impairment are identified. If the carrying amount of the asset (group) exceeds the undiscounted expected cash flows that are directly associated with the use and eventual disposition of the asset (group), an impairment charge is recognized to the extent the carrying amount of the asset exceeds the fair value. We did not note any indicators of impairment of our management contract intangible assets as of December 31, 2025 and 2024.

We determined our company trade name, Sunrise Senior Living, has an indefinite economic life and is not amortized into results of operations. On an annual basis, a qualitative assessment is performed to determine whether it is more likely than not that this indefinite-lived intangible asset is impaired. Based on a qualitative assessment as of December 31, 2025 and 2024, we concluded that it is not more likely than not that our company trade name is impaired.

Goodwill—Goodwill is reviewed for impairment annually. On an annual basis, a qualitative assessment is performed to determine whether it is more likely than not that goodwill is impaired. Based on a qualitative assessment as of December 31, 2025 and 2024, we concluded that it is not more likely than not that goodwill is impaired.

Investments in Unconsolidated Entities—We record investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. We adjust our investment in unconsolidated entities for additional contributions made, distributions received as well as our share of the investee’s earnings or losses, which is included in our consolidated statements of operations. The initial carrying value of the equity method investment is based on the amount paid to purchase the equity interest. We evaluate our equity method investments for impairment based upon a comparison of the fair value of the equity method investment to its carrying value. When we determine a decline in the fair value of an equity method investment below its carrying value is other-than-temporary, an impairment charge is recorded. No impairment was recorded in 2025 or 2024.

Loss Reserves for Community Insurance Program—Through our community insurance program, we offer a variety of insurance programs to the communities we operate. These programs include general and professional liability insurance, automobile liability insurance and physical damage insurance, workers’ compensation, and employers’ liability insurance and employment practices liability insurance (the “Insurance Program”). Substantially, all of the communities we operate participate in the Insurance Program and are charged their proportionate share of the cost of the Insurance Program.

We utilize self-insured and large deductible insurance programs to contain costs for certain of the lines of insurance risks in the community insurance program. The design and purpose of the community insurance program is to reduce overall premium and claim costs by internally managing the claims to attain more predictable expenses from year to year, while buying insurance only for higher-cost, less predictable, or more severe claims.

We record outstanding losses and expenses for all the community insurance program’s risks and for claims under insurance policies based on management’s best estimate of the ultimate liability after considering all available information, including expected future cash flows and actuarial analyses. The

recorded liability for the self-insured layer was approximately \$124.8 million and \$133.9 million at December 31, 2025 and 2024, respectively, based on an actuarial valuation.

We believe that the allowance for outstanding losses and expenses is appropriate to cover the ultimate cost of losses incurred at December 31, 2025 and 2024, based on our best estimate at that date. The allowance may ultimately be settled for a greater or lesser amount. Any subsequent changes in estimates are recorded in the period in which they are determined.

Employee Health, Dental, and Short-Term Disability Benefits—We offer employees an option to participate in our self-insured health, dental, and short-term disability plans. The cost of our employee health and dental benefits, net of employee contributions, is shared between us and the communities based on the respective number of participants working either at our community support office or at the communities. Funds collected are used to pay the actual program costs, including estimated annual claims, third-party administrative fees, network provider fees, communication costs, and other related administrative costs incurred by us. Claims are paid as they are submitted to the plan administrator. We also record a liability for outstanding claims and claims that have been incurred but not yet reported based on management’s best estimate after considering all available information and actuarial analyses. This liability is based on the historical claim reporting lag and payment trends of health insurance claims. The recorded liability for these claims was \$7.4 million and \$7.8 million at December 31, 2025 and 2024, respectively, and is included in “accounts payable and accrued expenses” in our consolidated balance sheets. We believe that the liability for outstanding losses and expenses is adequate to cover the ultimate cost of losses incurred, but actual claims may differ. Any subsequent changes in estimates are recorded in the period in which they are determined and will be shared with the communities participating in the program based on their proportionate share of any changes. The self-insured short-term disability plan only includes eligible community support office team members.

Income Taxes—We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the consolidated financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 740, *Income Taxes* Topic, on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. In addition, we are required to accrue interest and penalties that, under relevant tax law, we would incur if the uncertain tax positions

ultimately were not sustained. We reflect interest and penalties, if any, on unrecognized tax benefits in the consolidated statements of operations as income tax expense. We have recorded liabilities for possible losses on uncertain tax positions, including related interest and penalties of \$17.4 million and \$16.5 million, as of December 31, 2025 and 2024, respectively, and is included in “other long-term liabilities” in our consolidated balance sheets.

Revenue Recognition—“Management fees” are composed of fees from management agreements for operating communities owned by third parties. We have performance obligations to provide management services for those communities. As compensation for such services, we are generally entitled to receive base fees, which are a percentage of a managed community’s gross operating revenues or a combination of gross operating revenues and net operating income, and incentive fees, which are generally based on a measure of a community’s profitability. Both the base and incentive management fees are variable consideration, as the transaction price is based on a percentage of gross revenue, net operating income, or profit, as defined in each contract. We recognize revenue for community management services in accordance with ASC 606, *Revenue Recognition Topic*. Although there are various management and operational activities performed by us under the contracts, we have determined that all community operations management activities are a single performance obligation, which is satisfied over time as the services are rendered. We estimate the amount of incentive fee revenue expected to be earned, if any, during the annual contract period and revenue is recognized as services are provided. Our estimate of the transaction price for management services also includes the amount of reimbursement due from the owners of the communities for services provided and related costs incurred. Such revenue is included in “reimbursed costs incurred on behalf of managed communities” in the consolidated statements of operations. The related costs are included in “costs incurred on behalf of managed communities” in the consolidated statements of operations.

“Resident fees from consolidated communities” are composed of fees from residents. Revenue from resident fees and services is predominantly service based. We recognize revenue for resident care services in accordance with the provisions of ASC 606. Although there are various tasks and activities performed by us under the contracts, we have determined that all resident care services are a single performance obligation, which is satisfied over time as the services are rendered. Agreements with residents are generally for a term of one year and are cancelable by the resident with 30 days’ notice.

“Ancillary services” are composed of fees for providing home health-assisted living services. We recognize revenue for ancillary services in accordance with the provisions of ASC 606. Each service provided is a separate performance obligation and fees are recognized when the service is provided.

“Professional fees from development, marketing, and other” are composed of development fees and preopening service fees for communities being developed on behalf of third parties and fees received for renovation and other projects at the communities we manage. The goods and services provided under the development agreements are not distinct as we provide a significant service of integrating the goods and services into a senior housing facility. Therefore, we account for all of the goods and services in a development agreement as a single performance obligation. Development fees are recognized on the basis of completion over the construction period, which is generally 18 to 30 months, because our performance creates or enhances an asset that the customer controls as the asset is created or enhanced. We measure our progress toward the complete satisfaction of the performance obligation(s) using an input (i.e., “cost to cost”) method. Preopening service fees are recognized over the term of the preopening period, which is generally 10 months. Fees for renovation and other projects are recognized at various stages of the project when earned.

The following table summarizes revenue earned from the owners of communities we manage as a percent of operating revenue:

	Year Ended	
	December 31,	
	2025	2024
Welltower Inc.	39 %	40 %
Ventas, Inc.	31	32
BPG Acquisitions, LLC (“Brookfield”)	10	11
All others	20	17

Share-Based Compensation—We record compensation expense for warrants and phantom stock units granted under our phantom equity plan, and performance units granted under our performance equity unit (“PEU”) plan in accordance with ASC 718, *Stock Compensation Topic*. The warrants and units are cash settled and, thus, are liability-classified awards whose value is remeasured at the end of each reporting period with the expense being recognized over the requisite service period.

As a nonpublic entity, as defined in ASC 718, we have elected to measure all liabilities relating to units and warrants at intrinsic value with changes in the intrinsic value of the liabilities recognized as compensation cost in the consolidated statements of operations over the requisite service period. For the years ended December 31, 2025 and 2024, we recorded compensation expense related to the PEU plan of \$0 and \$2.7 million, respectively. These amounts are included in “share-based and incentive compensation expense, net” in our consolidated statements of operations (see Note 13, Share-Based and Long-term Incentive Compensation).

Foreign Currency Translation—Our reporting currency is the US dollar. Certain of our subsidiaries’ functional currencies are the local currency of their respective country. In accordance with ASC 830, *Foreign Currency Matters Topic*, balance sheets prepared in their functional currencies are translated to the reporting currency at exchange rates in effect at the end of the accounting period, except for stockholder’s equity accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated at a weighted average of exchange rates during the period. The cumulative effect of the translation is included in “accumulated other comprehensive income” in our consolidated balance sheets. Monetary assets and liabilities denominated in foreign currencies, including intercompany accounts with consolidated subsidiaries, are revalued to US dollars at the functional currency rate of exchange at the consolidated balance sheets date. These unrealized foreign exchange gains and losses are recorded as “other expense” in the consolidated statements of operations.

Legal Contingencies—We are subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. We record an accrual for loss contingencies when a loss is probable, and the amount of the loss can be reasonably estimated. We review these accruals quarterly and make revisions based on changes in facts and circumstances (see Note 15, Commitments and Contingencies).

New Accounting Standards—The following relevant Accounting Standards Updates (ASU) were issued in 2025:

ASU No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets (Topic 326)*, simplifies the estimation of credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606 by allowing entities to elect a practical

expedient to assume the current conditions as of the balance sheet date remain unchanged for the remaining life of the asset. ASU No. 2025-05 is effective for all entities for fiscal years beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. We are in the process of assessing the impact that ASU No. 2025-05 will have on our consolidated financial statements and disclosures.

ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software (Topic 350)*, eliminates references to software development project stages and revises the criteria that must be met to begin capitalizing internal-use software costs. ASU No. 2025-06 is effective for all entities for fiscal years beginning after December 15, 2027. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. We are in the process of assessing the impact that ASU No. 2025-06 will have on our consolidated financial statements and disclosures.

The following ASU was adopted in 2025:

ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*, modifies the rules on income tax disclosures to require entities to disclose additional information relating to an entity's effective tax rate reconciliation. ASU No. 2023-09 also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. ASU No. 2023-09 is effective for nonpublic entities for fiscal years beginning after December 15, 2025 and should be applied on a prospective basis. Early adoption is permitted and we reflected the additional disclosures in Note 12.

3. SALE OF DEVELOPMENT PROJECTS

On February 13, 2025, we sold our interest in a project and entered into a development agreement to develop a senior living community in Manhattan Beach, California to an unrelated not-for-profit entity, QSH/MB, LLC ("QSH/MB"), a wholly-owned subsidiary of Quality Senior Housing Foundation, Inc. At Closing, we assigned our right, title and interest in a ground lease for the land underlying the Manhattan Beach property to QSH/MB and received proceeds of \$4.5 million. In addition, QSH/MB has reimbursed us for \$7.4 million of capitalized development costs to date as of December 31, 2025. We recognized a gain on the sale of approximately \$4.5 million in the year ended December 31, 2025.

We acquired two tranches of Series C bonds from QSH/MB: Tax-exempt Series 2025C-1 for \$9.5 million with a 9.5% interest rate and maturity date of July 1, 2065; and Taxable Series 2025C-2 for \$2.5 million with a 12% interest rate and maturity date of July 1, 2065. Interest accrues monthly and compounds semiannually on January 1 and July 1 of each year the Series C bonds are outstanding. We recognized \$1.1 million of interest income in the year ended December 31, 2025. The Series C bonds are subordinate to Series A bonds owned by other third-party investors in the project. Interest payments on the Series C bonds are deferred until required principal payments on the Series A bonds are made. As of December 31, 2025, the outstanding balance, including accrued and unpaid interest, on the Series C bonds was \$13.1 million and is included in "Notes receivable" in our consolidated balance sheet.

On August 19, 2025, we sold our interest in a project and entered into a development agreement to develop a senior living community in Long Beach, California to an unrelated not-for-profit entity, QSH/LB, LLC ("QSH/LB"), a wholly-owned subsidiary of Quality Senior Housing Foundation, Inc. At Closing, we assigned our right, title and interest to purchase the Long Beach property to QSH/LB. QSH/LB has reimbursed us for \$4.7 million of capitalized development costs to date as of December 31, 2025.

We acquired Taxable Series 2025C bonds for \$6.5 million from QSH/LB with a 14% interest rate and maturity date of June 1, 2065. Interest accrues monthly and compounds semiannually on December 1 and June 1 of each year the Series C bonds are outstanding. We recognized \$0.3 million of interest income in the year ended December 31, 2025. The Series C bonds are subordinate to Series A bonds owned by other third-party investors in the project. Interest payments on the Series C bonds are deferred until required principal payments on the Series A bonds are made. As of December 31, 2025, the outstanding balance, including accrued and unpaid interest, on the Series C bonds was \$6.8 million and is included in “Notes receivable” in our consolidated balance sheet.

Sunrise entered into management agreements with QSH/MB and QSH/LB which become effective upon the opening of the communities for a term of 30 years.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following (in thousands):

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Accounts receivable:		
Resident receivables	\$ 1,410	\$ 1,460
Receivables from managed communities	61,237	57,190
Other receivables	<u>11,775</u>	<u>6,582</u>
Total accounts receivable	74,422	65,232
Allowance for doubtful accounts	<u>(851)</u>	<u>(512)</u>
Accounts receivable—net	<u>\$ 73,571</u>	<u>\$ 64,720</u>

Receivables from Managed Communities—Amounts due include management fees, payroll, insurance, and other operating and development costs that are reimbursed to us, generally within 30 days.

Other receivables—Amounts include rebates receivable related to our self-insured health and dental plan and national purchasing programs and other third-party receivables.

5. NOTES RECEIVABLE

On March 25, 2025, we executed a loan agreement with Griffin One Commercial Investment Group, LLC (“Griffin”), an owner of three senior living communities, two operating and one under development, located in California, whereby we agreed to extend a working capital line of credit of \$1.5 million and a term loan of approximately \$3.1 million to Griffin. On May 1, 2025, we entered into long-term management agreements with Griffin to manage two of the communities. Interest accrues and compounds on a monthly basis at a rate of 15% and all principal outstanding, accrued and unpaid interest will be due and payable on March 25, 2028.

The terms of the loan agreement required payment in full of the loans plus interest if all property management agreements were not in effect by September 1, 2025. As of December 31, 2025, no management agreement for the community under development had been executed, making the full outstanding balance immediately payable. In January 2026, the ownership entity of one of the

communities, a wholly-owned subsidiary of Griffin, declared Chapter 11 bankruptcy. Based on all available information using a probability-of-default approach, we recorded a 50% reserve against the outstanding balances, which include accrued and unpaid interest, on the working capital line of credit and term loan of approximately \$1.1 million and \$2.6 million, respectively, as of December 31, 2025.

We also have a note receivable from Greystone Partners II, LP related to the sale of certain subsidiary companies in 2009. The note is a \$2.5 million earn-out, non-interest-bearing note due to mature on March 31, 2029. This note had a carrying value of \$1.8 million and \$1.6 million at December 31, 2025 and 2024, respectively.

6. INVESTMENTS

The following table provides amortized cost, gross unrealized gains, gross unrealized losses and fair value for our fixed-maturity and short-term investments:

At December 31, 2025

(Dollars in thousands)

	Amortized cost	Gross unrealized gains losses		Fair value
Fixed maturity:				
US Treasury securities	\$ 9,777	\$ 49	\$ (3)	\$ 9,823
Mortgage-backed securities (MBS)	4,197	16	(4)	4,209
Asset-backed securities (ABS)	4,108	6	(24)	4,090
Corporate bonds	7,852	36	(35)	7,853
Total fixed-maturity	<u>\$ 25,934</u>	<u>\$ 107</u>	<u>\$ (66)</u>	<u>\$ 25,975</u>
Short-term	<u>50,053</u>	<u>515</u>	<u>-</u>	<u>50,568</u>
Total fixed-maturity and short-term investments	<u><u>\$ 75,987</u></u>	<u><u>\$ 622</u></u>	<u><u>\$ (66)</u></u>	<u><u>\$ 76,543</u></u>

At December 31, 2024

(Dollars in thousands)

	Amortized cost	Gross unrealized gains losses		Fair value
Fixed maturity:				
US Treasury securities	\$ 9,394	\$ -	\$ (64)	\$ 9,330
Mortgage-backed securities (MBS)	3,040	6	(21)	3,025
Asset-backed securities (ABS)	5,254	-	(64)	5,190
Corporate bonds	7,402	-	(102)	7,300
Total fixed-maturity	<u>\$ 25,090</u>	<u>\$ 6</u>	<u>\$ (251)</u>	<u>\$ 24,845</u>
Short-term	<u>50,325</u>	<u>642</u>	<u>-</u>	<u>50,967</u>
Total fixed-maturity and short-term investments	<u><u>\$ 75,415</u></u>	<u><u>\$ 648</u></u>	<u><u>\$ (251)</u></u>	<u><u>\$ 75,812</u></u>

Contractual maturity dates for our fixed-maturity and short-term investments were:

At December 31, 2025

(Dollars in thousands)

	Amortized cost	Fair value	% of fair value
Maturity dates:			
Due in one year or less	\$ 50,271	\$ 50,785	66.3%
Due after one year through five years	20,792	20,827	27.2%
Due after five years through ten years	464	464	0.6%
Due after ten years	4,460	4,467	5.8%
Total	<u>\$ 75,987</u>	<u>\$ 76,543</u>	<u>100.0%</u>

The allowance for credit losses on fixed-maturity securities was \$0 at December 31, 2025.

The fair value of our equity portfolio was \$20.7 million, \$15.6 million in mutual funds and \$5.1 million in common stock, at December 31, 2025. Unrealized gains on mutual funds and common stock still held at December 31, 2025 were \$0.3 million and \$3.1 million and \$1.0 million and \$2.9 million, respectively, for the years ended December 31, 2025 and 2024. Realized gains on sales of mutual funds and common stock was \$2.0 million and \$0.2 million and \$0 and \$0.2 million, respectively, for the years ended December 31, 2025 and 2024.

7. FAIR VALUE MEASUREMENTS

Fair value is based on 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. ASC 820, *Fair Value Measurement* Topic, established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described below:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Prices determined using other significant observable inputs that other market participants would use in pricing a security, including quoted prices for similar assets and liabilities.

Level 3—Prices determined using significant unobservable inputs for the asset or liability; that is, inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability and would be based on the best information available in the circumstances.

Restricted Investments in Marketable Securities—The following table details the restricted investments in marketable securities measured at fair value as of December 31 (in thousands):

	Fair Value Measurements at December 31, 2025 Using			
	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury securities	\$ 31,526	\$ -	\$ 31,526	\$ -
Commercial paper	28,865	-	28,865	-
Mortgage-backed securities (MBS)	4,209	-	4,209	-
Asset-backed securities (ABS)	4,090	-	4,090	-
Corporate bonds	7,853	-	7,853	-
Mutual funds	15,573	15,573	-	-
Common stock	5,085	5,085	-	-
	<u>\$ 97,201</u>	<u>\$ 20,658</u>	<u>\$ 76,543</u>	<u>\$ -</u>

	Fair Value Measurements at December 31, 2024 Using			
	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury securities	\$ 26,697	\$ -	\$ 26,697	\$ -
Commercial paper	33,600	-	33,600	-
Mortgage-backed securities (MBS)	3,025	-	3,025	-
Asset-backed securities (ABS)	5,190	-	5,190	-
Corporate bonds	7,300	-	7,300	-
Mutual funds	13,857	13,857	-	-
Common stock	4,948	4,948	-	-
	<u>\$ 94,617</u>	<u>\$ 18,805</u>	<u>\$ 75,812</u>	<u>\$ -</u>

Available-for-sale securities, such as exchange-traded securities, are recorded at fair value on a recurring basis. Fair value measurement is based upon various sources of market pricing. We use quoted prices in active markets, where available, and classify such instruments within Level 1 of the fair value hierarchy.

Investment securities traded in secondary markets are considered Level 2 assets and are typically valued using prices obtained from third-party pricing services or brokers. The methodologies used by these independent third-party valuation service providers are reviewed and understood by management, through periodic discussion with and information provided by the independent third-party valuation service providers.

Other Fair Value Information—Cash equivalents, certificates of deposit, accounts receivable, notes receivable, accounts payable and accrued expenses, and current assets and liabilities are carried at amounts that reasonably approximate their fair values.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

	Asset Lives	December 31,	
		2025	2024
Land and land improvements	15 years	\$ 5,741	\$ 5,208
Building and building improvements	5–40 years	6,347	5,564
Furniture and equipment	3–10 years	5,596	5,930
Construction in progress		<u>24,968</u>	<u>34,297</u>
Total property and equipment		42,652	50,999
Less accumulated depreciation		<u>(6,134)</u>	<u>(6,264)</u>
Property and equipment—net		<u>\$36,518</u>	<u>\$44,735</u>

We recognized \$1.3 million and \$1.1 million of depreciation expense for the years ended December 31, 2025 and 2024.

We wrote off capitalized costs of \$2.1 million and \$3.3 million for the years ended December 31, 2025 and 2024, respectively, associated with projects for which we ultimately could not obtain all the necessary entitlements to proceed with further development, or we no longer intend to pursue.

9. LEASES

We lease land, buildings, office space, and certain equipment. Some of our leases include a renewal option to extend the term, ranging from five to 10 years.

In February 2025, we assigned our right, title and interest in a ground lease for land in Manhattan Beach, California to QSH/MB (see Note 3, Sale of Development Projects). Upon the assignment of the lease, we de-recognized an ROU asset of \$14.7 million and a lease liability of \$17.0 million and recognized a gain on the sale of approximately \$4.5 million.

In December 2024, the leases between an affiliate of Revera and us for two communities in Virginia were modified whereby the rent reset period was changed from three years to one year. For leases with fixed rent payments of 12 months or less for which we are the lessee, we recognize lease expense on a straight-line basis and do not recognize such leases on our consolidated balance sheet. Therefore, upon the modification of the leases, we de-recognized ROU assets of \$7.7 million and lease liabilities of \$12.5 million.

The components of lease expense were as follows (in thousands):

	Classification	Years Ended December 31,	
		2025	2024
Operating lease cost:			
Real estate lease expense	Community lease expense	\$5,305	\$6,788
Office lease expense	General and administrative expense	1,930	1,739
Office lease expense	Ancillary expense	<u>85</u>	<u>85</u>
Total		<u>\$7,320</u>	<u>\$8,612</u>

Operating lease payments for the years ended December 31, 2025 and 2024, included \$7.7 million and \$8.4 million of fixed lease payments and \$0.2 million and \$0.1 million of variable lease expense, respectively.

We capitalized \$0.1 million and \$1.3 million in finance lease costs during the years ended December 31, 2025 and 2024, respectively.

Future minimum lease payments as of December 31, 2025, are as follows (in thousands):

Years Ending December 31	Operating Leases
2026	\$ 3,329
2027	3,646
2028	3,715
2029	3,786
2030	2,713
Thereafter	<u>3,044</u>
Total lease payments	20,233
Less imputed interest	<u>(2,984)</u>
Total present value of lease liabilities	<u>\$ 17,249</u>

Supplemental balance sheet information related to leases was as follows (in thousands, except lease terms and discount rate):

	December 31,	
	2025	2024
ROU assets—		
Operating leases	\$ 13,331	\$ 15,244
Finance leases	0	14,759
Total ROU assets	<u>\$ 13,331</u>	<u>\$ 30,003</u>
Lease liabilities—		
Operating leases	\$ 17,249	\$ 19,908
Finance leases	0	16,933
Total lease liabilities	<u>\$ 17,249</u>	<u>\$ 36,841</u>
Weighted-average remaining lease term (years)—		
Operating leases	5.8	6.7
Finance leases	n/a	96.7
Weighted-average discount rate—		
Operating leases	5.14 %	5.07 %
Finance leases	n/a	7.09 %

Supplemental cash flow information related to leases was as follows (in thousands):

	Years Ended	
	December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 7,239	\$ 6,983
Financing cash flows from finance leases	42	483

10. INTANGIBLE ASSETS

Intangible assets consist of the following (in thousands):

	Estimated	December 31,	
	Useful Lives	2025	2024
Management contracts—less accumulated amortization of \$46,795 and \$44,393 as of December 31, 2025 and 2024, respectively	2-18 years	\$ 41,318	\$ 47,043
Trade name	Indefinite	<u>38,400</u>	<u>38,400</u>
		<u>\$ 79,718</u>	<u>\$ 85,443</u>

We recognized \$5.9 million and \$5.7 million of amortization expense related to our acquired management contracts for the years ended December 31, 2025 and 2024, respectively. Amortization expense recorded in 2025 and 2024 included \$2.2 million and \$1.9 million, respectively, of accelerated

amortization of intangible management contract assets associated with communities whose management contracts were terminated earlier than their stated termination dates.

Estimated aggregate amortization expense for the next five years is as follows (in thousands):

	Management Contracts Amortization
2026	\$ 3,605
2027	3,567
2028	3,523
2029	3,504
2030	3,489
Thereafter	<u>23,630</u>
	<u>\$41,318</u>

11. INVESTMENTS IN UNCONSOLIDATED ENTITIES

Below is a summary of our investments in unconsolidated entities:

Brookfield— Red Fox owns a 9.9% indirect interest in a joint venture with Brookfield. We manage 24 communities for Brookfield.

Starting in December 2029, we have the right to require Brookfield to purchase our interest in the joint venture at the fair value of our interest as of the date we notify Brookfield of our intention to exercise our option.

EOS Investors LLC (“EOS”) — On June 13, 2024, we formed a joint venture with an affiliate of EOS to acquire two senior living properties near Chicago, Illinois. As of December 31, 2025, we have contributed approximately \$0.9 million for a 10% ownership interest in the joint venture.

On August 6, 2025, we formed a joint venture with another affiliate of EOS to acquire one senior living property in Issaquah, Washington. The property was acquired from a joint venture between an affiliate of Ventas, Inc. (“Ventas”) and an affiliate of Revera. As of December 31, 2025, we have contributed approximately \$1.5 million for a 10% ownership interest in the joint venture.

Lincoln Property Company (“LPC”) — On November 5, 2024, we formed a joint venture with an affiliate of LPC to acquire an undeveloped land parcel in Los Angeles, California. As of December 31, 2025, we have contributed approximately \$2.9 million for a 50% ownership interest in the joint venture.

GSX Solutions, LLC (“GSX”) — On March 12, 2025, we formed a joint venture with an affiliate of GSX to acquire undeveloped land parcels in Annapolis, Maryland. As of December 31, 2025, we have contributed \$0.6 million for an approximate 11% ownership interest in the joint venture.

Stonepeak Partners LLC (“Stonepeak”) — On September 26, 2025, we formed three joint ventures with affiliates of Stonepeak to acquire three senior living properties, two located in New Jersey and one located in New York. The properties were acquired from joint ventures between an affiliate of Ventas and an affiliate of Revera. As of December 31, 2025, we have contributed approximately \$6.1 million for a 10% ownership interest in the joint ventures.

Revenues earned from our unconsolidated entities are as follows (in thousands):

	Years Ended December 31,			
	2025		2024	
	Brookfield	Other	Brookfield	Other
Management fees	\$ 11,983	\$ 1,548	\$ 10,570	\$ 344
Professional fees from development, marketing, and other	1,585	65	1,690	23
Reimbursed costs incurred on behalf of managed communities	<u>144,751</u>	<u>18,974</u>	<u>137,087</u>	<u>5,843</u>
Total revenues	<u>\$158,319</u>	<u>\$ 20,587</u>	<u>\$149,347</u>	<u>\$ 6,210</u>

The management agreements have terms ranging from five to ten years.

We had \$7.7 million in net receivables from the above entities as of December 31, 2025. Net amounts due from operating communities include management fees, payroll, insurance, and other operating costs that are reimbursed to us, generally within 30 days.

We recorded a loss from investments in unconsolidated entities of \$1.1 million and \$4.7 million for the years ended December 31, 2025 and 2024, respectively.

The following is a summary of condensed combined financial information for all of our unconsolidated entities (in thousands).

	As of December 31,	
	2025	2024
Balance Sheet:		
Total assets	\$ 1,151,353	\$ 943,752
Total liabilities	885,896	605,922
Total equity	265,457	337,830
	Year Ended December 31,	
	2025	2024
Statement of Operations:		
Total revenues	350,001	280,759
Net operating income	136,803	93,117
Net loss	(11,290)	(52,579)

In August 2025, we sold our interests in two unconsolidated entities to affiliates of Revera (see Note 16, Related-Party Transactions).

12. INCOME TAXES

On July 4, 2025, the United States Congress enacted the One Big Beautiful Bill Act ("OBBBA") into law. The OBBBA includes significant provisions, including tax cut extensions and modifications to the international tax framework. The OBBBA did not have a material impact on our consolidated financial statements.

Revera is a wholly owned subsidiary of The Public Sector Pension Investments Board (“PSP”), which is a division of the Canadian government established to manage pension contributions of federal employees. PSP qualifies as a Canadian Crown corporation under Canadian tax law and is exempt from income taxes. As a result of PSP’s 100% ownership of the indirect ownership interests in Red Fox, the Company and its three Canadian wholly owned subsidiaries are exempt from income tax in Canada.

The provision for (benefit from) income taxes related to continuing operations was \$5.4 million and \$(12.6) million for the years ended December 31, 2025 and 2024, respectively. Our effective tax rate for continuing operations was 19.0% and (78.4)% for the years ended December 31, 2025 and 2024, respectively. In 2025, the difference between the amount that resulted from applying our effective tax rate and the amount that would have resulted from applying the domestic federal statutory tax rate (21%) was caused primarily by work opportunity credits, the foreign exchange rate differential between Canada and the US, the Global Intangible Low-Taxed Income inclusion and deduction, and our uncertain tax positions.

Total deferred tax assets, net of valuation allowance, as of December 31, 2025 and 2024, were \$34.4 million and \$42.2 million, respectively. Our deferred tax assets consist primarily of general operating accruals, deferred compensation, investments in partnerships, work opportunity tax credits, taxes and interest for uncertain tax positions, and federal and state net operating loss (“NOL”) carryforwards.

Total deferred tax liabilities as of December 31, 2025 and 2024, were \$24.7 million and \$31.0 million, respectively. Our deferred tax liabilities primarily consist of differences between book and tax bases in intangible and tangible property assets resulting from Revera’s purchase of the Company in 2014 where Sunrise’s assets and liabilities were revalued to fair value for purchase accounting under US GAAP, but there was no corresponding step-up in basis for Sunrise’s assets, for tax purposes, since it was a stock purchase. In addition to the deferred tax liabilities noted above, the Company has deferred tax liabilities related to prepaid expenses.

In 2024, we reassessed the realizability of the net deferred tax assets and determined of our US Management Company and certain US subsidiaries and determined that a full valuation allowance was not required. It was determined that the use of the state deferred tax assets, carry-forward interest expense, Separate Return Limitation Year (“SRLY”) net operating loss carryforwards and the capital loss carryover are not “more likely than not” and a valuation allowance should remain on those assets. At December 31, 2025 and 2024, our total valuation allowance on our net US deferred tax assets was \$42.5 million and \$42.6 million, respectively. Due to our Canadian tax status noted above, our deferred tax assets and liabilities in Canada were \$0 in 2024 and 2025.

At December 31, 2025, we have estimated US federal NOL carryforwards of \$76.5 million, of which \$50.0 million are subject to SRLY limitations, \$18.9 million of capital losses related to our US consolidated return and \$0 related to other separate company returns, which are carried forward to offset future taxable income in the United States. Ordinary NOLs generated after 2018 have an unlimited carryforward period, losses generated prior to 2018 can be carried forward for 20 years, and capital losses have a five-year carryforward period. Preacquisition NOLs are subject to an annual Section 382 limitation. Therefore, the Company is only permitted to use \$2.3 million of loss generated before January 9, 2013, on an annual basis. At December 31, 2025, we had various state NOL carryforwards resulting in an ending deferred tax asset of \$15.4 million. The deferred tax asset resulting from state NOLs is based on the blended state tax rate while all other NOL carryforwards are gross and not tax effected.

The major components of the provision for income taxes attributable to continuing operations are as follows (in thousands):

	Years Ended December 31,	
	2025	2024
Current expense (benefit):		
Federal	\$ 2,005	\$ 750
State	983	926
Foreign	<u>-</u>	<u>-</u>
Total current expense (benefit)	<u>2,988</u>	<u>1,676</u>
Deferred expense (benefit):		
Federal	2,364	(14,256)
State	0	(61)
Foreign	<u>-</u>	<u>-</u>
Total deferred expense (benefit)	<u>2,364</u>	<u>(14,317)</u>
Income tax expense (benefit)	<u>\$ 5,352</u>	<u>\$ (12,641)</u>

Income tax expense related to minority interest was \$0.1 million in 2025 and 2024. Income tax expense of \$32,000 and \$0.1 million was recorded to other comprehensive income in 2025 and 2024, respectively.

Income taxes of \$1.4 million and \$0.3 million were paid in the years ended December 31, 2025 and 2024, respectively. Income tax refunds of \$0 were received in 2025 and 2024.

Included in the balance of unrecognized tax benefits at December 31, 2025, was approximately \$6.1 million of tax positions that, if recognized, would decrease our effective tax rate.

The amount of interest related to unrecognized tax benefits was a pretax expense of \$0.9 million for 2025 and 2024. No penalties were recognized in the consolidated statements of operations in 2025 and 2024 related to unrecognized tax benefits.

The total amount of accrued liabilities for interest recognized in our consolidated balance sheets related to unrecognized tax benefits as of December 31, 2025 and 2024, was \$9.7 million and \$8.9 million, respectively. The total amount of accrued liabilities for penalties recognized in our consolidated balance sheets related to unrecognized tax benefits was \$1.5 million as of December 31, 2025 and 2024. To the extent that uncertain matters are settled favorably, this amount could reverse and decrease our effective tax rate.

Within the next 12 months, no uncertain tax positions are expected to be released.

Taxing Jurisdictions Audits—There are no income tax returns under audit by the US Internal Revenue Service (IRS), with the years after 2021 remaining open and subject to audit. There are no state income tax returns under audit. The state statute of limitations varies by state depending upon state laws, with the years after 2020 and 2021 typically remaining open and subject to audit. There are no income tax returns under audit by the Canadian government, with the years after 2018 remaining open and subject

to audit. At this time, we do not expect the results from any income tax audits to have a material impact on our consolidated financial statements.

13. SHARE-BASED AND LONG-TERM INCENTIVE COMPENSATION

The total compensation expense under all plans was (in thousands):

	Years Ended December 31,	
	2025	2024
Share-based compensation expense	\$ 0	\$ 2,693
Long-term incentive compensation expense	21,921	10,167
Retention award expense	2,160	0
FICA tax expense	<u>443</u>	<u>386</u>
Share-based and long-term incentive compensation expense	<u>\$ 24,524</u>	<u>\$ 13,246</u>

In March 2025, the Compensation Committee approved a retention award of \$7.4 million to certain employees. The payment of the \$7.4 million was made in March 2025. The payout included a vesting provision that requires the repayment of the entirety of the payout back to the Company if an employee departs the Company within 36 months of the grant date. We recognized \$2.2 million of compensation expense in 2025 relating to this payout. The remaining \$5.2 million is included in “other assets” in our consolidated balance sheet as of December 31, 2025.

Payments to participants include the remittance of employer FICA (“Federal Insurance Contributions Act”) taxes. The total share-based and long-term incentive plan liability of \$38.8 million and \$29.5 million at December 31, 2025 and 2024, respectively, includes accrued FICA taxes of \$0.4 million at December 31, 2025 and 2024.

Share-Based Compensation Plans

Phantom Equity Units—In November 2014, the Compensation Committee of the Board (“Compensation Committee”) approved the design for the Sunrise Senior Living LLC Phantom Equity Plan (the “Equity Plan”). The Equity Plan granted to eligible employees (“Participants”) units, or rights to a cash payment, at the end of three-year performance periods pursuant to the Equity Plan. The value of each unit was based on the Company’s Phantom Equity Value, as defined in the Equity Plan, at the end of each respective three-year performance period divided by the number of units outstanding (“Per Unit Value”). The units cliff vested at the end of each respective three-year performance period. The final payment to Participants under the Equity Plan was made in 2025.

Performance Equity Units—In September 2021, the Compensation Committee approved the design for the Sunrise Senior Living LLC PEU Plan (the “PEU Plan”). The PEU Plan granted to Participants units, or rights to a cash payment, at the end of three-year performance periods. The value of each unit was based on the Company’s Phantom Equity Value, as defined in the PEU Plan, at the end of each respective three-year performance period multiplied by 0.0000001. The units cliff vested at the end of each respective three-year performance period. The final payment to Participants under the PEU Plan was made in 2025.

Phantom Warrants—In February 2015, the Compensation Committee also approved the onetime grant of Phantom Warrants (“Warrants”) to certain executives and senior-level employees, subject to Board approval of the Phantom Warrant Plan (the “Warrant Plan”), which was approved by the Board in March 2015. A total of 315,000 Warrants were granted. Each Warrant entitled the holder of that Warrant to a cash payment, for each Warrant exercised, equal to the excess, if any, of the Per Unit Value as of the valuation date coincident with or next preceding the date of exercise, over the Base Value per Warrant, as defined in the Warrant Plan. The final payment under the Warrant Plan was made in 2025.

Activity related to share-based compensation plans for 2025 and 2024 is as follows (in thousands):

	Share-Based Compensation			
	Phantom Equity	PEU	Phantom Warrants	Total
Balance at January 1, 2024	\$ 3,982	\$ 16,244	\$ 5,166	\$ 25,392
Compensation expense	-	2,693	-	2,693
Payments to participants	<u>(2,300)</u>	<u>(10,492)</u>	<u>(2,583)</u>	<u>(15,375)</u>
Balance at December 31, 2024	1,682	8,445	2,583	12,710
Compensation expense	-	-	-	-
Payments to participants	<u>(1,682)</u>	<u>(8,445)</u>	<u>(2,583)</u>	<u>(12,710)</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Long-Term Incentive Compensation Plans

Operating Performance Plan—In May 2023, the Compensation Committee approved the design for the Sunrise Senior Living LLC Operating Performance Plan (“OPP”). The OPP grants to Participants awards, or rights to a cash payment, at the end of three-year performance periods based on the Company’s performance against performance goals determined by the Board. Three three-year performance periods have been established as of December 31, 2025; one from January 1, 2023 to December 31, 2025, a second from January 1, 2024 to December 31, 2026 and a third from January 1, 2025 to December 31, 2027.

No later than 90 days after the last day of a performance period, each Participant shall be entitled to a cash payment based on the Company’s achievement on either a target, threshold or superior level of performance against the performance goals.

Captive Plan—In May 2023, the Compensation Committee approved the design for the Captive Plan. The Captive Plan grants to Participants awards, or rights to a cash payment, at the end of three-year performance periods based on the performance of Sunrise Insurance against performance goals determined by the Board. Three three-year performance periods have been established as of December 31, 2025; one from January 1, 2023 to December 31, 2025, a second from January 1, 2024 to December 31, 2026 and a third from January 1, 2025 to December 31, 2027.

No later than 90 days after the last day of a performance period, each Participant shall be entitled to a cash payment based on Sunrise Insurance’s achievement on either a target, threshold or superior level of performance against the performance goals.

Development Plans—In November 2014, the Compensation Committee approved the Sunrise Senior Living LLC Development Plan (“DP1”) to provide a means whereby Sunrise may provide incentives to key employees of the Company and its subsidiaries to maximize the value of real estate development projects through rewards that are based on such value.

Per the terms of DP1, a group of development projects would be designated as a portfolio by the Board as required. Four portfolios were designated under DP1. As of December 31, 2025, only one portfolio was still active, Pool 4 consisting of seven development projects with a Performance Ending Date of December 31, 2027:

The Compensation Committee determined the Portfolio Bonus Pool for each pool by multiplying the excess, if any, of the Portfolio Equity Value over the Portfolio Hurdle Rate, by 30% creating the Portfolio Bonus Pool, as all such terms are defined in the Development Plan. The estimated Portfolio Equity Value for each pool was based on the results of property valuations or sales transaction prices where applicable, for each property in the pool.

The Performance Ending Date for Pool 3 was December 31, 2024. At December 31, 2024, the Portfolio Equity Value for Pool 3 resulted in a Portfolio Bonus Pool of \$0.

In May 2023, the Compensation Committee revised the calculation of the Portfolio Bonus Pool for Pool 4 to a combination of fixed and variable compensation amounts whereby the variable amounts would remain tied to the excess of the pool’s Portfolio Equity Value over the Portfolio Hurdle Value. The estimated fixed Portfolio Bonus Pool for Pool 4 was \$6.6 million and \$7.1 million at December 31, 2025 and 2024, respectively and the variable Portfolio Bonus Pool was \$0 at December 31, 2025 and 2024.

In June 2025, the Compensation Committee approved the Sunrise Senior Living LLC Development Performance Plan (“DP2”) to replace DP1 whereby DP2 is better aligned with the company’s strategic plan and the performance goals outlined in the OPP Plan. DP2 grants to Participants awards, or rights to a cash payment, at the end of three year performance periods based on the Company’s performance against development performance goals determined by the Board. Two three-year performance periods have been established as of December 31, 2025; one from January 1, 2024 to December 31, 2026 and a second from January 1, 2025 to December 31, 2027.

Activity related to long-term incentive plans for 2025 and 2024 is as follows (in thousands):

	Long-term Incentive Compensation			
	Operating Performance Plan	Captive Plan	Development Plans	Total
Balance at January 1, 2024	\$ 4,826	\$ 454	\$ 2,723	\$ 8,003
Compensation expense	6,664	1,808	1,695	10,167
Payments to participants	(117)	-	(1,661)	(1,778)
Balance at December 31, 2024	11,373	2,262	2,757	16,392
Compensation expense	17,004	2,994	1,923	21,921
Payments to participants	-	-	-	-
Balance at December 31, 2025	<u>\$ 28,377</u>	<u>\$ 5,256</u>	<u>\$ 4,680</u>	<u>\$ 38,313</u>

14. INDEBTEDNESS

In December 2021 and April 2022, respectively, two consolidated subsidiaries of Red Fox entered into individual credit agreements with Pinnacle Bank. The loans had a term of five years and an interest rate of the Secured Overnight Financing Rate (“SOFR”) plus 2.75%. At December 31, 2024, the outstanding balance of the loans was \$7.2 million and was included in “notes payable” in our consolidated balance sheet. In August 2025, we sold our interests in the two consolidated subsidiaries to affiliates of Revera (see Note 16, Related-Party Transactions).

On September 12, 2024, we entered into a new \$35 million revolving credit facility with BMO Bank NA (“BMO”) which includes a sublimit of \$3 million for letters of credit. The credit facility has a term of three years. The credit facility has an interest rate, at our option, of a Base Rate established by BMO or the Secured Overnight Financing Rate plus 2.5%. The unused fee is 25 basis points. Interest-only payments are due monthly with all principal due at maturity and the credit facility may be prepaid at any time.

Financial covenants associated with the credit facility are as follows:

- Maximum net total debt (including recourse project financing) to adjusted earnings before interest, taxes, depreciation and amortization of 3.5x;
- Maximum net senior debt (excluding any project financing) to adjusted earnings before interest, taxes, depreciation and amortization of 2.0x;
- Minimum fixed charge coverage ratio of total adjusted earnings before interest, taxes, depreciation, amortization less unfinanced capital expenditures to fixed charges of not less than 1.25x.

At December 31, 2025, we had \$0 drawn on the revolving credit facility and we had utilized \$0 of the letter of credit availability, leaving us with undrawn capacity under the revolving credit facility of \$35 million. We are in compliance with all financial covenants at December 31, 2025.

15. COMMITMENTS AND CONTINGENCIES

Letters of Credit—At December 31, 2025 and 2024, we had \$2.0 million in letters of credit relating to operations and \$6.0 million and \$0, respectively, relating to development, which are fully cash collateralized. Also, we had \$68.3 million and \$68.9 million in letters of credit relating to our community insurance program as of December 31, 2025 and 2024, respectively, which are fully cash collateralized.

Debt Guarantees—We have provided a debt service payment guarantee on third-party debt associated with two properties owned by a joint venture in which we have a 10% ownership interest (see Note 15). The guarantee includes the payment of interest and non-balloon payments of principal on the debt. The maximum exposure under the debt service payment guarantee was \$3 million as of December 31, 2025. In conjunction with the guarantee, we are required to comply with various financial covenants. We are in compliance with all financial covenants at December 31, 2025. The remaining term of the debt is three years and six months as of December 31, 2025.

Legal Proceedings

Pending Lawsuits and Claims

We are involved in various lawsuits and claims, regulatory matters, and other governmental audits and investigations arising in the normal course of business. These claims may not be fully insured, and some

may allege large damage amounts. It is the opinion of management, that the disposition of any such lawsuits, claims, regulatory matters and other governmental audits and investigations that are currently pending will not, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. However, regardless of the merits of a particular action, investigation or claim, we may be forced to expend significant financial resources to defend and resolve these matters. We are unable to predict the ultimate outcome of these lawsuits, investigations, claims and other legal and regulatory proceedings, and if management’s assessment of our liability with respect thereto is incorrect, such actions, investigations and claims could have a material adverse effect on us.

In June 2017, a putative class action complaint was filed against the Company in the Alameda County Superior Court for California. In April 2024, the parties executed a settlement agreement to resolve all claims. The settlement amount of \$18.2 million was included in “Accounts payable and accrued expenses” in our consolidated financial statements as of December 31, 2024. We received approximately \$16.9 million in reimbursements from third party owners in December 2024 to pay for their portion of the settlement. The settlement amount was paid in January 2025.

16. RELATED-PARTY TRANSACTIONS

Revera— Revera owns a 100% direct interest in Red Fox.

On January 1, 2025, a new intercompany loan agreement was entered into with Revera to replace an existing intercompany loan agreement. The existing agreement, entered into on January 1, 2020, consisted of a \$70.0 million revolving credit facility with a five-year term and an interest rate of 6.5%. The new agreement consists of a \$61.9 million revolving credit facility with a five-year term and an interest rate of 8.0%. All interest is paid in kind, capitalized and added to the outstanding principal balance under both agreements. At December 31, 2025 and 2024, the amount outstanding under the credit facilities was \$59.9 million and \$46.8 million, respectively. Interest expense of \$5.2 million and \$2.8 million was included in interest expense for the years ended December 31, 2025 and 2024, respectively, relating to the agreements.

In August 2025, we sold our interests in two communities ranging from 45% to 100% to affiliates of Revera for \$25.0 million. As this was a transaction under common ownership, the difference of \$13.7 million between the consideration and our book value was recorded directly to equity, net of tax. The \$25.0 million due from affiliates of Revera from this transaction is included in “due from affiliates, current” as of December 31, 2025. We managed the communities before and after the sale.

As of December 31, 2025, we manage eleven communities for Revera.

Revenues earned from Revera’s communities are as follows (in thousands):

	Years Ended December 31,	
	2025	2024
Management fees	\$ 4,901	\$ 3,983
Professional fees from development, marketing, and other	2,417	853
Reimbursed costs incurred on behalf of managed communities	<u>62,912</u>	<u>62,882</u>
Total revenues	<u>\$ 70,230</u>	<u>\$ 67,718</u>

Our management agreements with Revera have initial terms of 15 years from the date the community opened.

Our development agreements with Revera provide for payment of a development fee to Sunrise as compensation for our management of predevelopment activities and construction management services. The development fee is based on a percentage of budgeted costs, excluding land acquisition costs and contingencies.

We had \$8.0 million in net receivables from the Revera owned communities as of December 31, 2025. Net amounts due from operating communities include management fees, payroll, insurance, and other operating costs that are reimbursed to us, generally within 30 days. Amounts due from development communities include entitlement, predevelopment, land acquisition, construction, and preopening costs that will be reimbursed to us either from equity funding or construction loan draw requests, generally within 30 days.

“Due from affiliates, long term” of \$17.0 million at December 31, 2025, represents an indemnification receivable from Revera related to our uncertain tax positions prior to January 9, 2013.

Former Executive Officer— In accordance with the terms of the separation agreement, the former Chief Executive Officer was given notes payable of \$0.4 million and \$3.0 million, amounts equal to his after-tax share of the Development Plan Pool 2 and Pool 3 Portfolio Bonus Pools as of December 31, 2020, respectively. The outstanding amount on the Pool 2 note was repaid in February 2024. The outstanding amount on the Pool 3 note was repaid in March 2025.

17. ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

Accounts payable and accrued expenses consist of the following (in thousands):

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Accounts payable and accrued expenses	\$ 18,930	\$ 17,101
Accrued salaries and bonuses	50,541	47,861
Accrued employee health and other benefits	44,370	39,348
Share-based and long-term incentive compensation liabilities	21,159	13,090
NOI shortfall liability	-	7,175
Legal settlement liabilities	-	20,880
Other accrued expenses	<u>7,660</u>	<u>6,752</u>
	<u>\$ 142,660</u>	<u>\$ 152,207</u>

Other long-term liabilities consist of the following (in thousands):

	December 31,	
	2025	2024
Uncertain tax position	\$ 17,374	\$ 16,505
Share-based and long-term incentive compensation liabilities	17,597	16,392
Other	<u>2,757</u>	<u>2,435</u>
	<u>\$ 37,728</u>	<u>\$ 35,332</u>

An owner of a portfolio of communities that we manage under long-term management agreements notified Sunrise that the portfolio of communities did not meet specified performance thresholds during 2024 and 2023, respectively, as defined in the management pooling agreement. This provided the owner with, in their sole discretion and option, a collective termination option to terminate the management agreements for the portfolio. In consideration of the owner waiving its termination right in 2024 and 2023, Sunrise agreed to make NOI shortfall payments of approximately \$2.0 million and \$15.4 million, respectively. A reduction to “Management fees” of \$2.0 million and \$15.4 million was recorded in our consolidated statements of operations for the years ended December 31, 2024 and December 31, 2023, respectively, in the amount of the NOI shortfall. As of December 31, 2024, approximately \$10.3 of the \$15.4 million shortfall payment for 2023 had been made. None of the shortfall payment for 2024 had been made. The remaining payments totaling approximately \$7.1 million were included in “accounts payable and accrued expenses” in our consolidated balance sheet as of December 31, 2024.

In 2025, the management contracts for seven of the communities in the portfolio for which a NOI shortfall payment was due were terminated and the owner agreed to not require any further NOI shortfall payments to be made related to these communities, reducing the 2023 NOI shortfall payment by \$0.3 million to \$15.1 million. As a result, we recorded additional “Management fees” of \$0.3 million in 2025. As of December 31, 2025, all shortfall payments for 2023 and 2024 have been made.

18. 401(K) PLAN

We have a 401(k) Plan (the “Plan”) covering all eligible employees. Under the Plan, eligible employees may make pretax contributions up to 100% of the IRS limits, subject to limitations imposed by nondiscrimination testing purposes. The Plan provides a discretionary employer match dependent upon compensation levels and years of service. The Plan does not provide for any additional discretionary matching contributions beyond the employer match. Matching contributions were \$2.6 million and \$1.8 million for the years ended December 31, 2025 and 2024, respectively.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 13, 2026, the date these consolidated financial statements were issued. Other than the events identified within, there were no other subsequent events identified.

On March 5, 2026, we and affiliates of Revera sold our interests in a project and we entered into a development agreement to develop a senior living community in Tarrytown, New York to an unrelated not-for-profit entity, QSH/Tarrytown, LLC (“QSH/Tarrytown”), a wholly-owned subsidiary of Quality Senior Housing Foundation, Inc. At Closing, QSH/Tarrytown reimbursed \$18.6 million of development

costs to date and was assigned the right, title and interest to the Tarrytown property. In addition, we acquired Taxable Series 2025B bonds for \$7.75 million from QSH/Tarrytown with a 14% interest rate and maturity date of December 1, 2065. The Series B bonds are subordinate to the Series A bonds owned by other investors in the project. Sunrise also entered into a management agreement with QSH/Tarrytown effective upon opening of the community for a term of 30 years.

SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING BALANCE SHEET**

December 31, 2025

(In thousands, except share amounts)	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,925	\$ 43,689	\$ -	\$ 46,614
Accounts receivable, net	-	73,571	-	73,571
Due from affiliates	26,014	15,090	-	41,104
Notes receivable	-	1,832	-	1,832
Restricted cash	-	66,943	-	66,943
Restricted investments in marketable securities	-	50,785	-	50,785
Prepaid expenses and other current assets	-	14,550	(853)	13,697
Total current assets	<u>28,939</u>	<u>266,460</u>	<u>(853)</u>	<u>294,546</u>
Property and equipment, net	9,651	26,867	-	36,518
Right-of-use assets, net	-	13,331	-	13,331
Notes receivable	-	21,705	-	21,705
Intangible assets, net	-	79,718	-	79,718
Goodwill	-	90,069	-	90,069
Investments in unconsolidated entities	14,387	10,768	-	25,155
Restricted cash	-	10,398	-	10,398
Restricted investments in marketable securities	-	46,416	-	46,416
Due from affiliates	-	17,032	-	17,032
Deferred income tax assets, net	-	11,792	-	11,792
Investment in subsidiary	270,872	-	(270,872)	-
Other assets, net	-	10,715	-	10,715
Total assets	<u>\$ 323,849</u>	<u>\$ 605,271</u>	<u>\$ (271,725)</u>	<u>\$ 657,395</u>
LIABILITIES AND EQUITY				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 55	\$ 142,605	\$ -	\$ 142,660
Due to affiliates	853	329	(853)	329
Current lease liabilities	-	2,503	-	2,503
Deferred revenue	-	3,692	-	3,692
Self-insurance liabilities	-	32,221	-	32,221
Total current liabilities	<u>908</u>	<u>181,350</u>	<u>(853)</u>	<u>181,405</u>
Note payable	60,479	-	-	60,479
Self-insurance liabilities	-	92,582	-	92,582
Deferred income tax liabilities, net	-	2,089	-	2,089
Long-term lease liabilities	-	14,746	-	14,746
Other long-term liabilities, net	-	37,728	-	37,728
Total liabilities	<u>61,387</u>	<u>328,495</u>	<u>(853)</u>	<u>389,029</u>
Equity:				
Preferred stock, \$0.01 par; authorized 100 shares, issued and outstanding 4 shares	-	-	-	-
Common stock, \$0.01 par; authorized 200,000 shares; issued and outstanding 100,000 shares	1	-	-	1
Additional paid-in capital	404,801	257,190	(257,190)	404,801
Accumulated (deficit) earnings	(140,563)	15,459	(15,459)	(140,563)
Accumulated other comprehensive loss	-	(1,777)	-	(1,777)
Share of subsidiary's other comprehensive loss	(1,777)	-	1,777	-
Total stockholder's equity	<u>262,462</u>	<u>270,872</u>	<u>(270,872)</u>	<u>262,462</u>
Noncontrolling interests	-	5,904	-	5,904
Total equity	<u>262,462</u>	<u>276,776</u>	<u>(270,872)</u>	<u>268,366</u>
Total liabilities and equity	<u>\$ 323,849</u>	<u>\$ 605,271</u>	<u>\$ (271,725)</u>	<u>\$ 657,395</u>

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING BALANCE SHEET**

	December 31, 2024			
(In thousands, except share amounts)	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 338	\$ 59,471	\$ -	\$ 59,809
Accounts receivable, net	184	64,536	-	64,720
Due from affiliates	1,932	28,011	-	29,943
Restricted cash	-	75,341	-	75,341
Restricted investments in marketable securities	-	50,967	-	50,967
Prepaid expenses and other current assets	271	11,432	-	11,703
Total current assets	2,725	289,758	-	292,483
Property and equipment, net	12,788	31,947	-	44,735
Right-of-use assets, net	-	30,003	-	30,003
Notes receivable	-	1,604	-	1,604
Intangible assets, net	-	85,443	-	85,443
Goodwill	-	90,069	-	90,069
Investments in unconsolidated entities	45,941	2,594	-	48,535
Restricted cash	-	4,251	-	4,251
Restricted investments in marketable securities	-	43,650	-	43,650
Due from affiliates	-	16,327	-	16,327
Deferred income tax assets, net	-	13,327	-	13,327
Investment in subsidiary	240,005	-	(240,005)	-
Other assets, net	28	5,171	-	5,199
Total assets	<u>\$ 301,487</u>	<u>\$ 614,144</u>	<u>\$ (240,005)</u>	<u>\$ 675,626</u>
LIABILITIES AND EQUITY				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 751	\$ 151,456	\$ -	\$ 152,207
Due to affiliates	20,169	5,061	-	25,230
Current lease liabilities	-	2,863	-	2,863
Deferred revenue	374	1,077	-	1,451
Note payable	-	3,026	-	3,026
Self-insurance liabilities	-	23,530	-	23,530
Total current liabilities	21,294	187,013	-	208,307
Note payable	53,996	-	-	53,996
Self-insurance liabilities	-	110,353	-	110,353
Deferred income tax liabilities, net	-	2,090	-	2,090
Long-term lease liabilities	-	33,978	-	33,978
Other long-term liabilities, net	-	35,332	-	35,332
Total liabilities	<u>75,290</u>	<u>368,766</u>	<u>-</u>	<u>444,056</u>
Equity:				
Preferred stock, \$0.01 par; authorized 100 shares, issued and outstanding 4 shares	-	-	-	-
Common stock, \$0.01 par; authorized 200,000 shares; issued and outstanding 100,000 shares	1	-	-	1
Additional paid-in capital	391,130	257,190	(257,190)	391,130
Accumulated (deficit) earnings	(162,994)	(15,245)	15,245	(162,994)
Accumulated other comprehensive loss	-	(1,940)	-	(1,940)
Share of subsidiary's other comprehensive loss	(1,940)	-	1,940	-
Total stockholder's equity	<u>226,197</u>	<u>240,005</u>	<u>(240,005)</u>	<u>226,197</u>
Noncontrolling interests	-	5,373	-	5,373
Total equity	<u>226,197</u>	<u>245,378</u>	<u>(240,005)</u>	<u>231,570</u>
Total liabilities and equity	<u>\$ 301,487</u>	<u>\$ 614,144</u>	<u>\$ (240,005)</u>	<u>\$ 675,626</u>

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS**

(In thousands)	Year Ended December 31, 2025			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Operating revenue:				
Management fees	\$ -	\$ 135,521	\$ (602)	\$ 134,919
Resident fees for consolidated communities	12,037	18,071	-	30,108
Ancillary services	-	3,226	-	3,226
Professional fees from development, marketing and other	-	10,251	(16)	10,235
Termination fees	-	2,909	-	2,909
Reimbursed costs incurred on behalf of managed communities	-	1,343,424	-	1,343,424
Total operating revenue	12,037	1,513,402	(618)	1,524,821
Operating expenses:				
Community expense for consolidated communities	9,340	13,525	(618)	22,247
Community lease expense	4,103	1,202	-	5,305
Depreciation and amortization	5	7,163	-	7,168
Impairment	-	921	-	921
Ancillary expenses	-	3,449	-	3,449
Provision for doubtful accounts	12	149	-	161
General and administrative	(34)	92,763	-	92,729
Share-based and incentive compensation	-	24,524	-	24,524
Development and idle land costs	331	8,705	-	9,036
Provision for abandoned projects	-	2,791	-	2,791
Transaction costs	-	1,041	-	1,041
Costs incurred on behalf of managed communities	-	1,335,381	-	1,335,381
Total operating expenses	13,757	1,491,614	(618)	1,504,753
(Loss) income from operations	(1,720)	21,788	-	20,068
Other non-operating income (expense):				
Interest income	29	10,096	-	10,125
Interest expense	(5,549)	(1,169)	-	(6,718)
Other (expense) income	(84)	1,703	-	1,619
Total other non-operating (expense) income	(5,604)	10,630	-	5,026
(Loss) gain on sale of real estate	(239)	4,481	-	4,242
Loss from investments in unconsolidated entities	(711)	(426)	-	(1,137)
Equity in income of subsidiary	30,705	-	(30,705)	-
Income before provision for income taxes	22,431	36,473	(30,705)	28,199
Provision for income taxes	-	(5,352)	-	(5,352)
Net income	22,431	31,121	(30,705)	22,847
Less: Income attributable to noncontrolling interests, net of tax	-	(416)	-	(416)
Net income attributable to stockholder	\$ 22,431	\$ 30,705	\$ (30,705)	\$ 22,431

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS**

(In thousands)	Year Ended December 31, 2024			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Operating revenue:				
Management fees	\$ -	\$ 115,542	\$ (709)	\$ 114,833
Resident fees for consolidated communities	14,064	16,845	-	30,909
Ancillary services	-	3,464	-	3,464
Professional fees from development, marketing and other	-	11,958	(24)	11,934
Termination fees	-	1,164	-	1,164
Reimbursed costs incurred on behalf of managed communities	-	1,268,491	-	1,268,491
Total operating revenue	14,064	1,417,464	(733)	1,430,795
Operating expenses:				
Community expense for consolidated communities	13,053	13,284	(733)	25,604
Community lease expense	5,631	1,157	-	6,788
Depreciation and amortization	1	6,722	-	6,723
Impairment	-	50	-	50
Ancillary expenses	-	3,778	-	3,778
Provision for doubtful accounts	23	203	-	226
General and administrative	-	83,775	-	83,775
Share-based and incentive compensation	-	13,246	-	13,246
Development and idle land costs	343	9,042	-	9,385
Provision for abandoned projects	-	3,651	-	3,651
Transaction costs	-	612	-	612
Restructuring expense	-	217	-	217
Costs incurred on behalf of managed communities	-	1,259,468	-	1,259,468
Total operating expenses	19,051	1,395,205	(733)	1,413,523
(Loss) income from operations	(4,987)	22,259	-	17,272
Other non-operating income (expense):				
Interest income	-	7,159	-	7,159
Interest expense	(3,264)	(1,121)	-	(4,385)
Other expense	2	763	-	765
Total other non-operating (expense) income	(3,262)	6,801	-	3,539
Loss on sale of real estate	(16)	-	-	(16)
Loss from investments in unconsolidated entities	(4,405)	(248)	-	(4,653)
Equity in income of subsidiary	40,924	-	(40,924)	-
Income before benefit from income taxes	28,254	28,812	(40,924)	16,142
Benefit from income taxes	-	12,641	-	12,641
Net income	28,254	41,453	(40,924)	28,783
Less: Income attributable to noncontrolling interests, net of tax	-	(529)	-	(529)
Net income attributable to stockholder	\$ 28,254	\$ 40,924	\$ (40,924)	\$ 28,254

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME**

(In thousands)	Year Ended December 31, 2025			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Net income	\$ 22,431	\$ 31,121	\$ (30,705)	\$ 22,847
Other comprehensive income:				
Foreign currency translation adjustments	-	36	-	36
Unrealized gain on non-equity investments, net of tax	-	127	-	127
Share of subsidiary's other comprehensive income	163	-	(163)	-
Comprehensive income	22,594	31,284	(30,868)	23,010
Less: Comprehensive income attributable to noncontrolling interests	-	(416)	-	(416)
Comprehensive income attributable to stockholder	\$ 22,594	\$ 30,868	\$ (30,868)	\$ 22,594

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME**

(In thousands)	Year Ended December 31, 2024			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Net income	\$ 28,254	\$ 41,453	\$ (40,924)	\$ 28,783
Other comprehensive income (loss):				
Foreign currency translation adjustments	-	(591)	-	(591)
Unrealized gain on non-equity investments, net of tax	-	317	-	317
Share of subsidiary's other comprehensive income	(274)	-	274	-
Comprehensive income	27,980	41,179	(40,650)	28,509
Less: Comprehensive income attributable to noncontrolling interests	-	(529)	-	(529)
Comprehensive income attributable to stockholder	\$ 27,980	\$ 40,650	\$ (40,650)	\$ 27,980

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

(In thousands)	Red Fox Acquisition Company, Inc	Sunrise Senior Living, LLC	Noncontrolling Interests	Eliminations	Consolidated Total
Balance at January 1, 2025	\$ 226,197	\$ 240,005	\$ 5,373	\$ (240,005)	\$ 231,570
Net income	22,431	30,705	416	(30,705)	22,847
Sale of interests under common control, net of tax	13,671	-	-	-	13,671
Contributions from noncontrolling interests	-	-	1,316	-	1,316
Distributions on behalf of noncontrolling interests	-	-	(1,201)	-	(1,201)
Foreign currency translation adjustments	-	36	-	-	36
Unrealized gain on non-equity investments, net of tax	-	127	-	-	127
Share of subsidiary's other comprehensive income	163	-	-	(163)	-
Balance at December 31, 2025	<u>\$ 262,462</u>	<u>\$ 270,873</u>	<u>\$ 5,904</u>	<u>\$ (270,873)</u>	<u>\$ 268,366</u>

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

(In thousands)	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Noncontrolling Interests	Eliminations	Consolidated Total
Balance at January 1, 2024	\$ 198,217	\$ 199,355	\$ 4,791	\$ (199,355)	\$ 203,008
Net income	28,254	40,924	529	(40,924)	28,783
Contributions between entities	8,431	8,431	-	(16,862)	-
Distributions between entities	(8,431)	(8,431)	-	16,862	-
Contributions from noncontrolling interests	-	-	881	-	881
Distributions on behalf of noncontrolling interests	-	-	(828)	-	(828)
Foreign currency translation adjustments	-	(591)	-	-	(591)
Unrealized gain on non-equity investments, net of tax	-	317	-	-	317
Share of subsidiary's other comprehensive income	(274)	-	-	274	-
Balance at December 31, 2024	<u>\$ 226,197</u>	<u>\$ 240,005</u>	<u>\$ 5,373</u>	<u>\$ (240,005)</u>	<u>\$ 231,570</u>

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOWS**

(In thousands)	Year Ended December 31, 2025			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Operating activities				
Net income	\$ 22,431	\$ 31,121	\$ (30,705)	\$ 22,847
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in income of subsidiary	(30,705)	-	30,705	-
Loss (gain) on sale of real estate	239	(4,481)	-	(4,242)
Loss from investment in unconsolidated entities	711	426	-	1,137
Net gain on investments in marketable securities	-	(1,701)	-	(1,701)
Depreciation and amortization	5	7,163	-	7,168
Impairment	-	921	-	921
Provision for abandoned projects	-	2,791	-	2,791
Provision for doubtful accounts	12	149	-	161
Reserve for notes receivable	-	1,832	-	1,832
Net lease payments	-	(746)	-	(746)
Accrued interest on note payable	5,225	-	-	5,225
Net interest accretion on notes receivable	-	(1,966)	-	(1,966)
Amortization of loan issue costs	-	200	-	200
Deferred income taxes	-	1,502	-	1,502
Share-based and incentive compensation expense	-	24,524	-	24,524
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(127)	(8,783)	-	(8,910)
Due from/due to affiliate	(6,344)	8,896	-	2,552
Prepaid expenses and other current assets	1,099	(3,118)	-	(2,019)
Other assets	-	(5,734)	-	(5,734)
(Decrease) increase in:				
Accounts payable, accrued expenses and other liabilities	171	(18,532)	-	(18,361)
Share-based and incentive compensation liability	-	(15,250)	-	(15,250)
Self-insurance liabilities	-	(9,080)	-	(9,080)
Deferred revenue	379	3,050	-	3,429
Net cash (used in) provided by operating activities	<u>(6,904)</u>	<u>13,184</u>	<u>-</u>	<u>6,280</u>
Investing activities				
Investment in unconsolidated entities	-	(9,223)	-	(9,223)
Distribution from unconsolidated entities	10,202	165	-	10,367
Capital expenditures	(73)	(13,280)	-	(13,353)
Sale of development projects and land parcel	2,834	16,592	-	19,426
Sale of entities under common control	(2,401)	-	-	(2,401)
Increase in note receivable	-	(21,799)	-	(21,799)
Purchase of equity securities	-	(8,469)	-	(8,469)
Purchase of fixed maturities	-	(22,371)	-	(22,371)
Sale of equity securities	-	8,322	-	8,322
Sale, paydown or maturity of fixed maturities	-	21,524	-	21,524
Purchase of short-term investments	-	(122,932)	-	(122,932)
Maturity of short-term investments	-	123,204	-	123,204
Net cash provided by (used in) investing activities	<u>10,561</u>	<u>(28,267)</u>	<u>-</u>	<u>(17,706)</u>
Financing activities				
Increase in note payable	1,886	-	-	1,886
Decrease in note payable	(2,955)	(3,026)	-	(5,981)
Contributions from non-controlling interests	-	1,317	-	1,317
Distributions on behalf of non-controlling interests	-	(1,201)	-	(1,201)
Lease payments - financing	-	(42)	-	(42)
Net cash used in financing activities	<u>(1,069)</u>	<u>(2,952)</u>	<u>-</u>	<u>(4,021)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,589	(18,035)	-	(15,446)
Cash, cash equivalents, and restricted cash at beginning of year	338	139,063	-	139,401
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 2,927</u>	<u>\$ 121,028</u>	<u>\$ -</u>	<u>\$ 123,955</u>
Supplemental Disclosure of Noncash Information:				
Decrease in accrued capital expenditures	<u>\$ -</u>	<u>\$ (841)</u>	<u>\$ -</u>	<u>\$ (841)</u>

See notes to consolidated financial statements.

**RED FOX ACQUISITION COMPANY, INC. AND ITS WHOLLY OWNED SUBSIDIARY
SUNRISE SENIOR LIVING, LLC
SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOWS**

(In thousands)	Year Ended December 31, 2024			
	Red Fox Acquisition Company, Inc.	Sunrise Senior Living, LLC	Eliminations	Consolidated Total
Operating activities				
Net income	\$ 28,254	\$ 41,453	\$ (40,924)	\$ 28,783
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in income of subsidiary	(40,924)	-	40,924	-
Loss on sale of real estate	16	-	-	16
Loss from investment in unconsolidated entities	4,405	248	-	4,653
Net gain on investments in marketable securities	-	(1,567)	-	(1,567)
Depreciation and amortization	1	6,722	-	6,723
Impairment	-	50	-	50
Provision for abandoned projects	-	3,651	-	3,651
Provision for doubtful accounts	23	203	-	226
Net lease payments	2,193	(678)	-	1,515
Accrued interest on note payable	2,830	-	-	2,830
Net interest accretion on notes receivable	-	(154)	-	(154)
Amortization of loan issue costs	-	57	-	57
Deferred income taxes	-	(14,488)	-	(14,488)
Share-based and incentive compensation expense	-	13,246	-	13,246
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	79	2,423	-	2,502
Due from/due to affiliate	(1,916)	5,186	-	3,270
Prepaid expenses and other current assets	(43)	(253)	-	(296)
Other assets	(8)	(1,485)	-	(1,493)
(Decrease) increase in:				
Accounts payable, accrued expenses and other liabilities	2,026	4,713	-	6,739
Share-based and incentive compensation liability	-	(17,514)	-	(17,514)
Self-insurance liabilities	-	6,572	-	6,572
Deferred revenue	240	468	-	708
Net cash (used in) provided by operating activities	(2,824)	48,853	-	46,029
Investing activities				
Investment in unconsolidated entities	(2,330)	(2,842)	-	(5,172)
Capital expenditures	(1,798)	(2,315)	-	(4,113)
Purchase of equity securities	-	(12,943)	-	(12,943)
Purchase of fixed maturities	-	(35,205)	-	(35,205)
Sale of equity securities	-	272	-	272
Sale, paydown or maturity of fixed maturities	-	10,165	-	10,165
Purchase of short-term investments	-	(70,485)	-	(70,485)
Maturity of short-term investments	-	20,160	-	20,160
Net cash used in investing activities	(4,128)	(93,193)	-	(97,321)
Financing activities				
Increase in note payable	5,589	-	-	5,589
Decrease in note payable	(9,000)	(431)	-	(9,431)
Contributions between entities	8,431	-	(8,431)	-
Distributions between entities	-	(8,431)	8,431	-
Contributions from non-controlling interests	-	881	-	881
Distributions on behalf of non-controlling interests	-	(828)	-	(828)
Lease payments - financing	(399)	(84)	-	(483)
Net cash provided by (used in) financing activities	4,621	(8,893)	-	(4,272)
Net decrease in cash, cash equivalents, and restricted cash	(2,331)	(53,233)	-	(55,564)
Cash, cash equivalents, and restricted cash at beginning of year	2,669	192,296	-	194,965
Cash, cash equivalents, and restricted cash at end of period	\$ 338	\$ 139,063	\$ -	\$ 139,401
Supplemental Disclosure of Noncash Information:				
Increase in accrued capital expenditures	\$ -	\$ 781	\$ -	\$ 781

See notes to consolidated financial statements.