

**CONTINUING DISCLOSURE REPORT  
for the nine months ended September 30, 2024**



**OBLIGATED GROUP**

**Abbey Delray  
Abbey Delray South  
Beacon Hill  
Claridge Court  
Friendship Village of Bloomington  
Friendship Village of South Hills  
Harbour's Edge  
Oak Trace  
Querencia  
The Waterford  
Village on the Green**

**The information contained herein is being filed by the Corporation for the purposes of complying with the Corporation's obligations under SEC Rule 15c2-12. The information contained herein is as of the date of this report.**

October 18, 2024

US Bank Trust Company, NA  
Debbie Lamb  
Assistant Vice President  
Corporate Trust Dept.  
6410 Southpoint Parkway, Suite 200  
Jacksonville, FL 32216


RE: Certificate in accordance with Section 415(a)(ii) of the Master Trust Indenture dated November 1, 2010 and Section 4.15(b)(ii) of the Master Trust Indenture, Deed of Trust and Security Agreement dated October 1, 2015

The undersigned, Senior Vice President and Chief Financial Officer for Lifespace Communities, Incorporated, hereby certifies that the attached financial statements for:

Lifespace Communities Obligated Group

Are complete, correct and fairly present the financial conditions and results of operations for the nine months ended September 30, 2024, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:  
  
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Nick Harshfield

Cc: Bankers Trust, Kristy Olesen  
Cc: US Bank, Marie Mortenson Mack



**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Overview:**

Lifespace Communities, Inc. (“Lifespace” or the “Corporation”) is an Iowa nonprofit corporation organized for the purpose of owning and operating continuing care retirement communities (“CCRCs”).

The Corporation owns 11 CCRCs in six states that make up the Obligated Group.

Lifespace is the sole member of Barton Creek Senior Living Center, Inc., d/b/a Querencia (“Querencia”) located in Austin, Texas. On August 31, 2021, concurrent with the issuance of the Series 2021 bonds, Querencia became part of the Obligated Group.

On July 1, 2021, Lifespace acquired Newcastle Place, LLC (“Newcastle Place”) located in Mequon, Wisconsin. On July 19, 2022, Lifespace acquired Meadow Lake located in Tyler, Texas, Wesley Court located in Abilene, Texas and The Craig located in Amarillo, Texas. On February 1, 2023, Lifespace became the sole member of Friendship Village of Mill Creek, NFP, d/b/a GreenFields of Geneva (“GreenFields”) located in Geneva, IL. Newcastle Place, Meadow Lake, Wesley Court, The Craig and GreenFields are separately financed and are not members of the Obligated Group.

The Corporation was the sole member of Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way (“The Stayton”) located in Ft. Worth, Texas. On June 1, 2024, the Corporation transferred ownership of The Stayton to a third party pursuant to a transaction that was structured as a membership substitution. The Stayton was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group did support The Stayton through a Liquidity Support Agreement that had a funded and unfunded commitment which have been terminated. Neither the Corporation nor the Obligated Group have any further obligations with respect to The Stayton.

The corporation was sole member of Deerfield Retirement Community, Inc. (“Deerfield”) a nonprofit organization that was organized to own and operate a CCRC in suburban Des Moines, Iowa. On August 1, 2021, Deerfield was sold to a third party. Deerfield was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group had previously guaranteed certain outstanding long-term indebtedness of Deerfield. These guarantees were discharged in connection with the sale of Deerfield and the Obligated Group has no further outstanding long-term indebtedness or guarantee obligations with respect to Deerfield.

The Corporation and its affiliates operate 16 CCRCs in seven states from corporate offices located in West Des Moines, Iowa and Dallas, Texas. References to the “Communities” herein are to the 11 CCRCs owned and operated by the Corporation that make up the Obligated Group.

Calendar year-end financial information for December 31, 2023 and prior is provided from audited financial statements. All other financial information is obtained from unaudited financial statements.

Summary of Units Operated per Community

	Independent Living Apartments	Villas, Carriage or Town Homes	Assisted Living	Health Center Private Room	Health Center Semi- Private Room	Memory Support	Total	CMS 5- Star Rating *
Abbey Delray (1)	246	28	48	30	70	30	452	4
Abbey Delray South (1)	218	44		28	46		336	4
Beacon Hill (1)	354			26	84		464	4
Claridge Court (3)	124			17	28		169	3
Friendship Village of Bloomington (1)(3)	334	12	42	66		32	486	5
Friendship Village of South Hills (1)(3)	245	18	50	35	54	32	434	3
Harbour's Edge	266			50	4		320	5
Oak Trace (1)(2)	341	16	66	84	20	28	555	5
Querencia	157	10	40	38	4	23	272	5
The Waterford (1)(4)	215	26		30	30		301	5
Village on the Green	204	58	36	40	8	18	364	5
<b>Total</b>	<b>2,704</b>	<b>212</b>	<b>282</b>	<b>444</b>	<b>348</b>	<b>163</b>	<b>4,153</b>	

\* The CMS 5-Star ratings are as of September 2024.

Change in units from December 31, 2023

(1) Total independent living apartments have been reduced by 87. Upon management's review of current inventory at all communities, various floorplans were determined obsolete and/or unsellable. Generally, apartments of less than 600 square feet have been deemed unsellable for several communities and have been removed from available inventory. Management is in the process of developing plans for the highest and best use for these units.

(2) As a result of redevelopment efforts at Oak Trace, 140 independent living apartments were added in first quarter.

(3) Claridge Court, Friendship Village of Bloomington and Friendship Village of South Hills each had apartment combos in second quarter. Friendship Village of Bloomington has an apartment combo in third quarter.

(4) As a result of redevelopment efforts at The Waterford, three villas were added in second quarter and five villas in third quarter.

**Lifespace Communities, Inc.**  
**Average Occupancy of the Communities**

Community	2021				2022				2023				Twelve Months Ended September 30, 2024			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (e)	60.1%	92.4%	74.1%	60.6%	58.7%	92.5%	92.1%	77.7%	64.4%	90.6%	93.5%	88.7%	81.1%	88.0%	94.0%	81.7%
Abbey Delray South, FL (e)	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	64.0%	94.9%	NA	NA
Beacon Hill, IL (e)	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	82.1%	93.0%	NA	NA
Claridge Court, KS	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	94.3%	89.6%	NA	NA
Friendship Village of Bloomington, MN (a)(e)	81.2%	79.6%	55.2%	91.6%	77.1%	89.3%	89.5%	93.4%	78.3%	95.5%	93.6%	97.2%	87.6%	95.3%	97.6%	99.1%
Friendship Village of South Hills, PA (e)	81.3%	76.6%	75.4%	90.0%	78.8%	82.1%	94.4%	97.8%	77.8%	87.3%	94.0%	97.8%	84.7%	88.1%	95.2%	96.6%
Grand Lodge, NE (b)	85.2%	NA	85.4%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Harbour's Edge, FL	83.3%	92.3%	NA	NA	89.7%	92.8%	NA	NA	91.8%	92.6%	NA	NA	94.9%	94.1%	NA	NA
Oak Trace, IL (e)(f)	86.2%	93.4%	64.8%	88.1%	84.2%	94.1%	86.7%	97.9%	82.1%	94.6%	96.5%	96.1%	74.3%	96.6%	96.4%	92.9%
Querencia, TX (c)	97.9%	81.3%	96.0%	90.1%	96.3%	95.5%	95.8%	87.8%	98.3%	93.8%	96.0%	87.4%	96.3%	92.6%	97.3%	89.6%
The Waterford, FL (e) (g)	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	82.0%	75.7%	NA	NA
Village on the Green, FL (d)	72.2%	78.2%	46.2%	72.6%	71.1%	92.7%	95.6%	96.7%	75.5%	93.8%	95.8%	97.8%	78.5%	95.6%	95.0%	93.3%
Obligated Group	78.7%	85.0%	69.7%	82.8%	77.3%	90.5%	91.8%	91.7%	78.9%	91.8%	95.0%	94.2%	82.6%	91.4%	95.9%	92.3%

(a) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021. The new health center opened in June 2022.

(b) Grand Lodge was disposed as of August 1, 2021.

(c) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing.

(d) The new assisted living opened in March 2021. The memory support and new independent villas opened in April 2021. The replacement health center opened in May 2021.

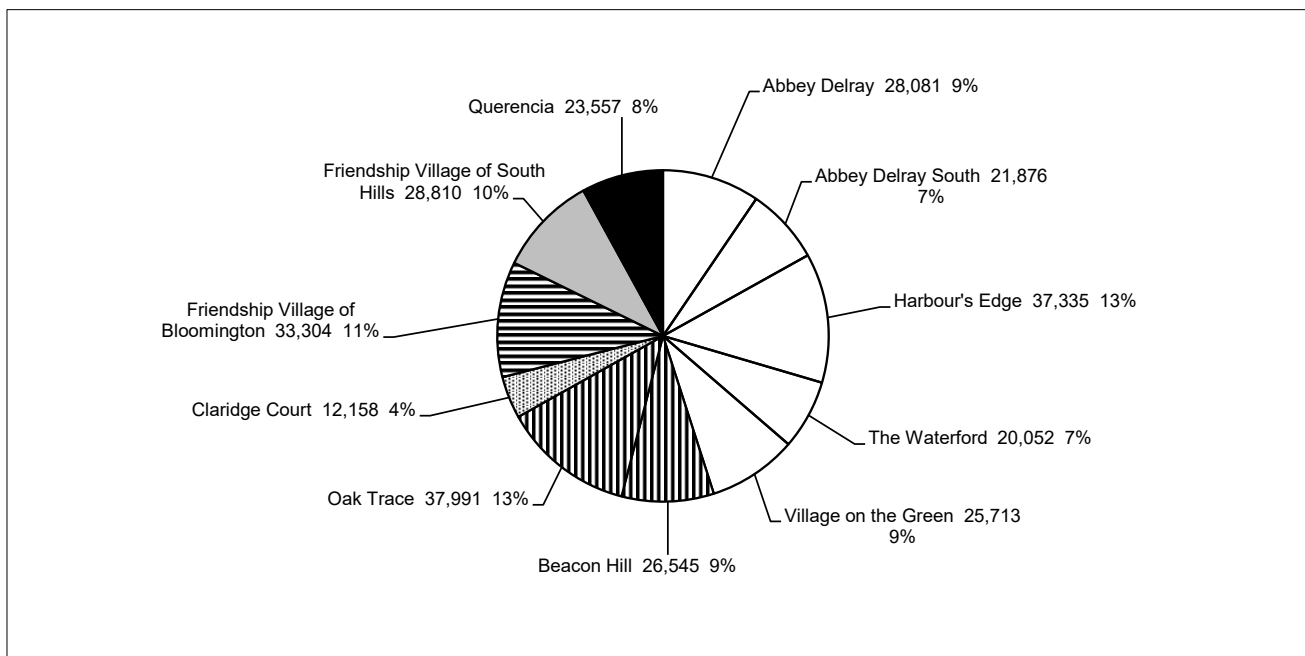
(e) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.

(f) Oak Trace opened 140 new independent living units as of January 25, 2024.

(g) The Waterford opened three villas in the second quarter and five villas in the third quarter of 2024.

Community	Nine months ended September 30, 2023				Nine months ended September 30, 2024			
	Living Units	Health Center	ALUs	Memory Support	Living Units (f)	Health Center	ALUs	Memory Support
Abbey Delray, FL	62.2%	92.2%	92.5%	87.8%	85.0%	87.8%	93.1%	78.4%
Abbey Delray South, FL	68.7%	93.6%	NA	NA	64.9%	95.1%	NA	NA
Beacon Hill, IL	76.4%	90.0%	NA	NA	80.5%	93.6%	NA	NA
Claridge Court, KS	87.8%	92.7%	NA	NA	95.4%	86.8%	NA	NA
Friendship Village of Bloomington, MN	77.5%	95.3%	92.8%	96.4%	88.7%	95.3%	98.1%	99.0%
Friendship Village of South Hills, PA	77.0%	87.4%	94.2%	98.8%	83.7%	88.3%	95.7%	96.9%
Harbour's Edge, FL	91.6%	92.6%	NA	NA	95.7%	94.6%	NA	NA
Oak Trace, IL	81.6%	94.4%	96.4%	97.6%	70.4%	97.0%	96.3%	93.3%
Querencia, TX	98.4%	94.8%	96.0%	88.3%	95.7%	94.7%	97.6%	91.1%
The Waterford, FL	81.4%	87.0%	NA	NA	82.6%	71.6%	NA	NA
Village on the Green, FL	75.0%	94.0%	96.3%	98.0%	79.1%	96.2%	95.2%	92.3%
Obligated Group	78.4%	91.9%	94.7%	94.5%	82.5%	91.2%	96.0%	92.0%

**Comparative Analysis of Gross Revenues  
 Nine Months Ended September 30, 2024  
 (\$ in Thousands)**



Gross revenues include independent living fees, skilled nursing, assisted living fee and memory support fees, entrance fees earned, and investment income.



**Skilled Nursing Payer Mix and Occupancy**

Payer	Year-ended			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
Lifecare	11.6%	11.7%	12.4%	12.9%	11.1%
Private Pay	24.0%	27.0%	24.8%	24.9%	23.4%
Medicare	48.1%	45.0%	45.1%	44.9%	45.3%
Medicaid	8.5%	6.6%	5.7%	5.9%	5.3%
Other	7.8%	9.7%	12.0%	11.4%	14.9%
<b>Total Patient Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Year-To-Date Average Service Units Available	809	792	792	792	792
Year-To-Date Average Occupancy Percentage	85.0%	90.5%	91.8%	91.9%	91.2%

**Lifespace Communities, Inc.**  
**Obligated Group Balance Sheets**  
**As of September 30 (Unaudited)**  
**(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$33,532	\$18,422
Investments	112,813	109,055
Accounts Receivable	32,197	25,826
Inventories	696	695
Prepaid Insurance & Other	5,505	6,351
Assets whose use is limited	78,403	75,998
Total Current Assets	<u>263,146</u>	<u>236,347</u>
Assets whose use is limited	94,615	81,634
Property and equipment, at cost:		
Land and improvements	73,270	72,664
Buildings and improvements	1,436,570	1,316,921
Furniture and equipment	100,309	96,500
	<u>1,610,149</u>	<u>1,486,085</u>
Less accum. deprec.	<u>(684,077)</u>	<u>(628,873)</u>
Net property and equipment	926,072	857,212
Swap Derivative	412	-
Net goodwill	25,064	31,159
Net deferred assets	8,816	4,124
Net intangible assets	6,797	8,267
<b>TOTAL ASSETS</b>	<u><u>\$1,324,922</u></u>	<u><u>\$1,218,743</u></u>

**Lifespace Communities, Inc.**  
**Obligated Group Balance Sheets**  
**As of September 30 (Unaudited)**  
**(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable:		
Trade	\$18,314	\$15,528
Intercompany	3,395	2,983
	21,709	18,511
Accrued liabilities:		
Employee compensation expense	14,984	14,249
Interest	12,525	9,839
Property taxes	4,842	4,602
Other	1,899	6,574
	34,250	35,264
Entrance fee refunds	455	3,488
Reserve for health center refunds	28,058	32,012
Long-term debt due within one year	19,170	10,945
Obligation under cap lease due within one yr	392	439
Total current liabilities	104,034	100,659
Entrance fee deposits	2,619	9,457
Wait list deposits	1,465	1,369
Long-term debt due after one year	782,930	708,514
Settlement payable	51,357	90,951
Obligation under cap lease due after one year	845	1,200
Deferred entrance fees	210,467	187,503
Refundable entrance and membership fees	626,366	561,223
Total liabilities	1,780,083	1,660,876
Net assets without donor restrictions	(455,161)	(442,133)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,324,922</b>	<b>\$1,218,743</b>



**Lifespace Communities, Inc.**  
**Obligated Group Statements of Operations and Changes in Unrestricted Assets**  
**For the Nine Months Ended September 30 (Unaudited)**  
**(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent Living Fees	\$135,657	\$113,539
Entrance fees earned/cancellation penalties	27,356	26,004
Skilled nursing, assisted living and memory support fees	115,391	105,282
Investment Income	17,020	14,060
Other	-	83
	<hr/>	<hr/>
	295,424	258,968
 <b>Expenses</b>		
Operating expenses:		
Salaries and benefits	126,994	116,778
General and administrative	63,481	55,100
Plant operations	16,536	14,749
Housekeeping	1,273	1,085
Dietary	23,031	20,938
Medical and other resident care	7,129	7,294
Depreciation	43,486	41,649
Amortization	8,462	8,473
Interest	24,096	16,081
(Gain) Loss on disposal of fixed assets	25	6
	<hr/>	<hr/>
	314,513	282,153
 <b>Nonoperating Expenses</b>		
Settlement Loss	<hr/>	<hr/>
	(900)	(159,911)
Deficit of revenues over expenses	(19,989)	(183,096)
Financing for Lifespace, Inc.	-	9,589
Contributions to Lifespace Communities, Inc.	(16,017)	(6,629)
Changes in net assets	<hr/>	<hr/>
	(36,006)	(180,136)
Net assets at beginning of year	(419,155)	(261,997)
Net assets at end of the period	<hr/> <hr/>	<hr/> <hr/>
	(\$455,161)	(\$442,133)

**Lifespace Communities, Inc.**  
**Obligated Group Statements of Cash Flow**  
**For the Nine Months Ended September 30 (Unaudited)**  
**(Thousands of \$)**

	2024	2023
<b>Operating activities</b>		
Changes in unrestricted net assets	(\$36,006)	(\$180,136)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(27,356)	(26,004)
Proceeds from nonrefundable entrance fees and deposits	51,508	35,487
Refunds of entrance fees	(5,319)	(3,367)
Depreciation and Amortization	51,948	50,122
Amortization of Financing Costs	546	509
Net accretion of original issue premium/discounts	(1,381)	(1,465)
Change in unrealized appreciation of investments	(6,192)	(4,705)
Net sales (purchases) of trading investments	10,895	57,445
Contributions to Lifespace Communities, Inc.	16,017	6,629
Loss (gain) on disposal of property and equipment	25	6
Loss on Settlement	900	159,911
Change in wait lists and deposits	(7,084)	2,487
Loss on sale of Property and Equipment	25	-
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(3,512)	(12,852)
Accounts payables and accrued liabilities	(8,040)	(3,750)
Net cash provided in operating activities	<u>36,974</u>	<u>80,317</u>
<b>Investing activities</b>		
Purchases of property and equipment	(72,109)	(99,426)
<b>Financing activities</b>		
Financing cost incurred	-	(2,144)
Repayment of long-term debt	(10,340)	(5,396)
Payments for settlement	(11,470)	(68,960)
Proceeds from new financing	19,331	74,476
Contributions to Lifespace Communities, Inc.	(16,017)	(6,629)
Payments on Finance Leases	(189)	(233)
Proceeds from refundable entrance fees and deposits	100,373	49,629
Refunds of entrance fees	(50,427)	(41,350)
Net cash provided (used) in financing activities	<u>31,261</u>	<u>(607)</u>
Net change in cash and cash equivalents	(3,874)	(19,716)
Cash and cash equivalents at beginning of year	<u>37,406</u>	<u>38,138</u>
Cash and cash equivalents at end of period	<u>\$33,532</u>	<u>\$18,422</u>

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Nine Months Ended September 30, 2024 versus Nine Months Ended September 30, 2023:**

The average year-to-date independent living occupancy through September 30, 2024, was 2,393 independent living homes (82.5% of the 2,900 average available homes). The average year-to-date occupancy through September 30, 2023 was 2,258 independent living homes (78.4% of the 2,880 average available homes). The increase in average available homes from September 30, 2023 to the same period in 2024 is due to new independent living units at Oak Trace and The Waterford which is offset by seven communities that took smaller obsolete apartments out of inventory and three communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to \$135,657,000 in 2024, a 19.5% increase over the \$113,539,000 from the same revenue sources in 2023. The increase is due mainly to occupancy, monthly fee increases, rental income and processing fees. Independent living year-to-date occupancy grew to 2,502 at September 30, 2024 from 2,302 at September 30, 2023. Monthly fees increased in a range of 5.5% to 9.0%. Some community's increases were effective January 1, 2024 while others were effective February 1, 2024. One community began selling a rental contract in July 2023. Processing fees are higher due to more year-to-date closings in 2024 of 432 versus 2023 of 246. In addition, one community began recording processing fees according to the new residency agreement in fourth quarter of 2023.

Revenues from the health center, assisted living, and memory support fees were \$115,391,000 in 2024 compared to \$105,282,000 in 2023, an increase of 9.6%. This increase is due mainly to the monthly fee increase. Some communities had monthly fee increases of 7.0% effective December 1, 2023 while the Florida communities had monthly fee increases of 9.0% effective January 1, 2024.

As of September 30, 2023, the Obligated Group received a total of \$83,000 in COVID relief related funding. The Obligated Group received \$48,000 in stimulus funds from third party payors that is in accordance with their contract with Commonwealth of Pennsylvania's Department of Human Services and \$35,000 from the State of Kansas's Department for Aging and Disability Services.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$238,444,000 in 2024, an increase of \$22,500,000 or 10.4% from comparable expenses of \$215,944,000 in 2023. Salaries and benefits increased \$10,216,000 or 8.7% due primarily to merit increases effective January 1, 2024 and filled positions that were vacant in the prior period. General and administrative expense increased \$8,381,000 or 15.2% due primarily to property and liability insurance, property and other taxes, consulting and outsourcing, marketing, and technology. Plant operations increased \$1,787,000 or 12.1% due primarily to repairs and maintenance, and utilities. Dietary costs increased \$2,093,000 or 10.0% due primarily to inflation and occupancy.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Nine Months Ended September 30, 2024 Actual versus Budget**

The Lifespace Board of Directors annually approves the budget that results in an accepted net operating margin, net entrance fees and capital expenditures. The chart below shows line-item comparisons to the board approved net operating margin, net entrance fees and capital expenditures, along with the favorable and unfavorable variances.

(in thousands)	Actual	Budget	Favorable/ (Unfavorable)
<b>Revenues</b>			
Independent Living Fees	\$135,657	\$134,147	\$1,510
Skilled nursing, assisted living and memory support fees	115,391	108,662	6,729
	251,048	242,809	8,239
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	126,994	128,616	1,622
General and administrative	63,481	64,650	1,169
Plant operations	16,536	15,562	(974)
Housekeeping	1,273	1,104	(169)
Dietary	23,031	23,275	244
Medical and other resident care	7,129	4,395	(2,734)
	238,444	237,602	(842)
Net operating margin	12,604	5,207	7,397
Net entrance fees, including initial entrance fees	96,135	108,507	(12,372)
Capital expenditures, financed with bond proceeds	27,919	59,511	31,592
Capital expenditures, routine and community projects	44,190	30,193	(13,997)

Net operating margin is favorable to budget by \$7,397,000.

Independent living fees are favorable to budget by \$1,510,000, which is related to higher than anticipated occupancy, rental income and less apartment hardship discounts. Independent Living budgeted an average year to date occupancy of 81.0% and has actual occupancy of 82.5%.

Skilled nursing, assisted living and memory support fees are favorable to budget by \$6,729,000 due primarily to higher occupancy than budgeted in the health center and assisted living. The health center budgeted an average year to date occupancy of 90.0% and has actual occupancy of 91.2%. Assisted Living budgeted an average year to date occupancy of 93.3% and has actual occupancy of 96.0%. In addition to higher occupancy, Lifespace has improved the health center payor mix from what was budgeted.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

Salaries and benefits are \$1,622,000, or 1.3%, favorable to budget due primarily to better labor management. Lifespace has closely managed overtime, shift bonuses, short breaks and hours worked greater than six with no break while always focusing on quality of care and delivering exceptional service to our residents.

General and administrative expenses are \$1,169,000, or 1.8%, favorable to budget due primarily to liability and property insurance and marketing expenses.

Plant operations expenses are \$974,000, or 6.3%, unfavorable to budget due primarily to repairs and maintenance and security services and equipment.

Medical and other resident care expense is unfavorable to budget by \$2,734,000, or 62.2%, due primarily to agency staff usage and transportation.

Net entrance fees are unfavorable to budget by \$12,372,000. The budget for the nine months ended September 30, 2024 had 460 closings compared to the actual closings of 432. In addition, one community started selling rental contracts in July 2023. There are no entrance fees associated with the rental contracts. The chart below represents how many closings received entrance fees when comparing actual and budget.

YTD September 30, 2024	Actual	Budget
Total Closings	432	460
Rental Closings	84	83
Entrance Fee Closings	348	377

The Oak Trace redevelopment project opened 140 independent living units in January 2024. The fill up has been quicker than expected. For the nine months ended September 30, 2024, Oak Trace has had 116 actual closings while 98 were budgeted. Initial entrance fees for Oak Trace for the nine months ended September 30, 2024 was \$50,744,000.

Capital expenditures financed with bond proceeds are approximately \$31,592,000 less than budgeted. Approximately \$13,977,000 more was spent on routine capital expenditures than budgeted. These are the result of timing.

**Ratios:**

The Net Operating Margin Ratio increased from 1.4% for the nine months ended September 30, 2023 to 5.0% for the same period in 2024. The Net Operating Margin, Adjusted Ratio increased from 14.4% for the nine months ended September 30, 2023 to 17.4% for the same period in 2024. The annual debt service coverage ratio remained steady at 1.9 when comparing the nine months ended September 30, 2023 and 2024. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the increase in net entrance fees excluding the initial entrance fees. The annual debt service has increased when comparing September periods due to funded interest funds being used and new debt in fourth quarter 2023 which impacts the Debt

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Service Coverage Ratio negatively. However, the increases in net operating margin and net entrance fees excluding initial entrance fees are offsetting each other. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income increased when comparing the nine months ended September 30, 2024 to the same period in 2023. Excluding the unrealized gain/loss, investment income represents an increase of \$1,473,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Interest and Dividend Income	\$6,460	\$6,818
Realized Gain/(Loss)	4,368	2,537
Unrealized Gain/(Loss)	<u>6,192</u>	<u>4,705</u>
Total	\$17,020	\$14,060

The Adjusted Debt to Capitalization decreased from 154.8% at September 30, 2023 to 143.9% at September 30, 2024.

**Liquidity and Capital Requirements – Nine Months Ended September 30, 2024 versus Nine Months Ended September 30, 2023:**

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$96,135,000 for the nine months ended September 30, 2024 compared to \$40,399,000 for the same period in 2023. The number of entrance fee move-ins was 348 in the nine months ended September 30, 2024 compared to 213 in the nine months ended September 30, 2023. One community started to offer rental contracts in July 2023. As mentioned previously, the rental contracts do not require an entrance fee. There were 84 rental contracts sold in the nine months ended September 30, 2024 and 33 in the same period in 2023. In addition, there were initial entrance fees at three communities of \$58,604,000 (120 closings) in the nine months ended September 30, 2024 and \$7,036,000 (13 closings) in the nine months ended September 30, 2023.

Daily operating expenses for 2024 increased to \$957,000 from \$846,000 in 2023, an increase of 13.1%. The overall unrestricted cash position increased from \$163,571,000 at September 30, 2023 to \$189,659,000 at September 30, 2024, a change of 15.9%. The Days Cash on Hand Ratio increased from 193 days at September 30, 2023 to 198 days at September 30, 2024.

Capital expenditures for the communities for the nine months ended September 30, 2024 were \$72,109,000, while depreciation expense for the same period was \$43,486,000. The remaining redevelopment projects account for \$21,042,000 of this year-to-date 2024 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022 and 2023 financings in the amount of \$6,877,000 for the nine months ended September 30, 2024. Capital expenditures for the communities for the nine months ended September 30, 2023 were \$99,426,000, while depreciation expense for the same period was \$41,649,000. The redevelopment projects account for \$53,530,000 of this year-to-date 2023 expenditure balance. In addition,

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various community projects were funded by the Series 2018, 2019, 2021 and 2022 financings in the amount of \$11,891,000 for the nine months ended September 30, 2023.

To evaluate the financial aspect of the needed re-investment in the communities, management targets capital expenditures as a percentage of depreciation in the range of 70% to 130%. This ratio is monitored on a 5-year historical view and a 10-year forecast period to assist with the annual capital expenditure decisions. The 5-year historical ratio for the Obligated Group at December 31, 2023 is 226% which is higher than the range as a result of the redevelopment projects. The redevelopment projects and some community projects are mostly funded with long-term debt and internal cash. Routine capital projects are expected to be funded from internal cash flows.

On December 8, 2023, Lifespace Communities successfully completed a tax-exempt bond financing of Series 2023B (non-Florida) and 2023C (Florida). Lifespace received proceeds from issuing \$112 million. The bonds sold at a discount generating \$110.0 million of proceeds. The proceeds from these bonds will pay costs at Harbour's Edge for the assisted living and memory care building of \$18.9 million, fund specific large community projects in the 2024 budget of \$9.3 million, reimburse previous expended capital expenditures of \$19.2 million and refinance the Series 2023A bonds of \$52.5 million. The remainder of funds were funding issuance costs, the debt service reserve and capitalized interest.

Lifespace has secured a line of credit with a bank for \$25 million to support the redevelopment efforts and various board approved projects. The terms and covenants of the line of credit follow the master trust indenture. As of September 30, 2024, the outstanding amount borrowed on the line of credit is \$9.4 million.

One community is in the process of significant construction at September 30, 2024. The community is using proceeds from the Series 2022 Bonds. As with any construction project, the timing of expenditures and the project budget can change through the passage of time or as the project advances in development. The monthly Redevelopment Project Status Report filed on EMMA provides additional details regarding the construction projects.

Management continuously reviews and prioritizes the needs at each of the Communities to determine what is needed to enhance the Community, fill service gaps, stay competitive in the market place and grow. There is no guarantee that the Lifespace will complete all the projects, that the scope will not be materially altered or that additional Communities will not be added.

On September 13, 2022, Fitch affirmed its rating for the outstanding revenue bonds of Lifespace at 'BBB' with a stable outlook. On February 9, 2023, Fitch issued a press release stating Lifespace Communities, Inc. has been placed on Rating Watch Negative. On August 4, 2023, Fitch issued a press release removing the Credit Watch designation, affirming its rating for the outstanding revenue bond of Lifespace at 'BBB', while changing its outlook from stable to negative. This rating was reaffirmed in December 2023.

In conjunction with the acquisition of Newcastle Place on July 1, 2021, Lifespace made an \$8,000,000 equity contribution and provided a Liquidity Support Agreement for the Newcastle

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Place long-term indebtedness which is currently outstanding in the aggregate principal amount of approximately \$5,000,000. At September 30, 2024 the Liquidity Support Agreement remains unfunded. Lifespace also holds approximately \$8,000,000 million of subordinated bonds issued by Newcastle Place.

As stated within the EMMA notice filed July 28, 2022, effective July 19, 2022, an unfunded Liquidity Support Agreement has been entered into between Lifespace and UMB Bank, National Association (the "Bond Trustee"), as trustee under the Bond Trust Indenture dated as of July 1, 2022 between Tarrant County Cultural Education Facilities Finance Corporation (the "issuer") and the Bond Trustee related to Senior Series 2022 Bonds. The Liquidity Support Agreement provides for an aggregate maximum support amount of \$7,412,300. At September 30, 2024 the Liquidity Support Agreement remains unfunded.

As stated within the EMMA notice filed January 9, 2023, Lifespace has agreed to provide certain limited financial support relative to the plan of reorganization contained within the Third Amended Disclosure Statement filed in December 2022 by Edgemere (collectively the "Plan"), pending final confirmation of the Bankruptcy Court. Specifically, the Plan provides for a settlement of all potential Estate, Trustee, DIP Lender and Resident claims against Lifespace in exchange for (a) a \$16.5 million payment to the Trustee on the Effective Date for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents (the "Lifespace Bond Contribution"), and (b) subject to certain conditions, annual payments (the "Lifespace Resident Contributions") made into a trust, pursuant to the schedule attached to the Third Amended Disclosure Statement, which funds shall be used to pay participating Residents for claims relating to their Residency Agreements. The anticipated Lifespace Resident Contributions will be paid over approximately 19 years in an aggregate amount of approximately \$143,000,000, subject to certain contribution deferral provisions. In exchange for the Lifespace Resident Contributions and the releases provided under the Plan, Lifespace will be entitled to a Pro Rata distribution of Litigation Trust Assets, in accordance with the terms of the Plan and the Litigation Trust Agreement. The Lifespace Bond Contribution and Lifespace Resident Contributions are collectively referred to as the "Lifespace Contribution".

On February 10, 2023, Lifespace posted an event notice on EMMA as notification of the incurrence of a financial obligation. In conjunction with the Member Substitution Agreement of GreenFields of Geneva, Lifespace has provided financial support and entered into unfunded Liquidity Support Agreements.

On May 25, 2023, the Iowa Finance Authority (the "*Authority*") issued its Revenue Bonds (Lifespace Communities, Inc.), Series 2023A in the original principal amount of \$52,500,000 (the "*Series 2023A Bonds*"), pursuant to a Bond Trust Indenture (the "*Bond Indenture*") dated as of May 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as bond trustee.

Lifespace also issued its Lifespace Communities, Inc. Master Indenture Note, Series 2023A (the "*Note*"), in the principal amount of \$52,500,000, under the Master Trust Indenture dated as of November 1, 2010, as supplemented and amended and Supplemental Master Trust



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Indenture No. 13 dated as of May 1, 2023, (“*Supplemental Master Indenture No. 13*”) (said Master Trust Indenture, together with said Supplemental Master Indenture No. 13 and all other amendments and supplements thereto, being referred to herein collectively as the “*Master Indenture*”).

The Series 2023A Bonds are also secured by the Barton Creek Senior Living Center, Inc. Series 2021 Obligation, issued by Barton Creek Senior Living Center, Inc., a Texas nonprofit corporation (“*Querencia*”), pursuant to the Master Trust Indenture, Deed of Trust and Security Agreement dated as of October 1, 2015, between Querencia and U.S. Bank Trust Company, National Association (the “*Querencia Master Trustee*”), and Supplemental Indenture Number 4 (“*Querencia Supplemental Indenture Number 4*”) between Querencia and the Querencia Master Trustee (said Master Trust Indenture, Deed of Trust and Security Agreement, together with said Supplemental Indenture Number 4 and all other amendments and supplements thereto, being referred to herein collectively as the “*Querencia Master Indenture*”).

The proceeds of the Series 2023A Bonds were loaned by the Authority to Lifespace pursuant to a Loan Agreement dated as of May 1, 2023 (the “*Loan Agreement*”), to provide a portion of the funds necessary (a) to fund, pursuant to the Fourth Amended Chapter 11 Plan of the Plan Sponsors Dated February 17, 2023 (as further amended, supplemented, or otherwise modified from time to time, the “*Plan*”) filed in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division case *In re: Northwest Senior Housing Corporation, et al.*, in settlement of any potential claims against the Corporation relating to its affiliation with Northwest Senior Housing Corporation d/b/a Edgemere (“*Edgemere*”), a Texas nonprofit corporation, and Senior Quality Lifestyle Corporation, a Texas nonprofit corporation, and in exchange for full releases and exculpation provided under the Plan: (i) initial payments to a residents trust and (ii) a bond settlement contribution payment to UMB Bank, N.A., as successor bond trustee under certain bond trust indentures relating to Edgemere and (b) to pay certain costs associated with the issuance of the Bonds, all as more fully defined and described hereinafter and in the Loan Agreement. As previously mentioned, the Series 2023A Bonds were refinanced with proceeds of \$52.5 million from the Series 2023B Bonds.

**Forward-Looking Statements:**

This document contains various “forward-looking statements”. Forward-looking statements represent our expectations or beliefs concerning future events. The words “plan”, “expect” “estimate” “budget” and similar expressions are intended to identify forward-looking statements. We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitations the factors described in this document.

We ask you not to place undue reliance on such forward-looking statements because they speak only of our views as of the statement dates. Although we have attempted to list the important factors that presently affect the Obligated Group’s business and operating results, we further caution you that other factors may in the future prove to be important in affecting the Obligated

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Group's results of operations. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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**Obligated Group Selected Historical Financial Information**  
(Thousands of \$)

<b>Historical Debt Service Coverage</b>	<b>Nine Months Ended</b>		<b>Year Ended December 31 (Audited)</b>		
	<b>September 30 (Unaudited)</b>		<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>2024</b>	<b>2023</b>			
Excess (deficit) of revenues over expenses	(19,989)	(183,096)	(158,154)	(85,519)	(32,081)
Less:					
Entrance fees earned	(27,356)	(26,004)	(35,349)	(33,522)	(29,802)
Initial redevelopment entrance fee and/or redevelopment deposits	(58,604)	(7,036)	(8,291)	(19,475)	(41,862)
Add:					
Depreciation	43,486	41,649	54,796	54,553	52,224
Amortization	8,462	8,473	12,085	12,427	12,225
Interest Expense	24,096	16,081	21,932	18,816	17,468
Expenses paid by long-term debt issuances	285	1,027	1,509	1,234	1,719
Unrealized (gain) loss on securities	(6,192)	(4,705)	(13,795)	27,006	(14,953)
Gain on Derivatives	-	-	(412)	-	-
Realized (gain) loss on sale of assets	25	6	(370)	5	12
Loss on extinguishment of debt	-	-	2,062	-	214
Loss on settlement	900	159,911	131,778	-	-
Entrance fee proceeds (less refunds)	96,135	40,399	58,816	81,567	96,292
Income available for debt service	<u>61,248</u>	<u>46,705</u>	<u>66,607</u>	<u>57,092</u>	<u>61,456</u>
Annual debt service payment	43,936	33,114	33,114	27,717	27,213
Annual debt service coverage (b)(c)(d)	1.9	1.9	2.0	2.1	2.3
Maximum annual debt service payment	50,067	50,067	50,067	40,586	34,748
Maximum annual debt service coverage (d)	1.6	1.2	1.3	1.4	1.8
<b>Cash to Debt</b>					
Unrestricted cash and investments (a)	189,659	163,571	184,769	189,702	214,073
Debt service reserve fund	40,434	32,413	39,266	32,359	34,245
	<u>230,093</u>	<u>195,984</u>	<u>224,035</u>	<u>222,061</u>	<u>248,318</u>
Bonds outstanding long-term	782,930	708,514	774,618	642,993	567,332
Annual debt service	43,936	33,114	33,114	27,717	27,213
Maximum annual debt service	50,067	50,067	50,067	40,586	34,748
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.3	0.3	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	5.2	5.9	6.8	8.0	9.1
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	4.6	3.9	4.5	5.5	7.1
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	262,255	230,998	312,291	295,938	259,866
Daily expenses	957	846	856	811	712
Days of unrestricted cash & investments on hand (b)(c)(d)	198	193	216	234	301
<b>Other Ratios</b>					
Net operating margin (c)(d)	5.0%	1.4%	1.3%	-3.3%	0.8%
Net operating margin, adjusted (c)(d)	17.4%	14.4%	15.7%	16.1%	18.8%
Adjusted debt to capitalization (c)(d)	143.9%	154.8%	140.5%	113.7%	98.2%

(a) The balances include the Cash & Cash Equivalents, Investments, and the Florida operating and renewal and replacement reserve funds.

(b) The financial ratios that are required by the financing documents.

(c) The financial ratios that are monitored monthly by Lifespace.

(d) Latest FITCH for Investment Grade medians used as benchmarks are as follows: net operating margin of 6.5%, net operating margin, adjusted of 22.5%, maximum annual debt service of 2.5 times, days cash on hand of 528 and adjusted debt to capitalization of 54.0%. The latest "BBB" ratings are as follows: net operating margin of 6.7%, net operating margin, adjusted of 23.0%, maximum annual debt service of 2.2 times, days cash on hand of 496 and adjusted debt to capitalization of 61.1%.