

QUARTERLY REPORT
for the nine months ended September 30, 2024

Newcastle Place

A Lifespace Community

October 18, 2024

Old National Bank
Kim McMahon
8750 West Bryn Mawr Ave., Suite 1300
Chicago, IL 60631

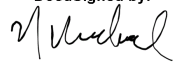
RE: Certificate in accordance with Loan Agreement dated July 1, 2021 - Section 8.9

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

Newcastle Place

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 Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.

LIFESPACE COMMUNITES, INC.

DocuSigned by:

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Nick Harshfield

Cc: Rachel Nelson



Newcastle Place

Apartments/Units Available

	Independent Living	Assisted Living		Health Center	Total	CMS 5-Star Rating *
	Apartments	Assisted Living	Memory Support			
Newcastle Place	158	36	16	47	257	2

* The CMS 5-Star rating is as of September 2024.

Average Occupancy

	Six Months ended December 31,		Year ended December 31,		Nine months ended September 30,	
	2021	2022	2023	2023	2024	
	Independent Living	96.4%	91.8%	89.8%	89.5%	95.3%
Assisted Living	97.0%	94.5%	91.6%	92.1%	89.2%	
Memory Support	97.5%	97.4%	93.3%	96.3%	84.1%	
Health Center	80.6%	80.9%	84.8%	84.6%	81.9%	

Health Center Average Payor Mix

	Six Months ended December 31,		Year ended December 31,		Nine months ended September 30,	
	2021	2022	2023	2023	2024	
	Lifecare	18.9%	10.8%	16.6%	15.7%	11.9%
Medicare	30.8%	33.0%	32.7%	33.0%	37.8%	
HMO	15.7%	24.0%	25.3%	26.7%	28.9%	
Non-Life Care Resident	34.6%	32.2%	25.4%	24.6%	21.4%	
Total Patient Mix	100.0%	100.0%	100.0%	100.0%	100.0%	

Entrance Fee Turnover Data

The number of closings, entrance fees proceeds and refunds are shown below:

	Six Months ended December 31,		Year ended December 31,		Nine months ended September 30,	
	2021	2022	2023	2023	2024	
	Closings	7	28	34	21	17
Gross Entrance Fees	2,606	10,213	10,460	7,280	6,115	
Refunds/Other	(982)	(7,539)	(8,459)	(7,352)	(4,693)	
Net Entrance Fees	1,624	2,674	2,001	(72)	1,422	

Wait List

Independent Living Wait List as of October 14, 2024 is 47.

**Newcastle Place
Balance Sheets
As of September 30 (Unaudited)
(Thousands of \$)**

Assets	2024	2023
Current Assets:		
Cash and Cash Equivalents	\$9,087	\$8,100
Accounts Receivable	918	670
Inventories	39	39
Prepaid Insurance & Other	353	192
Assets whose use is limited	-	157
Total Current Assets	<u>10,397</u>	<u>9,158</u>
Property and equipment, at cost:		
Land and improvements	4,586	4,470
Buildings and improvements	71,966	70,758
Furniture and equipment	2,806	2,464
	<u>79,358</u>	<u>77,692</u>
Less accum. deprec.	<u>(10,440)</u>	<u>(7,398)</u>
Net property and equipment	68,918	70,294
Swap Derivative	2,307	4,265
Net goodwill	30,652	35,949
Net deferred assets	664	389
TOTAL ASSETS	<u><u>\$112,938</u></u>	<u><u>\$120,055</u></u>

**Newcastle Place
Balance Sheets
As of September 30 (Unaudited)
(Thousands of \$)**

	2024	2023
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	\$849	\$793
Related Party	109	89
	958	882
Accrued liabilities:		
Employee compensation expense	860	795
Interest	469	154
Property taxes	263	703
Other	27	184
	1,619	1,836
Entrance fee refunds	-	205
Notes Payable Due within One Year	1,909	2,081
Obligation under Cap Lease due within One Year	9	3
Total current liabilities	4,495	5,007
Entrance fee deposits	2	98
Wait list deposits	244	171
Long-term Notes Payable and Related Party Payable	55,883	57,611
Long-term Related Party Payable	7,773	5,775
Long-term Bonds Due after One Year	9,031	8,886
Obligation under Cap Lease Due after One Year	44	50
Deferred entrance fees	5,294	5,316
Refundable entrance and membership fees	47,047	43,923
Total liabilities	129,813	126,837
Net assets without donor restrictions	(16,875)	(6,782)
TOTAL LIABILITIES AND NET ASSETS	\$112,938	\$120,055

Newcastle Place
Statements of Operations and Changes in Unrestricted Assets
For the Nine Months Ended September 30 (Unaudited)
(Thousands of \$)

	2024	2023
Revenues		
Independent living fees	\$9,090	\$7,706
Entrance fees earned	787	843
Skilled nursing, assisted living and memory support fees	8,676	8,310
	18,553	16,859
Expenses		
Operating expenses:		
Salaries and benefits	7,292	6,816
General and administrative	3,374	3,307
Plant operations	1,280	995
Housekeeping	94	95
Dietary	1,579	1,520
Medical and other resident care	1,110	942
Depreciation	2,460	2,591
Amortization	4,306	4,418
Interest	2,461	1,902
	23,956	22,586
Deficit of revenues over expenses	(5,403)	(5,727)
Contributions to Lifespace Communities, Inc. (a)	(1,303)	(496)
Changes in net assets	(6,706)	(6,223)
Net assets at beginning of year	(10,169)	(559)
Net assets at end of the period	(\$16,875)	(\$6,782)

(a) Lifespace Communities, Inc. allocates home office charges to each of the communities based on percentage of revenues, which is higher than the 5% management fee allowed to be charged in accordance with the loan agreement. This difference is recorded as a long-term payable and equity contribution, and will be collected at a later date in accordance with the loan documents.

Newcastle Place
Statements of Cash Flow
For the Nine Months Ended September 30 (Unaudited)
(Thousands of \$)

Operating activities	2024	2023
Changes in unrestricted net assets	(\$6,706)	(\$6,223)
Adjustments to reconcile changes to net cash provided in operating activities:		
Entrance fees earned	(787)	(843)
Proceeds from nonrefundable entrance fees and deposits	778	803
Refunds of entrance fees	-	(131)
Depreciation and Amortization	6,766	7,009
Amortization of Financing Costs	108	89
Interest Applied to Long-Term Debt	-	804
Net purchases of trading investments	517	(153)
Contributions to Lifespace Communities, Inc.	1,303	496
Change in entrance fee and wait list deposits	44	(8)
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(700)	(438)
Accounts payables and accrued liabilities	(291)	317
Net cash provided in operating activities	<u>1,032</u>	<u>1,722</u>
Investing activities		
Purchases of property and equipment	(1,093)	(1,711)
Financing activities		
Advance for Home Office Allocation	1,643	992
Payments on Notes Payable	(1,424)	(308)
Payments on Leases	(2)	(7)
Contributions to Lifespace Communities, Inc.	(1,303)	(496)
Proceeds from refundable entrance fees and deposits	5,337	6,477
Refunds of entrance fees	(4,693)	(7,221)
Net cash used in financing activities	<u>(442)</u>	<u>(563)</u>
Net change in cash and cash equivalents	(503)	(552)
Cash and cash equivalents at beginning of year	9,590	8,652
Cash and cash equivalents at end of period	<u><u>\$9,087</u></u>	<u><u>\$8,100</u></u>

Newcastle Place
Selected Historical Financial Information
(Thousands of \$)

	Nine Months Ended September 30 (Unaudited)		Year Ended December 31 (Audited)		Six Months Ended December 31
	2024	2023	2023	2022	2021
Historical Debt Service Coverage					
Excess (deficit) of revenues over expenses	(5,403)	(5,727)	(8,937)	(3,527)	(4,145)
Less:					
Entrance fees earned	(787)	(843)	(1,169)	(1,441)	(641)
Gain on Derivative	-	-	-	(4,571)	-
Add:					
Depreciation	2,460	2,591	3,173	3,101	1,705
Amortization	4,306	4,418	6,016	6,306	2,934
Interest Expense	2,461	1,902	2,838	2,859	1,515
Loss on Derivative	-	-	1,958	-	306
Entrance fee proceeds (less refunds)	1,422	(72)	2,001	2,674	1,624
Income available for debt service	4,459	2,269	5,880	5,401	3,298
Maximum annual debt service payment	3,728	3,728	3,728	3,728	3,728
Annual debt service coverage (a)	2.2	1.7	1.6	1.4	1.8
Annual debt service coverage covenant	1.2	1.2	1.2	1.2	1.2
Days Cash on Hand					
Unrestricted cash and investments	9,087	8,100	9,590	8,652	5,630
Department operating expenses plus interest (Annualized)	22,920	20,769	20,637	19,272	18,304
Daily expenses	63	57	57	53	50
Days of unrestricted cash & investments on hand	145	142	170	164	112
Days of unrestricted cash & investments on hand covenant	90	90	90	75	60

(a) The annual debt service coverage uses a rolling 12 months for the Income Available for Debt Service except for the periods of the December 31, 2021 when there had not been 12 months of activity to date. In that case, the income available for debt service was annualized from what activity had occurred.

Newcastle Place
Statements of Operations and Changes in Unrestricted Assets
Comparison to Budget
For the Nine Months Ended September 30, 2024 (Unaudited)
(Thousands of \$)

	Actual	Budget	Favorable/ (Unfavorable)
Revenues			
Independent living fees	\$9,090	\$8,764	\$326
Skilled nursing, assisted living and memory support fees	8,676	9,162	(486)
	<u>17,766</u>	<u>17,926</u>	<u>(160)</u>
Expenses			
Operating expenses:			
Salaries and benefits	7,292	8,511	1,219
General and administrative	3,374	3,220	(154)
Plant operations	1,280	1,182	(98)
Housekeeping	94	122	28
Dietary	1,579	1,621	42
Medical and other resident care	1,110	269	(841)
	<u>14,729</u>	<u>14,925</u>	<u>196</u>
Net operating margin	<u>3,037</u>	<u>3,001</u>	<u>36</u>