CONTINUING DISCLOSURE REPORT
for the year ended December 31, 2024

LIFESPACE COMMUNITIES

OBLIGATED GROUP

Abbey Delray
Abbey Delray South
Beacon Hill
Claridge Court
Friendship Village of Bloomington
Friendship Village of South Hills
Harbour's Edge
Newcastle Place
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.

LIFESPACE COMMUNITIES

February 14, 2025

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 year ended December 31, 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 12 CCRCs in seven 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 December 19, 2024, Newcastle Place became part of the Obligated Group concurrent with the issuance of the Series 2024 bonds.

As of the date of this disclosure, Abbey Delray has not been sold however Lifespace is expecting this to occur in the first quarter of 2025. Through various discussions, it was determined Lifespace will present Abbey Delray as discontinued operations for the year ended December 31, 2024 and 2023.

Prior period information has been restated to include Newcastle Place. In addition, Abbey Delray’s activity was reclassed to discontinued operations in the financials presented for 2024 and 2023 and in the ratios for 2024.

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. 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 the corporate office located in Dallas, Texas. References to the “Communities” herein are to the 12 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	3
Beacon Hill (1)	354			26	84		464	5
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	4
Harbour's Edge	266			50	4		320	5
Newcastle Place (5)	158		36	47		16	257	2
Oak Trace (1)(2)	341	16	66	84	20	28	555	4
Querencia	157	10	40	38	4	23	272	5
The Waterford (1)(4)	215	26		30	30		301	3
Village on the Green	204	58	36	40	8	18	364	4
Total	2,862	212	318	491	348	179	4,410	

* The CMS 5-Star ratings are as of January 2025.

<u>Change in units from December 31, 2023</u>

(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.

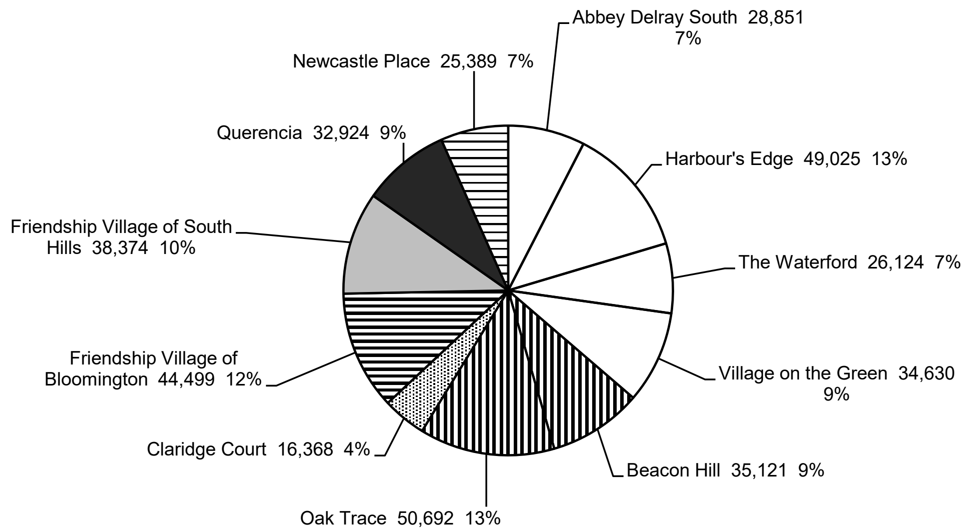
(5) Newcastle Place joined the Lifespace Obligated Group in December 2024 along with the 2024 Financing.

Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2021 Living Units	2021 Health Center	2021 ALUs	2021 Memory Support	2022 Living Units	2022 Health Center	2022 ALUs	2022 Memory Support	2023 Living Units	2023 Health Center	2023 ALUs	2023 Memory Support	2024 Living Units	2024 Health Center	2024 ALUs	2024 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%	86.6%	88.7%	92.9%	78.4%
Abbey Delray South, FL (e)	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	64.6%	95.0%	NA	NA
Beacon Hill, IL (e)	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	80.7%	93.1%	NA	NA
Claridge Court, KS	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	96.5%	92.1%	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%	90.2%	95.5%	98.4%	98.8%
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%	84.0%	89.0%	95.3%	97.1%
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	96.0%	94.8%	NA	NA
Newcastle Place, WI (h)	96.4%	80.6%	96.9%	97.5%	91.8%	80.9%	94.4%	97.5%	89.8%	84.9%	91.7%	93.1%	96.2%	82.7%	89.8%	87.7%
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%	72.9%	97.2%	96.7%	94.5%
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%	95.1%	96.0%	88.2%
The Waterford, FL (e) (g)	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	83.4%	72.1%	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%	79.4%	96.5%	96.0%	91.0%
Obligated Group	79.6%	84.8%	72.8%	84.2%	78.0%	89.9%	92.1%	92.2%	79.5%	91.4%	94.6%	94.1%	84.0%	91.3%	95.2%	91.3%

(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.
(h) Newcastle Place joined the Lifespace Obligated Group in December 2024 in conjunction of the Series 2024 financing.

Comparative Analysis of Gross Revenues
Year Ended December 31, 2024
($ in Thousands)



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

Texas
Pennsylvania
Minnesota
Wisconsin
Kansas
Illinois
Florida

Skilled Nursing Payer Mix and Occupancy

	Year-ended			
Payer	2021	2022	2023	2024
Lifecare	11.6%	11.4%	12.5%	11.1%
Private Pay	24.2%	27.1%	24.7%	22.9%
Medicare	47.9%	44.8%	44.7%	45.2%
Medicaid	8.2%	6.2%	5.3%	4.8%
Other	8.1%	10.5%	12.8%	16.0%
Total Patient Mix	100%	100%	100%	100%
Year-To-Date Average Service Units Available	856	839	839	839
Year-To-Date Average Occupancy Percentage	84.8%	89.9%	91.4%	91.3%

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of December 31 (Unaudited)
(Thousands of $)

	2024	**2023**
Assets		
Current Assets:		
Cash and Cash Equivalents	$29,679	$46,996
Investments	118,480	108,963
Accounts Receivable	38,684	33,442
Inventories	670	669
Prepaid Insurance & Other	6,088	5,391
Assets whose use is limited	102,601	87,336
Total Current Assets	296,202	282,797
Assets whose use is limited	91,847	94,752
Property and equipment, at cost:		
Land and improvements	75,303	71,335
Buildings and improvements	1,388,276	1,314,979
Furniture and equipment	108,308	88,648
	1,571,887	1,474,962
Less accum. deprec.	(635,160)	(574,523)
Net property and equipment	936,727	900,439
Swap Derivative	108	2,719
Net goodwill	52,869	64,260
Net deferred assets	10,119	5,679
Net intangible assets	6,429	7,900
Assets of discontinued operations, net	60,137	59,407
TOTAL ASSETS	$1,454,438	$1,417,953

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of December 31 (Unaudited)
(Thousands of $)

	2024	**2023**
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$21,083	$37,415
Intercompany	4,865	5,834
	25,948	43,249
Accrued liabilities:		
Employee compensation expense	12,996	11,998
Interest	5,092	4,581
Property taxes	3,020	2,844
Other	2,285	3,295
	23,393	22,718
Entrance fee refunds	4,203	6,269
Reserve for health center refunds	27,634	31,522
Long-term notes payable due within one year	-	1,931
Long-term debt due within one year	19,985	19,326
Obligation under cap lease due within one yr	586	425
Total current liabilities	101,749	125,440
Entrance fee deposits	1,820	9,746
Wait list deposits	2,119	1,585
Long-term debt due after one year	891,063	789,671
Long-term notes payable due after one year	-	57,285
Settlement payable	52,107	62,826
Obligation under cap lease due after one year	1,484	1,188
Deferred entrance fees	213,161	187,373
Refundable entrance and membership fees	685,326	612,163
Total liabilities	1,948,829	1,847,277
Net assets without donor restrictions	(494,391)	(429,324)
TOTAL LIABILITIES AND NET ASSETS	$1,454,438	$1,417,953

Lifespace Communities, Inc.
Obligated Group Statements of Operations and Changes in Unrestricted Assets
For the Year Ended December 31 (Unaudited)
(Thousands of $)

	2024	2023
Revenues		
Independent Living Fees	$180,795	$154,190
Entrance fees earned/cancellation penalties	35,731	31,863
Skilled nursing, assisted living and memory support fees	147,305	134,914
Investment Income	18,166	22,841
Other	-	83
	381,997	343,891
Expenses		
Operating expenses:		
Salaries and benefits	162,868	149,195
General and administrative	79,479	69,705
Plant operations	21,587	18,892
Housekeeping	1,607	1,450
Dietary	29,278	27,788
Medical and other resident care	9,013	10,317
Depreciation	61,309	52,518
Amortization	17,604	17,995
Interest	33,337	22,516
(Gain) Loss on disposal of fixed assets	733	(333)
Loss on extinguishment of debt	814	1,858
Loss on Derivative	2,052	1,546
	419,681	373,447
Nonoperating Expenses		
Settlement Loss	(1,482)	(119,189)
Deficit of revenues over expenses	(39,166)	(148,745)
Discontinued operations		
Loss from operations of discontinued operations	(7,993)	(18,346)
Financing for Lifespace, Inc.	-	9,589
Contributions to Lifespace Communities, Inc.	(17,908)	(9,266)
Changes in net assets	(65,067)	(166,768)
Net assets at beginning of year	(429,324)	(262,556)
Net assets at end of the period	($494,391)	($429,324)

Lifespace Communities, Inc.
Obligated Group Statements of Cash Flow
For the Year Ended December 31 (Unaudited)
(Thousands of $)

	2024	2023
Operating activities		
Changes in unrestricted net assets	($65,067)	($166,768)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(38,851)	(36,518)
Proceeds from nonrefundable entrance fees and deposits	69,044	50,898
Refunds of entrance fees	(6,943)	(3,940)
Interest Applied to Long-Term Debt	-	804
Depreciation and Amortization	84,774	76,070
Amortization of Financing Costs	880	826
Net accretion of original issue premium/discounts	(1,841)	(1,950)
Change in unrealized appreciation of investments	(6,582)	(13,255)
Net sales (purchases) of trading investments	(15,295)	39,475
Equity Transfer to Related Party	-	(9,589)
Contributions to Lifespace Communities, Inc.	17,908	9,266
Loss on disposal of property and equipment	731	(374)
Loss on Settlement	1,650	131,778
Change in wait lists and deposits	(7,400)	2,754
Loss on extinguishment of debt	814	2,062
Change in Value of Swap Derivative	2,052	1,546
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(11,964)	(21,334)
Accounts payables and accrued liabilities	(17,526)	6,041
Net cash provided in operating activities	6,384	67,792
Investing activities		
Purchases of property and equipment	(103,255)	(154,684)
Financing activities		
Financing cost incurred	(2,907)	(4,617)
Repayment of long-term debt	(11,786)	(7,905)
Payments on settlement	(11,470)	(66,792)
Advances from line of credit	-	6,070
Proceeds from new financing	168,000	197,820
Intercompany Notes Payable	1,995	1,348
Extinguishment of Prior Debt	(110,049)	(52,500)
Equity Transfer to Related Party	-	9,589
Contributions to Lifespace Communities, Inc.	(17,908)	(9,266)
Payments on Leases	(432)	(508)
Proceeds from refundable entrance fees and deposits	132,922	81,489
Refunds of entrance fees	(68,811)	(67,630)
Net cash provided in financing activities	79,554	87,098
Net change in cash and cash equivalents	(17,317)	206
Cash and cash equivalents at beginning of year	46,996	46,790
Cash and cash equivalents at end of period	$29,679	$46,996

Year Ended December 31, 2024 versus Year Ended December 31, 2023:

The average year-to-date independent living occupancy through December 31, 2024, was 2,575 independent living homes (84.0% of the 3,064 average available homes). The average year-to-date occupancy through December 31, 2023 was 2,415 independent living homes (79.5% of the 3,038 average available homes). The change in average available homes from December 31, 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 $180,795,000 in 2024, a 17.3% increase over the $154,190,000 from the same revenue sources in 2023. The increase is due mainly to occupancy, monthly fee increases, and processing fees. Independent living year-to-date occupancy grew to 2,464 (88.0% of the 2,800 available) at December 31, 2024 from 2,254 (82.3% of the 2,740 available) at December 31, 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. Processing fees are higher due to more year-to-date closings in 2024 of 587 versus 2023 of 407. 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 $147,305,000 in 2024 compared to $134,914,000 in 2023, an increase of 9.2%. 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 December 31, 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 $303,832,000 in 2024, an increase of $26,485,000 or 9.5% from comparable expenses of $277,347,000 in 2023. Salaries and benefits increased $13,673,000 or 9.2% due primarily to merit increases effective January 1, 2024 and filled positions that were vacant in the prior period. Some of the vacant positions were previously filled with agency staffing. General and administrative expense increased $9,774,000 or 14.0% due primarily to property and liability insurance, property and other taxes, consulting and outsourcing, marketing, and technology. Plant operations increased $2,695,000 or 14.3% due primarily to repairs and maintenance, and utilities. Dietary costs increased $1,490,000 or 5.4% due primarily to inflation and occupancy. Medical and other resident care cost decreased $1,304,000 or 12.6% due primarily to agency spend.

Year Ended December 31, 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)
Revenues			
Independent Living Fees	$180,795	$176,964	$3,831
Skilled nursing, assisted living and memory support fees	147,305	137,624	9,681
	328,100	314,588	13,512
Expenses			
Operating expenses:			
Salaries and benefits	162,868	165,690	2,822
General and administrative	79,479	82,552	3,073
Plant operations	21,587	20,034	(1,553)
Housekeeping	1,607	1,486	(121)
Dietary	29,278	30,194	916
Medical and other resident care	9,013	5,273	(3,740)
	303,832	305,229	1,397
Net operating margin	24,268	9,359	14,909
Net entrance fees, including initial entrance fees	126,212	132,710	(6,498)
Capital expenditures, financed with bond proceeds	43,208	79,348	36,140
Capital expenditures, routine and community projects	60,047	42,273	(17,774)

Net operating margin is favorable to budget by $14,909,000.

Independent living fees are favorable to budget by $3,831,000, which is related to higher than anticipated occupancy. Independent Living budgeted an average year to date occupancy of 82.0% and has actual occupancy of 83.8%, excluding Abbey Delray.

Skilled nursing, assisted living and memory support fees are favorable to budget by $9,681,000 due primarily to higher occupancy than budgeted in the health center and improved payer mix in all levels of living. The health center budgeted an average year to date occupancy of 90.0% and has actual occupancy of 91.6%, excluding Abbey Delray.

Salaries and benefits are $2,822,000, or 1.7%, 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 $3,073,000, or 3.7%, favorable to budget due primarily to liability and property insurance and marketing expenses.

Plant operations expenses are $1,553,000, or 7.8%, 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 $3,740,000, or 70.9%, due primarily to agency staff usage and transportation.

Net entrance fees are unfavorable to budget by $6,948,000. The budget for the year ended December 31, 2024 had 623 closings compared to the actual closings of 587. 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 December 31, 2024	Actual	Budget
Total Closings	587	623
Rental Closings	102	112
Entrance Fee Closings	485	511

The Oak Trace redevelopment project opened 140 independent living units in January 2024. The fill up has been quicker than expected. For the year ended December 31, 2024, Oak Trace has had 126 actual closings while 98 were budgeted. Initial entrance fees for Oak Trace for the year ended December 31, 2024 was $55,166,000.

Capital expenditures financed with bond proceeds are approximately $36,140,000 less than budgeted. Approximately $17,774,000 more was spent on routine capital expenditures than budgeted. These are the result of timing.

Ratios:

All periods on the ratios page are inclusive of Newcastle Place. The discontinued operations of Abbey Delray are only taken into account in 2024's ratios.

The Net Operating Margin Ratio increased from 2.5% for the year ended December 31, 2023 to 7.4% for the same period in 2024. The Net Operating Margin, Adjusted Ratio increased from 16.3% for the year ended December 31, 2023 to 22.3% for the same period in 2024. The annual debt service coverage ratio decreased to 2.0 for the year ended December 31, 2024 from 2.1 for the same period in 2023. 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 December periods due to funded interest funds being used which impacts the Debt Service Coverage Ratio negatively. However, the increases in net operating margin and net entrance fees excluding initial entrance fees are offset by the increase in annual debt service. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income decreased when comparing the year ended December 31, 2024 to the same period in 2023. Excluding the unrealized gain/loss, investment income represents an increase of $1,998,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	December 31, 2024	December 31, 2023
Interest and Dividend Income	$7,169	$8,221
Realized Gain/(Loss)	4,415	1,365
Unrealized Gain/(Loss)	6,582	13,255
Total	$18,166	$22,841

The Adjusted Debt to Capitalization increased from 140.6% at December 31, 2023 to 144.7% at December 31, 2024.

Liquidity and Capital Requirements – Year Ended December 31, 2024 versus Year Ended December 31, 2023:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were $126,212,000 for the year ended December 31, 2024 compared to $60,817,000 for the same period in 2023. The number of entrance fee move-ins was 485 in the year ended December 31, 2024 compared to 339 in the year ended December 31, 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 102 rental contracts sold in the year ended December 31, 2024 and 68 in the same period in 2023. In addition, there were initial entrance fees at three communities of $63,048,000 (137 closings) in the year ended December 31, 2024 and $8,291,000 (15 closings) in the year ended December 31, 2023.

Daily operating expenses for 2024 increased to $915,000 from $912,000 in 2023, an increase of 0.3%. The overall unrestricted cash position decreased from $194,359,000 at December 31, 2023 to $191,013,000 at December 31, 2024, a change of 1.7%. The Days Cash on Hand Ratio decreased from 213 days at December 31, 2023 to 209 days at December 31, 2024.

Capital expenditures for the communities for the year ended December 31, 2024 were $103,255,000, while depreciation expense for the same period was $61,309,000. The remaining redevelopment projects account for $35,136,000 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 $8,072,000 for the year ended December 31, 2024. Capital expenditures for the communities for the year ended December 31, 2023 were $154,684,000, while depreciation expense for the same period was $52,518,000. The redevelopment projects account for $84,464,000 of this year-to-date 2023 expenditure balance. In addition, various community projects were funded by the Series 2018, 2019, 2021, 2022 and 2023 financings in the amount of $39,290,000 for the year ended December 31, 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.

On December 19, 2024, Lifespace Communities successfully completed a bond financing of Series 2024A and B with Iowa Finance Authority. Lifespace received proceeds from the issuance of $149 million. The proceeds from these bonds i) refinanced the Iowa Finance Authority Revenue Bonds (Lifespace Communities, Inc.) Series 2021D, approximately $53,000,000, ii) refinanced the Newcastle Place Loan in the outstanding principal amount, approximately $57,000,000, and iii) funded various capital investment projects. As part of the financing, Newcastle Place, LLC became a Member of the Obligated Group.

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 December 31, 2024, the outstanding amount borrowed on the line of credit is $9.4 million.

One community is in the process of significant construction at December 31, 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 November 21, 2024, Fitch reaffirmed the Obligated Group's 'BBB' credit rating, while improving the outlook from negative to stable.

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 Place long-term indebtedness. Lifespace also held approximately $8,000,000 million of subordinated bonds issued by Newcastle Place. When Newcastle Place joined the Obligated Group in December 2024, Lifespace discharged the subordinate bonds and terminated the Liquidity Support Agreement.

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 December 31, 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". In January 2024, a contribution of $11,470,000 was made in accordance with the annual payment schedule.

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. In December 2024, the Liquidity Support Agreement was amended to provide support of $5,000,000. As of December 31, 2024, the Liquidity Support Agreement remains unfunded.

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 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 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.

Lifespace Communities, Inc.
Obligated Group Selected Historical Financial Information
(Thousands of $)

Historical Debt Service Coverage	Year Ended December 31 (Unaudited) 2024	Year Ended December 31 (Audited) 2023	2022	2021
Excess (deficit) of revenues over expenses	(39,166)	(167,091)	(89,046)	(36,226)
Less:				
Entrance fees earned	(38,851)	(36,518)	(34,963)	(30,443)
Initial redevelopment entrance fee and/or redevelopment deposits	(63,048)	(8,291)	(19,475)	(41,862)
Add:				
Depreciation	61,309	57,969	57,654	53,929
Amortization	17,604	18,101	18,733	15,159
Interest Expense	33,337	24,770	21,675	18,983
Expenses paid by long-term debt issuances	285	1,509	1,234	1,719
Unrealized (gain) loss on securities	(6,582)	(13,795)	27,006	(14,953)
Loss (gain) on Derivatives	2,052	1,546	(4,571)	306
Realized (gain) loss on sale of assets	733	(374)	5	12
Loss on extinguishment of debt	814	2,062	-	214
Loss on settlement	1,482	131,778	-	-
Entrance fee proceeds (less refunds)	126,212	60,817	84,241	97,916
Income available for debt service	96,181	72,483	62,493	64,754
Annual debt service payment	47,664	35,337	29,570	28,140
Annual debt service coverage (b)(c)(d)	2.0	2.1	2.1	2.3
Maximum annual debt service payment	59,370	53,795	44,314	38,476
Maximum annual debt service coverage (d)	1.6	1.3	1.4	1.7
Cash to Debt				
Unrestricted cash and investments (a)	191,013	194,359	198,354	219,703
Debt service reserve fund	40,473	39,266	32,359	34,245
	231,486	233,625	230,713	253,948
Bonds outstanding long-term	891,063	789,671	655,769	578,012
Annual debt service	47,664	35,337	29,570	28,140
Maximum annual debt service	59,370	53,795	44,314	38,476
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.4	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	4.9	6.6	7.8	9.0
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	3.9	4.3	5.2	6.6
Department operating expenses (excluding expenses paid by long-term debt issuances and bad debt) plus interest	334,863	332,928	315,210	269,018
Daily expenses	915	912	864	737
Days of unrestricted cash & investments on hand (b)(c)(d)	209	213	230	298
Other Ratios				
Net operating margin (c)(d)	7.4%	2.5%	-2.1%	1.5%
Net operating margin, adjusted (c)(d)	22.3%	16.3%	16.6%	19.2%
Adjusted debt to capitalization (c)(d)	144.7%	140.6%	112.4%	96.7%

(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%.