CONTINUING DISCLOSURE REPORT
for the three months ended March 31, 2023

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
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.

DocuSign Envelope ID: F4EB9EF4-4273-4917-BF39-BCEB9B26D9B6

LIFESPACE COMMUNITIES

May 12, 2023

US Bank
Stephanie Cox
Vice President
Corporate Trust Dept.
500 W. Cypress Creek Road, Suite 460
Ft. Lauderdale, FL 33309

RE: Certificate in accordance with Section 415 (a) (ii) of the Master Trust Indenture dated November 1, 2010

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 three months ended March 31, 2023, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:
0FBD63BFF8124CA...

Nick Harshfield

Cc: Bankers Trust, Kristy Olesen
Cc: US Bank, Anita Malmgren

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 owned eleven CCRCs in six states that made up the Obligated Group. On August 1, 2021, the Corporation sold Grand Lodge at the Preserve ("Grand Lodge") located in Lincoln, Nebraska.

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.

The Obligated Group consists of the above communities. The financial information and covenants presented herein set forth the information for these communities. Prior period information has been restated to include Querencia and reclass Grand Lodge activity to discontinued operations.

The Corporation is the sole member of Northwest Senior Housing Corporation, d/b/a Edgemere ("Edgemere") located in Dallas, Texas and Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way ("The Stayton") located in Ft. Worth, Texas. 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. Edgemere, The Stayton, Newcastle Place, Meadow Lake, Wesley Court, The Craig and GreenFields are separately financed and are not members of the Obligated Group.

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 the same third party as Grand Lodge. 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 18 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, 2022 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	299	28	48	30	70	30	505	4
Abbey Delray South	240	44		28	46		358	5
Beacon Hill	372			26	84		482	5
Claridge Court (1)	125			17	28		170	4
Friendship Village of Bloomington	368	12	42	66		32	520	5
Friendship Village of South Hills (2)	269	18	50	35	54	32	458	3
Harbour's Edge	266			50	4		320	5
Oak Trace	215	16	66	84	20	28	429	5
Querencia	157	10	40	38	4	23	272	5
The Waterford	247	18		30	30		325	3
Village on the Green	204	58	36	40	8	18	364	4
Total	2,762	204	282	444	348	163	4,203	

* The CMS 5-Star ratings are as of April 2023.

<u>Change in units from December 31, 2022</u>

(1) Claridge Court combined smaller apartments which reduced inventory by two in the first quarter 2023.

(2) Friendship Village of South Hills has combined smaller apartments which reduced inventory by one in the first quarter 2023.

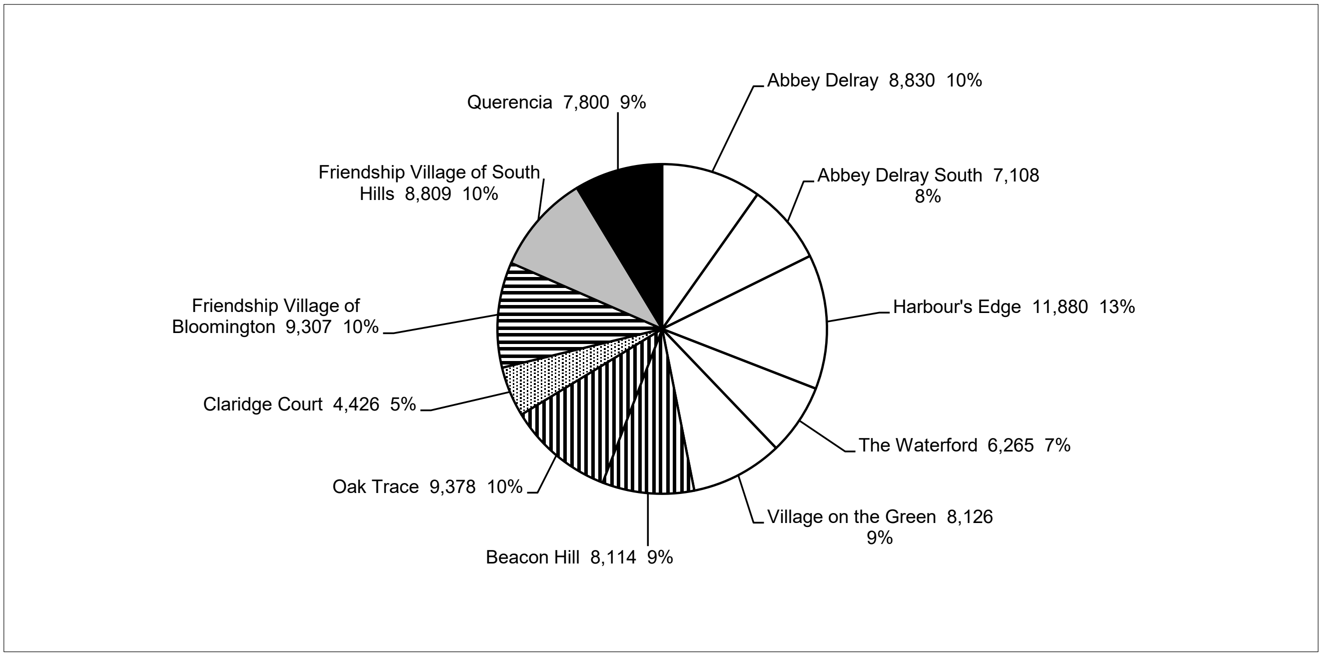
Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2020 Living Units	2020 Health Center	2020 ALUs	2020 Memory Support	2021 Living Units	2021 Health Center	2021 ALUs	2021 Memory Support	2022 Living Units	2022 Health Center	2022 ALUs	2022 Memory Support	Twelve Months Ended March 31, 2023 Living Units	Twelve Months Ended March 31, 2023 Health Center	Twelve Months Ended March 31, 2023 ALUs	Twelve Months Ended March 31, 2023 Memory Support
Abbey Delray, FL (a)	67.6%	92.5%	59.8%	36.0%	60.1%	92.4%	74.1%	60.6%	58.7%	92.5%	92.1%	77.7%	57.4%	93.8%	93.1%	81.3%
Abbey Delray South, FL	76.0%	73.4%	NA	NA	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.3%	91.6%	#DIV/0!	#DIV/0!
Beacon Hill, IL	92.4%	91.5%	NA	NA	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	78.8%	88.8%	#DIV/0!	#DIV/0!
Claridge Court, KS	87.3%	82.0%	NA	NA	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	86.0%	95.1%	#DIV/0!	#DIV/0!
Friendship Village of Bloomington, MN (b)	93.3%	82.0%	89.5%	NA	81.2%	79.6%	55.2%	91.6%	77.1%	89.3%	89.5%	93.4%	77.4%	91.8%	92.9%	95.3%
Friendship Village of South Hills, PA	87.6%	81.2%	44.7%	63.8%	81.3%	76.6%	75.4%	90.0%	78.8%	82.1%	94.4%	97.8%	77.9%	83.0%	94.2%	97.5%
Grand Lodge, NE (c)	86.2%	NA	80.1%	NA	85.2%	NA	85.4%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Harbour's Edge, FL	86.8%	92.4%	NA	NA	83.3%	92.3%	NA	NA	89.7%	92.8%	NA	NA	90.9%	92.6%	NA	NA
Oak Trace, IL	83.6%	92.8%	83.2%	57.5%	86.2%	93.4%	64.8%	88.1%	84.2%	94.1%	86.7%	97.9%	83.1%	95.7%	91.8%	98.2%
Querencia, TX (d)	98.0%	82.9%	96.1%	83.3%	97.9%	81.3%	96.0%	90.1%	96.3%	95.5%	95.8%	87.8%	96.3%	95.7%	96.3%	87.0%
The Waterford, FL	86.8%	86.2%	NA	NA	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	77.3%	88.8%	NA	NA
Village on the Green, FL (e)	82.4%	80.0%	NA	NA	72.2%	78.2%	46.2%	72.6%	71.1%	92.7%	95.6%	96.7%	71.8%	94.0%	96.9%	97.8%
Obligated Group	85.0%	85.8%	75.2%	59.6%	78.7%	85.0%	69.7%	82.8%	77.3%	90.5%	91.8%	91.7%	77.0%	91.5%	93.9%	92.8%

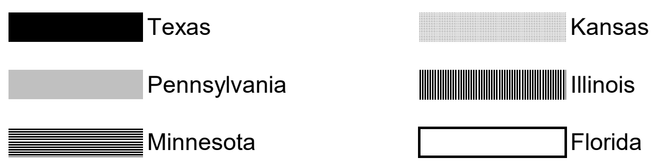
(a) The new assisted living and memory support opened in February 2020.
(b) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021. The new health center opened in June 2022.
(c) Grand Lodge was disposed as of August 1, 2021.
(d) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing. Lifespace affiliated with Querencia on June 20, 2019. Occupancy prior to this date is not reflected above.
(e) 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.

	Three months ended March 31, 2022 Living Units	Three months ended March 31, 2022 Health Center	Three months ended March 31, 2022 ALUs	Three months ended March 31, 2022 Memory Support	Three months ended March 31, 2023 Living Units	Three months ended March 31, 2023 Health Center	Three months ended March 31, 2023 ALUs	Three months ended March 31, 2023 Memory Support
Abbey Delray, FL	60.7%	92.1%	87.6%	65.6%	55.7%	96.8%	91.8%	79.3%
Abbey Delray South, FL	65.4%	89.4%	NA	NA	67.4%	95.8%	NA	NA
Beacon Hill, IL	84.7%	84.2%	NA	NA	77.1%	89.5%	NA	NA
Claridge Court, KS	81.3%	95.1%	NA	NA	87.6%	93.5%	NA	NA
Friendship Village of Bloomington, MN	76.2%	84.3%	77.4%	87.5%	77.3%	94.7%	90.3%	94.9%
Friendship Village of South Hills, PA	80.7%	82.8%	93.2%	99.9%	76.9%	86.5%	92.8%	99.3%
Harbour's Edge, FL	87.5%	94.1%	NA	NA	92.5%	93.4%	NA	NA
Oak Trace, IL	85.4%	90.0%	77.8%	95.8%	81.2%	96.3%	98.8%	97.6%
Querencia, TX	97.7%	94.0%	94.9%	88.2%	97.7%	95.6%	97.3%	84.0%
The Waterford, FL	78.0%	91.6%	NA	NA	76.5%	89.9%	NA	NA
Village on the Green, FL	71.1%	90.3%	93.9%	96.9%	73.9%	94.3%	98.6%	98.6%
Obligated Group	77.8%	89.0%	86.6%	88.5%	76.8%	93.1%	95.0%	92.2%

Comparative Analysis of Gross Revenues
Three Months Ended March 31, 2023
($ 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

	Year-ended			Three Months Ended March 31,	
Payer	2020	2021	2022	2022	2023
Lifecare	13.9%	11.6%	11.7%	11.4%	12.8%
Private Pay	24.5%	24.0%	27.0%	24.9%	25.2%
Medicare	44.6%	48.1%	45.0%	47.3%	46.4%
Medicaid	10.1%	8.5%	6.6%	7.1%	5.7%
Other	6.9%	7.8%	9.7%	9.3%	9.9%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	818	809	792	792	792
Year-To-Date Average Occupancy Percentage	85.8%	85.0%	90.5%	89.0%	93.1%

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

	2023	**2022**
Assets		
Current Assets:		
Cash and Cash Equivalents	$36,667	$37,154
Investments	109,991	126,561
Accounts Receivable	17,863	11,363
Inventories	701	667
Prepaid Insurance & Other	4,984	5,339
Assets whose use is limited	105,536	111,174
Total Current Assets	275,742	292,258
Assets whose use is limited	78,788	83,904
Property and equipment, at cost:		
Land and improvements	72,310	71,115
Buildings and improvements	1,243,195	1,130,134
Furniture and equipment	94,092	86,015
	1,409,597	1,287,264
Less accum. deprec.	(600,628)	(546,206)
Net property and equipment	808,969	741,058
Net goodwill	34,206	40,301
Net deferred assets	3,280	1,804
Net intangible assets	9,002	10,472
TOTAL ASSETS	$1,209,987	$1,169,797

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

	2023	2022
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$14,061	$10,877
Intercompany	3,145	2,340
	17,206	13,217
Accrued liabilities:		
Employee compensation expense	13,654	11,899
Interest	9,481	8,842
Property taxes	3,002	3,147
Other	3,702	4,066
	29,839	27,954
Entrance fee refunds	5,414	4,029
Reserve for health center refunds	31,115	27,536
Long-term debt due within one year	10,486	13,890
Obligation under cap lease due within one yr	480	643
Total current liabilities	94,540	87,269
Entrance fee deposits	8,821	7,577
Wait list deposits	1,270	1,307
Long-term debt due after one year	642,657	566,987
Obligation under cap lease due after one year	1,341	458
Deferred entrance fees	180,718	167,222
Refundable entrance and membership fees	550,109	517,748
Total liabilities	1,479,456	1,348,568
Net assets without donor restrictions	(269,469)	(178,771)
TOTAL LIABILITIES AND NET ASSETS	$1,209,987	$1,169,797

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

	2023	2022
Revenues		
Independent Living Fees	$37,867	33,748
Entrance fees earned/cancellation penalties	8,744	9,261
Skilled nursing, assisted living and memory support fees	34,948	31,287
Investment Income (Expense)	8,160	(9,443)
Other	83	-
	89,802	64,853
Expenses		
Operating expenses:		
Salaries and benefits	39,323	34,877
General and administrative	17,703	18,275
Plant operations	4,618	4,659
Housekeeping	304	292
Dietary	6,795	5,989
Medical and other resident care	1,963	4,051
Depreciation	13,404	13,017
Amortization	2,718	2,875
Interest	5,402	4,866
(Gain) Loss on disposal of fixed assets	(3)	5
	92,227	88,906
(Deficit) Excess of revenues over expenses from continuing operations	(2,425)	(24,053)
Contributions to Lifespace Communities, Inc.	(5,047)	(474)
Changes in net assets	(7,472)	(24,527)
Net assets at beginning of year	(261,997)	(154,244)
Net assets at end of the period	($269,469)	($178,771)

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

	2023	2022
Operating activities		
Changes in unrestricted net assets	($7,472)	($24,527)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(8,744)	(9,261)
Proceeds from nonrefundable entrance fees and deposits	8,030	10,877
Refunds of entrance fees	(93)	(58)
Depreciation and Amortization	16,122	15,892
Amortization of Financing Costs	154	156
Net accretion of original issue premium/discounts	(489)	(501)
Change in unrealized appreciation of investments	(4,632)	10,014
Net sales of trading investments	29,744	28,914
Contributions to Lifespace Communities, Inc.	5,047	474
Loss on disposal of property and equipment	(3)	5
Change in wait lists and deposits	1,752	1,795
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(1,664)	752
Accounts payables and accrued liabilities	(10,480)	(3,831)
Net cash provided in operating activities	27,272	30,701
Investing activities		
Purchases of property and equipment	(22,917)	(12,813)
Financing activities		
Repayment of long-term debt	-	(890)
Proceeds from line of credit	-	2,074
Contributions to Lifespace Communities, Inc.	(5,047)	(474)
Payments on Finance Leases	(64)	(99)
Proceeds from refundable entrance fees and deposits	11,771	13,320
Refunds of entrance fees	(12,486)	(15,087)
Net cash used in financing activities	(5,826)	(1,156)
Net change in cash and cash equivalents	(1,471)	16,732
Cash and cash equivalents at beginning of year	38,138	20,422
Cash and cash equivalents at end of period	$36,667	$37,154

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022:

The average year-to-date independent living occupancy through March 31, 2023, was 2,280 independent living homes (76.8% of the 2,968 average available homes). The average year-to-date occupancy through March 31, 2022 was 2,323 independent living homes (77.8% of the 2,984 average available homes). The decrease in average available homes from March 31, 2022 to the same period in 2023 is due to four communities that combined smaller apartments and one community demolishing townhomes to support future redevelopment efforts.

Revenues from independent living monthly fees and related charges amounted to $37,867,000 in 2023, a 12.2% increase over the $33,748,000 from the same revenue sources in 2022. The increase is due mainly to monthly fee increases and contributions from the Lifespace Foundation. Monthly fees increased 7.9% on January 1, 2023.

Revenues from the health center, assisted living, and memory support fees were $34,948,000 in 2023 compared to $31,287,000 in 2022, an increase of 11.7%. This increase is the result of the monthly fee increases effective January 1, 2023, and improved occupancies in all higher levels of living. The Friendship Village of Bloomington redevelopment project opened in February of 2021. This added assisted living and memory support rooms while eliminating boarding care. The Village on the Green redevelopment project opened over several months. Village on the Green added assisted living rooms which opened at the end of March of 2021, added and opened memory support in April of 2021 and opened the replacement health center in May of 2021. The monthly fee increases effective January 1, 2023 range from 7.4% to 8.0%.

As of March 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 $70,706,000 in 2023, an increase of $2,563,000 or 3.8% from comparable expenses of $68,143,000 in 2022. Salaries and benefits increased $4,446,000 or 12.7% due primarily to merit increases effective January 1, 2023, filled positions that were vacant in the prior period, and no wages reclassed to general and administrative COVID expense. General and administrative expense decreased $572,000 or 3.1% due primarily to less COVID expenses and damage claims paid. Dietary costs increased $806,000 or 13.5% due primarily to higher raw food costs and occupancy. Medical and other resident care expenses decreased $2,088,000 or 51.53%, due primarily to less agency costs.

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

Three Months Ended March 31, 2023 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	$37,867	$38,575	($708)
Skilled nursing, assisted living and memory support fees	34,948	34,601	347
Other	83	-	83
	72,898	73,176	(278)
Expenses			
Operating expenses:			
Salaries and benefits	39,323	39,898	575
General and administrative	17,703	18,468	765
Plant operations	4,618	5,071	453
Housekeeping	304	336	32
Dietary	6,795	6,926	131
Medical and other resident care	1,963	1,912	(51)
	70,706	72,611	1,905
Net operating margin	2,192	565	1,627
Net entrance fees, including initial entrance fees	7,222	9,077	(1,855)
Capital expenditures, financed with bond proceeds	12,683	24,771	12,088
Capital expenditures, routine and community projects	10,234	16,870	6,636

Net operating margin is favorable to budget by $1,627,000.

Independent living fees are unfavorable to budget by $708,000, which is related to occupancy and processing fees. The year to date average occupancy budgeted for the three months ended March 31, 2023 was 78.1% while actual was 76.8%. Processing fees are less than budgeted due to less closings than budgeted. The budget for the three months ended March 31, 2023 had 60 closings compared to the actual closings of 53.

Skilled nursing, assisted living and memory support fees are favorable to budget by $347,000 due primarily to higher occupancy than budgeted in all higher levels of care. The health center budgeted an average year to date occupancy of 90.4% and has actual occupancy of 93.1%. Assisted Living budgeted an average year to date occupancy of 91.3% and has actual occupancy of 95.0%. Memory Support budgeted an average year to date occupancy of 89.4% and has actual occupancy of 92.2%.

Salaries and benefits are $575,000, or 1.4%, 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 favorable to budget by $765,000, or 4.1%, due primarily to sales and marketing expenses, professional dues and fees, and licenses and fees.

Plant operations expense is favorable to budget by $453,000, or 8.9%, due primarily to lower repairs and maintenance, consulting and outsourcing services, security services and equipment, utilities, and garbage and hazardous waste disposal than budgeted.

Dietary expense is favorable to budget by $131,000, or 1.9%, due primarily to lower consulting and outsourcing services and supplies than budgeted.

Net entrance fees are unfavorable to budget by $1,855,000. As mentioned earlier, the budget for the three months ended March 31, 2023 had 60 closings compared to the actual closings of 53.

Capital expenditures financed with bond proceeds are approximately $12,088,000 less than budgeted. This is the result of timing. Approximately $6,636,000 less was spent on routine capital expenditures than budgeted.

Ratios:

The Net Operating Margin Ratio increased from (4.8%) at March 31, 2022 to 3.0% at March 31, 2023. The Net Operating Margin, Adjusted Ratio increased from 1.3% at March 31, 2022 to 10.0% at March 31, 2023. The annual debt service coverage ratio increased from 0.2 at March 31, 2022 to 1.6 at March 31, 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. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income increased when comparing the three months ended March 31, 2023 to the same period in 2022. Excluding the unrealized gain/loss, investment income represents an increase of $2,957,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	March 31, 2023	March 31, 2022
Interest and Dividend Income	$2,652	$1,177
Realized Gain/(Loss)	876	(606)
Unrealized Gain/(Loss)	4,632	(10,014)

Total	\$8,160	(\$9,443)

The Adjusted Debt to Capitalization increased from 102.0% at March 31, 2022 to 115.7% at March 31, 2023. Both periods are above the benchmark of 54.0%.

Liquidity and Capital Requirements – Three Months Ended March 31, 2023 versus Three Months Ended December 31, 2022:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$7,222,000 for the three months ended March 31, 2023 compared to \$9,052,000 for the same period in 2022. The number of closings increased to 60 in the three months ended March 31, 2023 from 59 reoccupancies in the three months ended March 31, 2022. There were initial entrance fees at two communities of \$1,518,000 (3 closings) in the three months ended March 31, 2023 and \$5,020,000 (6 closings) for the same period in 2022.

Daily operating expenses for 2023 increased to \$841,000 from \$809,000 in 2022, an increase of 4.0%. The overall unrestricted cash position decreased from \$196,198,000 at March 31, 2022 to \$180,358,000 at March 31, 2023, a change of 8.1%. The Days Cash on Hand Ratio decreased from 243 days at March 31, 2022 to 214 days at March 31, 2023.

Capital expenditures for the communities for the three months ended March 31, 2023 were \$22,917,000, while depreciation expense for the same period was \$13,404,000. The remaining redevelopment projects mentioned below account for \$9,655,000 of this year-to-date 2023 expenditure balance. In addition, various community projects were funded by the Series 2018, 2019, 2021 and 2022 financings in the amount of \$3,028,000 for the three months ended March 31, 2023. Capital expenditures for the communities for the three months ended March 31, 2022 were \$12,813,000, while depreciation expense for the same period was \$13,017,000. As stated below, the redevelopment projects account for \$2,027,000 of this year-to-date 2022 expenditure balance. In addition, various community projects were funded by the Series 2019 and 2021 financing in the amount of \$2,234,000 for the three months ended March 31, 2022.

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, 2022 is 230% which is higher than the range as a result of the redevelopment projects. The redevelopment projects are mostly funded with long-term debt and internal cash. Routine capital projects are expected to be funded from internal cash flows.

On August 1, 2021 Lifespace sold Grand Lodge to a third party. The proceeds from this sale were used to pay outstanding bonds of \$13,956,000.

Lifespace Communities completed tax-exempt bond financings in 2016, 2018, and 2019 of which the proceeds support five redevelopment construction projects. On August 31, 2021, Lifespace completed the fourth and final bond financing to assist in the completion of five redevelopment projects.

On November 16, 2022, Lifespace Communities completed a privately placed tax-exempt bond financing that will support The Waterford's redevelopment construction project and smaller projects at the other four Florida communities of Abby Delray, Abbey Delray South, Harbour's Edge and Village on the Green. Lifespace received proceeds from issuing $85.0 million of Series 2022 bonds. The proceeds from these bonds will pay redevelopment costs of $54.1 million at The Waterford, fund cost of issuance of $0.8 million and funded interest of $3.7 million. In addition, several Florida communities received proceeds of $26.4 million to assist with community projects.

Initial entrance fees collected at two of the redevelopment communities have been used to pay down the Series 2019A-2 debt issuance. As of December 15, 2021, the principal amount of $26,850,000 has been fully retired.

Lifespace has secured a line of credit with a bank for $25 million to support the redevelopment efforts. The line of credit is to be used for the redevelopment projects when bond project funds are depleted and prior to the issuance of additional bonds as described below. The terms and covenants of the line of credit follow the master trust indenture. As of March 31, 2023, $16.7 million has been drawn on this line of credit and $3.4 million is outstanding.

Three communities are in the process of significant construction at March 31, 2023. All three of the communities are using proceeds from the Series 2021 and 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 listed above, 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.

In conjunction with the acquisition of The Stayton in June 2019, Lifespace provided a Liquidity Support Agreement ("LSA") to the Stayton trustee. Pursuant to the LSA, Lifespace made a deposit of $3,000,000 to be held by the Stayton trustee in a liquidity support account. This was funded from sources other than the Obligated Group. Lifespace has an unfunded commitment in the amount of up to $3,000,000 which may be drawn upon in accordance with the LSA. This $3,000,000 would likely come from the Obligated Group. In October 2022, the Obligated Group funded The Stayton with $600,000 as part of the unfunded commitment amount in the LSA. On January 13, 2023, the BOKF, N.A. and The Stayton entered into a Forbearance Agreement. In conjunction with the Forbearance Agreement, BOKF, N.A., The Stayton, and Lifespace entered into the First Amendment to Liquidity Support Agreement. Pursuant to the First Amendment to Liquidity Support Agreement, the Trustee shall be permitted to withdraw up to $900,000 previously deposited by Lifespace and held by the Trustee in the Liquidity Support Account to pay fees and expenses of the Trustee's counsel and advisors. The $900,000 withdrawal occurred in January 2023 from the funded LSA. No other substantive changes were made to the Liquidity Support Agreement.

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 which is currently outstanding in the aggregate principal amount of approximately $5,000,000. At March 31, 2023 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 March 31, 2023 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 5, 2023, Lifespace posted a voluntary notice on EMMA of the anticipated financing by Lifespace. At the request of the Corporation due to market conditions the Iowa Finance Authority (the "Authority") approved a resolution providing for the issuance of senior and/or subordinate tax-exempt and/or taxable indebtedness (the "Series 2023 Bonds") of the Corporation. As part of its limited financial support, Lifespace anticipates initially borrowing an approximate amount of $50,000,000 to $60,000,000 pursuant to the issuance of the Series 2023 Bonds, a portion of which may be secured on a parity basis with outstanding senior Lifespace indebtedness and Lifespace Master Notes issued pursuant to the Master Trust Indenture dated as of November 1, 2010, among the Corporation, the other Members (as therein defined) and U.S. Bank Trust Company, National Association, as master trustee, as supplemented and modified in accordance with its terms.

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 $)

	Three Months Ended March 31 (Unaudited)		Year Ended December 31 (Audited)		
Historical Debt Service Coverage	**2023**	**2022**	**2022**	**2021**	**2020**
Excess (deficit) of revenues over expenses	(2,425)	(24,053)	(85,519)	(32,081)	(7,071)
Less:					
Entrance fees earned	(8,744)	(9,261)	(33,522)	(29,802)	(31,694)
Initial redevelopment entrance fee and/or redevelopment deposits	(1,518)	(5,020)	(19,475)	(41,862)	1,290
Add:					
Depreciation	13,404	13,017	54,553	52,224	47,028
Amortization	2,718	2,875	12,427	12,225	15,873
Interest Expense	5,402	4,866	18,816	17,468	14,781
Expenses paid by long-term debt issuances	396	223	1,234	1,719	1,273
Unrealized (gain) loss on securities	(4,632)	10,014	27,006	(14,953)	(3,298)
Realized loss on sale of assets	(3)	5	5	12	616
Loss on extinguishment of debt	-	-	-	214	-
Entrance fee proceeds (less refunds)	7,222	9,052	81,567	96,292	15,215
Income available for debt service	11,820	1,718	57,092	61,456	54,013
Annual debt service payment	29,879	27,717	27,717	27,213	25,926
Annual debt service coverage (b)(c)(d)	1.6	0.2	2.1	2.3	2.1
Maximum annual debt service payment	40,586	40,586	40,586	34,748	32,614
Maximum annual debt service coverage (d)	1.2	0.2	1.4	1.8	1.7
Cash to Debt					
Unrestricted cash and investments (a)	180,358	196,198	189,702	214,073	212,456
Debt service reserve fund	32,062	32,654	32,359	34,245	37,847
	212,420	228,852	222,061	248,318	250,303
Bonds outstanding long-term	642,657	566,987	642,993	567,332	510,743
Annual debt service	29,879	27,717	27,717	27,213	25,926
Maximum annual debt service	40,586	40,586	40,586	34,748	32,614
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.4	0.3	0.4	0.5
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	7.1	8.3	8.0	9.1	9.7
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	5.2	5.6	5.5	7.1	7.7
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	75,712	72,786	295,938	259,866	236,958
Daily expenses	841	809	811	712	647
Days of unrestricted cash & investments on hand (b)(c)(d)	214	243	234	301	328
Other Ratios					
Net operating margin (c)(d)	3.0%	-4.8%	-3.3%	0.8%	7.5%
Net operating margin, adjusted (c)(d)	10.0%	1.3%	16.1%	18.8%	13.4%
Adjusted debt to capitalization (c)(d)	115.7%	102.0%	113.7%	98.2%	91.7%

(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%.