

**QUARTERLY REPORT**  
**for the six months ended December 31, 2021**

# **Newcastle Place**

A Lifespace Community

February 7, 2022

First Midwest  
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 six months ended December 31, 2021, 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 COMMUNITIES, INC.

DocuSigned by:  
  
0FBD63BFF8124CA...

Nick Harshfield

Cc: Rachel Nelson



**Newcastle Place  
Balance Sheets  
As of December 31 (Unaudited)  
(Thousands of \$)**

	<b>2021</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$5,498
Accounts Receivable	1,615
Inventories	23
Prepaid Insurance & Other	295
Assets whose use is limited	7
Total Current Assets	7,438
Property and equipment, at cost:	
Land and improvements	4,440
Buildings and improvements	68,366
Furniture and equipment	1,625
	74,431
Less accum. deprec.	(1,705)
Net property and equipment	72,726
Net goodwill	45,019
Net deferred assets	21
<b>TOTAL ASSETS</b>	<b>\$125,204</b>
<b>Liabilities and net assets</b>	
Current liabilities:	
Accounts payable:	
Trade	982
Related Party	74
	1,056
Accrued liabilities:	
Employee compensation expense	413
Property taxes	581
Other	154
	1,148
Entrance fee refunds	1,940
Total current liabilities	4,144
Entrance fee deposits	5
Wait list deposits	151
Long-term Notes Payable and Intercompany Payable	62,582
Long-term Bonds due after one year	8,000
Deferred entrance fees	5,894
Refundable entrance and membership fees	39,916
Total liabilities	120,692
Net assets without donor restrictions	4,512
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$125,204</b>

**Newcastle Place**  
**Statements of Operations and Changes in Unrestricted Assets**  
**For the Six Months from July 1, 2021 to December 31, 2021**  
**(Unaudited)**  
**(Thousands of \$)**

	<b>2021</b>
<b>Revenues</b>	
Independent living fees	\$4,503
Entrance fees earned	641
Skilled nursing, assisted living and memory support fees	4,808
	<u>9,952</u>
<b>Expenses</b>	
Operating expenses:	
Salaries and benefits	4,694
General and administrative	1,340
Plant operations	617
Housekeeping	20
Dietary	396
Medical and other resident care	224
Depreciation	1,705
Amortization	2,934
Interest	1,221
	<u>13,151</u>
Excess of revenues over expenses	<u>(3,199)</u>
Contributions to Lifespace Communities, Inc. (a)	(289)
Equity Contribution for Purchase	8,000
Changes in net assets	<u>4,512</u>
Net assets at beginning of year	<u>-</u>
Net assets at end of the period	<u><u>\$4,512</u></u>

(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 Six Months from July 1, 2021 to December 31, 2021 (Unaudited)**  
**(Thousands of \$)**

<b>Operating activities</b>	<b>2021</b>
Changes in unrestricted net assets	\$4,512
Adjustments to reconcile changes in net asset to net cash used in operating activities:	
Entrance fees earned	(641)
Proceeds from nonrefundable entrance fees and deposits	261
Depreciation and Amortization	4,639
Amortization of Financing Costs	83
Net purchases of trading investments	(7)
Contributions to Lifespace Communities, Inc.	289
Change in entrance fee deposits	156
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(1,957)
Accounts payables and accrued liabilities	2,204
Net cash provided in operating activities	<u>9,539</u>
 <b>Investing activities</b>	
Purchases of property and equipment	(75,614)
 <b>Financing activities</b>	
Financing cost incurred	(1,088)
Proceeds from financing	71,587
Contributions to Lifespace Communities, Inc.	(289)
Proceeds from refundable entrance fees and deposits	2,345
Refunds of entrance fees	(982)
Net cash provided in financing activities	<u>71,573</u>
Net increase in cash, cash equivalents and restricted cash	5,498
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of period	<u><u>\$5,498</u></u>

**Newcastle Place**  
**Selected Historical Financial Information**  
**For the Six Months from July 1, 2021 to December 31, 2021 (Unaudited)**  
**(Thousands of \$)**

<b>Historical Debt Service Coverage</b>	<b>2021</b>
Excess (deficit) of revenues over expenses	(3,199)
Less:	
Entrance fees earned	(641)
Add:	
Depreciation	1,705
Amortization	2,934
Interest Expense	1,221
Entrance fee proceeds (less refunds)	1,624
Income available for debt service	<u>3,644</u>
Maximum annual debt service payment	3,728
Maximum annual debt service for the 6 month period tested	1,864
Annual debt service coverage	2.0
Annual debt service coverage covenant (a)	1.2
 <b>Days Cash on Hand</b>	
Unrestricted cash and investments	5,498
Department operating expenses plus interest	8,512
Daily expenses	46
Days of unrestricted cash & investments on hand	119
Days of unrestricted cash & investments on hand covenant (a)	60

(a) The first covenant compliance dates are December 31, 2021.

## 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	4

\* The CMS 5-Star rating is as of January 2022.

### Average Occupancy

The average occupancy for all levels of care for the six months from July 1, 2021 through December 31, 2021 are shown

Independent Living	96.4%
Assisted Living	97.0%
Memory Support	97.5%
Health Center	80.6%

### Health Center Payor Mix

The average payor mix in the Health Center for the six months from July 1, 2021 through December 31, 2021 are shown

Lifecare	18.9%
Medicare	30.8%
Non-Life Care Resident	<u>50.3%</u>
Total Patient Mix	100.0%

### Entrance Fee Turnover Data

The number of closings, entrance fees proceeds and refunds for the six months from July 1, 2021 through December 31, 2021 are shown below:

Closings	7
Gross Entrance Fees	2,606
Refunds/Other	<u>(982)</u>
Net Entrance Fees	1,624

### Wait List

Independent Living Wait List as of February 2, 2022 is 30.

### Budget to Actual Comparison

In accordance with section 8.8 (b) of the loan agreement, budget to actual results should be included quarterly. Lifespace will provide this information beginning in first quarter 2022.