

QUARTERLY REPORT
for the three months ended March 31, 2022

Newcastle Place

A Lifespace Community

May 2, 2022

First Midwest
Kim McMahon
8750 West Bryn Mawr Ave., Suite 1300
Chicago, IL 60631

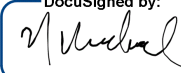
RE: Certificate in accordance with Loan Agreement dated July 1, 2021 - Section 8.9

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 three months ended March 31, 2022, 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	5

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

Average Occupancy

	Six Months ended December 31, 2021	Three Months ended March 31, 2022
	Independent Living	96.4%
Assisted Living	97.0%	90.5%
Memory Support	97.5%	97.9%
Health Center	80.6%	76.2%

Health Center Average Payor Mix

	Six Months ended December 31, 2021	Three Months ended March 31, 2022
	Lifecare	18.9%
Medicare	30.8%	29.2%
Non-Life Care Resident	50.3%	55.0%
Total Patient Mix	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, 2021	Three Months ended March 31, 2022
	Closings	7
Gross Entrance Fees	2,606	1,695
Refunds/Other	(982)	(1,653)
Net Entrance Fees	1,624	42

Wait List

Independent Living Wait List as of April 20, 2022 is 33.

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

	2022
Assets	
Current Assets:	
Cash and Cash Equivalents	\$5,789
Accounts Receivable	1,910
Inventories	23
Prepaid Insurance & Other	155
Assets whose use is limited	3
Total Current Assets	7,880
Property and equipment, at cost:	
Land and improvements	4,202
Buildings and improvements	68,508
Furniture and equipment	1,625
	74,335
Less accum. deprec.	(2,558)
Net property and equipment	71,777
Net goodwill	43,695
Net deferred assets	20
 TOTAL ASSETS	 \$123,372
 Liabilities and net assets	
Current liabilities:	
Accounts payable:	
Trade	313
Related Party	230
	543
Accrued liabilities:	
Employee compensation expense	628
Interest	714
Property taxes	824
Other	283
	2,449
Entrance fee refunds	309
Total current liabilities	3,301
Entrance fee deposits	5
Wait list deposits	186
Long-term Notes Payable and Related Party Payable	63,880
Long-term Bonds due after one year	7,134
Swap Derivative	306
Deferred entrance fees	5,885
Refundable entrance and membership fees	41,249
Total liabilities	121,946
Net assets without donor restrictions	1,426
TOTAL LIABILITIES AND NET ASSETS	\$123,372

Newcastle Place
Statements of Operations and Changes in Unrestricted Assets
For the Three Months Ended March 31 (Unaudited)
(Thousands of \$)

	2022
Revenues	
Independent living fees	\$2,350
Entrance fees earned	349
Skilled nursing, assisted living and memory support fees	2,335
	5,034
 Expenses	
Operating expenses:	
Salaries and benefits	2,412
General and administrative	847
Plant operations	275
Housekeeping	29
Dietary	344
Medical and other resident care	56
Depreciation	854
Amortization	1,325
Interest	885
	7,027
 Excess of revenues over expenses	 (1,993)
 Contributions to Lifespace Communities, Inc. (a)	 (147)
Changes in net assets	(2,140)
 Net assets at beginning of year	 3,566
Net assets at end of the period	\$1,426

(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 Three Months Ended March 31 (Unaudited)
(Thousands of \$)

Operating activities	2022
Changes in unrestricted net assets	(\$2,140)
Adjustments to reconcile changes to net cash provided in operating activities:	
Entrance fees earned	(349)
Proceeds from nonrefundable entrance fees and deposits	340
Depreciation and Amortization	2,179
Amortization of Financing Costs	334
Net purchases of trading investments	349
Contributions to Lifespace Communities, Inc.	147
Change in entrance fee deposits	35
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(286)
Accounts payables and accrued liabilities	138
Net cash provided in operating activities	747
 Investing activities	
Purchases of property and equipment	(143)
 Financing activities	
Contributions to Lifespace Communities, Inc.	(147)
Proceeds from refundable entrance fees and deposits	1,355
Refunds of entrance fees	(1,653)
Net cash used in financing activities	(445)
 Net increase in cash, cash equivalents and restricted cash	159
Cash and cash equivalents at beginning of year	5,630
Cash and cash equivalents at end of period	\$5,789

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

	Three Months Ended March 31 (Unaudited) 2022	Six Months Ended December 31 (Audited) 2021
Historical Debt Service Coverage		
Excess (deficit) of revenues over expenses	(1,993)	(4,145)
Less:		
Entrance fees earned	(349)	(641)
Add:		
Depreciation	854	1,705
Amortization	1,325	2,934
Interest Expense	885	1,515
Loss on Derivative	-	306
Entrance fee proceeds (less refunds)	42	1,624
Income available for debt service	<u>764</u>	<u>3,298</u>
Maximum annual debt service payment	3,728	3,728
Annual debt service coverage (a)	1.5	1.8
Annual debt service coverage covenant	1.2	1.2
Days Cash on Hand		
Unrestricted cash and investments	5,789	5,630
Department operating expenses plus interest (Annualized)	19,392	18,304
Daily expenses	53	50
Days of unrestricted cash & investments on hand	109	112
Days of unrestricted cash & investments on hand covenant	60	60

(a) The annual debt service coverage has been annualized on the prior three quarters ended March 31, 2022 and the prior two quarters ended December 31, 2021.

Newcastle Place
Statements of Operations and Changes in Unrestricted Assets
Comparison to Budget
For the Three Months Ended March 31 (Unaudited)
(Thousands of \$)

	Actual	Budget	Favorable/ (Unfavorable)
	2022	2021	
Revenues			
Independent living fees	\$2,350	\$2,527	(\$177)
Skilled nursing, assisted living and memory support fees	2,335	2,622	(\$287)
	<u>4,685</u>	<u>5,149</u>	<u>(464)</u>
Expenses			
Operating expenses:			
Salaries and benefits	2,412	2,335	(77)
General and administrative	847	1,062	215
Plant operations	275	301	26
Housekeeping	29	42	13
Dietary	344	419	75
Medical and other resident care	56	110	54
	<u>3,963</u>	<u>4,269</u>	<u>306</u>
Net operating margin	<u>722</u>	<u>880</u>	<u>(158)</u>