CONTINUING DISCLOSURE REPORT
for the year ended December 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.

LIFESPACE
COMMUNITIES

February 14, 2024

US Bank
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, 2023, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:

0FBD63BFF8124CA...

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 owned 11 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 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. 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 17 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 (1)	250	28	48	30	70	30	456	2
Abbey Delray South (1)	231	44		28	46		349	5
Beacon Hill	372			26	84		482	5
Claridge Court (2)	125			17	28		170	4
Friendship Village of Bloomington (3)	346	12	42	66		32	498	5
Friendship Village of South Hills (4)	264	18	50	35	54	32	453	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 (1)	226	18		30	30		304	4
Village on the Green	204	58	36	40	8	18	364	5
Total	2,656	204	282	444	348	163	4,097	

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

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

(1) Total independent living apartments have been reduced by 80. Upon management's review of current inventory at Abbey Delray, Abbey Delray South and The Waterford, various floorplans were determined obsolete and/or unsellable. Generally, apartments of less than 600 square feet have been deemed unsellable for these three communities and have been removed from available inventory. Management is in the process of reviewing all communities for obsolete and/or unsellable units and developing plans for the highest and best use for these units.

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

(3) Friendship Village of Bloomington has combined smaller apartments which reduced inventory by nine and opened two new apartments that were a part of the redevelopment plan in the second quarter 2023. In third quarter, combining smaller apartments has reduced inventory by 15 more.

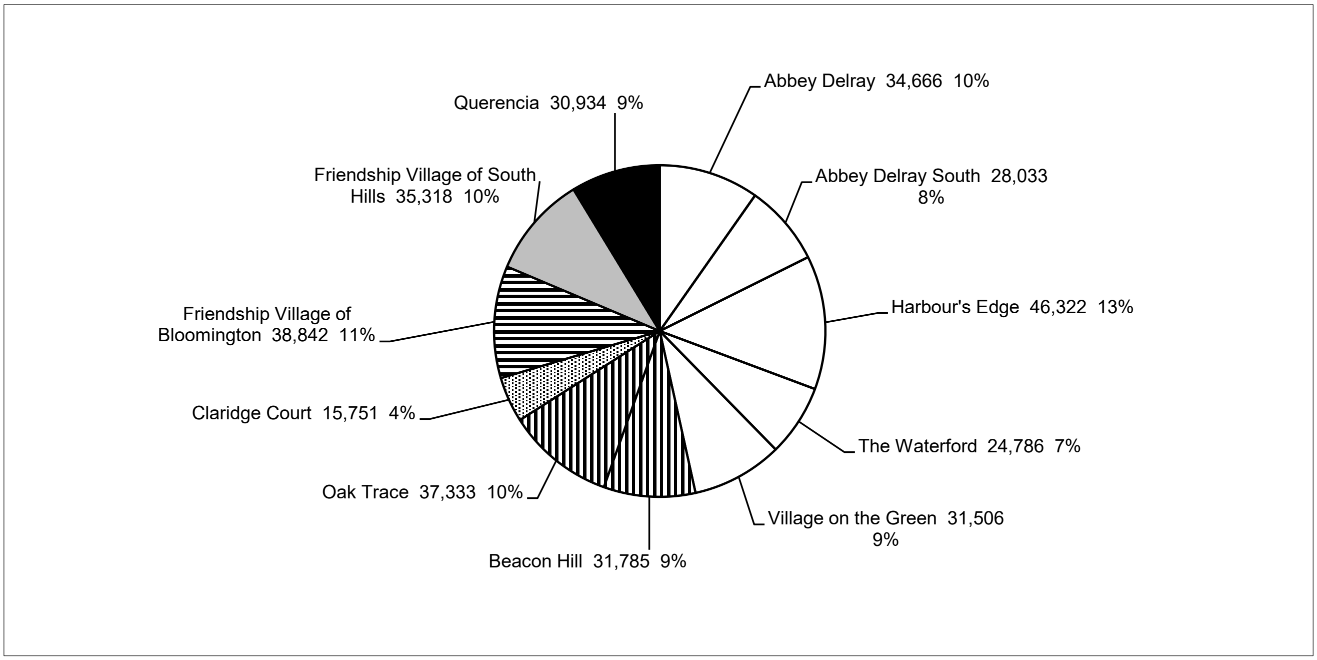
(4) Friendship Village of South Hills has combined smaller apartments which reduced inventory by one in the first quarter, two in second quarter, and three in the fourth quarter 2023.

Lifespace Communities, Inc.
Average Occupancy of the Communities

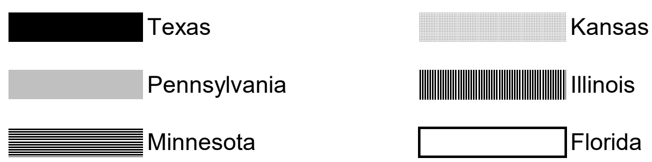
	2020				2021				2022				2023			
Community	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (a)(f)	67.6%	92.5%	59.8%	36.0%	60.1%	92.4%	74.1%	60.6%	58.7%	92.5%	92.1%	77.7%	64.4%	90.6%	93.5%	88.7%
Abbey Delray South, FL (f)	76.0%	73.4%	NA	NA	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.9%	93.9%	NA	NA
Beacon Hill, IL	92.4%	91.5%	NA	NA	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA
Claridge Court, KS	87.3%	82.0%	NA	NA	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA
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%	78.1%	95.5%	93.6%	97.2%
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%	77.8%	87.4%	94.0%	97.8%
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	92.1%	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%	82.1%	94.6%	96.5%	96.1%
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%	98.3%	93.8%	96.0%	87.4%
The Waterford, FL (f)	86.8%	86.2%	NA	NA	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	81.4%	87.0%	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%	75.5%	93.8%	95.8%	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%	78.9%	91.8%	95.0%	94.2%

(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.
(f) The year ended 2023 living units are impacted by the reduction of 80 smaller obsolete units as mentioned on the Summary of Units Operated per Community page.

Comparative Analysis of Gross Revenues
Year Ended December 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

Payer	2020	2021	2022	2023
	Year-ended			
Lifecare	13.9%	11.6%	11.7%	12.4%
Private Pay	24.5%	24.0%	27.0%	24.8%
Medicare	44.6%	48.1%	45.0%	45.1%
Medicaid	10.1%	8.5%	6.6%	5.7%
Other	6.9%	7.8%	9.7%	12.0%
Total Patient Mix	100%	100%	100%	100%
Year-To-Date Average Service Units Available	818	809	792	792
Year-To-Date Average Occupancy Percentage	85.8%	85.0%	90.5%	91.8%

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

	2023	**2022**
Assets		
Current Assets:		
Cash and Cash Equivalents	$37,214	$38,138
Investments	108,693	118,692
Accounts Receivable	32,966	16,255
Inventories	695	701
Prepaid Insurance & Other	5,714	5,501
Assets whose use is limited	86,820	120,834
Total Current Assets	272,102	300,121
Assets whose use is limited	95,614	79,901
Property and equipment, at cost:		
Land and improvements	72,704	71,959
Buildings and improvements	1,369,813	1,221,108
Furniture and equipment	96,918	93,371
	1,539,435	1,386,438
Less accum. deprec.	(642,239)	(587,225)
Net property and equipment	897,196	799,213
Swap Derivative	412	-
Net goodwill	29,635	35,730
Net deferred assets	5,518	2,833
Net intangible assets	7,900	9,369
TOTAL ASSETS	$1,308,377	$1,227,167

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

	2023	2022
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$36,126	$32,810
Intercompany	5,681	4,223
	41,807	37,033
Accrued liabilities:		
Employee compensation expense	11,394	10,868
Interest	3,994	3,468
Property taxes	2,333	2,282
Other	2,910	3,874
	20,631	20,492
Entrance fee refunds	6,076	8,975
Reserve for health center refunds	31,521	32,635
Long-term debt due within one year	19,325	10,486
Obligation under cap lease due within one yr	616	425
Total current liabilities	119,976	110,046
Entrance fee deposits	9,940	7,124
Wait list deposits	1,425	1,215
Long-term debt due after one year	774,612	642,993
Settlement payable	62,827	-
Obligation under cap lease due after one year	1,532	1,219
Deferred entrance fees	190,252	183,450
Refundable entrance and membership fees	566,619	543,117
Total liabilities	1,727,183	1,489,164
Net assets without donor restrictions	(418,806)	(261,997)
TOTAL LIABILITIES AND NET ASSETS	$1,308,377	$1,227,167

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

	2023	2022
Revenues		
Independent Living Fees	$153,871	$139,981
Entrance fees earned/cancellation penalties	35,515	33,522
Skilled nursing, assisted living and memory support fees	141,822	129,208
Investment Income (Expense)	23,986	(24,386)
Other	83	313
	355,277	278,638
Expenses		
Operating expenses:		
Salaries and benefits	155,964	149,347
General and administrative	74,972	70,257
Plant operations	19,748	19,699
Housekeeping	1,463	1,264
Dietary	28,468	24,869
Medical and other resident care	10,493	12,920
Depreciation	55,367	54,553
Amortization	11,986	12,427
Interest	21,932	18,816
(Gain) Loss on disposal of fixed assets	54	5
Loss on extinguishment of debt	2,061	-
Gain on Derivative	(412)	-
	382,096	364,157
Nonoperating Expenses		
Settlement Loss	(131,787)	-
(Deficit) Excess of revenues over expenses	(158,606)	(85,519)
Financing for Lifespace, Inc.	9,589	-
Contributions to Lifespace Communities, Inc.	(7,792)	(22,234)
Changes in net assets	(156,809)	(107,753)
Net assets at beginning of year	(261,997)	(154,244)
Net assets at end of the period	($418,806)	($261,997)

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

	2023	2022
Operating activities		
Changes in unrestricted net assets	($156,809)	($107,753)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(35,515)	(33,522)
Proceeds from nonrefundable entrance fees and deposits	49,404	54,692
Refunds of entrance fees	(3,810)	(2,676)
Depreciation and Amortization	67,353	66,980
Amortization of Financing Costs	703	577
Net accretion of original issue premium/discounts	(1,974)	(1,975)
Change in unrealized appreciation of investments	(12,996)	27,006
Net sales of trading investments	41,296	14,133
Contributions to Lifespace Communities, Inc.	7,792	22,234
Loss on disposal of property and equipment	54	5
Loss on Settlement	131,787	-
Change in wait lists and deposits	3,026	1,250
Loss on extinguishment of debt	2,061	-
Change in Value of Swap Derivative	(412)	-
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(20,158)	(2,495)
Accounts payables and accrued liabilities	4,913	12,523
Net cash provided in operating activities	76,715	50,979
Investing activities		
Purchases of property and equipment	(153,037)	(111,705)
Financing activities		
Financing cost incurred	(4,614)	(820)
Repayment of long-term debt	(59,596)	(18,282)
Payments for settlement	(68,960)	-
Proceeds from line of credit	6,070	8,943
Proceeds from new financing	197,808	85,000
Advances to Lifespace Communities, Inc.	-	(3,361)
Contributions to Lifespace Communities, Inc.	(7,792)	(22,234)
Payments on Finance Leases	(295)	(355)
Proceeds from refundable entrance fees and deposits	72,066	87,819
Refunds of entrance fees	(59,289)	(58,268)
Net cash provided in financing activities	75,398	78,442
Net change in cash and cash equivalents	(924)	17,716
Cash and cash equivalents at beginning of year	38,138	20,422
Cash and cash equivalents at end of period	$37,214	$38,138

Year Ended December 31, 2023 versus Year Ended December 31, 2022:

The average year-to-date independent living occupancy through December 31, 2023, was 2,274 independent living homes (78.9% of the 2,881 average available homes). The average year-to-date occupancy through December 31, 2022 was 2,299 independent living homes (77.3% of the 2,975 average available homes). Year-end occupancy increased from 2,307 at December 31, 2022 to 2,378 at December 31, 2023. The decrease in average available homes from December 31, 2022 to the same period in 2023 is due to three communities that combined smaller apartments, one community demolishing townhomes to support future redevelopment efforts and three communities that took smaller obsolete apartments out of inventory.

Revenues from independent living monthly fees and related charges amounted to $153,871,000 in 2023, a 9.9% increase over the $139,981,000 from the same revenue sources in 2022. The increase is due mainly to monthly fee increases, rental income and processing fees. Monthly fees increased 7.9% on January 1, 2023 and two communities had mid-year increases of 10.0% for new residents that were in effect on April 1, 2023. One community began selling a rental contract in July 2023. Processing fees are higher due to more closings in 2023 (373) versus in 2022 (382). 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 $141,822,000 in 2023 compared to $129,208,000 in 2022, an increase of 9.8%. This increase is the result of the monthly fee increases effective January 1, 2023, and improved occupancies in all higher levels of living. The monthly fee increases effective January 1, 2023 range from 7.4% to 8.0%.

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. As of December 31, 2022 the Obligated Group received $313,000 in COVID relief related funding. The Obligated Group received $75,000 from the State of Texas and $238,000 from The Department of Health and Human Services.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $291,108,000 in 2023, an increase of $12,752,000 or 4.6% from comparable expenses of $278,356,000 in 2022. Salaries and benefits increased $6,617,000 or 4.4% 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 increased $4,715,000 or 6.7% due primarily to property and liability insurance. Dietary costs increased $3,599,000 or 14.5% due primarily to inflation and occupancy. Medical and other resident care expenses decreased $2,427,000 or 18.83%, due primarily to less agency costs.

Year Ended December 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	$153,871	$158,643	($4,772)
Skilled nursing, assisted living and memory support fees	141,822	138,184	3,638
Other	83	-	83
	295,776	296,827	(1,051)
Expenses			
Operating expenses:			
Salaries and benefits	155,964	161,844	5,880
General and administrative	74,972	77,197	2,225
Plant operations	19,748	20,286	538
Housekeeping	1,463	1,348	(115)
Dietary	28,468	29,719	1,251
Medical and other resident care	10,493	5,732	(4,761)
	291,108	296,126	5,018
Net operating margin	4,668	701	3,967
Net entrance fees, including initial entrance fees	58,371	73,428	(15,057)
Capital expenditures, financed with bond proceeds	123,754	115,294	(8,460)
Capital expenditures, routine and community projects	29,283	51,270	21,987

Net operating margin is favorable to budget by $3,967,000.

Independent living fees are unfavorable to budget by $4,772,000, which is related to occupancy, processing fees and more apartment discounts. The year to date average occupancy budgeted for the year ended December 31, 2023 was 81.5% while actual was 78.9%. Processing fees are less than budgeted due to less closings than budgeted. The budget for the year ended December 31, 2023 had 379 closings compared to the actual closings of 373.

Skilled nursing, assisted living and memory support fees are favorable to budget by $3,638,000 due primarily to higher occupancy than budgeted in all higher levels of care. The health center budgeted an average year to date occupancy of 89.2% and has actual occupancy of 91.8%. Assisted Living budgeted an average year to date occupancy of 91.8% and has actual occupancy of 95.0%. Memory Support budgeted an average year to date occupancy of 90.9% and has actual occupancy of 94.2%.

Salaries and benefits are $5,880,000, or 3.6%, 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 $2,225,000, or 2.9%, due primarily to sales and marketing expenses, professional dues and fees, and licenses and fees.

Plant operations expense is favorable to budget by $538,000, or 2.7%, due primarily to lower consulting and outsourcing services, security services and equipment, and utilities than budgeted. In addition, one community received funds from insurance claims due to Hurricane Ian in 2022.

Dietary expense is favorable to budget by $1,251,000, or 4.2%, due primarily to lower consulting and outsourcing services and supplies than budgeted.

Medical and other resident care expense is unfavorable to budget by $4,761,000, or 83.1%, due primarily to agency costs that were not budgeted.

Net entrance fees are unfavorable to budget by $15,057,000. As mentioned earlier, the budget for the year ended December 31, 2023 had 379 closings compared to the actual closings of 373. In addition, one community started selling rental contracts in July 2023 and had 68 closings in the year ended December 31, 2023. There are no entrance fees associated with the rental contracts.

Capital expenditures financed with bond proceeds are approximately $8,460,000 more than budgeted. This is the result of timing. Approximately $21,987,000 less was spent on routine capital expenditures than budgeted.

Ratios:

The Net Operating Margin Ratio increased from (3.3%) at December 31, 2022 to 1.6% at December 31, 2023. The Net Operating Margin, Adjusted Ratio decreased from 16.1% at December 31, 2022 to 15.8% at December 31, 2023. The annual debt service coverage ratio increased from 2.1 at December 31, 2022 to 2.3 at December 31, 2023. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the decrease in net entrance fees excluding the initial entrance fees however that is offset from the increase in operating margins. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income increased when comparing the year ended December 31, 2023 to the same period in 2022. Excluding the unrealized gain/loss, investment income represents an increase of $8,370,000, 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, 2023	December 31, 2022
Interest and Dividend Income	$9,157	$3,561
Realized Gain/(Loss)	1,833	(941)
Unrealized Gain/(Loss)	12,996	(27,006)
Total	$23,986	($24,386)

The Adjusted Debt to Capitalization increased from 113.7% at December 31, 2022 to 140.4% at December 31, 2023.

Liquidity and Capital Requirements – Year Ended December 31, 2023 versus Year Ended December 31, 2022:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were $58,371,000 for the year ended December 31, 2023 compared to $81,567,000 for the same period in 2022. The number of entrance fee move-ins was 373 in the year ended December 31, 2023 compared to 336 in the year ended December 31, 2022. One community started to offer rental contracts in July 2023. The rental contracts do not require an entrance fee. There were 68 rental contracts sold in the year ended December 31, 2023.

Daily operating expenses for 2023 increased to $854,000 from $811,000 in 2022, an increase of 5.3%. The overall unrestricted cash position decreased from $189,702,000 at December 31, 2022 to $184,307,000 at December 31, 2023, a change of 2.8%. The Days Cash on Hand Ratio decreased from 234 days at December 31, 2022 to 216 days at December 31, 2023.

Capital expenditures for the communities for the year ended December 31, 2023 were $153,037,000, while depreciation expense for the same period was $55,367,000. The remaining redevelopment projects mentioned below 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. Capital expenditures for the communities for the year ended December 31, 2022 were $111,705,000, while depreciation expense for the same period was $54,553,000. As stated below, the redevelopment projects account for $56,166,000 of this year-to-date 2022 expenditure balance. In addition, various community projects were funded by the Series 2018, 2019, 2021 and 2022 financing in the amount of $15,357,000 for the year ended December 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.

Lifespace Communities completed tax-exempt bond financings in 2016, 2018, and 2019 of which the proceeds supported 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.

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.

Lifespace has secured a revolving 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, 2023, the outstanding line of credit is $9.4 million.

Two communities are in the process of significant construction at December 31, 2023. Both 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. On August 4, 2023, Fitch issued a press release removing the Credit Watch designation, affirming its rating for the outstanding revenue bond of Lifespace at 'BBB', while changing its outlook from stable to negative. This rating was reaffirmed in December 2023.

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 April 2023, the Obligated Group funded The Stayton with an additional $1,000,000 as part of the unfunded commitment amount in the LSA. In October 2023, the Obligated Group funded The Stayton with the last of the unfunded commitment of $1,400,000. In December 2023, The Stayton drew from the funded commitment for $1,300,000 which has no impact on the Obligated Group.

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 December 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 December 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 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.

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) 2023**	**Year Ended December 31 (Audited) 2022**	**2021**	**2020**
Excess (deficit) of revenues over expenses	(158,606)	(85,519)	(32,081)	(7,071)
Less:				
Entrance fees earned	(35,515)	(33,522)	(29,802)	(31,694)
Initial redevelopment entrance fee and/or redevelopment deposits	(8,291)	(19,475)	(41,862)	1,290
Add:				
Depreciation	55,367	54,553	52,224	47,028
Amortization	11,986	12,427	12,225	15,873
Interest Expense	21,932	18,816	17,468	14,781
Expenses paid by long-term debt issuances	1,509	1,234	1,719	1,273
Unrealized (gain) loss on securities	(12,996)	27,006	(14,953)	(3,298)
Gain on Derivatives	(412)	-	-	-
Realized loss on sale of assets	54	5	12	616
Loss on extinguishment of debt	2,061	-	214	-
Loss on settlement	131,787	-	-	-
Entrance fee proceeds (less refunds)	58,371	81,567	96,292	15,215
Income available for debt service	67,247	57,092	61,456	54,013
Annual debt service payment	29,879	27,717	27,213	25,926
Annual debt service coverage (b)(c)(d)	2.3	2.1	2.3	2.1
Maximum annual debt service payment	50,067	40,586	34,748	32,614
Maximum annual debt service coverage (d)	1.3	1.4	1.8	1.7
Cash to Debt				
Unrestricted cash and investments (a)	184,307	189,702	214,073	212,456
Debt service reserve fund	39,266	32,359	34,245	37,847
	223,573	222,061	248,318	250,303
Bonds outstanding long-term	774,612	642,993	567,332	510,743
Annual debt service	29,879	27,717	27,213	25,926
Maximum annual debt service	50,067	40,586	34,748	32,614
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.4	0.5
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	7.5	8.0	9.1	9.7
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	4.5	5.5	7.1	7.7
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	311,531	295,938	259,866	236,958
Daily expenses	854	811	712	647
Days of unrestricted cash & investments on hand (b)(c)(d)	216	234	301	328
Other Ratios				
Net operating margin (c)(d)	1.6%	-3.3%	0.8%	7.5%
Net operating margin, adjusted (c)(d)	15.8%	16.1%	18.8%	13.4%
Adjusted debt to capitalization (c)(d)	140.4%	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%.