CONTINUING DISCLOSURE REPORT
for the six months ended June 30, 2024

LIFESPACE
COMMUNITIES

OBLIGATED GROUP

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

August 5, 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 six months ended June 30, 2024, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:
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Nick Harshfield

Cc: Bankers Trust, Kristy Olesen
Cc: US Bank, Marie Mortenson Mack

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

Overview:

Lifespace Communities, Inc. (“Lifespace” or the “Corporation”) is an Iowa nonprofit corporation organized for the purpose of owning and operating continuing care retirement communities (“CCRCs).

The Corporation owns 11 CCRCs in six states that make up the Obligated Group.

Lifespace is the sole member of Barton Creek Senior Living Center, Inc., d/b/a Querencia (“Querencia”) located in Austin, Texas. On August 31, 2021, concurrent with the issuance of the Series 2021 bonds, Querencia became part of the Obligated Group.

On July 1, 2021, Lifespace acquired Newcastle Place, LLC (“Newcastle Place”) located in Mequon, Wisconsin. On 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. Newcastle Place, Meadow Lake, Wesley Court, The Craig and GreenFields are separately financed and are not members of the Obligated Group.

The Corporation was the sole member of Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way (“The Stayton”) located in Ft. Worth, Texas. On June 1, 2024, the Corporation transferred ownership of The Stayton to a third party pursuant to a transaction that was structured as a membership substitution. The Stayton was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group did support The Stayton through a Liquidity Support Agreement that had a funded and unfunded commitment which have been terminated. Neither the Corporation nor the Obligated Group have any further obligations with respect to The Stayton.

The corporation was sole member of Deerfield Retirement Community, Inc. (“Deerfield”) a nonprofit organization that was organized to own and operate a CCRC in suburban Des Moines, Iowa. On August 1, 2021, Deerfield was sold to a third party. Deerfield was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group had previously guaranteed certain outstanding long-term indebtedness of Deerfield. These guarantees were discharged in connection with the sale of Deerfield and the Obligated Group has no further outstanding long-term indebtedness or guarantee obligations with respect to Deerfield.

The Corporation and its affiliates operate 16 CCRCs in seven states from 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, 2023 and prior is provided from audited financial statements. All other financial information is obtained from unaudited financial statements.

Summary of Units Operated per Community

	Independent Living Apartments	Villas, Carriage or Town Homes	Assisted Living	Health Center Private Room	Health Center Semi-Private Room	Memory Support	Total	CMS 5-Star Rating *
Abbey Delray (1)	246	28	48	30	70	30	452	2
Abbey Delray South (1)	218	44		28	46		336	4
Beacon Hill (1)	354			26	84		464	5
Claridge Court (3)	124			17	28		169	4
Friendship Village of Bloomington (1)(3)	335	12	42	66		32	487	5
Friendship Village of South Hills (1)(3)	245	18	50	35	54	32	434	3
Harbour's Edge	266			50	4		320	5
Oak Trace (1)(2)	341	16	66	84	20	28	555	5
Querencia	157	10	40	38	4	23	272	5
The Waterford (1)(4)	215	21		30	30		296	5
Village on the Green	204	58	36	40	8	18	364	5
Total	2,705	207	282	444	348	163	4,149	

* The CMS 5-Star ratings are as of April 2024.

Change in units from December 31, 2023

(1) Total independent living apartments have been reduced by 87. Upon management's review of current inventory at all communities, various floorplans were determined obsolete and/or unsellable. Generally, apartments of less than 600 square feet have been deemed unsellable for several communities and have been removed from available inventory. Management is in the process of developing plans for the highest and best use for these units.

(2) As a result of redevelopment efforts at Oak Trace, 140 independent living apartments were added in first quarter 2024.

(3) Claridge Court, Friendship Village of Bloomington and Friendship Village of South Hills each had apartment combos in second quarter.

(4) As a result of redevelopment efforts at The Waterford, three villas were added in second quarter 2024.

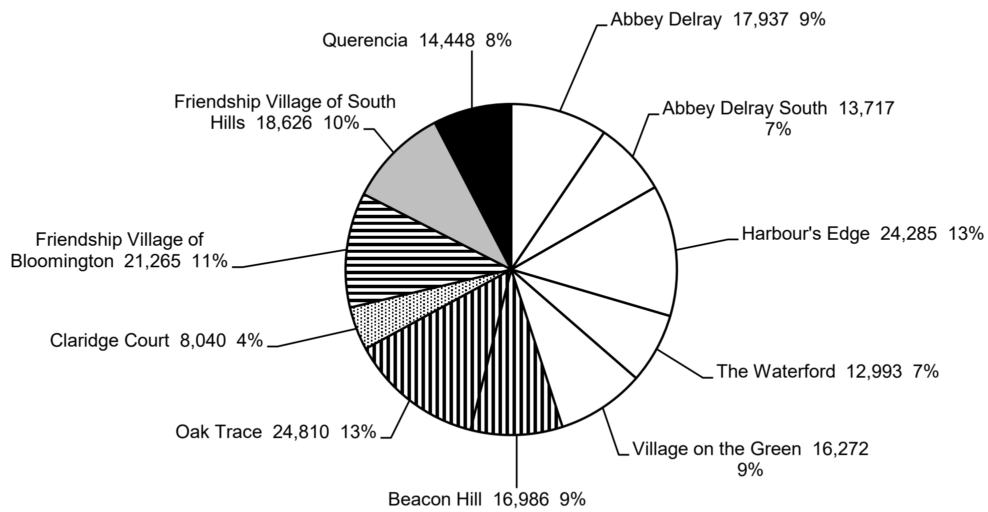
Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2021 Living Units	2021 Health Center	2021 ALUs	2021 Memory Support	2022 Living Units	2022 Health Center	2022 ALUs	2022 Memory Support	2023 Living Units	2023 Health Center	2023 ALUs	2023 Memory Support	Twelve Months Ended June 30, 2024 Living Units	Twelve Months Ended June 30, 2024 Health Center	Twelve Months Ended June 30, 2024 ALUs	Twelve Months Ended June 30, 2024 Memory Support
Abbey Delray, FL (e)	60.1%	92.4%	74.1%	60.6%	58.7%	92.5%	92.1%	77.7%	64.4%	90.6%	93.5%	88.7%	73.5%	88.5%	94.0%	87.3%
Abbey Delray South, FL (e)	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	63.1%	94.2%	NA	NA
Beacon Hill, IL (e)	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	80.3%	92.0%	NA	NA
Claridge Court, KS	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	91.8%	89.6%	NA	NA
Friendship Village of Bloomington, MN (a)(e)	81.2%	79.6%	55.2%	91.6%	77.1%	89.3%	89.5%	93.4%	78.3%	95.5%	93.6%	97.2%	83.8%	95.5%	96.9%	98.1%
Friendship Village of South Hills, PA (e)	81.3%	76.6%	75.4%	90.0%	78.8%	82.1%	94.4%	97.8%	77.8%	87.3%	94.0%	97.8%	82.1%	86.7%	95.0%	96.6%
Grand Lodge, NE (b)	85.2%	NA	85.4%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Harbour's Edge, FL	83.3%	92.3%	NA	NA	89.7%	92.8%	NA	NA	91.8%	92.6%	NA	NA	93.3%	93.3%	NA	NA
Oak Trace, IL (e)(f)	86.2%	93.4%	64.8%	88.1%	84.2%	94.1%	86.7%	97.9%	82.1%	94.6%	96.5%	96.1%	74.1%	95.5%	95.5%	93.2%
Querencia, TX (c)	97.9%	81.3%	96.0%	90.1%	96.3%	95.5%	95.8%	87.8%	98.3%	93.8%	96.0%	87.4%	97.4%	92.4%	96.5%	89.6%
The Waterford, FL (e) (g)	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	79.2%	79.5%	NA	NA
Village on the Green, FL (d)	72.2%	78.2%	46.2%	72.6%	71.1%	92.7%	95.6%	96.7%	75.5%	93.8%	95.8%	97.8%	77.6%	95.0%	94.4%	95.0%
Obligated Group	78.7%	85.0%	69.7%	82.8%	77.3%	90.5%	91.8%	91.7%	78.9%	91.8%	95.0%	94.2%	80.4%	91.1%	95.4%	93.4%

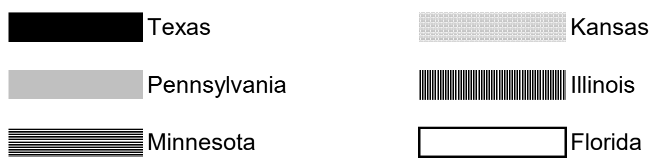
(a) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021. The new health center opened in June 2022.
(b) Grand Lodge was disposed as of August 1, 2021.
(c) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing.
(d) The new assisted living opened in March 2021. The memory support and new independent villas opened in April 2021. The replacement health center opened in May 2021.
(e) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.
(f) Oak Trace opened 140 new independent living units as of January 25, 2024.
(g) The Waterford opened 3 villas in May and June 2024.

	Six months ended June 30, 2023 Living Units	Six months ended June 30, 2023 Health Center	Six months ended June 30, 2023 ALUs	Six months ended June 30, 2023 Memory Support	Six months ended June 30, 2024 Living Units (f)	Six months ended June 30, 2024 Health Center	Six months ended June 30, 2024 ALUs	Six months ended June 30, 2024 Memory Support
Abbey Delray, FL	62.5%	93.7%	91.0%	84.4%	83.3%	88.6%	92.0%	81.4%
Abbey Delray South, FL	69.8%	94.3%	NA	NA	64.9%	95.0%	NA	NA
Beacon Hill, IL	76.6%	89.5%	NA	NA	80.6%	92.9%	NA	NA
Claridge Court, KS	88.4%	93.4%	NA	NA	94.5%	87.0%	NA	NA
Friendship Village of Bloomington, MN	78.6%	95.3%	91.0%	96.6%	86.8%	95.7%	98.0%	98.6%
Friendship Village of South Hills, PA	77.0%	87.1%	92.5%	99.5%	82.9%	85.9%	94.5%	96.9%
Harbour's Edge, FL	91.9%	93.1%	NA	NA	94.8%	94.7%	NA	NA
Oak Trace, IL	81.5%	94.6%	97.2%	98.0%	66.0%	96.3%	95.1%	92.0%
Querencia, TX	97.9%	95.3%	96.6%	87.1%	96.0%	92.5%	97.6%	91.8%
The Waterford, FL	82.1%	87.7%	NA	NA	81.3%	72.4%	NA	NA
Village on the Green, FL	74.7%	93.7%	97.8%	99.0%	79.0%	96.1%	95.1%	93.8%
Obligated Group	78.7%	92.3%	94.4%	94.1%	81.4%	90.9%	95.3%	92.5%

Comparative Analysis of Gross Revenues
Six Months Ended June 30, 2024
($ 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			Six Months Ended June 30,	
Payer	2021	2022	2023	2023	2024
Lifecare	11.6%	11.7%	12.4%	13.0%	11.3%
Private Pay	24.0%	27.0%	24.8%	24.8%	23.8%
Medicare	48.1%	45.0%	45.1%	45.2%	44.9%
Medicaid	8.5%	6.6%	5.7%	6.0%	5.5%
Other	7.8%	9.7%	12.0%	11.0%	14.5%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	809	792	792	792	792
Year-To-Date Average Occupancy Percentage	85.0%	90.5%	91.8%	92.3%	90.9%

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of June 30 (Unaudited)
(Thousands of $)

	2024	**2023**
Assets		
Current Assets:		
Cash and Cash Equivalents	$23,553	$27,405
Investments	121,549	113,800
Accounts Receivable	24,892	21,440
Inventories	695	695
Prepaid Insurance & Other	6,329	5,953
Assets whose use is limited	80,134	80,344
Total Current Assets	257,152	249,637
Assets whose use is limited	91,164	82,995
Property and equipment, at cost:		
Land and improvements	72,959	72,487
Buildings and improvements	1,413,042	1,273,717
Furniture and equipment	98,819	95,769
	1,584,820	1,441,973
Less accum. deprec.	(669,987)	(615,073)
Net property and equipment	914,833	826,900
Swap Derivative	412	-
Net goodwill	26,588	32,682
Net deferred assets	7,507	3,624
Net intangible assets	7,165	8,634
TOTAL ASSETS	$1,304,821	$1,204,472

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of June 30 (Unaudited)
(Thousands of $)

	2024	2023
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$13,171	$25,266
Intercompany	3,466	2,853
	16,637	28,119
Accrued liabilities:		
Employee compensation expense	11,094	10,480
Interest	4,676	3,444
Property taxes	4,265	4,250
Other	2,490	4,355
	22,525	22,529
Entrance fee refunds	6,044	4,332
Reserve for health center refunds	28,487	31,704
Long-term debt due within one year	19,510	10,945
Obligation under cap lease due within one yr	428	472
Total current liabilities	93,631	98,101
Entrance fee deposits	3,101	8,189
Wait list deposits	1,500	1,413
Long-term debt due after one year	787,351	690,409
Settlement payable	51,357	90,951
Obligation under cap lease due after one year	973	1,328
Deferred entrance fees	205,323	185,889
Refundable entrance and membership fees	614,377	556,463
Total liabilities	1,757,613	1,632,743
Net assets without donor restrictions	(452,792)	(428,271)
TOTAL LIABILITIES AND NET ASSETS	$1,304,821	$1,204,472

Lifespace Communities, Inc.
Obligated Group Statements of Operations and Changes in Unrestricted Assets
For the Six Months Ended June 30 (Unaudited)
(Thousands of $)

	2024	2023
Revenues		
Independent Living Fees	$89,581	$75,488
Entrance fees earned/cancellation penalties	18,376	17,547
Skilled nursing, assisted living and memory support fees	76,576	69,792
Investment Income	4,846	13,066
Other	-	83
	189,379	175,976
Expenses		
Operating expenses:		
Salaries and benefits	84,423	77,318
General and administrative	41,671	36,315
Plant operations	10,703	9,497
Housekeeping	796	689
Dietary	15,142	13,962
Medical and other resident care	5,200	4,627
Depreciation	29,397	27,849
Amortization	5,472	5,566
Interest	13,825	9,478
(Gain) Loss on disposal of fixed assets	25	2
	206,654	185,303
Nonoperating Expenses		
Settlement Loss	(900)	(159,911)
Deficit of revenues over expenses	(18,175)	(169,238)
Financing for Lifespace, Inc.	-	9,589
Contributions to Lifespace Communities, Inc.	(15,462)	(6,625)
Changes in net assets	(33,637)	(166,274)
Net assets at beginning of year	(419,155)	(261,997)
Net assets at end of the period	($452,792)	($428,271)

Lifespace Communities, Inc.
Obligated Group Statements of Cash Flow
For the Six Months Ended June 30 (Unaudited)
(Thousands of $)

	2024	2023
Operating activities		
Changes in unrestricted net assets	($33,637)	($166,274)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(18,376)	(17,547)
Proceeds from nonrefundable entrance fees and deposits	36,109	22,593
Refunds of entrance fees	(3,382)	(1,494)
Depreciation and Amortization	34,869	33,415
Amortization of Financing Costs	362	302
Net accretion of original issue premium/discounts	(921)	(976)
Change in unrealized appreciation of investments	2,300	(6,358)
Net sales (purchases) of trading investments	(4,613)	48,646
Contributions to Lifespace Communities, Inc.	15,462	6,625
Loss (gain) on disposal of property and equipment	25	2
Loss on Settlement	900	159,911
Change in wait lists and deposits	(6,567)	1,263
Loss on sale of Property and Equipment	25	-
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	4,658	(6,753)
Accounts payables and accrued liabilities	(24,837)	(6,877)
Net cash provided in operating activities	2,377	66,478
Investing activities		
Purchases of property and equipment	(46,793)	(55,240)
Financing activities		
Financing cost incurred	-	(2,157)
Repayment of long-term debt	(5,855)	(5,395)
Payments for settlement	(11,470)	(68,960)
Proceeds from new financing	19,331	56,101
Contributions to Lifespace Communities, Inc.	(15,462)	(6,625)
Payments on Finance Leases	(14)	(142)
Proceeds from refundable entrance fees and deposits	73,718	33,362
Refunds of entrance fees	(29,685)	(28,155)
Net cash provided (used) in financing activities	30,563	(21,971)
Net change in cash and cash equivalents	(13,853)	(10,733)
Cash and cash equivalents at beginning of year	37,406	38,138
Cash and cash equivalents at end of period	$23,553	$27,405

Six Months Ended June 30, 2024 versus Six Months Ended June 30, 2023:

The average year-to-date independent living occupancy through June 30, 2024, was 2,354 independent living homes (81.4% of the 2,893 average available homes). The average year-to-date occupancy through June 30, 2023 was 2,264 independent living homes (78.7% of the 2,875 average available homes). The decrease in average available homes from June 30, 2023 to the same period in 2024 is due to seven communities that took smaller obsolete apartments out of inventory and three communities that combined smaller apartments which were offset by the new independent living units at Oak Trace and The Waterford.

Revenues from independent living monthly fees and related charges amounted to $89,581,000 in 2024, a 18.7% increase over the $75,488,000 from the same revenue sources in 2023. The increase is due mainly to occupancy, monthly fee increases, rental income and processing fees. Independent living year-to-date occupancy grew to 2,450 at June 30, 2024 from 2,255 at June 30, 2023. Monthly fees increased in a range of 5.5% to 9.0%. Some community's increases were effective January 1, 2024 while others were effective February 1, 2024. One community began selling a rental contract in July 2023. Processing fees are higher due to more year-to-date closings in 2024 of 204 versus 2023 of 131. 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 $76,576,000 in 2024 compared to $69,792,000 in 2023, an increase of 9.7%. This increase is due mainly to the monthly fee increase. Some communities had monthly fee increases of 7.0% effective December 1, 2023 while the Florida communities had monthly fee increases of 9.0% effective January 1, 2024.

As of June 30, 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 $157,935,000 in 2024, an increase of $15,527,000 or 10.9% from comparable expenses of $142,408,000 in 2023. Salaries and benefits increased $7,105,000 or 9.2% due primarily to merit increases effective January 1, 2024 and filled positions that were vacant in the prior period. General and administrative expense increased $5,356,000 or 14.7% due primarily to property and liability insurance, property and other taxes, marketing and technology. Plant operations increased $1,206,000 or 12.7% due primarily to repairs and maintenance, and garbage/hazardous waste disposal. Dietary costs increased $1,180,000 or 8.5% due primarily to inflation and occupancy. Medical and other resident care expenses increased $573,000 or 12.4%, due primarily to agency, transportation, drugs, medical supplies and bad debts.

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

Six Months Ended June 30, 2024 Actual versus Budget

The Lifespace Board of Directors annually approves the budget that results in an accepted net operating margin, net entrance fees and capital expenditures. The chart below shows line-item comparisons to the board approved net operating margin, net entrance fees and capital expenditures, along with the favorable and unfavorable variances.

(in thousands)	Actual	Budget	Favorable/ (Unfavorable)
Revenues			
Independent Living Fees	$89,581	$87,775	$1,806
Skilled nursing, assisted living and memory support fees	76,576	72,271	4,305
	166,157	160,046	6,111
Expenses			
Operating expenses:			
Salaries and benefits	84,423	85,164	741
General and administrative	41,671	43,577	1,906
Plant operations	10,703	10,375	(328)
Housekeeping	796	736	(60)
Dietary	15,142	15,504	362
Medical and other resident care	5,200	2,932	(2,268)
	157,935	158,288	353
Net operating margin	8,222	1,758	6,464
Net entrance fees, including initial entrance fees	76,760	85,156	(8,396)
Capital expenditures, financed with bond proceeds	19,875	39,674	19,799
Capital expenditures, routine and community projects	26,918	20,129	(6,789)

Net operating margin is favorable to budget by $6,464,000.

Independent living fees are favorable to budget by $1,806,000, which is related to higher than anticipated occupancy, rental income and less apartment hardship discounts. Independent Living budgeted an average year to date occupancy of 80.1% and has actual occupancy of 81.4%.

Skilled nursing, assisted living and memory support fees are favorable to budget by $4,305,000 due primarily to higher occupancy than budgeted in the health center and assisted living. The health center budgeted an average year to date occupancy of 89.8% and has actual occupancy of 90.9%. Assisted Living budgeted an average year to date occupancy of 93.3% and has actual occupancy of 95.3%. In addition to higher occupancy, Lifespace has improved the health center payor mix from what was budgeted.

Salaries and benefits are $741,000, or 0.9%, 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 $1,906,000, or 4.4%, favorable to budget due primarily to liability and property insurance and marketing expenses.

Plant operations expenses are $328,000, or 3.2%, unfavorable to budget due primarily to repairs and maintenance.

Dietary expenses are $362,000, or 2.3%, favorable to budget due primarily to continuing to effectively manage operating costs, while staying focused on maintaining high standards for the culinary program.

Medical and other resident care expense is unfavorable to budget by $2,268,000, or 77.4%, due primarily to agency staff usage.

Net entrance fees are unfavorable to budget by $8,396,000. The budget for the six months ended June 30, 2024 had 323 closings compared to the actual closings of 311. In addition, one community started selling rental contracts in July 2023. There are no entrance fees associated with the rental contracts. The chart below represents how many closings received entrance fees when comparing actual and budget.

YTD June 30, 2024	Actual	Budget
Total Closings	311	323
Rental Closings	62	55
Entrance Fee Closings	249	268

The Oak Trace redevelopment project opened 140 independent living units in January 2024. The fill up has been quicker than expected. For the six months ended June 30, 2024, Oak Trace has had 104 actual closings while 95 were budgeted. Initial entrance fees for Oak Trace for the six months ended June 30, 2024 was $45,307,000.

Capital expenditures financed with bond proceeds are approximately $19,799,000 less than budgeted. Approximately $6,789,000 more was spent on routine capital expenditures than budgeted. These are the result of timing.

Ratios:

The Net Operating Margin Ratio increased from 2.0% for the six months ended June 30, 2023 to 4.9% for the same period in 2024. The Net Operating Margin, Adjusted Ratio increased from 14.7% for the six months ended June 30, 2023 to 18.0% for the same period in 2024. The annual debt service coverage ratio decreased from 3.9 for the six months ended June 30, 2023 to

1.9 for the same period in 2024. 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. However, the annual debt service has increased when comparing June periods due to funded interest funds being used and new debt in fourth quarter 2023 which impacts the Debt Service Coverage Ratio negatively. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income decreased when comparing the six months ended June 30, 2024 to the same period in 2023. Excluding the unrealized gain/loss, investment income represents an increase of $438,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	June 30, 2024	June 30, 2023
Interest and Dividend Income	$4,753	$4,233
Realized Gain/(Loss)	2,393	2,475
Unrealized Gain/(Loss)	(2,300)	6,358
Total	$4,846	$13,066

The Adjusted Debt to Capitalization decreased from 152.8% at June 30, 2023 to 144.2% at June 30, 2024.

Liquidity and Capital Requirements – Six Months Ended June 30, 2024 versus Six Months Ended June 30, 2023:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were $76,760,000 for the six months ended June 30, 2024 compared to $26,306,000 for the same period in 2023. The number of entrance fee move-ins was 311 in the six months ended June 30, 2024 compared to 131 in the six months ended June 30, 2023. One community started to offer rental contracts in July 2023. As mentioned previously, the rental contracts do not require an entrance fee. There were 62 rental contracts sold in the six months ended June 30, 2024. In addition, there were initial entrance fees at three communities of $50,218,000 (107 closings) in the six months ended June 30, 2024 and $4,751,000 (12 closings) in the six months ended June 30, 2023.

Daily operating expenses for 2024 increased to $942,000 from $835,000 in 2023, an increase of 12.8%. The overall unrestricted cash position increased from $178,318,000 at June 30, 2023 to $186,334,000 at June 30, 2024, a change of 4.5%. The Days Cash on Hand Ratio decreased from 213 days at June 30, 2023 to 198 days at June 30, 2024. While the unrestricted cash and investments increased $8 million, the increase in average daily expenses resulted in lower days cash on hand.

Capital expenditures for the communities for the six months ended June 30, 2024 were $46,793,000, while depreciation expense for the same period was $29,397,000. The remaining redevelopment projects mentioned below account for $14,642,000 of this year-to-date 2024 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022 and 2023 financings in the amount of $5,233,000 for the six months ended June 30, 2024. Capital expenditures for the communities for the six months ended June 30, 2023 were $55,240,000, while depreciation expense for the same period was $27,849,000. As stated below, the redevelopment projects account for $25,761,000 of this year-to-date 2023 expenditure balance. In addition, various community projects were funded by the Series 2018, 2019, 2021 and 2022 financing in the amount of $7,667,000 for the six months ended June 30, 2023.

To evaluate the financial aspect of the needed re-investment in the communities, management targets capital expenditures as a percentage of depreciation in the range of 70% to 130%. This ratio is monitored on a 5-year historical view and a 10-year forecast period to assist with the annual capital expenditure decisions. The 5-year historical ratio for the Obligated Group at December 31, 2023 is 226% which is higher than the range as a result of the redevelopment projects. The redevelopment projects are mostly funded with long-term debt and internal cash. Routine capital projects are expected to be funded from internal cash flows.

On December 8, 2023, Lifespace Communities successfully completed a tax-exempt bond financing of Series 2023B (non-Florida) and 2023C (Florida). Lifespace received proceeds from issuing $112 million. The bonds sold at a discount generating $110.0 million of proceeds. The proceeds from these bonds will pay costs at Harbour's Edge for the assisted living and memory care building of $18.9 million, fund specific large community projects in the 2024 budget of $9.3 million, reimburse previous expended capital expenditures of $19.2 million and refinance the Series 2023A bonds of $52.5 million. The remainder of funds were funding issuance costs, the debt service reserve and capitalized interest.

Lifespace has secured a line of credit with a bank for $25 million to support the redevelopment efforts and various board approved projects. The terms and covenants of the line of credit follow the master trust indenture. As of June 30, 2024, the outstanding amount borrowed on the line of credit is $9.4 million.

Two communities are in the process of significant construction at June 30, 2024. 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 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 June 30, 2024 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 June 30, 2024 the Liquidity Support Agreement remains unfunded.

As stated within the EMMA notice filed January 9, 2023, Lifespace has agreed to provide certain limited financial support relative to the plan of reorganization contained within the Third Amended Disclosure Statement filed in December 2022 by Edgemere (collectively the “Plan”), pending final confirmation of the Bankruptcy Court. Specifically, the Plan provides for a settlement of all potential Estate, Trustee, DIP Lender and Resident claims against Lifespace in exchange for (a) a $16.5 million payment to the Trustee on the Effective Date for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents (the “Lifespace Bond Contribution”), and (b) subject to certain conditions, annual payments (the “Lifespace Resident Contributions”) made into a trust, pursuant to the schedule attached to the Third Amended Disclosure Statement, which funds shall be used to pay participating Residents for claims relating to their Residency Agreements. The anticipated Lifespace Resident Contributions will be paid over approximately 19 years in an aggregate amount of approximately $143,000,000, subject to certain contribution deferral provisions. In exchange for the Lifespace Resident Contributions and the releases provided under the Plan, Lifespace will be entitled to a Pro Rata distribution of Litigation Trust Assets, in accordance with the terms of the Plan and the Litigation Trust Agreement. The Lifespace Bond Contribution and Lifespace Resident Contributions are collectively referred to as the “Lifespace Contribution”.

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 $)

	Six Months Ended June 30 (Unaudited)		Year Ended December 31 (Audited)		
Historical Debt Service Coverage	**2024**	**2023**	**2023**	**2022**	**2021**
Excess (deficit) of revenues over expenses	(18,175)	(169,238)	(158,154)	(85,519)	(32,081)
Less:					
Entrance fees earned	(18,376)	(17,547)	(35,349)	(33,522)	(29,802)
Initial redevelopment entrance fee and/or redevelopment deposits	(50,218)	(4,751)	(8,291)	(19,475)	(41,862)
Add:					
Depreciation	29,397	27,849	54,796	54,553	52,224
Amortization	5,472	5,566	12,085	12,427	12,225
Interest Expense	13,825	9,478	21,932	18,816	17,468
Expenses paid by long-term debt issuances	267	694	1,509	1,234	1,719
Unrealized (gain) loss on securities	2,300	(6,358)	(13,795)	27,006	(14,953)
Gain on Derivatives	-	-	(412)	-	-
Realized (gain) loss on sale of assets	25	2	(370)	5	12
Loss on extinguishment of debt	-	-	2,062	-	214
Loss on settlement	900	159,911	131,778	-	-
Entrance fee proceeds (less refunds)	76,760	26,306	58,816	81,567	96,292
Income available for debt service	42,177	31,912	66,607	57,092	61,456
Annual debt service payment	43,936	33,114	33,114	27,717	27,213
Annual debt service coverage (b)(c)(d)	1.9	3.9	2.0	2.1	2.3
Maximum annual debt service payment	50,067	50,067	50,067	40,586	34,748
Maximum annual debt service coverage (d)	1.7	2.5	1.3	1.4	1.8
Cash to Debt					
Unrestricted cash and investments (a)	186,334	178,318	184,769	189,702	214,073
Debt service reserve fund	39,380	32,062	39,266	32,359	34,245
	225,714	210,380	224,035	222,061	248,318
Bonds outstanding long-term	787,351	690,409	774,618	642,993	567,332
Annual debt service	43,936	33,114	33,114	27,717	27,213
Maximum annual debt service	50,067	50,067	50,067	40,586	34,748
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.3	0.3	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	5.1	6.4	6.8	8.0	9.1
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	4.5	4.2	4.5	5.5	7.1
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	171,493	151,192	312,291	295,938	259,866
Daily expenses	942	835	856	811	712
Days of unrestricted cash & investments on hand (b)(c)(d)	198	213	216	234	301
Other Ratios					
Net operating margin (c)(d)	4.9%	2.0%	1.3%	-3.3%	0.8%
Net operating margin, adjusted (c)(d)	18.0%	14.7%	15.7%	16.1%	18.8%
Adjusted debt to capitalization (c)(d)	144.2%	152.8%	140.5%	113.7%	98.2%

(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%.