

**CONTINUING DISCLOSURE REPORT  
for the three months ended March 31, 2025**



**OBLIGATED GROUP**

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

May 15, 2025

US Bank Trust Company, NA  
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 three months ended March 31, 2025, 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, Catherine Eddins



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LifespaceCommunities.com

**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”).

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 December 19, 2024, Newcastle Place became part of the Obligated Group concurrent with the issuance of the Series 2024 bonds.

Prior period information has been restated to include Newcastle Place. In addition, Abbey Delray’s activity was reclassified to discontinued operations in the financials and ratios presented for 2024 and forward.

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. 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.

As of April 1, 2025, the Corporation and its affiliates operate 15 CCRCs in seven states from the corporate office located in Dallas, Texas. References to the “Communities” herein are to the 12 CCRCs owned and operated by the Corporation that make up the Obligated Group.

On April 1, 2025, the sale of Abbey Delray was consummated, with March 31, 2025 as the last day of Lifespace Communities, Inc. ownership. The community is accounted for as a discontinued operation within the enclosed financial statements.

Calendar year-end financial information for December 31, 2024 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<br>Living<br>Apartments | Villas,<br>Carriage or<br>Town Homes | Assisted<br>Living | Health<br>Center<br>Private<br>Room | Health<br>Center Semi-<br>Private<br>Room | Memory<br>Support | Total        | CMS 5-<br>Star<br>Rating * |
|---------------------------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|---|-------------------|--------------|----------------------------|
| Abbey Delray **                       | 246                                 | 28                                   | 48                 | 30                                  | 70  | 30                | 452          | -                          |
| Abbey Delray South                    | 218                                 | 44                                   |                    | 28                                  | 46  |                   | 336          | 4                          |
| Beacon Hill                           | 354                                 |                                      |                    | 26                                  | 84  |                   | 464          | 5                          |
| Claridge Court                        | 124                                 |                                      |                    | 17                                  | 28  |                   | 169          | 3                          |
| Friendship Village of Bloomington (1) | 333                                 | 12                                   | 42                 | 66                                  |   | 32                | 485          | 2                          |
| Friendship Village of South Hills (1) | 244                                 | 18                                   | 50                 | 35                                  | 54  | 32                | 433          | 4                          |
| Harbour's Edge                        | 266                                 |                                      |                    | 50                                  | 4   |                   | 320          | 5                          |
| Newcastle Place                       | 129                                 | 29                                   | 36                 | 47                                  |   | 16                | 257          | 2                          |
| Oak Trace                             | 341                                 | 16                                   | 66                 | 84                                  | 20  | 28                | 555          | 4                          |
| Querencia                             | 157                                 | 10                                   | 40                 | 38                                  | 4   | 23                | 272          | 5                          |
| The Waterford                         | 215                                 | 26                                   |                    | 30                                  | 30  |                   | 301          | 4                          |
| Village on the Green                  | 204                                 | 58                                   | 36                 | 40                                  | 8   | 18                | 364          | 4                          |
| <b>Total</b>                          | <b>2,831</b>                        | <b>241</b>                           | <b>318</b>         | <b>491</b>                          | <b>348</b>                                | <b>179</b>        | <b>4,408</b> |                            |

\* The CMS 5-Star ratings are as of April 2025.

\*\* The last day of ownership and operations for Abbey Delray was March 31, 2025.

Change in units from December 31, 2024

(1) Friendship Village of Bloomington and Friendship Village of South Hills each had an apartment combo in first quarter.

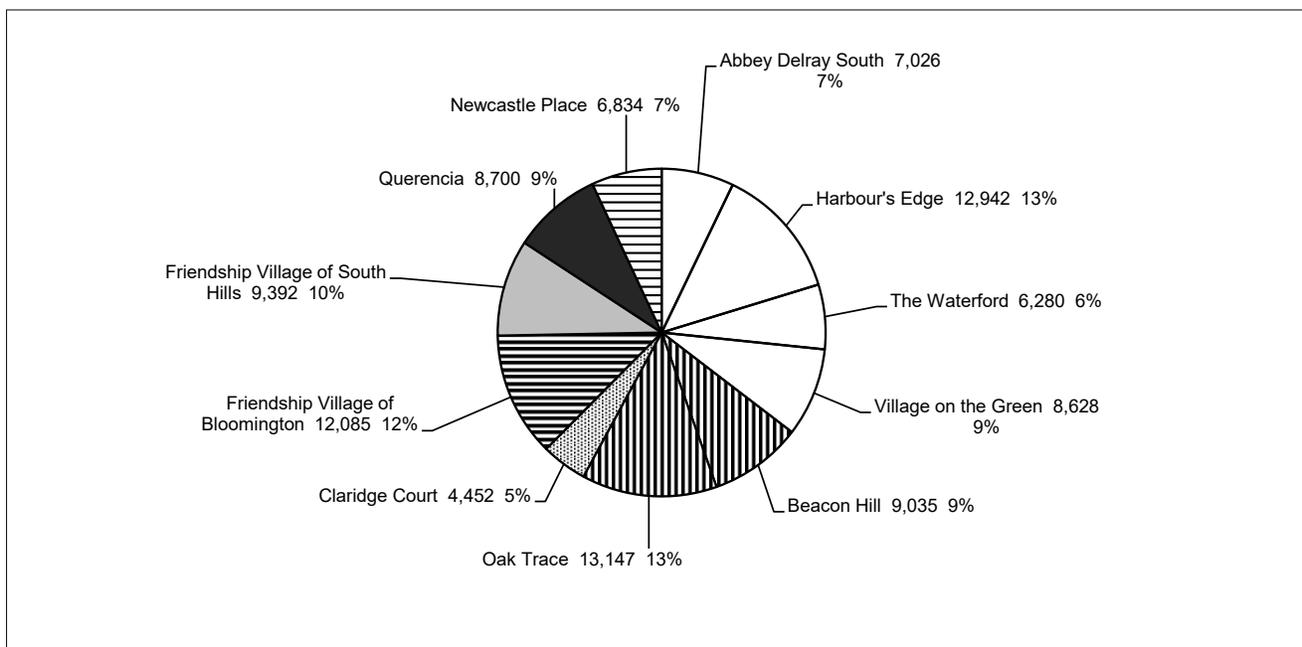
**Lifespace Communities, Inc.**  
**Average Occupancy of the Communities**

| Community                                    | 2022         |               |       |                | 2023         |               |       |                | 2024         |               |       |                | Twelve Months Ended<br>March 31, 2025 |               |       |                |
|--|--------------|---------------|-------|----------------|--------------|---------------|-------|----------------|--------------|---------------|-------|----------------|---------------------------------------|---------------|-------|----------------|
|  | 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 (b)(f)                      | 58.7%        | 92.5%         | 92.1% | 77.7%          | 64.4%        | 90.6%         | 93.5% | 88.7%          | 86.6%        | 88.7%         | 92.9% | 78.4%          | 89.7%                                 | 89.4%         | 93.3% | 74.3%          |
| Abbey Delray South, FL (b)                   | 66.8%        | 90.0%         | NA    | NA             | 67.8%        | 93.8%         | NA    | NA             | 64.6%        | 95.0%         | NA    | NA             | 64.2%                                 | 95.4%         | NA    | NA             |
| Beacon Hill, IL (b)                          | 80.7%        | 87.5%         | NA    | NA             | 77.2%        | 90.4%         | NA    | NA             | 80.7%        | 93.1%         | NA    | NA             | 80.7%                                 | 93.2%         | NA    | NA             |
| Claridge Court, KS                           | 84.5%        | 95.6%         | NA    | NA             | 88.6%        | 92.7%         | NA    | NA             | 96.5%        | 92.1%         | NA    | NA             | 97.9%                                 | 91.1%         | NA    | NA             |
| Friendship Village of Bloomington, MN (a)(b) | 77.1%        | 89.3%         | 89.5% | 93.4%          | 78.3%        | 95.5%         | 93.6% | 97.2%          | 90.2%        | 95.5%         | 98.4% | 98.8%          | 93.0%                                 | 95.3%         | 98.5% | 98.8%          |
| Friendship Village of South Hills, PA (b)    | 78.8%        | 82.1%         | 94.4% | 97.8%          | 77.8%        | 87.3%         | 94.0% | 97.8%          | 84.0%        | 89.0%         | 95.3% | 97.1%          | 84.2%                                 | 90.9%         | 95.3% | 97.8%          |
| Harbour's Edge, FL                           | 89.7%        | 92.8%         | NA    | NA             | 91.8%        | 92.6%         | NA    | NA             | 96.0%        | 94.8%         | NA    | NA             | 97.0%                                 | 94.9%         | NA    | NA             |
| Newcastle Place, WI (e)                      | 91.8%        | 80.9%         | 94.4% | 97.5%          | 89.8%        | 84.9%         | 91.7% | 93.1%          | 96.2%        | 82.7%         | 89.8% | 87.7%          | 97.4%                                 | 82.9%         | 90.3% | 90.5%          |
| Oak Trace, IL (b)(c)                         | 84.2%        | 94.1%         | 86.7% | 97.9%          | 82.1%        | 94.6%         | 96.5% | 96.1%          | 72.9%        | 97.2%         | 96.7% | 94.5%          | 77.8%                                 | 97.5%         | 97.2% | 97.4%          |
| Querencia, TX                                | 96.3%        | 95.5%         | 95.8% | 87.8%          | 98.3%        | 93.8%         | 96.0% | 87.4%          | 96.3%        | 95.1%         | 96.0% | 88.2%          | 96.3%                                 | 93.6%         | 94.8% | 89.0%          |
| The Waterford, FL (b) (d)                    | 77.4%        | 89.2%         | NA    | NA             | 81.4%        | 87.0%         | NA    | NA             | 83.4%        | 72.1%         | NA    | NA             | 85.1%                                 | 71.3%         | NA    | NA             |
| Village on the Green, FL                     | 71.1%        | 92.7%         | 95.6% | 96.7%          | 75.5%        | 93.8%         | 95.8% | 97.8%          | 79.4%        | 96.5%         | 96.0% | 91.0%          | 80.1%                                 | 96.6%         | 96.2% | 92.0%          |
| Obligated Group                              | 78.0%        | 89.9%         | 92.1% | 92.2%          | 79.5%        | 91.4%         | 94.6% | 94.1%          | 84.0%        | 91.3%         | 95.2% | 91.3%          | 85.6%                                 | 91.5%         | 95.3% | 91.6%          |

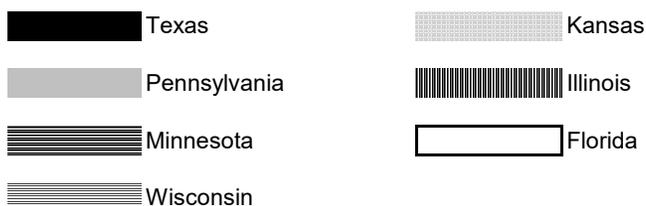
- (a) Friendship Village of Bloomington's new health center opened in June 2022.  
(b) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.  
(c) Oak Trace opened 140 new independent living units as of January 25, 2024.  
(d) The Waterford opened three villas in the second quarter and five villas in the third quarter of 2024.  
(e) Newcastle Place joined the Lifespace Obligated Group in December 2024 in conjunction of the Series 2024 financing.  
(f) The last day of ownership and operations for Abbey Delray was March 31, 2025.

| Community                             | Three months ended<br>March 31, 2024 |               |       |                | Three months ended<br>March 31, 2025 |               |       |                |
|---------------------------------------|--------------------------------------|---------------|-------|----------------|--------------------------------------|---------------|-------|----------------|
|                                       | Living Units                         | Health Center | ALUs  | Memory Support | Living Units                         | Health Center | ALUs  | Memory Support |
| Abbey Delray, FL                      | 81.6%                                | 92.6%         | 93.3% | 85.9%          | 92.1%                                | 95.3%         | 95.3% | 68.7%          |
| Abbey Delray South, FL                | 69.3%                                | 95.4%         | NA    | NA             | 63.2%                                | 97.1%         | NA    | NA             |
| Beacon Hill, IL                       | 83.3%                                | 93.6%         | NA    | NA             | 80.6%                                | 93.8%         | NA    | NA             |
| Claridge Court, KS                    | 93.7%                                | 87.0%         | NA    | NA             | 99.6%                                | 93.8%         | NA    | NA             |
| Friendship Village of Bloomington, MN | 88.2%                                | 95.7%         | 97.2% | 98.7%          | 97.3%                                | 95.3%         | 97.8% | 98.6%          |
| Friendship Village of South Hills, PA | 85.5%                                | 85.0%         | 95.5% | 95.2%          | 83.9%                                | 92.5%         | 95.4% | 97.9%          |
| Harbour's Edge, FL                    | 94.6%                                | 94.9%         | NA    | NA             | 98.7%                                | 95.4%         | NA    | NA             |
| Newcastle Place, WI                   | 93.8%                                | 83.1%         | 88.1% | 81.1%          | 98.7%                                | 84.0%         | 90.1% | 92.3%          |
| Oak Trace, IL                         | 64.5%                                | 96.1%         | 94.2% | 87.4%          | 82.4%                                | 97.3%         | 96.3% | 99.1%          |
| Querencia, TX                         | 97.8%                                | 91.3%         | 97.2% | 87.5%          | 98.2%                                | 96.6%         | 92.5% | 91.0%          |
| The Waterford, FL                     | 85.0%                                | 74.6%         | NA    | NA             | 87.0%                                | 71.3%         | NA    | NA             |
| Village on the Green, FL              | 78.8%                                | 96.9%         | 96.2% | 90.2%          | 81.6%                                | 97.4%         | 96.9% | 94.3%          |
| Obligated Group                       | 83.2%                                | 91.1%         | 94.6% | 90.3%          | 87.3%                                | 93.0%         | 95.1% | 91.6%          |

**Comparative Analysis of Gross Revenues  
Three Months Ended March 31, 2025  
(\$ 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  | Year-ended  |             |             | Three Months Ended March 31, |             |
|--|-------------|-------------|-------------|------------------------------|-------------|
|  | 2022        | 2023        | 2024        | 2024                         | 2025        |
| Lifecare                                     | 11.4%       | 12.5%       | 11.8%       | 11.6%                        | 12.0%       |
| Private Pay                                  | 27.1%       | 24.7%       | 24.6%       | 25.2%                        | 24.0%       |
| Medicare                                     | 44.8%       | 44.7%       | 44.5%       | 44.5%                        | 46.2%       |
| Medicaid                                     | 6.2%        | 5.3%        | 3.1%        | 4.2%                         | 1.9%        |
| Other  | 10.5%       | 12.8%       | 16.0%       | 14.5%                        | 15.9%       |
| <b>Total Patient Mix</b>                     | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b>                  | <b>100%</b> |
| Year-To-Date Average Service Units Available | 839         | 839         | 839         | 839                          | 839         |
| Year-To-Date Average Occupancy Percentage    | 89.9%       | 91.4%       | 91.3%       | 91.1%                        | 93.0%       |

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

|                                  | <b>2025</b>               | <b>2024</b>               |
|----------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                    |                           |                           |
| Current Assets:                  |                           |                           |
| Cash and Cash Equivalents        | \$40,246                  | \$27,338                  |
| Investments                      | 88,000                    | 111,404                   |
| Accounts Receivable              | 27,267                    | 33,660                    |
| Inventories                      | 670                       | 670                       |
| Prepaid Insurance & Other        | 5,881                     | 5,825                     |
| Assets whose use is limited      | 152,989                   | 101,268                   |
| Assets Held for Sale             | -                         | 68,354                    |
| Total Current Assets             | <u>315,053</u>            | <u>348,519</u>            |
| Assets whose use is limited      | 93,168                    | 91,378                    |
| Property and equipment, at cost: |                           |                           |
| Land and improvements            | 75,127                    | 71,350                    |
| Buildings and improvements       | 1,389,937                 | 1,330,191                 |
| Furniture and equipment          | 107,884                   | 88,644                    |
|                                  | <u>1,572,948</u>          | <u>1,490,185</u>          |
| Less accum. deprec.              | (643,564)                 | (587,287)                 |
| Net property and equipment       | <u>929,384</u>            | <u>902,898</u>            |
| Swap Derivative                  | 108                       | 2,719                     |
| Net goodwill                     | 50,021                    | 61,412                    |
| Net deferred assets              | 11,284                    | 6,541                     |
| Net intangible assets            | 6,062                     | 7,532                     |
| <b>TOTAL ASSETS</b>              | <u><u>\$1,405,080</u></u> | <u><u>\$1,420,999</u></u> |

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

|   | <b>2025</b>        | <b>2024</b>        |
|---|--------------------|--------------------|
| <b>Liabilities and net assets</b>             |                    |                    |
| Current liabilities:                          |                    |                    |
| Accounts payable:                             |                    |                    |
| Trade   | \$14,855           | \$13,086           |
| Intercompany                                  | 4,706              | 3,846              |
|   | 19,561             | 16,932             |
|   |                    |                    |
| Accrued liabilities:                          |                    |                    |
| Employee compensation expense                 | 16,620             | 15,428             |
| Interest                                      | 14,464             | 12,423             |
| Property taxes                                | 4,111              | 3,688              |
| Other   | 2,124              | 2,052              |
|   | 37,319             | 33,591             |
|   |                    |                    |
| Entrance fee refunds                          | 2,266              | 4,820              |
| Reserve for health center refunds             | 26,206             | 31,426             |
| Long-term debt due within one year            | 28,619             | 21,276             |
| Obligation under cap lease due within one yr  | 558                | 403                |
| Liabilities Held in Sale                      | -                  | 8,610              |
| Total current liabilities                     | 114,529            | 117,058            |
|   |                    |                    |
| Entrance fee deposits                         | 2,584              | 7,940              |
| Wait list deposits                            | 2,352              | 1,666              |
| Long-term debt due after one year             | 881,290            | 809,116            |
| Long-term notes payable due after one year    | -                  | 56,785             |
| Settlement payable                            | 41,193             | 51,357             |
| Obligation under cap lease due after one year | 1,391              | 1,077              |
| Deferred entrance fees                        | 208,783            | 190,657            |
| Refundable entrance and membership fees       | 689,242            | 626,485            |
| Total liabilities                             | 1,941,364          | 1,862,141          |
|   |                    |                    |
| Net assets without donor restrictions         | (536,284)          | (441,142)          |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <b>\$1,405,080</b> | <b>\$1,420,999</b> |

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

|  | <b>2025</b>               | <b>2024</b>               |
|--|---------------------------|---------------------------|
| <b>Revenues</b>  |                           |                           |
| Independent Living Fees                                  | \$46,433                  | \$42,690                  |
| Entrance fees earned/cancellation penalties              | 9,123                     | 8,289                     |
| Skilled nursing, assisted living and memory support fees | 37,961                    | 36,823                    |
| Investment Income  | 5,004                     | 1,754                     |
|  | <u>98,521</u>             | <u>89,556</u>             |
| <b>Expenses</b>  |                           |                           |
| Operating expenses:                                      |                           |                           |
| Salaries and benefits                                    | 42,290                    | 39,470                    |
| General and administrative                               | 21,729                    | 19,582                    |
| Plant operations   | 5,746                     | 5,236                     |
| Housekeeping   | 362                       | 372                       |
| Dietary  | 7,899                     | 7,580                     |
| Medical and other resident care                          | 1,762                     | 2,598                     |
| Depreciation   | 16,259                    | 12,962                    |
| Amortization   | 3,949                     | 3,960                     |
| Interest   | 10,392                    | 6,908                     |
| Loss on disposal of fixed assets                         | -                         | 29                        |
|  | <u>110,388</u>            | <u>98,697</u>             |
| Deficit of revenues over expenses                        | <u>(11,867)</u>           | <u>(9,141)</u>            |
| Discontinued operations                                  |                           |                           |
| Loss from Operations of Discontinued Operations          | (2,575)                   | (1,497)                   |
| Loss on Sale of Discontinued Operations                  | (14,273)                  | -                         |
| Total Discontinued Operations                            | <u>(16,848)</u>           | <u>(1,497)</u>            |
| Contributions to Lifespace Communities, Inc.             | <u>(550)</u>              | <u>(1,180)</u>            |
| Changes in net assets                                    | (29,265)                  | (11,818)                  |
| Net assets at beginning of year                          | <u>(507,019)</u>          | <u>(429,324)</u>          |
| Net assets at end of the period                          | <u><u>(\$536,284)</u></u> | <u><u>(\$441,142)</u></u> |

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

|   | <b>2025</b>     | <b>2024</b>     |
|---|-----------------|-----------------|
| <b>Operating activities</b>   |                 |                 |
| Changes in unrestricted net assets  | (\$29,265)      | (\$11,818)      |
| Loss from Discontinued Operations   | \$2,575         | \$1,497         |
| Adjustments to reconcile changes in net asset to net cash used in operating activities: |                 |                 |
| Entrance fees earned  | (9,123)         | (8,289)         |
| Proceeds from nonrefundable entrance fees and deposits                                  | 5,867           | 13,988          |
| Refunds of entrance fees  | (744)           | (1,097)         |
| Depreciation and Amortization   | 20,208          | 16,922          |
| Amortization of Financing Costs   | 204             | 203             |
| Net accretion of original issue premium/discounts                                       | (412)           | (425)           |
| Change in unrealized appreciation of investments  | 3,319           | 2,114           |
| Net sales (purchases) of trading investments  | (34,088)        | (15,113)        |
| Contributions to Lifespace Communities, Inc.  | 550             | 1,180           |
| Loss on disposal of property and equipment  | -               | 29              |
| Change in wait lists and deposits   | 960             | (1,725)         |
| Loss on Sale of Discontinued Operations   | 14,273          | -               |
| Changes in operating assets and liabilities:  |                 |                 |
| Accounts receivables, inventories, and prepaid insurance and other                      | (2,582)         | (1,785)         |
| Accounts payables and accrued liabilities   | 7,467           | (15,444)        |
| Net cash used by Continued Operating Activities   | <u>(20,791)</u> | <u>(19,763)</u> |
| Net cash used by Discontinued Operating Activities                                      | <u>(1,980)</u>  | <u>(1,602)</u>  |
| Net cash used in Operating Activities   | <u>(22,771)</u> | <u>(21,365)</u> |
| <b>Investing activities</b>   |                 |                 |
| Purchases of property and equipment   | <u>(8,642)</u>  | <u>(15,560)</u> |
| Net cash used by Continued Investing Activities   | <u>(8,642)</u>  | <u>(15,560)</u> |
| Net cash used by Discontinued Investing Activities                                      | <u>(955)</u>    | <u>(1,240)</u>  |
| Net cash used in Investing Activities   | <u>(9,597)</u>  | <u>(16,800)</u> |
| <b>Financing activities</b>   |                 |                 |
| Repayment of long-term debt   | -               | (481)           |
| Payments on settlement  | (10,914)        | (11,470)        |
| Advances from line of credit  | 8,633           | -               |
| Proceeds from new financing   | -               | 19,332          |
| Intercompany Notes Payable  | -               | 358             |
| Contributions to Lifespace Communities, Inc.  | (550)           | (1,180)         |
| Proceeds from Disposal of Community   | 45,579          | -               |
| Payments on Leases  | (150)           | (30)            |
| Proceeds from refundable entrance fees and deposits                                     | 16,066          | 29,710          |
| Refunds of entrance fees  | <u>(15,727)</u> | <u>(17,732)</u> |
| Net cash provided in financing activities   | <u>42,937</u>   | <u>18,507</u>   |
| Net change in cash and cash equivalents   | 10,569          | (19,658)        |
| Cash and cash equivalents at beginning of year  | 29,677          | 46,996          |
| Cash and cash equivalents at end of period  | <u>\$40,246</u> | <u>\$27,338</u> |

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

**Three Months Ended March 31, 2025 versus Three Months Ended March 31, 2024:**

The average year-to-date independent living occupancy through March 31, 2025, was 2,683 independent living homes (87.3% of the 3,073 average available homes). The average year-to-date occupancy through March 31, 2024 was 2,524 independent living homes (83.2% of the 3,032 average available homes). The change in average available homes from March 31, 2024 to the same period in 2025 is due to new independent living units at Oak Trace and The Waterford which is offset by three communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to \$46,433,000 in 2025, a 8.8% increase over \$42,690,000 from the same revenue sources in 2024. The increase is due mainly to occupancy and monthly fee increases and offset by lower processing fees. Independent living occupancy grew to 2,428 (86.8% of the 2,798 available) at March 31, 2025 from 2,279 (81.5% of the 2,797 available) at March 31, 2024, excluding Abbey Delray. Monthly fees increased in a range of 4.0% to 6.9%. Some community's increases were effective January 1, 2025 while others were effective February 1, 2025. Processing fees are lower due to less year-to-date closings in 2025 of 40 than in 2024 of 107 due to Oak Trace's new Independent Living apartments that opened in early 2024.

Revenues from the health center, assisted living, and memory support fees were \$37,961,000 in 2025 compared to \$36,823,000 in 2024, an increase of 3.1%. This increase is due mainly to the monthly fee increase. Monthly fee increases ranged from 4.5% to 7.0%. Some community increases were effective January 1, 2025 with others were effective February 1, 2025.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$79,788,000 in 2025, an increase of \$4,950,000 or 6.6% from comparable expenses of \$74,838,000 in 2024. Salaries and benefits increased \$2,820,000 or 7.1% due primarily to merit increases effective January 1, 2025 and filled positions that were vacant in the prior period. General and administrative expense increased \$2,147,000 or 11.0% due primarily to recruiting, travel, real estate taxes, network, data center and interest access, bad debt, and damage claims paid. Plant operations increased \$510,000 or 9.7% due primarily to utilities. Medical and other resident care decreased \$836,000 or 32.2% due primarily to less agency spend.

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

**Three Months Ended March 31, 2025 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/<br>(Unfavorable) |
|--|----------|----------|-----------------------------|
| <b>Revenues</b>  |          |          |                             |
| Independent Living Fees                                  | \$46,433 | \$45,725 | \$708                       |
| Skilled nursing, assisted living and memory support fees | 37,961   | 36,992   | 969                         |
|  | 84,394   | 82,717   | 1,677                       |
| <b>Expenses</b>  |          |          |                             |
| Operating expenses:                                      |          |          |                             |
| Salaries and benefits                                    | 42,290   | 43,602   | 1,312                       |
| General and administrative                               | 21,729   | 20,362   | (1,367)                     |
| Plant operations   | 5,746    | 5,305    | (441)                       |
| Housekeeping   | 362      | 410      | 48                          |
| Dietary  | 7,899    | 7,738    | (161)                       |
| Medical and other resident care                          | 1,762    | 1,347    | (415)                       |
|  | 79,788   | 78,764   | (1,024)                     |
| Net operating margin                                     | 4,606    | 3,953    | 653                         |
| Net entrance fees, including initial entrance fees       | 5,462    | (1,950)  | 7,412                       |
| Capital expenditures, financed with bond proceeds        | 6,551    | 11,535   | 4,984                       |
| Capital expenditures, routine and community projects     | 2,091    | 11,529   | 9,438                       |

Net operating margin is favorable to budget by \$653,000.

Independent living fees are favorable to budget by 708,000, which is related to higher than anticipated occupancy. Independent Living budgeted an average year to date occupancy of 85.6% and has actual occupancy of 86.9%, excluding Abbey Delray.

Skilled nursing, assisted living and memory support fees are favorable to budget by \$969,000 due primarily to higher occupancy than budgeted in the health center, assisted living and memory support. The health center budgeted an average year to date occupancy of 90.3% and has actual occupancy of 92.7%. Assisted Living budgeted an average year to date occupancy of 93.3% and has actual occupancy of 95.1%. Memory Care budgeted an average year to date occupancy of 92.6% and has actual occupancy of 96.2%. All excluding Abbey Delray.

Salaries and benefits are \$1,312,000, or 3.0%, favorable to budget due primarily to better labor management. Lifespace has closely managed overtime, shift bonuses, short breaks and hours

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

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 \$1,367,000, or 6.7%, unfavorable to budget due primarily to bad debt and damage claims paid.

Plant operations expenses are \$441,000, or 8.3%, unfavorable to budget due primarily to utilities.

Medical and other resident care expense is unfavorable to budget by \$415,000, or 30.8%, due primarily to agency staff usage and transportation.

Net entrance fees are favorable to budget by \$7,412,000. The budget for the three months ended March 31, 2025 had 52 closings compared to the actual closings of 40. While closings fell short of budgeted expectations, gross entrance fee deposits exceeded budget and refunds were below budget.

Capital expenditures financed with bond proceeds and routine and community projects are less than budgeted by \$4,984,000 and \$9,438,000, respectively. These are the result of timing.

**Ratios:**

All periods on the ratios page are inclusive of Newcastle Place. The discontinued operations of Abbey Delray are only taken into account in 2024's ratios and going forward.

The Net Operating Margin Ratio decreased from 5.9% for the three months ended March 31, 2024 to 5.5% for the same period in 2025. The Net Operating Margin, Adjusted Ratio decreased from 9.1% for the three months ended March 31, 2024 to 8.4% for the same period in 2025. The annual debt service coverage ratio increased from 1.0 for the three months ended March 31, 2024 to 1.2 for the same period in 2025.

Investment income increased when comparing the three months ended March 31, 2025 to the same period in 2024. Excluding the unrealized gain/loss, investment income represents an increase of \$4,455,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

|                              | <u>March 31, 2025</u> | <u>March 31, 2024</u> |
|------------------------------|-----------------------|-----------------------|
| Interest and Dividend Income | \$2,500               | \$2,166               |
| Realized Gain/(Loss)         | 5,823                 | 1,702                 |
| Unrealized Gain/(Loss)       | <u>(3,319)</u>        | <u>(2,114)</u>        |
| Total                        | \$5,004               | \$1,754               |

The Adjusted Debt to Capitalization increased from 143.2% at March 31, 2024 to 156.2% at March 31, 2025.

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

**Liquidity and Capital Requirements – Three Months Ended March 31, 2025 versus Three Months Ended March 31, 2024:**

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$5,462,000 for the three months ended March 31, 2025 compared to \$24,869,000 for the same period in 2024. The number of entrance fee move-ins was 40 in the three months ended March 31, 2025 compared to 107 in the three months ended March 31, 2024. In addition, there were initial entrance fees at one community of \$2,769,000 (5 closings) in the three months ended March 31, 2025 and at two communities of \$22,008,000 (53 closings) in the three months ended March 31, 2024.

Daily operating expenses for 2025 increased to \$993,000 from \$892,000 in 2024, an increase of 11.3%. The overall unrestricted cash position decreased from \$177,111,000 at March 31, 2024 to \$171,248,000 at March 31, 2025, a change of 3.3%. The Days Cash on Hand Ratio decreased from 199 days at March 31, 2024 to 173 days at March 31, 2025.

Capital expenditures for the communities for the three months ended March 31, 2025 were \$8,642,000, while depreciation expense for the same period was \$16,259,000. The remaining redevelopment projects account for \$2,350,000 of this year-to-date 2025 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022, 2023 and 2024 financings in the amount of \$4,201,000 for the three months ended March 31, 2025. Capital expenditures for the communities for the three months ended March 31, 2024 were \$15,560,000, while depreciation expense for the same period was \$12,962,000. The redevelopment projects account for \$2,575,000 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 \$2,370,000 for the year three months ended March 31, 2024.

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, 2024 is 208% which is higher than the range as a result of the projects. The redevelopment projects and some community 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 Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

On December 19, 2024, Lifespace Communities successfully completed a bond financing of Series 2024A and B with Iowa Finance Authority. Lifespace received proceeds from the issuance of \$149 million. The proceeds from these bonds i) refinanced the Iowa Finance Authority Revenue Bonds (Lifespace Communities, Inc.) Series 2021D, approximately \$53,000,000, ii) refinanced the Newcastle Place Loan in the outstanding principal amount, approximately \$57,000,000, and iii) funded various capital investment projects. As part of the financing, Newcastle Place, LLC became a Member of the Obligated Group.

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 March 31, 2025, the outstanding amount borrowed on the line of credit is \$18.1 million.

One community is in the process of significant construction currently. The community is using proceeds from the 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, that the scope will not be materially altered or that additional Communities will not be added.

On November 21, 2024, Fitch reaffirmed the Obligated Group's 'BBB' credit rating, while improving the outlook from negative to stable.

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. Lifespace also held approximately \$8,000,000 million of subordinated bonds issued by Newcastle Place. When Newcastle Place joined the Obligated Group in December 2024, Lifespace discharged the subordinate bonds and terminated the Liquidity Support Agreement.

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. As of March 31, 2025, 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

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

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”. The following payments have been made in accordance with the annual payment schedule: January 2024 for \$11,470,000 and January 2025 for \$10,913,000.

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. In December 2024, the Liquidity Support Agreement was amended to provide support of \$5,000,000. As of March 31, 2025, the Liquidity Support Agreement remains unfunded.

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

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

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. As previously mentioned, the Series 2023A Bonds were refinanced with proceeds of \$52.5 million from the Series 2023B Bonds.

**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   | Three Months Ended<br>March 31 (Unaudited) |          | Year Ended December 31 (Audited) |           |          |
|--|--|----------|----------------------------------|-----------|----------|
|  | 2025                                       | 2024     | 2024                             | 2023      | 2022     |
| Excess (deficit) of revenues over expenses   | (11,867)                                   | (9,141)  | (39,211)                         | (167,091) | (89,046) |
| Less:  |  |          |                                  |           |          |
| Entrance fees earned   | (9,123)                                    | (8,289)  | (35,730)                         | (36,518)  | (34,963) |
| Initial redevelopment entrance fee and/or redevelopment deposits   | (2,769)                                    | (22,008) | (63,048)                         | (8,291)   | (19,475) |
| Add:   |  |          |                                  |           |          |
| Depreciation   | 16,259                                     | 12,962   | 61,061                           | 57,969    | 57,654   |
| Amortization   | 3,949                                      | 3,960    | 17,604                           | 18,101    | 18,733   |
| Interest Expense   | 10,392                                     | 6,908    | 33,338                           | 24,770    | 21,675   |
| Expenses paid by long-term debt issuances  | -  | 234      | 285                              | 1,509     | 1,234    |
| Unrealized (gain) loss on securities   | 3,319                                      | 2,114    | (6,583)                          | (13,795)  | 27,006   |
| Loss (gain) on Derivatives   | -  | -        | 2,052                            | 1,546     | (4,571)  |
| Realized (gain) loss on sale of assets   | -  | 29       | 731                              | (374)     | 5        |
| Loss on extinguishment of debt   | -  | -        | 1,092                            | 2,062     | -        |
| Loss on settlement   | -  | -        | 1,480                            | 131,778   | -        |
| Entrance fee proceeds (less refunds)   | 5,462                                      | 24,869   | 128,656                          | 60,817    | 84,241   |
| Income available for debt service  | 15,622                                     | 11,638   | 101,727                          | 72,483    | 62,493   |
| Annual debt service payment  | 51,486                                     | 48,191   | 48,191                           | 35,337    | 29,570   |
| Annual debt service coverage (b)(c)(d)   | 1.2  | 1.0      | 2.1                              | 2.1       | 2.1      |
| Maximum annual debt service payment  | 59,370                                     | 59,370   | 59,370                           | 53,795    | 44,314   |
| Maximum annual debt service coverage (d)   | 1.1  | 0.8      | 1.7                              | 1.3       | 1.4      |
| <b>Cash to Debt</b>  |  |          |                                  |           |          |
| Unrestricted cash and investments (a)  | 171,248                                    | 177,111  | 181,469                          | 194,359   | 198,354  |
| Debt service reserve fund  | 41,084                                     | 39,036   | 40,473                           | 39,266    | 32,359   |
|  | 212,332                                    | 216,147  | 221,942                          | 233,625   | 230,713  |
| Bonds outstanding long-term  | 881,290                                    | 809,116  | 881,520                          | 789,671   | 655,769  |
| Annual debt service  | 51,486                                     | 48,191   | 48,191                           | 35,337    | 29,570   |
| Maximum annual debt service  | 59,370                                     | 59,370   | 59,370                           | 53,795    | 44,314   |
| Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding                  | 0.2  | 0.3      | 0.3                              | 0.3       | 0.4      |
| Ratio of total unrestricted cash & investments with debt service reserve to annual debt service                | 4.1  | 4.5      | 4.6                              | 6.6       | 7.8      |
| Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service        | 3.6  | 3.6      | 3.7                              | 4.3       | 5.2      |
| Department operating expenses (excluding expenses paid by long-term debt issuances and bad debt) plus interest | 89,342                                     | 81,147   | 334,804                          | 332,928   | 315,210  |
| Daily expenses   | 993  | 892      | 915                              | 912       | 864      |
| Days of unrestricted cash & investments on hand (b)(c)(d)  | 173  | 199      | 198                              | 213       | 230      |
| <b>Other Ratios</b>  |  |          |                                  |           |          |
| Net operating margin (c)(d)  | 5.5%                                       | 5.9%     | 7.4%                             | 2.5%      | -2.1%    |
| Net operating margin, adjusted (c)(d)  | 8.4%                                       | 9.1%     | 22.8%                            | 16.3%     | 16.6%    |
| Adjusted debt to capitalization (c)(d)   | 156.2%                                     | 143.2%   | 148.4%                           | 140.6%    | 112.4%   |

(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%.