CONTINUING DISCLOSURE REPORT
for the nine months ended September 30, 2022

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

November 10, 2022

US Bank
Bridgette Tolbert
Corporate Trust Dept.
Mail Code EX-FL-WWSJ
225 Water Street, Suite 700
Jacksonville, FL 32202

RE: Certificate in accordance with Section 415 (a) (ii) of the Master Trust Indenture dated November 1, 2010

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 nine months ended September 30, 2022, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:
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Nick Harshfield

Cc: Bankers Trust, Kristy Olesen

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

Overview:

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

The Corporation owned eleven CCRCs in six states that made up the Obligated Group. On August 1, 2021, the Corporation sold Grand Lodge at the Preserve ("Grand Lodge") located in Lincoln, Nebraska.

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

The Obligated Group consists of the above communities. The financial information and covenants presented herein set forth the information for these communities. Prior period information has been restated to include Querencia and reclass Grand Lodge activity to discontinued operations.

The Corporation is the sole member of Northwest Senior Housing Corporation, d/b/a Edgemere ("Edgemere") located in Dallas, Texas and Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way ("The Stayton") located in Ft. Worth, Texas. On July 1, 2021, Lifespace acquired Newcastle Place, LLC ("Newcastle Place") located in Mequon, Wisconsin. On July 19, 2022, Lifespace acquired Meadow Lake located in Tyler, Texas, Wesley Court located in Abilene, Texas and The Craig located in Amarillo, Texas. Edgemere, The Stayton, Newcastle Place, Meadow Lake, Wesley Court and The Craig are separately financed and are not part of the Obligated Group.

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

After the disposition of Grand Lodge and Deerfield, and including Edgemere, Meadow Lake, Newcastle Place, The Craig, The Stayton, and Wesley Court, the Corporation and its affiliates operate 17 CCRCs in seven states from corporate offices located in West Des Moines, Iowa and Addison, 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, 2021 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	299	28	48	30	70	30	505	4
Abbey Delray South	240	44		28	46		358	5
Beacon Hill	372			26	84		482	5
Claridge Court (1)	127			17	28		172	5
Friendship Village of Bloomington (2)	368	12	42	66		32	520	4
Friendship Village of South Hills (3)	270	18	50	35	54	32	459	3
Harbour's Edge	266			50	4		320	5
Oak Trace	216	16	66	84	20	28	430	5
Querencia	157	10	40	38	4	23	272	4
The Waterford (4)	247	18		30	30		325	3
Village on the Green	204	58	36	40	8	18	364	5
Total	2,766	204	282	444	348	163	4,207	

* The CMS 5-Star ratings are as of October 2022.

<u>Change in units from December 31, 2021</u>

(1) Claridge Court combined smaller apartments which reduced inventory by one in the second quarter 2022.

(2) Friendship Village of Bloomington has combined smaller apartments which reduced inventory by one in the first quarter and two more in second quarter 2022. The new health center opened in third quarter 2022 with private rooms.

(3) Friendship Village of South Hills has combined smaller apartments which reduced inventory by three in the third quarter 2022.

(4) The Waterford has combined smaller apartments which reduced inventory by one and demolished seven villas as a result of the redevelopment efforts in the third quarter 2022.

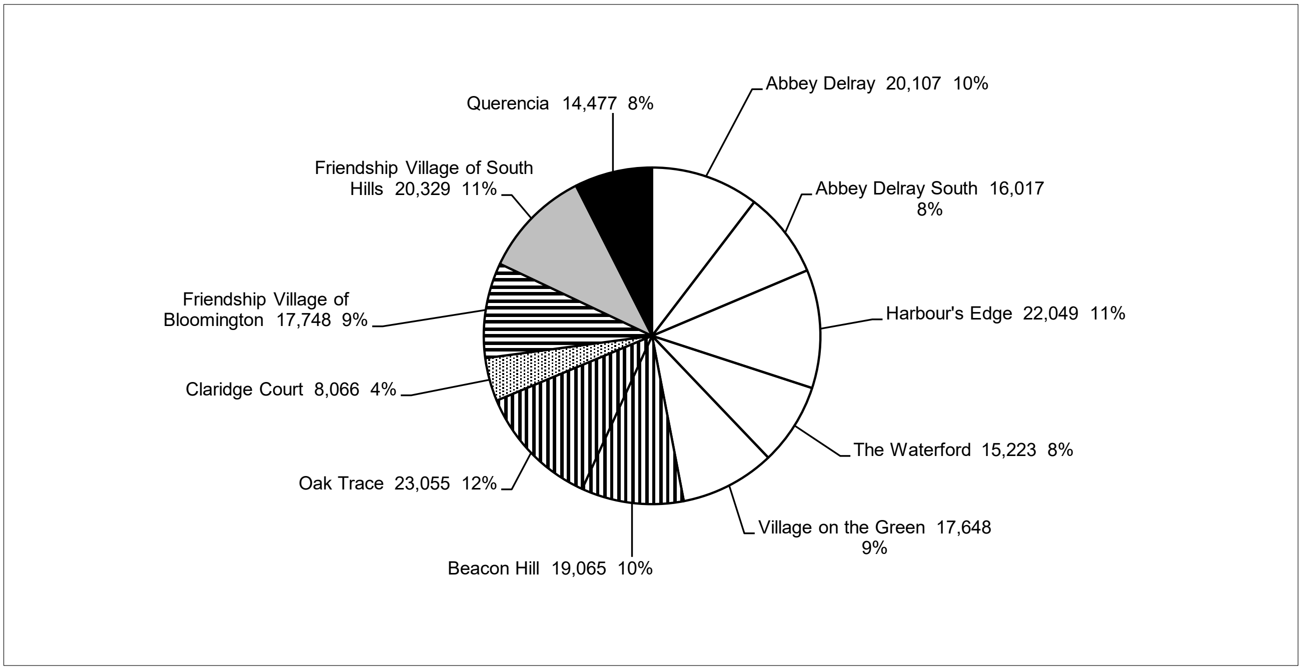
Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2019				2020				2021				Twelve months ended September 30, 2022			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (a)	71.6%	88.1%	85.7%	N/A	67.6%	92.5%	59.8%	36.0%	60.1%	92.4%	74.1%	60.6%	59.1%	92.2%	87.3%	75.7%
Abbey Delray South, FL	80.6%	82.9%	N/A	N/A	76.0%	73.4%	NA	NA	66.3%	75.5%	NA	NA	66.2%	90.6%	NA	NA
Beacon Hill, IL	94.1%	92.7%	N/A	N/A	92.4%	91.5%	NA	NA	87.0%	89.6%	NA	NA	82.9%	87.9%	NA	NA
Claridge Court, KS	89.2%	89.6%	N/A	N/A	87.3%	82.0%	NA	NA	81.2%	89.3%	NA	NA	82.8%	95.1%	NA	NA
Friendship Village of Bloomington, MN (b)	96.3%	85.6%	86.8%	N/A	93.3%	82.0%	89.5%	NA	81.2%	79.6%	55.2%	91.6%	76.1%	86.7%	83.3%	91.9%
Friendship Village of South Hills, PA (c)	95.5%	94.4%	12.5%	20.0%	87.6%	81.2%	44.7%	63.8%	81.3%	76.6%	75.4%	90.0%	79.5%	78.4%	94.0%	97.5%
Grand Lodge, NE (d)	92.7%	N/A	90.0%	N/A	86.2%	NA	80.1%	NA	85.2%	NA	85.4%	NA	NA	NA	NA	NA
Harbour's Edge, FL	89.8%	91.7%	N/A	N/A	86.8%	92.4%	NA	NA	83.3%	92.3%	NA	NA	87.5%	93.7%	NA	NA
Oak Trace, IL (e)	88.6%	78.9%	72.1%	43.8%	83.6%	92.8%	83.2%	57.5%	86.2%	93.4%	64.8%	88.1%	84.8%	94.4%	78.8%	96.8%
Querencia, TX (f)	98.8%	92.4%	99.5%	97.4%	98.0%	82.9%	96.1%	83.3%	97.9%	81.3%	96.0%	90.1%	96.6%	92.9%	96.3%	88.3%
The Waterford, FL	90.0%	96.3%	N/A	N/A	86.8%	86.2%	NA	NA	79.5%	83.3%	NA	NA	77.4%	87.8%	NA	NA
Village on the Green, FL (g)	83.9%	93.3%	N/A	N/A	82.4%	80.0%	NA	NA	72.2%	78.2%	46.2%	72.6%	70.4%	91.7%	88.9%	95.0%
Obligated Group	88.3%	88.8%	79.5%	59.1%	85.0%	85.8%	75.2%	59.6%	78.7%	85.0%	69.7%	82.8%	77.2%	89.7%	87.4%	90.7%

(a) The new assisted living and memory support opened in February 2020.
(b) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021.
(c) The new assisted living and memory support opened in November 2019.
(d) Grand Lodge was disposed as of August 1, 2021.
(e) The new health center, assisted living and memory support opened in June 2019.
(f) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing. Lifespace affiliated with Querencia on June 20, 2019. Occupancy prior to this date is not reflected above.
(g) 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.

	Nine months ended September 30, 2021				Nine months ended September 30, 2022			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL	60.5%	92.8%	72.9%	57.9%	59.2%	92.6%	91.1%	77.8%
Abbey Delray South, FL	66.8%	69.9%	NA	NA	66.6%	90.0%	NA	NA
Beacon Hill, IL	87.4%	89.4%	NA	NA	81.8%	87.2%	NA	NA
Claridge Court, KS	81.3%	87.8%	NA	NA	83.4%	95.7%	NA	NA
Friendship Village of Bloomington, MN	82.8%	78.5%	52.3%	91.7%	76.9%	87.9%	89.1%	91.9%
Friendship Village of South Hills, PA	81.8%	79.6%	69.9%	87.7%	79.4%	82.0%	94.9%	97.8%
Harbour's Edge, FL	83.3%	91.7%	NA	NA	89.0%	93.6%	NA	NA
Oak Trace, IL	86.3%	92.7%	63.7%	86.3%	84.4%	94.1%	82.6%	98.1%
Querencia, TX	98.0%	80.2%	95.6%	89.4%	96.2%	95.5%	95.9%	86.9%
The Waterford, FL	79.9%	82.7%	NA	NA	78.1%	89.0%	NA	NA
Village on the Green, FL	72.8%	72.2%	36.2%	65.4%	70.6%	92.4%	95.6%	97.6%
Obligated Group	79.1%	84.1%	66.4%	80.8%	77.4%	90.3%	90.7%	91.4%

Comparative Analysis of Gross Revenues
Nine Months Ended September 30, 2022
($ 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			Nine Months Ended September 30,	
Payer	2019	2020	2021	2021	2022
Lifecare	15.1%	13.9%	11.6%	11.8%	11.7%
Private Pay	25.9%	24.5%	24.0%	23.8%	27.0%
Medicare	42.6%	44.6%	48.2%	47.9%	45.3%
Medicaid	10.9%	10.1%	8.5%	8.9%	6.6%
Other	5.6%	6.9%	7.8%	7.6%	9.4%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	807	818	809	815	792
Year-To-Date Average Occupancy Percentage	88.8%	85.8%	85.0%	84.1%	90.3%

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

	2022	**2021**
Assets		
Current Assets:		
Cash and Cash Equivalents	$25,850	$19,278
Investments	121,250	140,330
Accounts Receivable	13,191	10,320
Inventories	796	1,216
Prepaid Insurance & Other	6,243	2,921
Assets whose use is limited	74,717	145,077
Total Current Assets	242,047	319,142
Assets whose use is limited	78,726	83,521
Property and equipment, at cost:		
Land and improvements	71,172	68,865
Buildings and improvements	1,188,305	1,092,205
Furniture and equipment	86,611	79,901
	1,346,088	1,240,971
Less accum. deprec.	(572,406)	(517,308)
Net property and equipment	773,682	723,663
Net goodwill	37,253	43,348
Net deferred assets	2,341	1,424
Net intangible assets	9,737	11,207
TOTAL ASSETS	$1,143,786	$1,182,305

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

	2022	**2021**
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$11,728	$9,312
Intercompany	2,472	2,552
	14,200	11,864
Accrued liabilities:		
Employee compensation expense	13,553	10,042
Interest	9,146	8,311
Property taxes	4,835	2,918
Other	3,624	3,569
	31,158	24,840
Entrance fee refunds	9,019	600
Reserve for health center refunds	29,689	28,332
Long-term debt due within one year	22,175	11,360
Obligation under cap lease due within one yr	696	790
Total current liabilities	106,937	77,786
Entrance fee deposits	5,542	8,373
Wait list deposits	1,284	1,446
Long-term debt due after one year	560,884	582,804
Obligation under cap lease due after one year	116	694
Deferred entrance fees	179,604	156,163
Refundable entrance and membership fees	534,512	495,179
Total liabilities	1,388,879	1,322,445
Net assets without donor restrictions	(245,093)	(140,140)
TOTAL LIABILITIES AND NET ASSETS	$1,143,786	$1,182,305

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

	2022	2021
Revenues		
Independent Living Fees	$103,255	96,418
Entrance fees earned/cancellation penalties	24,574	21,417
Skilled nursing, assisted living and memory support fees	96,584	85,159
Investment Income (Expense)	(30,705)	12,030
Other	75	1,114
	193,783	216,138
Expenses		
Operating expenses:		
Salaries and benefits	109,595	89,010
General and administrative	51,541	47,833
Plant operations	13,965	12,829
Housekeeping	856	991
Dietary	18,744	15,224
Medical and other resident care	10,464	9,348
Depreciation	39,217	36,123
Amortization	9,125	9,005
Interest	14,098	13,146
Loss on disposal of fixed assets	5	19
Loss on extinguishment of debt	-	214
	267,610	233,742
(Deficit) Excess of revenues over expenses from continuing operations	(73,827)	(17,604)
Discontinued operations		
Gain from operations of discontinued operations	-	430
Gain on sale of Property and Equipment	-	11,993
Loss on sale of Related Pary Investments	-	(14,648)
Total Discontinued Operations	-	(2,225)
Contributions to Lifespace Communities, Inc.	(17,022)	(18,595)
Changes in net assets	(90,849)	(38,424)
Net assets at beginning of year	(154,244)	(101,716)
Net assets at end of the period	($245,093)	($140,140)

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

	2022	2021
Operating activities		
Changes in unrestricted net assets	($90,849)	($38,424)
Adjustments to reconcile changes in net asset to net cash provided (used) in operating activities:		
Reconciling items included in disontinued ops	-	(15,555)
Entrance fees earned	(24,574)	(21,417)
Proceeds from nonrefundable entrance fees and deposits	40,048	32,787
Refunds of entrance fees	(854)	(3,272)
Depreciation and Amortization	48,342	45,128
Amortization of Financing Costs	469	312
Net accretion of original issue premium/discounts	(1,504)	(949)
Change in unrealized appreciation of investments	34,677	(858)
Net sales of trading investments	51,197	(61,006)
Contributions to Lifespace Communities, Inc.	17,022	18,595
Loss on disposal of property and equipment	5	19
Change in wait lists and deposits	(263)	(3,923)
Loss on extinguishment of debt	-	214
Gain on sale of Property and Equipment	-	(11,993)
Loss on sale of Related Pary Investments	-	14,648
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(2,401)	(334)
Accounts payables and accrued liabilities	356	1,278
Net cash provided (used) in operating activities	71,671	(44,750)
Investing activities		
Purchases of property and equipment	(71,753)	(53,628)
Financing activities		
Financing cost incurred	(50)	(2,727)
Repayment of long-term debt	(4,552)	(18,825)
Proceeds from line of credit	8,658	1,406
Proceeds from Series 2021 financing	-	132,520
Extinguishment of Prior Debt	-	(39,642)
Proceeds on disposal of a community	-	23,000
Contributions to Lifespace Communities, Inc.	(17,022)	(18,595)
Payments on Finance Leases	(270)	(241)
Proceeds from refundable entrance fees and deposits	65,109	59,356
Refunds of entrance fees	(46,363)	(35,789)
Net cash provided in financing activities	5,510	100,463
Net increase in cash and cash equivalents	5,428	2,085
Cash and cash equivalents at beginning of year	20,422	17,193
Cash and cash equivalents at end of period	$25,850	$19,278

During the nine months ended September 30, 2021, Grand Lodge provided $710 to the Obligated Group's net operating cash flows, paid $394 in respect of investing activities and paid $80 in respect of financing activities.

Nine Months Ended September 30, 2022 versus Nine Months Ended September 30, 2021:

The average year-to-date independent living occupancy through September 30, 2022, was 2,305 independent living homes (77.4% of the 2,977 average available homes). The average year-to-date occupancy, excluding Grand Lodge which is disclosed as a discontinued operations, through September 30, 2021 was 2,316 independent living homes (79.1% of the 2,927 average available homes). The increase in average available homes from September 30, 2021 to the same period in 2022 is due to opening independent living apartments at two communities to support the redevelopment efforts discussed under Liquidity and Capital Requirements. In addition, offsetting the additions were five communities that combined smaller apartments and one community demolishing townhomes to support future redevelopment efforts.

Revenues from independent living monthly fees and related charges amounted to $103,255,000 in 2022, a 7.1% increase over the $96,418,000 from the same revenue sources in 2021. Monthly fees increased in the range of 3.8% to 6.0% on January 1, 2022 and again on August 1, 2022, with a range of 2.5% to 6.2%.

Revenues from the health center, assisted living, and memory support fees were $96,584,000 in 2022 compared to $85,159,000 in 2021, an increase of 13.4%. This increase is the result of the monthly fee increases effective January 1, 2022, the mid-year monthly fee increase effective August 1, 2022, and the occupancies related to the completion and openings of the redevelopment projects. The Friendship Village of Bloomington redevelopment project opened in February of 2021. This added assisted living and memory support rooms while eliminating boarding care. The Village on the Green redevelopment project opened at the end of March of 2021. This added assisted living rooms. In addition, Village on the Green opened memory support in April of 2021 and the replacement health center in May of 2021. The monthly fee increases that started January 1, 2022 range from 2.7% to 6.1% and the mid-year monthly fee increases were 5.0%.

As of September 30, 2021, the Obligated Group received a total of $1,114,000 compared to $75,000 for the same period in 2022. In 2021, the funds of $1,035,000 were received from the Department of Health and Human Services in infection quality control payments and relief under the CARES Act’s Public Health and Social Services Relief Fund. Additional stimulus funds of $79,000 were received from third party payors that paid in accordance with the contract with Commonwealth of Pennsylvania’s Department of Human Services. As of September 30, 2022, the State of Texas paid out stimulus funds of $75,000. The Department of Health and Human Services continues to update guidance regarding the distribution of these funds.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $205,165,000 in 2022, an increase of $29,930,000 or 17.1% from comparable expenses of $175,235,000 in 2021. Salaries and benefits increased $20,585,000 or 23.1% due primarily to wage increases for culinary, nursing and housekeeping team members that took effect November 1, 2021 and for all remaining team members that took effect January 1, 2022. In addition, there was another wage increase for the same initial group of culinary, nursing, and housekeeping team members that took effect August 1, 2022. This last increase was offset with the mid-year monthly fee increase mentioned previously. General and administrative expense increased $3,708,000 or 7.8% due primarily to additional legal reserves for prior year claims and higher real estate taxes. Plant expense increased $1,136,000 or 8.9% due primarily to higher costs in consulting and outsourcing services, repairs and maintenance, security services and equipment, and utilities. Dietary costs increased $3,520,000 or 23.1% due primarily to higher raw food costs. Medical and other resident care increased $1,116,000 or 11.9%, due primarily to increased occupancy, the opening of the redevelopment projects at Friendship Village of Bloomington and Village on the Green and agency costs. Agency costs were $5,376,000 as of September 30, 2022 compared to $4,594,000 in the same period of 2021, an increase of $782,000.

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities.

COVID-19 is impacting each of the communities in the Obligated Group at different levels which change on a daily basis. At any point in time, a given community can experience a resident or team member with a positive COVID-19 test. Lifespace has established protocols to comply with all federal, state and local requirements. Any suspected COVID-19 cases are subject to self-isolation and monitored. All communities have seen an increase in costs for personal protection equipment and inventories of these supplies have been increased in anticipation of their continued need. Where cases have been identified, there have also been additional compensation plans for team members put in place.

The number of COVID-19 positive results across the Obligated Group has ranged from zero to 207 at any single community on a given day. As of the date of this disclosure, there are 11 positive resident cases.

Nine Months Ended September 30, 2022 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	$103,255	$101,441	$1,814
Skilled nursing, assisted living and memory support fees	96,584	91,172	5,412
Other	75	286	(211)
	199,914	192,899	7,015
Expenses			
Operating expenses:			
Salaries and benefits	109,595	108,224	(1,371)
General and administrative	51,541	48,566	(2,975)
Plant operations	13,965	12,930	(1,035)
Housekeeping	856	1,005	149
Dietary	18,744	16,529	(2,215)
Medical and other resident care	10,464	5,015	(5,449)
	205,165	192,269	(12,896)
Net operating margin	(5,251)	630	(5,881)
Net entrance fees, including initial entrance fees	57,940	31,436	26,504
Capital expenditures, financed with bond proceeds	35,681	70,183	34,502
Capital expenditures, routine and community projects	36,072	47,140	11,068

Net operating margin is unfavorable to budget by $5,881,000.

Independent living fees are favorable to budget by $1,814,000, which is related occupancy, a mid-year monthly fee increase and processing fees. The year to date average occupancy budgeted for the nine months ended September 30, 2022 was 76.1% while actual was 77.4%. As mentioned earlier, a mid-year monthly fee increase was implemented August 1, 2022 which ranged from 2.5% to 6.2% and was not budgeted. The processing fees were higher than budgeted due to closings. Budgeted closings for the nine months ended September 30, 2022 were 206 closings compared to the actual closings of 238.

Skilled nursing, assisted living and memory support fees are favorable to budget by $5,412,000 due primarily to higher occupancy than budgeted and a mid-year fee increase that was not budgeted. The health center budgeted an average year to date occupancy of 87.6% and has actual occupancy of 90.3%. Assisted Living budgeted an average year to date occupancy of 86.0% and has actual occupancy of 90.7%. Memory Support budgeted an average year to date occupancy of 89.2% and has actual occupancy of 91.4%. The mid-year increase was 5% and effective August 1, 2022.

Salaries and benefits are $1,371,000, or 1.3%, unfavorable to budget due primarily to wage increases that took effect on August 1, 2022 for culinary, nursing and housekeeping team members. This increase in wage was offset by the monthly fee mid-year increases however was not budgeted.

General and administrative expense is unfavorable to budget by $2,975,000, or 6.1%, due primarily to continued COVID costs and additional reserves related to prior years that were not budgeted.

Plant operations expense is unfavorable to budget by $1,035,000, or 8.0%, due primarily to higher consulting and outsourcing services, security services and equipment, utilities, garbage and hazardous waste disposal, and repair and maintenance than budgeted.

Dietary expense is unfavorable to budget by $2,215,000, or 13.4%, due primarily to higher raw food costs than budgeted.

Medical and other resident care expense is unfavorable to budget by $5,449,000, or 108.7%, due primarily to higher use of agency than budgeted. Year to date agency costs for 2022 are $5,376,000, of which $23,000 was budgeted.

Net entrance fees are favorable to budget by $26,504,000. As mentioned earlier, the budget for the nine months ended September 30, 2022 had 206 closings compared to the actual closings of 238. Net entrance fees were budgeted to have more in refunds at the beginning of the year for closings that happened in the previous year than occurred.

Capital expenditures financed with bond proceeds are approximately $34,502,000 less than budgeted. This is the result of timing. Approximately $11,608,000 less was spent on routine capital expenditures than budgeted.

Ratios:

The Net Operating Margin Ratio decreased from 4.1% at September 30, 2021 to (2.6%) at September 30, 2022. The Net Operating Margin, Adjusted Ratio remained the same at 16.2% at September 30, 2021 and 2022. The annual debt service coverage ratio decreased from 2.2 at September 30, 2021 to 2.1 at September 30, 2022. 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, that increase is offset by the decrease in net operating margin. Further details on net entrance fees is stated in the Liquidity and Capital Requirements section below.

Investment income decreased when comparing the nine months ended September 30, 2022 to the same period in 2021. Excluding the unrealized gain/loss, investment income represents a decrease of $7,200,000, which impacts the debt service coverage ratio in a negative manner. However, that decrease is offset by the increase in entrance fees. The following chart shows the components of investment income in thousands of dollars.

	September 30, 2022	September 30, 2021
Interest and Dividend Income	$2,224	$3,270
Realized Gain/(Loss)	1,748	7,902
Unrealized Gain/(Loss)	(34,677)	858
Total	($30,705)	$12,030

The Adjusted Debt to Capitalization increased from 97.4% at September 30, 2021 to 112.7% at September 30, 2022. Both periods are above the benchmark of 54.0%.

Liquidity and Capital Requirements – Nine Months Ended September 30, 2022 versus Nine Months Ended September 30, 2021:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were $57,940,000 for the nine months ended September 30, 2022 compared to $53,082,000 for the same period in 2021. The number of closings increased to 238 in the nine months ended September 30, 2022 from 219 reoccupancies in the nine months ended September 30, 2021. There were initial entrance fees at two communities of $12,963,000 in the nine months ended September 30, 2022 and $26,668,000 for the same period in 2021.

Daily operating expenses for 2022 increased to $801,000 from $688,000 in 2021, an increase of 16.5%, due primarily to market wage adjustments implemented during the fourth quarter of 2021. The overall unrestricted cash position decreased from $193,680,000 at September 30, 2021 to $178,901,000 at September 30, 2022, a change of 7.6%. The Days Cash on Hand Ratio decreased from 282 days at September 30, 2021 to 223 days at September 30, 2022. The reduction in unrestricted cash and investments was due primarily to $34.7 million of unrealized investment losses, resulting in a decline of 43 days cash on hand.

Capital expenditures for the communities for the nine months ended September 30, 2022 were $71,753,000, while depreciation expense for the same period was $39,217,000. The remaining redevelopment projects mentioned below account for $25,861,000 of this year-to-date 2022 expenditure balance. In addition, various community projects were funded by the Series 2021 financing in the amount of $9,820,000 for the nine months ended September 30, 2022. Capital expenditures for the communities for the nine months ended September 30, 2021 were $53,628,000, while depreciation expense for the same period was $36,123,000. As stated below, the five redevelopment projects account for $32,360,000 of this year-to-date 2021 expenditure balance.

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, 2021 is 167% 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 August 1, 2021 Lifespace sold Grand Lodge to a third party. The proceeds from this sale were used to pay outstanding bonds of $13,956,000.

Lifespace Communities completed tax-exempt bond financings in 2016, 2018, and 2019 of which the proceeds support five redevelopment construction projects. On August 31, 2021, Lifespace completed the fourth and final bond financing to assist in the completion of five redevelopment projects. Lifespace received proceeds from issuing $120.4 million of Series 2021 bonds. The bonds sold at a premium generating $132.5 million of proceeds. The proceeds from these bonds will pay redevelopment costs of $85.0 million at Friendship Village of Bloomington and Oak Trace, fund cost of issuance of $2.4 million and funded interest of $5.9 million. In addition, several communities are receiving proceeds to assist with community projects. The Series 2010 bonds were refinanced with the issuance of the Series 2021 financing.

Initial entrance fees collected at two of the redevelopment communities have been used to pay down the Series 2019A-2 debt issuance. As of December 15, 2021, the principal amount of $26,850,000 has been fully retired.

Lifespace has secured a line of credit with a bank for $25 million to support the redevelopment efforts. The line of credit is to be used for the redevelopment projects when bond project funds are depleted and prior to the issuance of additional bonds as described below. The terms and covenants of the line of credit follow the master trust indenture. As of September 30, 2022, $15.1 million has been drawn on this line of credit for four communities.

Two of the communities are in the process of significant construction at September 30, 2022. There were five construction projects of which three construction projects were completed and opened in 2020 and one in 2021. All five of the communities with improvements used and are using proceeds of the Series 2016, Series 2018, Series 2019, and Series 2021 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.

The Board previously approved a project at The Waterford which is being redesigned to better suit the local market. A revised concept and capital budget will be reviewed by the Lifespace Board in 2022. The line of credit has been used to fund pre-construction of approximately $12.9 million for the Waterford.

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.

In conjunction with the acquisition of The Stayton in June 2019, Lifespace provided a Liquidity Support Agreement ("LSA") to the Stayton trustee. Pursuant to the LSA, Lifespace made a deposit of $3,000,0000 to be held by the Stayton trustee in a liquidity support account. This was funded from sources other than the Obligated Group. Lifespace has an unfunded commitment in the amount of up to $3,000,000 which may be drawn upon in accordance with the LSA. This $3,000,000 would likely come from the Obligated Group. In October 2022, the Obligated Group funded The Stayton with $600,000 as part of the unfunded commitment amount in the LSA.

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 September 30, 2022 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.

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 $)

	Nine Months Ended September 30 (Unaudited)		Year Ended December 31 (Audited)		
Historical Debt Service Coverage	**2022**	**2021**	**2021**	**2020**	**2019**
Excess (deficit) of revenues over expenses	(73,827)	(17,604)	(32,081)	(7,071)	(57)
Less:					
Entrance fees earned	(24,574)	(21,417)	(29,802)	(31,694)	(30,468)
Initial redevelopment entrance fee and/or redevelopment deposits	(12,963)	(26,668)	(41,862)	1,290	(7,653)
Add:					
Depreciation	39,217	36,123	52,224	47,028	43,778
Amortization	9,125	9,005	12,225	15,873	6,609
Interest Expense	14,098	13,146	17,468	14,781	7,595
Expenses paid by long-term debt issuances	676	677	1,719	1,273	2,305
Unrealized (gain) loss on securities	34,677	(858)	(14,953)	(3,298)	(15,243)
Realized loss on sale of assets	5	19	12	616	2,923
Loss on extinguishment of debt	-	214	214	-	-
Entrance fee proceeds (less refunds)	57,940	53,082	96,292	15,215	48,353
Income available for debt service	44,374	45,719	61,456	54,013	58,142
Annual debt service payment	27,717	27,213	27,213	25,926	20,372
Annual debt service coverage (b)(c)(d)	2.1	2.2	2.3	2.1	2.9
Maximum annual debt service payment	34,748	34,748	34,748	32,614	31,917
Maximum annual debt service coverage (d)	1.7	1.8	1.8	1.7	1.8
Cash to Debt					
Unrestricted cash and investments (a)	178,901	193,680	214,073	212,456	194,906
Debt service reserve fund	32,172	34,353	34,245	37,847	37,867
	211,073	228,033	248,318	250,303	232,773
Bonds outstanding long-term	560,884	582,804	567,332	510,743	519,389
Annual debt service	27,717	27,213	27,213	25,926	20,372
Maximum annual debt service	34,748	34,748	34,748	32,614	31,917
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.4	0.4	0.4	0.5	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	7.6	8.4	9.1	9.7	11.4
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	6.1	6.6	7.1	7.7	7.3
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	218,587	187,704	259,866	236,958	219,134
Daily expenses	801	688	712	647	600
Days of unrestricted cash & investments on hand (b)(c)(d)	223	282	301	328	325
Other Ratios					
Net operating margin (c)(d)	-2.6%	4.1%	0.8%	7.5%	2.1%
Net operating margin, adjusted (c)(d)	16.2%	16.2%	18.8%	13.4%	17.5%
Adjusted debt to capitalization (c)(d)	112.7%	97.4%	98.2%	91.7%	88.0%

(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%.