

**CONTINUING DISCLOSURE REPORT**  
**for the year ended December 31, 2025**



**OBLIGATED GROUP**

**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.

February 11, 2026

US Bank Trust Company, NA  
Debbie Lamb  
Assistant Vice President  
Corporate Trust Dept.  
6410 Southpoint Parkway, Suite 200  
Jacksonville, FL 32216

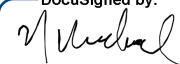
RE: Certificate in accordance with Section 415(a)(ii) of the Master Trust Indenture dated November 1, 2010 and Section 4.15(b)(ii) of the Master Trust Indenture, Deed of Trust and Security Agreement dated October 1, 2015.

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 year ended December 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”).

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 (“CMW Obligated Group”). 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. CMW Obligated Group and GreenFields are separately financed and are not members of the Obligated Group. However, Lifespace has Liquidity Support Agreements with the CMW Obligated Group and GreenFields that have not been funded to date.

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 11 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. The financials and the two stub periods titled unaudited are excluding Lifespace Personal Services.

### 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 South (5)	216	44		28	46		334	4
Beacon Hill (2)	353			26	84		463	3
Claridge Court (2)	123			17	28		168	4
Friendship Village of Bloomington (1)(5)	331	12	42	66		32	483	4
Friendship Village of South Hills (1)	244	18	50	35	54	32	433	3
Harbour's Edge	266			50	4		320	4
Newcastle Place	129	29	36	47		16	257	3
Oak Trace (3)	342	16	66	84	20	28	556	5
Querencia (4)	156	10	40	38	4	23	271	4
The Waterford	215	26		30	30		301	4
Village on the Green	204	58	36	40	8	18	364	5
Total	2,579	213	270	461	278	149	3,950	

\* The CMS 5-Star ratings are as of January 2026.

#### 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.
- (2) Beacon Hill and Claridge Court each had an apartment combo in second quarter.
- (3) Oak Trace combined two obsolete units in second quarter.
- (4) Querencia removed a room from inventory in second quarter.
- (5) Abbey Delray South and Friendship Village of Bloomington each had an apartment combo in third quarter.

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

Community	2022				2023				2024				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 South, FL (b)	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	64.6%	95.0%	NA	NA	62.9%	95.8%	NA	NA
Beacon Hill, IL (b)	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	80.7%	93.1%	NA	NA	79.3%	91.2%	NA	NA
Claridge Court, KS	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	96.5%	92.1%	NA	NA	98.9%	92.7%	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%	97.6%	95.6%	98.3%	97.8%
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%	84.1%	90.4%	98.0%	97.8%
Harbour's Edge, FL	89.7%	92.8%	NA	NA	91.8%	92.6%	NA	NA	96.0%	94.8%	NA	NA	97.6%	96.1%	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%	98.3%	87.0%	92.5%	93.1%
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%	83.7%	97.3%	98.0%	98.9%
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%	98.3%	96.2%	95.3%	97.0%
The Waterford, FL (b) (d)	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	83.4%	72.1%	NA	NA	83.3%	70.0%	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%	82.3%	95.6%	92.8%	91.1%
Obligated Group	80.3%	89.6%	92.1%	95.2%	81.0%	91.5%	94.8%	95.2%	83.8%	91.6%	95.6%	93.9%	86.5%	91.9%	96.2%	96.6%

(a) Friendship Village of Bloomington's new health center opened in June 2022.

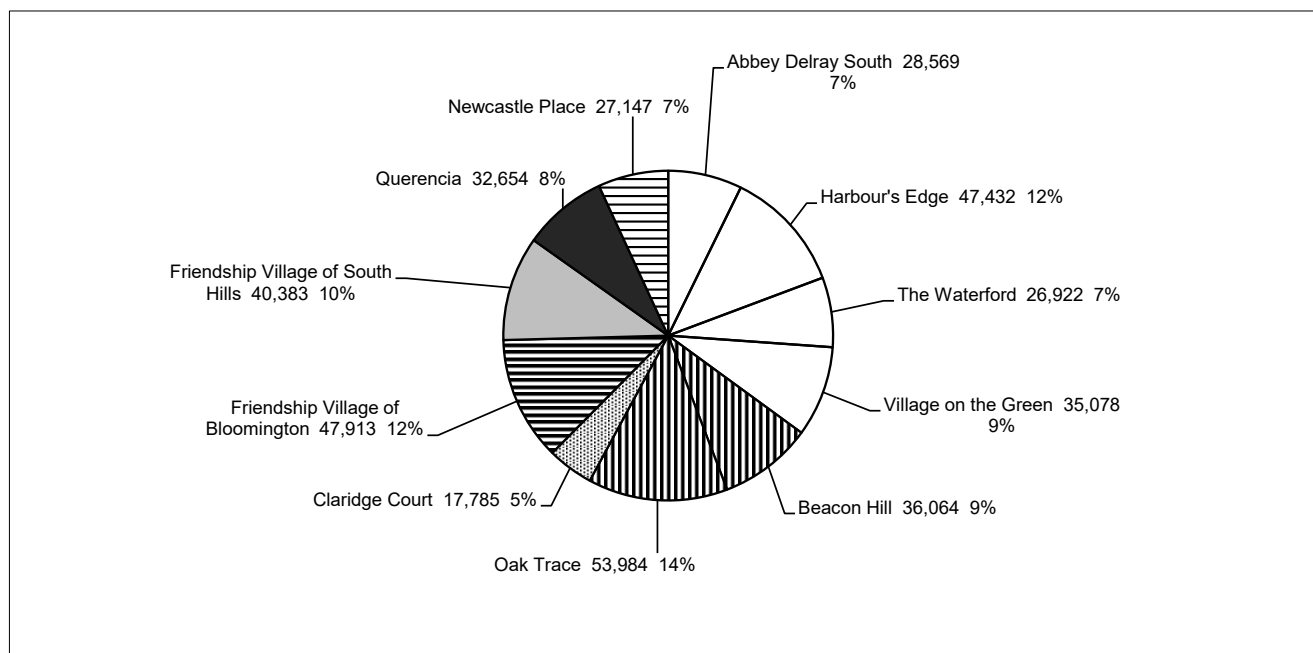
(b) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.

(c) Oak Trace opened 140 new independent living units as of January 25, 2024.

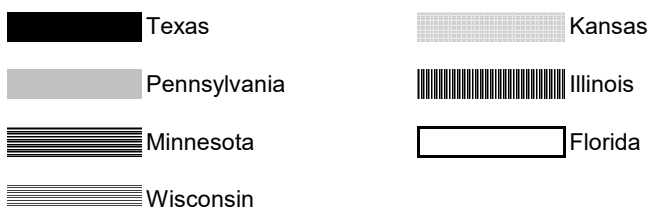
(d) The Waterford opened three villas in the second quarter and five villas in the third quarter of 2024.

(e) Newcastle Place joined the Lifespace Obligated Group in December 2024 in conjunction of the Series 2024 financing.

**Comparative Analysis of Gross Revenues**  
**Year Ended December 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			
	2022	2023	2024	2025
Lifecare	11.4%	12.5%	11.8%	12.1%
Private Pay	27.1%	24.7%	24.6%	23.4%
Medicare	44.8%	44.7%	44.5%	45.5%
Medicaid	6.2%	5.3%	3.1%	1.9%
Other	10.5%	12.8%	16.0%	17.1%
Total Patient Mix	100%	100%	100%	100%
Year-To-Date Average Service Units Available	839	839	839	739
Year-To-Date Average Occupancy Percentage	89.9%	91.4%	91.3%	91.9%

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

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$48,546	\$29,677
Investments	96,603	108,939
Accounts Receivable	38,910	23,749
Inventories	452	669
Prepaid Insurance & Other	5,032	6,088
Assets whose use is limited	89,616	102,602
Assets Held for Sale	-	67,054
Total Current Assets	<u>279,159</u>	<u>338,778</u>
Assets whose use is limited	94,991	91,847
Property and equipment, at cost:		
Land and improvements	85,495	75,303
Buildings and improvements	1,459,185	1,388,276
Furniture and equipment	110,494	108,308
	<u>1,655,174</u>	<u>1,571,887</u>
Less accum. deprec.	(668,307)	(634,911)
Net property and equipment	<u>986,867</u>	<u>936,976</u>
Swap Derivative	-	108
Net goodwill	41,478	52,868
Net deferred assets	13,892	10,116
Net intangible assets	4,960	6,430
<b>TOTAL ASSETS</b>	<u><u>\$1,421,347</u></u>	<u><u>\$1,437,123</u></u>

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

	<b>2025</b>	<b>2024</b>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable:		
Trade	\$33,746	\$21,035
Intercompany	3,472	3,787
	<u>37,218</u>	<u>24,822</u>
Accrued liabilities:		
Employee compensation expense	12,052	12,814
Interest	5,867	5,091
Property taxes	2,125	3,216
Other	1,975	2,206
	<u>22,019</u>	<u>23,327</u>
Entrance fee refunds	6,125	4,444
Reserve for health center refunds	37,970	27,635
Long-term debt due within one year	43,941	19,986
Obligation under cap lease due within one yr	660	586
Liabilities Held in Sale	-	6,917
Total current liabilities	<u>147,933</u>	<u>107,717</u>
Entrance fee deposits	3,095	1,846
Wait list deposits	3,215	2,120
Long-term debt due after one year	854,728	881,520
Settlement payable	42,574	52,107
Obligation under cap lease due after one year	1,156	1,483
Deferred entrance fees	229,376	212,899
Refundable entrance and membership fees	695,124	685,327
Future Service Obligation - Lifecare Discount	1,349	-
Total liabilities	<u>1,978,550</u>	<u>1,945,019</u>
Net assets without donor restrictions	<u>(557,203)</u>	<u>(507,896)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$1,421,347</u></u>	<u><u>\$1,437,123</u></u>



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

	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Independent Living Fees	\$192,659	\$180,720
Entrance fees earned/cancellation penalties	40,246	35,730
Skilled nursing, assisted living and memory support fees	140,689	132,976
Investment Income	20,337	18,168
	<u>393,931</u>	<u>367,594</u>
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	153,408	149,197
General and administrative	85,817	78,567
Plant operations	23,231	21,656
Housekeeping	1,687	1,607
Dietary	31,592	28,204
Medical and other resident care	7,952	11,093
Depreciation	65,311	61,061
Amortization	17,634	17,604
Interest	33,826	33,338
Loss on disposal of fixed assets	9	731
Loss on extinguishment of debt	-	1,092
Loss on Derivative	108	2,052
	<u>420,575</u>	<u>406,202</u>
<b>Nonoperating Expenses</b>		
Settlement Loss	<u>(1,245)</u>	<u>(1,480)</u>
<b>Deficit of revenues over expenses</b>	(27,889)	(40,088)
<b>Discontinued operations</b>		
Loss from Operations of Discontinued Operations	(5,302)	(7,713)
Loss on Sale of Discontinued Operations	(11,141)	-
Total Discontinued Operations	<u>(16,443)</u>	<u>(7,713)</u>
<b>Other Changes in Net Assets</b>		
Contributions to Lifespace Communities, Inc.	<u>(4,975)</u>	<u>(30,771)</u>
Changes in net assets	(49,307)	(78,572)
Net assets at beginning of year	(507,896)	(429,324)
Net assets at end of the period	<u><u>(\$557,203)</u></u>	<u><u>(\$507,896)</u></u>

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

	2025	2024
<b>Operating activities</b>		
Changes in unrestricted net assets	(\$49,307)	(\$78,572)
Loss from Discontinued Operations	\$5,302	\$7,713
Adjustments to reconcile changes in net asset to net cash (used) provided in operating activities:		
Entrance fees earned	(40,246)	(35,730)
Proceeds from nonrefundable entrance fees and deposits	63,047	69,054
Refunds of entrance fees	(5,147)	(4,426)
Depreciation and Amortization	82,945	78,665
Amortization of Financing Costs	810	865
Net accretion of original issue premium/discounts	(1,641)	(1,705)
Change in unrealized appreciation of investments	(3,481)	(6,583)
Net sales (purchases) of trading investments	25,659	(14,808)
Contributions to Lifespace Communities, Inc.	4,975	30,771
Loss on disposal of property and equipment	9	731
Loss on Settlement	1,245	676
Change in wait lists and deposits	2,334	(7,365)
Loss on extinguishment of debt	-	1,092
Change in Value of Swap Derivative	108	2,052
Loss on Sale of Discontinued Operations	11,141	-
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(20,063)	3,232
Accounts payables and accrued liabilities	11,088	(17,242)
Net cash provided by Continued Operating Activities	<u>88,778</u>	<u>28,420</u>
Net cash used by Discontinued Operating Activities	<u>(3,428)</u>	<u>(8,453)</u>
Net cash (used) provided in Operating Activities	<u>85,350</u>	<u>19,967</u>
<b>Investing activities</b>		
Purchases of property and equipment	(115,098)	(98,329)
Net cash used by Continued Investing Activities	<u>(115,098)</u>	<u>(98,329)</u>
Net cash used by Discontinued Investing Activities	<u>(1,380)</u>	<u>(4,663)</u>
Net cash used in Investing Activities	<u>(116,478)</u>	<u>(102,992)</u>
<b>Financing activities</b>		
Financing cost incurred	-	(2,908)
Repayment of long-term debt	(10,551)	(14,645)
Payments on settlement	(10,914)	(11,470)
Advances from line of credit	8,634	-
Proceeds from new financing	-	170,551
Extinguishment of Prior Debt	-	(110,049)
Cash Received on Settlement of Swap Derivative	-	559
Contributions to Lifespace Communities, Inc.	(4,975)	(30,771)
Proceeds from Disposal of Community	48,079	-
Payments on Leases	(364)	411
Proceeds from refundable entrance fees and deposits	88,517	132,838
Refunds of entrance fees	(68,429)	(68,810)
Net cash provided in financing activities	<u>49,997</u>	<u>65,706</u>
Net change in cash and cash equivalents	18,869	(17,319)
Cash and cash equivalents at beginning of year	<u>29,677</u>	<u>46,996</u>
Cash and cash equivalents at end of period	<u><u>\$48,546</u></u>	<u><u>\$29,677</u></u>

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

**Year Ended December 31, 2025 versus Year Ended December 31, 2024:**

The average year-to-date independent living occupancy through December 31, 2025, was 2,415 independent living homes (86.6% of the 2,792 average available homes). The average year-to-date occupancy through December 31, 2024 was 2,338 independent living homes (83.8% of the 2,790 average available homes). The average year-to-date occupancy for both periods are exclusive of Abbey Delray. The change in average available homes from December 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 seven communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to \$192,659,000 in 2025, a 6.6% increase over \$180,720,000 from the same revenue sources in 2024. The increase is due mainly to occupancy and monthly fee increases and offset by lower processing fees. As previously mentioned, the average year-to-date occupancy has increased to 86.6% as of December 31, 2025 from 83.8% for the same period ending 2024. 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 332 than in 2024 of 485. The year of 2024 includes Oak Trace's new Independent Living apartments closings (126) and The Waterford's new townhome closings (8).

Revenues from the health center, assisted living, and memory support fees were \$140,689,000 in 2025 compared to \$132,976,000 in 2024, an increase of 5.8%. This increase is due mainly to the monthly fee increases and higher occupancy. 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. In addition, year-to-date average occupancy in the health center, assisted living and memory support are all higher in 2025 versus 2024.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$303,687,000 in 2025, an increase of \$13,363,000 or 4.6% from comparable expenses of \$290,324,000 in 2024. Salaries and benefits increased \$4,211,000 or 2.8% due primarily to merit increases effective January 1, 2025 and filled positions that were vacant in the prior period including positions that were previously filled by agency. General and administrative expense increased \$7,250,000 or 9.2% due primarily to travel, consulting/outsourcing services, centralized systems and services, real estate taxes, network, data center and internet access, and damage claims paid. Plant operations increased \$1,575,000 or 7.3% due primarily to repairs and maintenance, cable/satellite television, and utilities. Dietary expense increased \$3,388,000 or 12.0% due primarily to increased occupancy in all levels of living. Medical and other resident care decreased \$3,141,000 or 28.3% due primarily to less agency spend as positions are filled and increasing salaries and benefits.

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

**Year Ended December 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. The following budget has been adjusted for the exclusion of Lifespace Personal Services.

<b>(in thousands)</b>	<b>Actual</b>	<b>Budget</b>	<b>Favorable/ (Unfavorable)</b>
<b>Revenues</b>			
Independent Living Fees	\$192,659	\$192,218	\$441
Skilled nursing, assisted living and memory support fees	140,689	132,784	7,905
	333,348	325,002	8,346
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	153,408	160,080	6,672
General and administrative	85,817	80,536	(5,281)
Plant operations	23,231	21,118	(2,113)
Housekeeping	1,687	1,654	(33)
Dietary	31,592	31,282	(310)
Medical and other resident care	7,952	5,446	(2,506)
	303,687	300,116	(3,571)
Net operating margin	29,661	24,886	4,775
Net entrance fees, including initial entrance fees	77,988	82,046	(4,058)
Capital expenditures, financed with bond proceeds	65,978	56,141	(9,837)
Capital expenditures, routine and community projects	49,120	46,115	(3,005)

Net operating margin is favorable to budget by \$4,775,000.

Skilled nursing, assisted living and memory support fees are favorable to budget by \$7,905,000 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 90.4% and has actual occupancy of 91.9%. Assisted Living budgeted an average year to date occupancy of 93.3% and has actual occupancy of 96.2%. Memory Care budgeted an average year to date occupancy of 93.0% and has actual occupancy of 96.6%. All excluding Abbey Delray.

Salaries and benefits are \$6,672,000, or 4.2%, favorable to budget due primarily to better labor management. Lifespace has closely managed overtime, shift bonuses, short breaks and hours worked greater than six with no break while always focusing on quality of care and delivering exceptional service to our residents.

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

General and administrative expenses are \$5,281,000, or 6.6%, unfavorable to budget due primarily to consulting/outsourcing fees, legal services, bank charges, liability and property insurance, supplies, network, data center, and internet access, bad debt and damage claims paid.

Plant operations expenses are \$2,113,000, or 10.0%, unfavorable to budget due primarily to utilities and cable/satellite television.

Medical and other resident care expense is unfavorable to budget by \$2,506,000, or 46.0%, due primarily to higher occupancy in higher levels of living than budgeted as previously mentioned, agency staff usage, and transportation.

Net entrance fees are unfavorable to budget by \$4,058,000. The budget for the year ended December 31, 2025 had 418 closings compared to the actual closings of 332.

Capital expenditures financed with bond proceeds and routine and community projects are more than budgeted by \$9,837,000 and \$3,005,000, 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 increased from 7.5% for the year ended December 31, 2024 to 8.9% for the same period in 2025. The Net Operating Margin, Adjusted Ratio increased from 23.5% for the year ended December 31, 2024 to 24.9% for the same period in 2025. The annual debt service coverage ratio increased from 2.1 for the year ended December 31, 2024 to 2.3 for the same period in 2025, which exceeds the covenant of 1.2.

Investment income increased when comparing the year ended December 31, 2025 to the same period in 2024. Excluding the unrealized gain/loss, investment income represents an increase of \$5,271,000, 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>December 31, 2025</u>	<u>December 31, 2024</u>
Interest and Dividend Income	\$6,927	\$7,170
Realized Gain/(Loss)	9,929	4,415
Unrealized Gain/(Loss)	<u>3,481</u>	<u>6,583</u>
Total	\$20,337	\$18,168

The Adjusted Debt to Capitalization increased from 148.6% at December 31, 2024 to 157.4% at December 31, 2025.

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

**Liquidity and Capital Requirements – Year Ended December 31, 2025 versus Year Ended December 31, 2024:**

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$77,988,000 for the year ended December 31, 2025 compared to \$128,656,000 for the same period in 2024. The number of entrance fee move-ins was 332 for the year ended December 31, 2025 compared to 485 in the year ended December 31, 2024. In addition, there were initial entrance fees at one community of \$6,796,000 (13 closings) in the year ended December 31, 2025 and at three communities of \$63,048,000 (137 closings) in the year ended December 31, 2024.

Daily operating expenses for 2025 increased to \$921,000 from \$878,000 in 2024, a change of 4.9%. The overall unrestricted cash position increased from \$181,469,000 at December 31, 2024 to \$185,300,000 at December 31, 2025, a change of 2.1%. The Days Cash on Hand Ratio decreased from 207 days at December 31, 2024 to 201 days at December 31, 2025.

Capital expenditures for the communities for the year ended December 31, 2025 were \$115,098,000, while depreciation expense for the same period was \$65,311,000. The redevelopment project accounts for \$14,359,000 of this year-to-date 2025 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022, 2023, and 2024 financings, Abbey Delray project funds and the Line of Credit in the amount of \$51,619,000 for the year ended December 31, 2025. Capital expenditures for the communities for the year ended December 31, 2024 were \$98,329,000, while depreciation expense for the same period was \$61,061,000. The redevelopment projects account for \$35,136,000 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 \$8,072,000 for the year ended December 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 several 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 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

**Lifespace Communities, Inc.**  
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of credit follow the master trust indenture. As of December 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 6, 2025, Fitch reaffirmed the Obligated Group's 'BBB' credit rating with and Stable outlook.

**Forward-Looking Statements:**

This document contains various "forward-looking statements". Forward-looking statements represent our expectations or beliefs concerning future events. The words "plan", "expect", "estimate", "budget" and similar expressions are intended to identify forward-looking statements. We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitations the factors described in this document.

We ask you not to place undue reliance on such forward-looking statements because they speak only of our views as of the statement dates. Although we have attempted to list the important factors that presently affect the Obligated Group's business and operating results, we further caution you that other factors may in the future prove to be important in affecting the Obligated Group's results of operations. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Lifespace Communities, Inc.**  
**Obligated Group Selected Historical Financial Information**  
(Thousands of \$)

Historical Debt Service Coverage	Year Ended December 31 (Unaudited) (e)		Year Ended December 31 (Audited)		
	2025	2024	2024	2023	2022
Excess (deficit) of revenues over expenses	(27,889)	(40,088)	(39,211)	(167,091)	(89,046)
Less:					
Entrance fees earned	(40,246)	(35,730)	(35,730)	(36,518)	(34,963)
Initial redevelopment entrance fee and/or redevelopment deposits	(6,796)	(63,048)	(63,048)	(8,291)	(19,475)
Add:					
Depreciation	65,311	61,061	61,061	57,969	57,654
Amortization	17,634	17,604	17,604	18,101	18,733
Interest Expense	33,826	33,338	33,338	24,770	21,675
Expenses paid by long-term debt issuances	802	285	285	1,509	1,234
Unrealized (gain) loss on securities	(3,481)	(6,583)	(6,583)	(13,795)	27,006
Loss (gain) on Derivatives	108	2,052	2,052	1,546	(4,571)
Realized (gain) loss on sale of assets	9	731	731	(374)	5
Loss on extinguishment of debt	-	1,092	1,092	2,062	-
Loss on settlement	1,245	1,480	1,480	131,778	-
Entrance fee proceeds (less refunds)	77,988	128,656	128,656	60,817	84,241
Income available for debt service	118,511	100,850	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)	2.3	2.1	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)	2.0	1.7	1.7	1.3	1.4
<b>Cash to Debt</b>					
Unrestricted cash and investments (a)	185,300	181,469	181,469	184,819	188,814
Debt service reserve fund	42,280	40,473	40,473	39,266	32,359
	227,580	221,942	221,942	224,085	221,173
Bonds outstanding long-term	854,728	881,520	881,520	780,131	646,229
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	0.3	0.3	0.3	0.3	0.3
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	4.4	4.6	4.6	6.3	7.5
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	3.8	3.7	3.7	4.2	5.0
Department operating expenses (excluding expenses paid by long-term debt issuances and bad debt) plus interest	336,144	321,356	334,804	332,928	315,210
Daily expenses	921	878	915	912	864
Days of unrestricted cash & investments on hand (b)(c)(d)	201	207	198	203	219
<b>Other Ratios</b>					
Net operating margin (c)(d)	8.9%	7.5%	7.4%	2.5%	-2.1%
Net operating margin, adjusted (c)(d)	24.9%	23.5%	22.8%	16.3%	16.6%
Adjusted debt to capitalization (c)(d)	157.4%	148.6%	148.4%	141.3%	112.6%

(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%.

(e) Lifespace Personal Services have been excluded in the unaudited stub periods. The days cash on hand would be 192 and 198 for December 31, 2025 and 2024, respectively if Lifespace Personal Services were not excluded.