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June 1, 2026

Amy Wilson
Chief Financial Officer
Lifespace Communities
3501 Olympus Blvd Suite 300
Dallas, TX 75019

Subject: The Obligated Group Actuarial Balance Sheet and Cashflows

Dear Amy:

Continuing Care Actuaries was retained by the management of Lifespace to conduct comprehensive actuarial studies on the Obligated Group. The Obligated Group consists of the eleven communities listed below:

- 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, and
- Village on the Green.

Lifespace Communities, Inc (formerly "Life Care Retirement Communities") was organized in 1976 and became Lifespace Communities, Inc. in 2009. The Obligated Group offers services from independent living and rehabilitation services, to assisted living, memory support, and skilled nursing care.

New residents of the communities of the Obligated Group have multiple options of CCRC refundable contracts depending on the community. The contract is described in each community's comprehensive study. Under the terms of the residential contract, the resident agrees to pay an entrance fee and a monthly service fee, which entitle the resident to lifetime occupancy of the independent living, assisted living and skilled nursing care at each community. This memorandum serves as the reporting of projected statements of actuarial cash flow and actuarial balance sheet for the Obligated Group. This comprehensive actuarial study and review was performed under the guidelines contained in the American Academy of Actuaries' Actuarial Standard of Practice Number 3, "Practices Relating to Continuing Care Retirement Communities."

In order to perform the actuarial analysis, we projected initial residents and subsequent residents through various levels of care until move-out or death. The rates of permanent and temporary nursing transfers, deaths and withdrawals were developed using The Obligated Group's resident data and Continuing Care Actuaries' demographic database for CCRC residents. This database comprises over 800,000 CCRC residential life-years of demographic experience. The database assumptions used in this analysis reflect experience of communities with similar health care guarantees as The Obligated Group. The population projections were combined with expense and revenue assumptions to develop projected cash flows and contingent assets and liabilities. A by-product of these cash flow projections is the pricing analysis that examines the financial adequacy of the residential fee structures and the actuarially based balance sheet which is used as an indicator of the adequacy of historical residential fee structures.

In conclusion, the Obligated Group is in *adequate financial condition* to meet its obligations as defined by Actuarial Standard of Practice No. 3 (ASOP 3). ASOP 3 defines adequacy based on the meeting of three required actuarial standards, which consist of the actuarial cash flow, the actuarial balance sheet and the actuarial pricing analysis.

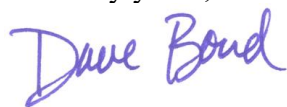
The results of our study are based on estimates of the demographic and economic assumptions of the most likely outcome. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual residential movements and of actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected results.

Management should scrutinize future developments that may cause the fund balance to deteriorate. These developments include higher apartment vacancy rates, higher expense inflation, higher nursing care utilization and longer life expectancies than assumed in the projection.

Any distribution of this report to a third party is allowed without Continuing Care Actuaries' consent provided that the report is forwarded in its entirety and Continuing Care Actuaries is notified as to the recipients.

Attached to this letter is a summary of the consolidated group actuarial balance sheet and cashflows.

Sincerely yours,



Dave Bond, F.S.A., M.A.A.A.
Managing Partner

Cashflows

Revenue Projection	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
All contracts										
ILU Entrance Fees Received	\$ 183,769,557	\$ 191,670,419	\$ 193,656,672	\$ 201,982,480	\$ 208,968,180	\$ 218,234,821	\$ 227,054,466	\$ 235,446,860	\$ 243,649,795	\$ 252,422,651
Entrance Fees Refunded	(73,060,473)	(76,602,999)	(79,956,331)	(83,661,970)	(87,704,695)	(91,685,600)	(95,758,886)	(99,865,299)	(104,120,265)	(108,493,615)
Net Entrance Fees	\$ 110,700,704	\$ 115,066,474	\$ 113,700,341	\$ 118,320,510	\$ 121,263,485	\$ 126,549,221	\$ 131,295,580	\$ 135,581,561	\$ 139,529,530	\$ 143,929,036
Independent Living Monthly Fees	\$ 193,883,221	\$ 205,924,712	\$ 213,324,091	\$ 220,479,435	\$ 227,565,136	\$ 234,610,614	\$ 241,935,508	\$ 249,536,618	\$ 257,413,781	\$ 265,573,922
Assisted Living Lifecare Fees	6,899,908	7,575,694	8,391,428	9,107,623	9,777,855	10,426,321	11,048,769	11,654,212	12,252,241	12,849,238
Assisted Living Private Pay	16,352,580	17,088,135	17,917,446	18,090,825	18,314,894	18,563,549	18,844,304	19,152,681	19,483,539	19,835,759
Memory Support Lifecare Fees	6,182,716	7,195,776	8,058,487	8,758,848	9,360,687	9,912,097	10,440,334	10,962,191	11,494,055	12,049,789
Memory Support Private Pay	7,747,426	7,561,817	7,733,934	7,411,665	7,281,244	7,258,867	7,293,834	7,353,273	7,411,436	7,449,783
Skilled Nursing Lifecare Fees	18,632,388	19,592,625	21,000,529	22,416,393	23,919,503	25,525,792	27,213,642	28,941,672	30,664,622	32,399,815
Skilled Nursing Private Pay	22,205,820	22,873,722	23,361,478	23,875,203	24,417,427	24,961,080	25,494,328	26,019,774	26,560,268	27,113,936
Skilled Nursing Medicare/Medicaid	71,356,938	71,808,698	72,452,834	73,330,277	74,265,701	75,179,121	76,075,838	77,004,869	78,004,899	79,033,935
Home Health	-	-	-	-	-	-	-	-	-	-
Promotion & Hardship Discount	(1,076,409)	(1,083,747)	(1,091,304)	(1,099,088)	(1,107,106)	(1,115,364)	(1,123,870)	(1,132,631)	(1,141,655)	(1,150,949)
Ancillary and Other Income	12,494,434	13,002,532	13,424,836	13,811,820	14,209,872	14,613,312	15,028,824	15,456,090	15,895,707	16,346,619
Investment Income	8,829,190	9,818,830	11,600,702	13,508,567	15,594,322	17,863,716	20,275,542	22,842,518	25,596,216	28,526,549
Financing Activity	-	-	-	-	-	-	-	-	-	-
Total Cash Inflow	\$ 474,208,915	\$ 496,425,269	\$ 509,874,801	\$ 528,012,080	\$ 544,863,021	\$ 564,348,327	\$ 583,822,634	\$ 603,372,829	\$ 623,164,642	\$ 643,957,431

Cashflows

Revenue Projection	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>
All contracts										
ILU Entrance Fees Received	\$ 259,787,398	\$ 267,963,415	\$ 277,612,192	\$ 287,198,999	\$ 296,706,156	\$ 306,064,939	\$ 315,662,372	\$ 325,392,853	\$ 335,337,505	\$ 345,689,706
Entrance Fees Refunded	(113,127,696)	(118,020,890)	(123,202,938)	(128,630,222)	(134,169,311)	(139,763,041)	(145,321,795)	(150,861,410)	(156,421,590)	(161,973,087)
Net Entrance Fees	\$ 146,659,702	\$ 149,942,525	\$ 154,409,255	\$ 158,568,777	\$ 162,536,845	\$ 166,301,898	\$ 170,340,577	\$ 174,531,443	\$ 178,915,915	\$ 183,716,619
Independent Living Monthly Fees	\$ 273,851,440	\$ 282,104,481	\$ 290,504,584	\$ 299,190,810	\$ 308,161,546	\$ 317,414,613	\$ 326,950,639	\$ 336,773,651	\$ 346,889,128	\$ 357,305,603
Assisted Living Lifecare Fees	13,445,654	14,035,976	14,613,363	15,171,292	15,710,480	16,235,319	16,757,097	17,289,065	17,838,884	18,409,471
Assisted Living Private Pay	20,215,603	20,631,859	21,092,258	21,603,469	22,164,941	22,771,956	23,413,539	24,077,141	24,756,975	25,452,004
Memory Support Lifecare Fees	12,629,524	13,223,510	13,817,352	14,399,503	14,964,101	15,507,869	16,033,796	16,551,222	17,069,062	17,592,801
Memory Support Private Pay	7,470,903	7,534,381	7,620,758	7,733,318	7,879,867	8,062,484	8,277,291	8,515,382	8,768,345	9,032,702
Skilled Nursing Lifecare Fees	34,169,310	35,958,294	37,744,382	39,503,699	41,210,379	42,844,859	44,411,200	45,932,303	47,430,330	48,929,153
Skilled Nursing Private Pay	27,676,540	28,252,985	28,856,673	29,507,547	30,215,335	30,995,969	31,853,040	32,777,910	33,758,255	34,779,754
Skilled Nursing Medicare/Medicaid	80,032,381	81,016,487	82,026,253	83,111,803	84,317,013	85,682,767	87,209,210	88,864,556	90,619,022	92,443,406
Home Health	-	-	-	-	-	-	-	-	-	-
Promotion & Hardship Discount	(1,160,523)	(1,170,383)	(1,180,540)	(1,191,001)	(1,201,776)	(1,212,874)	(1,224,306)	(1,236,080)	(1,248,207)	(1,260,698)
Ancillary and Other Income	16,802,404	17,263,435	17,733,866	18,218,956	18,719,996	19,238,766	19,775,827	20,330,616	20,902,292	21,490,178
Investment Income	31,622,346	34,855,716	38,160,087	41,539,899	45,065,002	48,821,847	52,817,352	56,982,081	61,323,529	65,852,535
Financing Activity	-	-	-	-	-	-	-	-	-	-
Total Cash Inflow	\$ 663,415,285	\$ 683,649,265	\$ 705,398,290	\$ 727,358,070	\$ 749,743,728	\$ 772,665,472	\$ 796,615,262	\$ 821,389,289	\$ 847,023,529	\$ 873,743,530

Expense Projection	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Dietary	\$ 57,173,959	\$ 58,889,178	\$ 60,655,853	\$ 62,475,529	\$ 64,349,795	\$ 66,280,288	\$ 68,268,697	\$ 70,316,758	\$ 72,426,261	\$ 74,599,049
Legal	717,618	739,147	761,321	784,161	807,686	831,916	856,874	882,580	909,058	936,329
Finance	5,192,247	5,348,014	5,508,455	5,673,708	5,843,920	6,019,237	6,199,814	6,385,809	6,577,383	6,774,705
Info Tech	6,912,331	7,119,701	7,333,292	7,553,291	7,779,890	8,013,287	8,253,685	8,501,296	8,756,335	9,019,025
Marketing	22,747,902	23,430,339	24,133,250	24,857,247	25,602,964	26,371,053	27,162,185	27,977,051	28,816,362	29,680,853
Human Resources	34,025,497	35,046,262	36,097,650	37,180,580	38,295,997	39,444,877	40,628,223	41,847,070	43,102,482	44,395,557
G&A Other	71,454,063	73,597,685	75,805,616	78,079,784	80,422,178	82,834,843	85,319,888	87,879,485	90,515,869	93,231,345
Plant	32,562,464	33,539,338	34,545,518	35,581,884	36,649,340	37,748,821	38,881,285	40,047,724	41,249,156	42,486,630
Environmental Services	13,291,138	13,689,872	14,100,568	14,523,585	14,959,293	15,408,071	15,870,313	16,346,423	16,836,816	17,341,920
Resident Services (All)	2,853,097	2,938,690	3,026,851	3,117,656	3,211,186	3,307,521	3,406,747	3,508,950	3,614,218	3,722,645
Leisure Services	11,916,516	12,274,011	12,642,232	13,021,499	13,412,143	13,814,508	14,228,943	14,655,811	15,095,486	15,548,350
Home Health	-	-	-	-	-	-	-	-	-	-
Assisted Living	6,851,123	9,631,963	10,644,308	11,005,373	11,340,377	11,684,795	12,037,848	12,402,022	12,774,325	13,158,972
Health Center	54,964,138	56,613,062	58,311,454	60,060,798	61,862,622	63,718,500	65,630,055	67,598,957	69,626,926	71,715,734
Memory Support	4,013,474	4,133,878	4,257,894	4,385,631	4,517,200	4,652,716	4,792,298	4,936,067	5,084,149	5,236,673
Foundation	15,821	16,296	16,784	17,288	17,807	18,341	18,891	19,458	20,041	20,643
Interest	40,909,912	40,251,402	39,566,529	38,816,659	38,067,773	37,296,874	36,423,997	35,464,396	34,485,172	33,453,088
Principal Repayment	13,014,316	13,781,049	14,516,138	15,432,428	14,107,318	15,259,030	18,618,909	18,339,845	19,156,772	19,974,968
Capital Expenditures	75,672,923	45,316,245	45,048,895	46,850,851	48,724,885	50,673,880	52,700,836	54,808,869	57,001,224	59,281,273
Total Cash Outflow	456,287,626	438,415,192	449,093,438	461,602,405	472,222,361	485,696,049	501,686,502	514,377,191	528,580,415	543,186,109
Net Cash Flow	\$ 17,921,289	\$ 58,010,078	\$ 60,781,363	\$ 66,409,675	\$ 72,640,659	\$ 78,652,279	\$ 82,136,132	\$ 88,995,638	\$ 94,584,227	\$ 100,771,321
Cumulative Cash Flow	\$ 298,289,315	\$ 356,299,392	\$ 417,080,755	\$ 483,490,430	\$ 556,131,089	\$ 634,783,368	\$ 716,919,500	\$ 805,915,137	\$ 900,499,364	\$ 1,001,270,685
Cumulative Cash Flow (2026 \$s)	\$ 298,289,315	\$ 337,724,542	\$ 374,727,212	\$ 411,747,057	\$ 448,918,327	\$ 485,694,562	\$ 519,942,880	\$ 554,015,730	\$ 586,764,369	\$ 618,414,074

Expense Projection	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Dietary	\$ 76,837,020	\$ 79,142,131	\$ 81,516,395	\$ 83,961,886	\$ 86,480,743	\$ 89,075,165	\$ 91,747,420	\$ 94,499,843	\$ 97,334,838	\$ 100,254,883
Legal	964,419	993,352	1,023,152	1,053,847	1,085,462	1,118,026	1,151,567	1,186,114	1,221,697	1,258,348
Finance	6,977,946	7,187,284	7,402,903	7,624,990	7,853,739	8,089,352	8,332,032	8,581,993	8,839,453	9,104,636
Info Tech	9,289,595	9,568,283	9,855,332	10,150,992	10,455,521	10,769,187	11,092,263	11,425,031	11,767,782	12,120,815
Marketing	30,571,278	31,488,417	32,433,069	33,406,061	34,408,243	35,440,491	36,503,705	37,598,816	38,726,781	39,888,584
Human Resources	45,727,423	47,099,246	48,512,223	49,967,590	51,466,618	53,010,616	54,600,935	56,238,963	57,926,132	59,663,916
G&A Other	96,028,286	98,909,134	101,876,408	104,932,701	108,080,682	111,323,102	114,662,795	118,102,679	121,645,759	125,295,132
Plant	43,761,229	45,074,066	46,426,288	47,819,077	49,253,649	50,731,258	52,253,196	53,820,792	55,435,416	57,098,478
Environmental Services	17,862,178	18,398,043	18,949,984	19,518,484	20,104,038	20,707,159	21,328,374	21,968,225	22,627,272	23,306,090
Resident Services (All)	3,834,324	3,949,354	4,067,834	4,189,869	4,315,565	4,445,032	4,578,383	4,715,735	4,857,207	5,002,923
Leisure Services	16,014,801	16,495,245	16,990,102	17,499,805	18,024,799	18,565,543	19,122,510	19,696,185	20,287,070	20,895,683
Home Health	-	-	-	-	-	-	-	-	-	-
Assisted Living	13,555,229	13,963,584	14,384,180	14,816,701	15,261,360	15,718,788	16,189,913	16,675,510	17,175,969	17,691,541
Health Center	73,867,206	76,083,222	78,365,718	80,716,690	83,138,191	85,632,336	88,201,307	90,847,346	93,572,766	96,379,949
Memory Support	5,393,773	5,555,587	5,722,254	5,893,922	6,070,739	6,252,862	6,440,447	6,633,661	6,832,671	7,037,651
Foundation	21,262	21,900	22,557	23,234	23,931	24,648	25,388	26,150	26,934	27,742
Interest	32,421,002	31,361,127	30,150,645	28,726,292	27,183,382	25,610,255	24,199,643	22,713,946	21,154,780	19,501,510
Principal Repayment	20,334,074	21,530,518	27,817,253	29,797,081	31,354,061	27,605,577	29,022,115	30,520,224	32,085,480	33,752,155
Capital Expenditures	61,652,524	64,118,624	66,683,369	69,350,704	72,124,732	75,009,722	78,010,111	81,130,515	84,375,736	87,750,765
Total Cash Outflow	557,800,172	573,706,318	595,049,886	612,385,649	629,709,253	642,243,630	660,670,047	679,685,910	699,297,052	719,536,211
Net Cash Flow	\$ 105,615,113	\$ 109,942,947	\$ 110,348,404	\$ 114,972,422	\$ 120,034,475	\$ 130,421,842	\$ 135,945,215	\$ 141,703,379	\$ 147,726,478	\$ 154,207,319
Cumulative Cash Flow	\$ 1,106,885,798	\$ 1,216,828,745	\$ 1,327,177,149	\$ 1,442,149,571	\$ 1,562,184,046	\$ 1,692,605,888	\$ 1,828,551,102	\$ 1,970,254,482	\$ 2,117,980,959	\$ 2,272,188,278
Cumulative Cash Flow (2026 \$s)	\$ 648,004,794	\$ 675,231,050	\$ 698,070,652	\$ 718,999,072	\$ 738,240,324	\$ 758,174,114	\$ 776,368,217	\$ 792,922,078	\$ 807,937,522	\$ 821,575,693

Actuarial Balance Sheet (in 000's)
December 31, 2025

ACTUARIAL ASSETS

Current Assets	\$325,935
Actuarial Present Value of Net Fixed Assets	\$1,564,636
Current Liabilities	(\$81,225)
Actuarial Present Value of Long-Term Debt	(\$754,983)

NET ACTUARIAL ASSETS **\$1,054,363**

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Liabilities	\$1,478,887
Actuarial Present Value of Future Revenues	\$1,251,882
Net Actuarial Liabilities	\$227,005
Actuarial Present Value of Refund Liability	\$485,288
Actuarial Surplus (Deficit)	<u>\$342,070</u>

NET ACTUARIAL LIABILITIES **\$1,054,363**

Funded Status

Net Actuarial Assets + APV of Future Revenue	\$2,306,245
divided by	
APV of Future Liabilities + APV of Refund Liability	<u>\$1,964,175</u>

FUNDED STATUS **117.4%**

Actuarial Ratio

Actuarial Present Value of Future Revenue	\$1,251,882
divided by	
Actuarial Present Value of Future Liabilities	<u>\$1,478,887</u>

ACTUARIAL RATIO **84.7%**