CONTINUING DISCLOSURE QUARTERLY REPORT
for the six months ended June 30, 2020

LIFESPACE
COMMUNITIES

OBLIGATED GROUP

Abbey Delray
Abbey Delray South
Beacon Hill
Claridge Court
Friendship Village of Bloomington
Friendship Village of South Hills
Grand Lodge
Harbour's Edge
Oak Trace
The Waterford
Village on the Green

The information contained herein is being filed by the Corporation for the purposes of complying with the Corporation's obligations under SEC Rule 15c2-12. The information contained herein is as of the date of this report.

LIFESPACE
COMMUNITIES

August 6, 2020

US Bank
Belinda Doyle
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 six months ended June 30, 2020, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

Nick Harshfield

Cc: Bankers Trust, Kristy Olesen
Cc: UMB Bank, Minda Barr and Beth Hock

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

Overview:

The legal and operating structure for Lifespace Communities, Inc. ("Lifespace" or the "Corporation"), is described in the December 31, 2019 annual report.

Lifespace is the sole member of Deerfield Retirement Community, Inc. ("Deerfield") located in Des Moines, Iowa; Northwest Senior Housing Corporation, d/b/a Edgemere ("Edgemere") located in Dallas, Texas; Barton Creek Senior Living Center, Inc., d/b/a Querencia at Barton Creek ("Querencia") located in Austin, Texas; and Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way ("The Stayton") located in Ft. Worth, Texas. Deerfield, Edgemere, Querencia and The Stayton are separately financed and are not part of the Obligated Group. There are no immediate plans to add these communities to the Obligated Group.

Including Deerfield, Edgemere, Querencia and The Stayton, the Corporation operates 15 Life Plan Communities in eight states from a corporate offices located in Des Moines, Iowa and Addison, Texas. References to the "Communities" herein are the 11 Life Plan Communities owned or leased and operated by the Corporation that make up the Obligated Group.

Calendar year-end financial information for December 31, 2019 and prior is provided from audited financial statements. All other financial information is obtained from unaudited financial statements.

This interim report should be read together with the annual report that includes audited year-end financial statements and their combined results.

Operational Charts and Financials:

Summary of Units Operated per Community

	Residential Living Apartments	Villas, Carriage or Town Homes	Assisted Living	Health Center Private Room	Health Center Semi-Private Room	Boarding Care or Catered Living	Memory Support	Total	CMS 5-Star Rating *
Abbey Delray (1)	314	28	48	30	70		30	520	4
Abbey Delray South	240	44		12	78			374	4
Beacon Hill	374			26	84			484	5
Claridge Court	129			17	28			174	5
Friendship Village of Bloomington	283	12		36	30	53		414	5
Friendship Village of South Hills	273	18	50	35	54		32	462	5
Grand Lodge	109		10					119	N/A
Harbour's Edge	266			50	4			320	5
Oak Trace	219	15	66	54	48		28	430	5
The Waterford (2)	248	25		30	30			333	5
Village on the Green	204	38		2	58			302	5
Total	2,659	180	174	292	484	53	90	3,932	

* The CMS 5-Star ratings are as of July 20, 2020.

<u>Change in units from December 31, 2019</u>

(1) As a result of redevelopment efforts at Abbey Delray, 34 assisted living and 30 memory support were added in February 2020.

(2) As a result of redevelopment efforts at The Waterford, four villas were taken out of service in the second quarter of 2020.

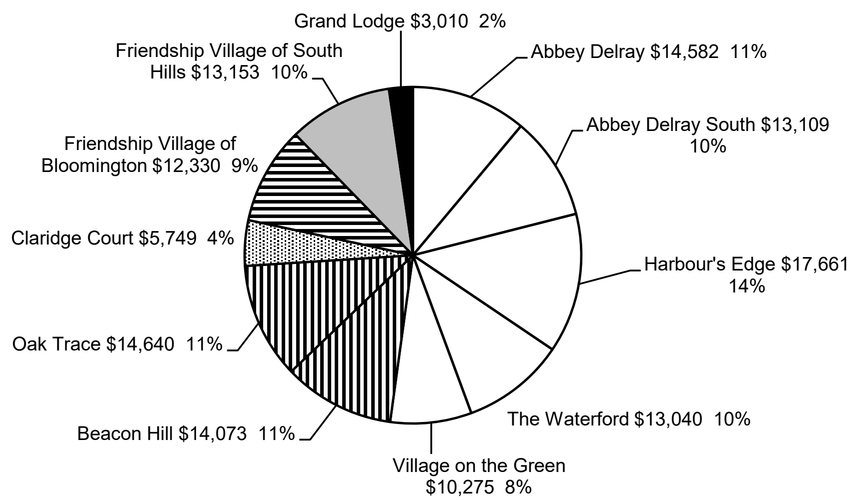
Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2017			2018			2019				Twelve months ended June 30, 2020			
	Living Units	Health Center	ALUs	Living Units	Health Center	ALUs	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (a)	77.8%	90.7%	100.0%	72.8%	91.2%	85.7%	71.6%	88.1%	85.7%	N/A	71.1%	88.6%	68.0%	26.2%
Abbey Delray South, FL	87.3%	89.2%	N/A	85.6%	88.7%	N/A	80.6%	82.9%	N/A	N/A	79.2%	81.4%	NA	NA
Beacon Hill, IL	95.0%	90.4%	N/A	94.4%	93.4%	N/A	94.1%	92.7%	N/A	N/A	93.5%	93.0%	NA	NA
Claridge Court, KS	92.4%	86.4%	N/A	90.0%	87.6%	N/A	89.2%	89.6%	N/A	N/A	88.3%	88.7%	NA	NA
Friendship Village of Bloomington, MN	97.6%	89.4%	86.8%	98.0%	89.4%	88.7%	96.3%	85.6%	86.8%	N/A	96.1%	84.1%	88.8%	NA
Friendship Village of South Hills, PA (b)	91.1%	96.0%	N/A	95.5%	95.8%	N/A	95.5%	94.4%	12.5%	20.0%	92.8%	87.7%	31.4%	42.8%
Grand Lodge, NE	92.7%	N/A	90.0%	92.7%	N/A	100.0%	92.7%	N/A	90.0%	N/A	89.0%	NA	89.7%	NA
Harbour's Edge, FL	94.0%	90.7%	N/A	91.4%	93.3%	N/A	89.8%	91.7%	N/A	N/A	88.9%	90.8%	NA	NA
Oak Trace, IL (c)	86.7%	79.4%	77.4%	91.2%	63.5%	66.0%	88.6%	78.9%	72.1%	43.8%	83.6%	90.7%	84.4%	49.5%
The Waterford, FL	87.2%	96.2%	N/A	87.1%	94.0%	N/A	90.0%	96.3%	N/A	N/A	89.2%	94.8%	NA	NA
Village on the Green, FL	86.2%	87.2%	N/A	86.1%	88.5%	N/A	83.9%	93.3%	N/A	N/A	82.9%	91.4%	NA	NA
Obligated Group	89.5%	89.1%	84.5%	89.2%	87.2%	80.0%	88.0%	88.7%	76.7%	38.1%	86.6%	89.0%	72.8%	42.9%

(a) The new assised living and memory support opened in February 2020.
(b) The new assisted living and memory support opened in November 2019.
(c) The new health center, assisted living and memory support opened in June 2019.

	Six months ended June 30, 2019				Six months ended June 30, 2020			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL	71.0%	91.5%	94.4%	NA	70.8%	92.9%	48.6%	26.2%
Abbey Delray South, FL	81.6%	82.6%	NA	NA	78.6%	79.8%	NA	NA
Beacon Hill, IL	94.8%	92.9%	NA	NA	93.5%	92.0%	NA	NA
Claridge Court, KS	90.1%	87.7%	NA	NA	88.4%	85.3%	NA	NA
Friendship Village of Bloomington, MN	96.3%	87.1%	87.2%	NA	96.0%	84.0%	88.2%	NA
Friendship Village of South Hills, PA	94.9%	95.4%	NA	NA	89.8%	83.2%	39.2%	53.1%
Grand Lodge, NE	93.7%	NA	97.0%	NA	87.1%	NA	89.5%	NA
Harbour's Edge, FL	91.1%	94.1%	NA	NA	89.0%	92.9%	NA	NA
Oak Trace, IL	92.3%	71.4%	66.1%	24.8%	82.9%	93.1%	90.4%	56.0%
The Waterford, FL	90.1%	97.2%	NA	NA	89.2%	94.4%	NA	NA
Village on the Green, FL	83.7%	92.6%	NA	NA	82.5%	89.3%	NA	NA
Obligated Group	88.6%	88.2%	79.9%	24.8%	86.0%	88.8%	70.6%	46.8%

Comparative Analysis of Gross Revenues
Six Months Ended June 30, 2020
($ in Thousands)



Gross revenues include residential living fees, skilled nursing and assisted living fees, entrance fees earned, and investment income.

Skilled Nursing Payer Mix and Occupancy

Payer	Year-ended 2017	Year-ended 2018	Year-ended 2019	Six Months Ended June 30, 2019	Six Months Ended June 30, 2020
Lifecare	20.8%	18.0%	16.6%	16.7%	15.2%
Private Pay	21.5%	22.0%	23.8%	23.6%	23.2%
Medicare	44.4%	43.7%	42.4%	42.9%	44.0%
Medicaid	8.8%	10.2%	11.3%	9.4%	11.1%
Other	4.5%	6.1%	5.9%	7.4%	6.5%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	799	799	786	795	776
Year-To-Date Average Occupancy Percentage	89.1%	87.2%	88.7%	88.2%	88.8%

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

	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	$3,975	$7,741
Investments	123,689	125,219
Accounts Receivable	13,896	13,352
Inventories	1,082	1,049
Prepaid Insurance & Other	2,944	1,936
Assets whose use is limited	115,409	75,527
Total Current Assets	260,995	224,824
Assets whose use is limited	83,655	75,374
Property and equipment, at cost:		
Land and improvements	61,006	57,260
Buildings and improvements	948,978	874,960
Furniture and equipment	71,403	65,117
	1,081,387	997,337
Less accum. deprec.	(469,961)	(436,950)
Net property and equipment	611,426	560,387
Net goodwill	44,900	52,823
Net deferred assets	1,027	635
Net intangible assets	2,755	2,755
TOTAL ASSETS	$1,004,758	$916,798

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

	2020	2019
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$5,166	$8,582
Intercompany	2,378	2,143
	7,544	10,725
Accrued liabilities:		
Employee compensation expense	10,411	9,792
Interest	2,593	2,124
Property taxes	3,327	3,115
Other	3,061	3,257
	19,392	18,288
Entrance fee refunds	4,425	3,615
Reserve for health center refunds	29,497	35,145
Long-term debt due within one year	8,504	6,691
Obligation under cap lease due within one yr	629	391
Total current liabilities	69,991	74,855
Entrance fee deposits	12,168	8,102
Wait list deposits	1,689	1,948
Long-term debt due after one year	470,693	368,847
Obligation under cap lease due after one year	988	1,058
Deferred entrance fees	150,899	155,057
Refundable entrance and membership fees	396,180	387,167
Total liabilities	1,102,608	997,034
Net assets without donor restrictions	(97,850)	(80,236)
TOTAL LIABILITIES AND NET ASSETS	$1,004,758	$916,798

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

	2020	2019
Revenues		
Residential Living Fees	$62,225	$62,520
Entrance fees earned/cancellation penalties	14,461	14,690
Skilled nursing, assisted living and memory support fees, net	47,370	39,813
Investment Income	3,537	16,059
Other	4,029	784
	131,622	133,866
Expenses		
Operating expenses:		
Salaries and benefits	56,722	52,586
General and administrative	24,455	23,571
Plant operations	6,928	7,048
Housekeeping	780	763
Dietary	11,682	11,460
Medical and other resident care	5,134	5,026
Depreciation	21,278	19,784
Amortization	2,735	97
Interest	6,414	2,564
Loss on disposal of fixed assets	178	555
	136,306	123,454
Excess (deficit) of revenues over expenses	(4,684)	10,412
Contributions to Lifespace Communities, Inc.	(1,167)	(435)
Changes in net assets	(5,851)	9,977
Net assets at beginning of year	(91,999)	(90,213)
Net assets at end of the period	($97,850)	($80,236)

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

Operating activities	**2020**	**2019**
Changes in unrestricted net assets	($5,851)	$9,977
Adjustments to reconcile changes in net asset to net cash used in operating activities:		
Entrance fees earned	(14,455)	(14,684)
Proceeds from nonrefundable entrance fees and deposits	7,990	13,465
Refunds of entrance fees	(2,216)	(3,064)
Depreciation and Amortization	24,013	19,881
Amortization of Financing Costs	208	210
Net accretion of original issue premium/discounts	(668)	(607)
Change in unrealized appreciation of investments	(581)	(11,021)
Net sales of trading investments	48,629	53,946
Contributions to Lifespace Communities, Inc.	1,167	435
Loss on disposal of property and equipment	178	555
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(639)	1,667
Accounts payables and accrued liabilities	(5,328)	(15,963)
Net cash provided in operating activities	52,447	54,797
Investing activities		
Purchases of property and equipment	(40,304)	(46,562)
Financing activities		
Repayment of long-term debt	(4,748)	(4,547)
Proceeds from line of credit	2,912	0
Contributions to Lifespace Communities, Inc.	(1,167)	(435)
Payments on Finance Leases	(122)	(128)
Proceeds from refundable entrance fees and deposits	12,338	19,418
Refunds of entrance fees	(21,102)	(20,699)
Net cash used in financing activities	(11,889)	(6,391)
Net increase in cash and cash equivalents	254	1,844
Cash and cash equivalents at beginning of year	3,721	5,897
Cash and cash equivalents at end of period	$3,975	$7,741

Six Months Ended June 30, 2020 versus Six Months Ended June 30, 2019:

The average year-to-date residential living occupancy at June 30, 2020, was 2,444 residential living homes (86.0% of the 2,841 average available homes). The average year-to-date occupancy at June 30, 2019 was 2,526 residential living homes (88.6% of the 2,853 average available homes). The decrease in average available homes from June 30, 2019 to the same period in 2020 is due primarily to taking apartments out of service at two communities to support the redevelopment efforts discussed under Liquidity and Capital Requirements. There was one community that combined smaller apartments.

Revenues from residential living monthly fees and related charges amounted to $62,225,000 in 2020, a 0.5% decrease over the $62,520,000 from the same revenue sources in 2019. Monthly fees increased in the range of 3.5% to 4.0% on January 1, 2020. The increase in monthly fees is offset by lower occupancy levels and taking apartments out of service due to redevelopment.

Revenues from the health center, assisted living, and memory support fees, net of contractual allowances and pass-through therapy expenses were $47,370,000 in 2020 compared to $39,813,000 in 2019, an increase of 19.0%. This increase is the result of the monthly fee increases effective January 1, 2020, increased occupancies in the Health Centers and the occupancies related to the completion and openings of the redevelopment projects. The Oak Trace phase I redevelopment project opened in June of 2019. This added assisted living and memory support rooms while decreasing the health center and catered living rooms available. Friendship Village of South Hills redevelopment project opened in November of 2019. This added assisted living and memory support rooms. Abby Delray opened in February of 2020. This added assisted living and memory support rooms.

Beginning in April 2020, the Obligated Group received approximately $4,029,000 from the Department of Health and Human Services as a relief under the CARES Act's Public Health and Social Services Relief Fund. The Department of Health and Human Services continues to update the guidance regarding distribution of the funds. Retention and use of the funds are subject to certain terms and conditions and the Obligated Group will be required to submit documents to substantiate that these funds were used for increased healthcare-related expenses or lost revenue attributable to coronavirus, and that those losses were not reimbursed from other sources and other sources were not obligated to reimburse them. The Department of Health and Human Services will provide guidance in the future about the specific reporting requirements.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $105,701,000 in 2020, an increase of $5,247,000 or 5.2% from comparable expenses of $100,454,000 in 2019. Salaries and benefits increased $4,136,000 or 7.9% as a result of annual merit and market adjustments, filling positions that are necessary as the redevelopment projects have opened for several communities and increased staffing for home health. General and administrative expense increased $884,000 or 3.8%. Plant operations decreased $120,000 or 1.7% as a result of lower cable television compared to the same period in 2019. Dietary costs increased $222,000 or 1.9%, which is in line with the budget. Medical and other resident care increased $108,000 or 2.2% due to increased occupancy in the higher levels of living of which led to increased agency and supplies expense.

Subsequent to year-end, 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. Lifespace expects these costs to increase as the pandemic continues and is unable to estimate those additional costs.

The number of COVID-19 positive results across the Obligated Group has ranged from zero to 33 at any single community on a given day. As of the date of this disclosure, the cases range from zero to 15.

Six Months Ended June 30, 2019 versus Six Months Ended June 30, 2018:

The average year-to-date residential living occupancy at June 30, 2019, was 2,526 residential living homes (88.6% of the 2,853 average available homes). The average year-to-date occupancy at June 30, 2018 was 2,557 residential living homes (89.0% of the 2,872 average available homes). The decrease in average available homes from June 30, 2018 to the same period in 2019 is due primarily to taking apartments out of service at four communities to support the redevelopment efforts discussed under Liquidity and Capital Requirements. In addition, one community has combined smaller apartments. Occupancy continues to be challenged in the more modestly priced Florida communities.

Revenues from residential living monthly fees and related charges amounted to $62,520,000 in 2019, a 1.9% increase over the $61,366,000 from the same revenue sources in 2018. Monthly fees increased in the range of 3.8% to 4.5% on January 1, 2019. The increase in monthly fees is offset by lower occupancy levels and taking apartments out of service due to redevelopment.

Revenues from the health center, assisted living, and memory support fees, net of contractual allowances and pass-through therapy expenses were $39,813,000 in 2019 compared to $38,560,000 in 2018, an increase of 3.2%. This increase is the result of the monthly fee increases effective January 1, 2019 and increased health center occupancy, which is offset by a decrease in assisted living occupancy and the change in payor mixes. The Oak Trace phase I redevelopment project opened in June of 2019. This added assisted living and memory support rooms while decreasing the health center and catered living rooms available.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $100,454,000 in 2019, an increase of $5,066,000 or 5.3% from comparable expenses of $95,388,000 in 2018. Salaries and benefits increased $3,269,000 or 6.6% as a result of annual merit and market adjustments, filling positions that were open in the first half of 2018, and higher benefit and tax costs of $774,000. General and administrative expense increased $1,038,000 or 4.6%. Approximately $1,066,000 of this change is driven by marketing costs for the redevelopment projects. These costs are funded through project funds and have no impact on debt service coverage or days cash on hand. Plant operations increased $201,000 or 2.9% as a result of higher building repairs and maintenance compared to the same period in 2018. Dietary costs increased $473,000 or 4.3%, which is in line with the budget.

Six Months Ended June 30, 2020 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			
Residential Living Fees	$62,225	$65,968	($3,743)
Skilled nursing, assisted living and memory support fees, net	47,370	46,527	843
Other	4,029	0	4,029
	113,624	112,495	1,129
Expenses			
Operating expenses:			
Salaries and benefits	56,722	58,407	1,685
General and administrative	24,455	24,651	196
Plant operations	6,928	7,436	508
Housekeeping	780	785	5
Dietary	11,682	12,210	528
Medical and other resident care	5,134	5,423	289
	105,701	108,912	3,211
Net operating margin	7,923	3,583	4,340
Net entrance fees	(2,990)	29,533	(32,523)
Capital expenditures, financed with bond proceeds	30,667	31,602	935
Capital expenditures, routine	9,637	18,511	8,874

Net operating margin is favorable to budget by $4,340,000.

Residential living fees are unfavorable to budget by $3,743,000, which is primarily driven by fewer closings resulting in fewer processing fees. The budget for the six months ended June 30, 2020 had 184 closings compared to the actual closings of 67. In addition, the year-to-date average residential living occupancy is 86.0% while the budget is 87.7%.

Skilled nursing, assisted living and memory support fees are favorable to budget by $843,000 due to the change in payor mix within the health center.

During the second quarter, the Obligated Group received approximately $4,029,000 from the Department of Health and Human Services as relief under the CARES Act's Public Health and Social Services Relief Fund. Receipt of these funds were not budgeted.

Salaries and benefits are $1,685,000, or 2.9%, favorable to budget due to staffing to lower occupancy levels and the delayed opening of the Abbey Delray redevelopment.

General and administrative expense is favorable to budget by $196,000, or 0.8%, due to lower marketing costs, training, travel, licenses and fees.

Plant operations expense is favorable to budget by $508,000, or 6.8%, as a result of lower utilities along with repairs and maintenance.

Dietary expense is favorable to budget by $528,000, or 4.3%, as a result of lower occupancy in all levels of living than was budgeted.

Medical and other resident care is favorable to budget by $289,000, or 5.3%. During the first quarter, Lifespace received a $400,000 credit from a vendor for a billing error that occurred in the prior year.

Net entrance fees are unfavorable to budget by $32,523,000. As mentioned earlier, the budget for the six months ended June 30, 2020 had 184 closings compared to the actual closings of 67. In addition, approximately $13,438,000 in refunds was paid in the six months ended June 30, 2020 where there was no corresponding entrance fee received. These refunds consist of approximately $4,023,000 paid in 2020 for prior year closings, approximately $7,494,000 in refunds for residents who passed away that were permanently assigned to higher levels of care (and the apartment had previously been resold), approximately $1,060,000 in refunds for satisfaction guarantees, approximately $672,000 in refunds due according to the residency contract requirement (refunds are to be paid in a certain number of months which can sometime be before the apartment is resold), and approximately $189,000 as a result of taking townhomes out of service for the redevelopment projects. In addition, as of June 30, 2020 there are entrance fees deferrals of $727,000.

Capital expenditures financed with bond proceeds are approximately $935,000 less than budgeted. This is the result of timing and the reevaluation of one project. Approximately $8,874,000 less was spent on routine capital expenditures than budgeted. This is the result of timing, the inability to have vendors enter the communities due to COVID-19 restrictions, and fewer apartment turnovers.

Ratios:

The Net Operating Margin Ratio increased from 1.8% at June 30, 2019 to 3.6% at June 30, 2020. The Net Operating Margin Ratio, Adjusted Ratio decreased from 8.2% at June 30, 2019 to 1.5% at June 30, 2020. Both ratios are below the benchmark for the periods presented. The annual debt service coverage ratio decreased from 1.8 times at June 30, 2019 to 0.8 times at June 30, 2020, which is below the benchmark. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the decrease in net entrance fees. Further details on net entrance fees is stated in the Liquidity and Capital Requirements section below. Other impacts are the lower occupancies in residential living causing strain on the net operating margin and less investment income excluding the unrealized gain/loss as shown below.

Investment income decreased when comparing the six months ended June 30, 2020 to the same period in 2019. Excluding the unrealized gain/loss, investment income represents a decrease of $2,083,000, which impacts the debt service coverage ratio in a negative manner. The following chart shows the components of investment income in thousands of dollars.

	June 30, 2020	June 30, 2019
Interest and Dividend Income	$2,622	$3,434
Realized Gain/(Loss)	334	1,604
Unrealized Gain/(Loss)	581	11,021
Total	$3,537	$16,059

The Adjusted Debt to Capitalization increased from 83.4% at June 30, 2019 to 90.0% at June 30, 2020. Both periods are above the benchmark.

Liquidity and Capital Requirements – Six Months Ended June 30, 2020 versus Six Months Ended June 30, 2019:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds, were ($2,990,000) for the six month ended June 30, 2020 compared to $9,120,000 for the same period in 2019. As mentioned previously, in the six months ended June 30, 2020 approximately $13,438,000 in refunds had been issued with no corresponding entrance fee and $13,100,000 for the same period in 2019. In addition, entrance fees deferrals were $727,000 for the six months ended June 30, 2020 and entrance fee deferrals received of $1,362,000 for the same period in 2019. The deferrals had a negative impact on net entrance fees in 2020 versus 2019 when Lifespace received entrance fees deferrals which had a positive impact on net entrance fees.

Daily operating expenses for 2020 increased to $613,000 from $563,000 in 2019, an increase of 8.9%. The overall unrestricted cash position decreased from $163,882,000 at June 30, 2019 to $161,343,000 at June 30, 2020, a change of 1.5%. The Days Cash on Hand Ratio decreased from 291 days at June 30, 2019 to 263 days at June 30, 2020.

Capital expenditures for the communities for the six months ended June 30, 2020 were $46,562,000, while depreciation expense for the same period was $19,784,000. The five redevelopment projects mentioned below account for $30,667,000 of this year-to-date 2020 expenditure balance. Capital expenditures for the communities for the six months ended June 30, 2019 were $40,304,000, while depreciation expense for the same period was $21,278,000. As stated below, the five redevelopment projects account for $31,725,000 of this year-to-date 2019 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, 2019 is 207% 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.

Lifespace Communities completed tax-exempt bond financings in 2016, 2018 and 2019 of which the proceeds support the projects below. In addition, 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 June 30, 2020, $2.9 million has been drawn on this line of credit.

Five of the communities will undergo improvements using proceeds of the Series 2016, Series 2018 and Series 2019 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.

As disclosed in this monthly Redevelopment Project Status Report, Oak Trace Phase II began conversions to 10% deposits on July 9, 2018, and as of June 30, 2020 has received reservation deposits on 56% of the apartments. Due to the lack of reservation deposits, as well as the added impacts of the COVID-19 pandemic, Lifespace made the decision to end the current Oak Trace Phase II project agreement with Greystone, who has been serving as the current project's development company. The existing pandemic allows Lifespace an opportunity to reevaluate the scope of the project addressing prospective resident feedback. Lifespace will initiate a new development project for Oak Trace supporting the overall success of the community.

The table below reflects what has happened to date with these projects along with future construction expectations through the completion of the projects, which are subject to change.

	(thousands)
Approved Projects	$421,781
Costs Already Paid from the Series 2016 Bonds, 2018 Bonds, 2019 Bonds and Internal Cash	(205,852)
Series 2018 and 2019 Bond Project Funds Available	(105,357)
Future Financing and Internal Cash Needs	110,572

In February 2020, the Board approved a project at the Waterford for $104,457,000. This project is not included in the above table, and did not receive proceeds from the 2016, 2018 or 2019 financings. The line of credit has been used to fund pre-construction of approximately $2.9 million. The Waterford project will be included in the next financing.

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 marketplace 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.

In October 2019, Fitch released its rating for the Series 2019 Bonds and the outstanding revenue bonds of Lifespace at "BBB" with a stable outlook.

Lifespace has issued a guarantee on a portion of the Deerfield Retirement Community, Inc.'s outstanding bonds, which total $36,236,500. In 2020 total debt service on the guaranteed bonds is $2,457,000, of which $842,000 is due to Lifespace. As of June 30, 2020, the Obligated Group has paid $952,000 of the May 2020 debt service payments for Deerfield. As this is a related party guarantee, the Deerfield debt is not included in the Obligated Group balance sheet but is included in the debt service coverage calculation. Inclusion of the Deerfield debt decreases the annual debt service coverage from 0.9 times to 0.8 times. As a result of this guarantee, the financial covenants required by the Deerfield bonds are the same as the Lifespace covenants.

The debt service payments for the Lifespace's guarantee portion of the Deerfield Retirement Community, Inc.'s bonds are as follows:

Year	Total Principal and Interest Amount	Portion Payable to Lifespace
2020	$2,457,000	$842,000
2021	$2,777,000	$1,162,000
2022	$2,382,000	$766,000
2023	$2,382,000	$766,000
2024	$2,382,000	$766,000
2025	$2,382,000	$766,000
2026	$2,382,000	$766,000
2027	$2,382,000	$766,000
2028	$2,382,000	$766,000
Thereafter	$49,698,000	$20,625,000

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, if needed.

Forward-Looking Statements:

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

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

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

	Six Months Ended June 30 (Unaudited)		Year Ending December 31 (Audited)		
Historical Debt Service Coverage	**2020**	**2019**	**2019**	**2018**	**2017**
Excess (deficit) of revenues over expenses	(4,684)	10,412	1,111	(12,321)	8,236
Less:					
Entrance fees earned	(14,455)	(14,684)	(29,664)	(32,400)	(32,281)
First time entrance fees received	0	0	0	0	(240)
Initial redevelopment entrance fee deposits	697	(2,045)	(7,653)	(4,367)	(385)
Add:					
Depreciation	21,278	19,784	42,081	38,983	35,877
Amortization	2,735	97	5,443	116	270
Interest Expense	6,414	2,564	6,428	5,507	4,825
Expenses paid by long-term debt issuances	607	1,049	2,305	2,036	833
Unrealized (gain) loss on securities	(581)	(11,021)	(14,377)	15,104	(5,685)
Realized loss on sale of assets	178	555	2,917	941	1,238
Entrance fee proceeds (less refunds)	(2,990)	9,120	44,922	38,424	27,751
Income available for debt service	9,199	15,831	53,513	52,023	40,439
Annual debt service payment	22,901	17,934	17,934	13,870	12,008
Annual debt service coverage (b)(c)(d)(e)	0.8	1.8	3.0	3.8	3.4
Maximum annual debt service payment	29,709	29,479	29,479	25,138	15,648
Maximum annual debt service coverage (d)(e)	0.6	1.1	1.8	2.1	2.6
Cash to Debt					
Unrestricted cash and investments (a)	161,343	163,882	172,781	160,055	168,377
Debt service reserve fund	34,094	33,605	34,165	33,909	17,746
	195,437	197,487	206,946	193,964	186,123
Bonds outstanding long-term	470,693	368,847	474,699	373,993	210,348
Annual debt service	22,901	17,934	17,934	13,870	12,008
Maximum annual debt service	29,709	29,479	29,479	25,138	15,648
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.4	0.5	0.4	0.5	0.9
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	8.5	11.0	11.5	14.0	15.5
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	6.6	6.7	7.0	7.7	11.9
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	111,508	101,969	208,182	198,052	191,442
Daily expenses	613	563	570	543	524
Days of unrestricted cash & investments on hand (b)(c)(d)	263	291	303	295	321
Other Ratios					
Net operating margin (c)(d)(f)	7.0%	1.8%	1.9%	2.7%	3.0%
Net operating margin, adjusted (c)(d)(f)	5.1%	8.2%	16.8%	16.8%	15.1%
Adjusted debt to capitalization (c)(d)(f)	90.0%	83.4%	87.6%	84.6%	72.7%

(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 5.9%, net operating margin, adjusted of 22.9%, maximum annual debt service of 2.4 times, days cash on hand of 501 and adjusted debt to capitalization of 54.3%. The latest "BBB" ratings are as follows: net operating margin of 5.9%, net operating margin, adjusted of 23.0%, maximum annual debt service of 1.9 times, days cash on hand of 465 and adjusted debt to capitalization of 63.1%.

(e) At June 30, 2020, without the inclusion of the Deerfield 2020 guarantee payments of $2,489, ratios would be annual debt service coverage of 0.9 times and maximum annual debt service would 0.7 times.