CONTINUING DISCLOSURE QUARTERLY REPORT
for the year ended December 31, 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

February 12, 2021

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 year ended December 31, 2020, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:
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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.

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 (3)	281	12		36	30	53		412	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 (4)	219	15	66	54	50		28	432	5
The Waterford (2)	248	25		30	30			333	5
Village on the Green	204	38		2	58			302	5
Total	2,657	180	174	292	486	53	90	3,932	

* The CMS 5-Star ratings are as of January 22, 2021.

<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.

(3) Friendship Village of Bloomington, combined two apartments in the fourth quarter of 2020.

(4) Oak Trace added two more licensed beds to increase Medicare bed counts in the fourth quarter of 2020.

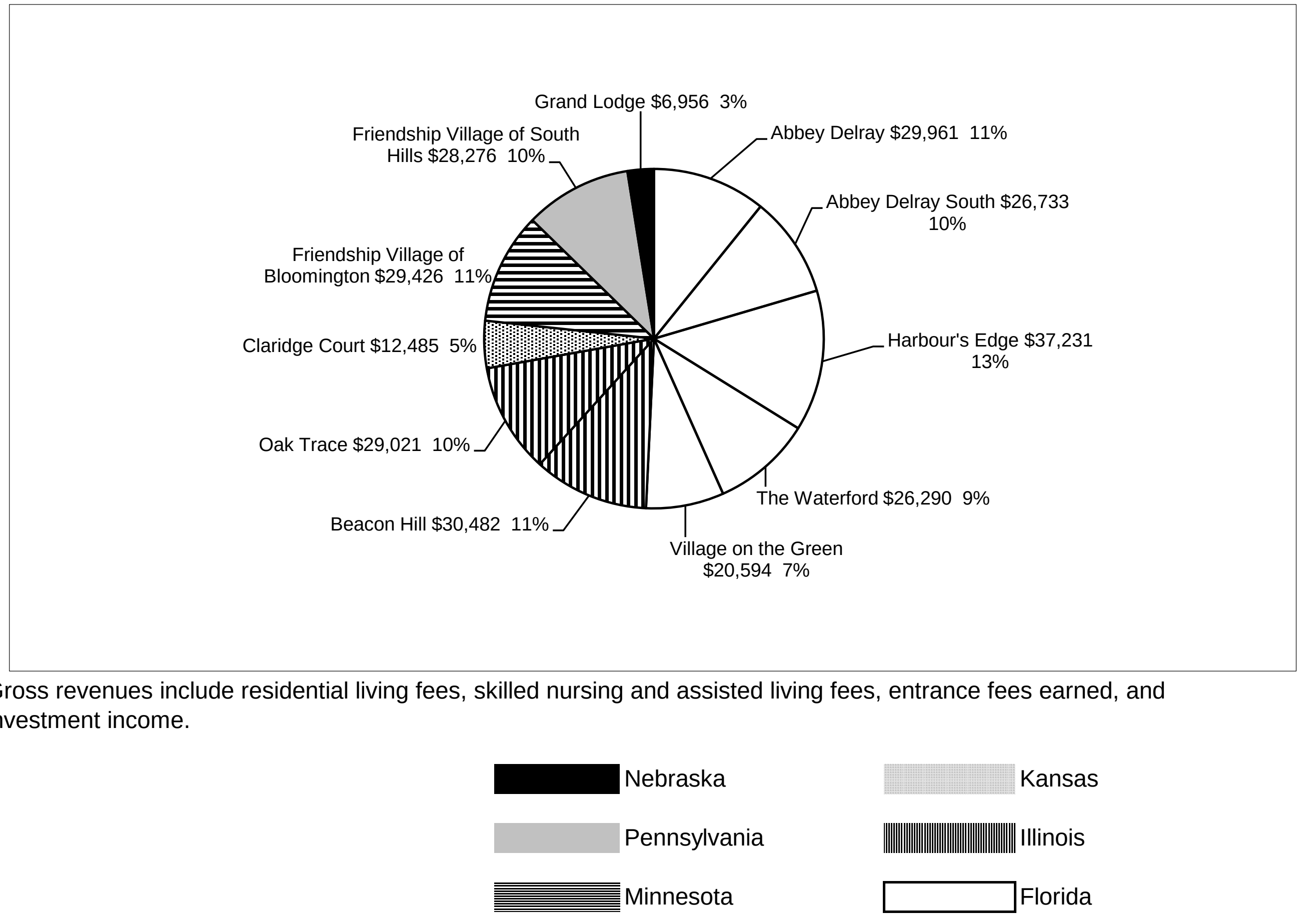
Lifespace Communities, Inc.

Average Occupancy of the Communities

	2017			2018			2019				2020			
Community	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	67.6%	92.5%	58.9%	36.0%
Abbey Delray South, FL	87.3%	89.2%	N/A	85.6%	88.7%	N/A	80.6%	82.9%	N/A	N/A	76.0%	73.4%	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	92.4%	91.5%	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	87.3%	82.0%	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	93.3%	82.0%	89.5%	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%	87.6%	81.2%	44.7%	63.8%
Grand Lodge, NE	92.7%	N/A	90.0%	92.7%	N/A	100.0%	92.7%	N/A	90.0%	N/A	86.2%	NA	80.1%	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	86.8%	92.4%	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%	92.8%	83.2%	57.5%
The Waterford, FL	87.2%	96.2%	N/A	87.1%	94.0%	N/A	90.0%	96.3%	N/A	N/A	86.8%	86.2%	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	82.4%	80.0%	NA	NA
Obligated Group	89.5%	89.1%	84.5%	89.2%	87.2%	80.0%	88.0%	88.7%	76.7%	38.1%	84.3%	85.9%	71.2%	53.3%

(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.

Comparative Analysis of Gross Revenues
Year Ended December 31, 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

	Year-ended			
Payer	2017	2018	2019	2020
Lifecare	20.8%	18.0%	16.6%	14.6%
Private Pay	21.5%	22.0%	23.8%	23.0%
Medicare	44.4%	43.7%	42.4%	44.5%
Medicaid	8.8%	10.2%	11.3%	10.7%
Other	4.5%	6.1%	5.9%	7.2%
Total Patient Mix	100%	100%	100%	100%
Year-To-Date Average Service Units Available	799	799	786	776
Year-To-Date Average Occupancy Percentage	89.1%	87.2%	88.7%	85.9%

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

	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	$4,857	$3,721
Investments	148,446	137,453
Accounts Receivable	12,969	12,351
Inventories	1,035	1,029
Prepaid Insurance & Other	3,123	3,289
Assets whose use is limited	61,507	150,690
Total Current Assets	231,937	308,533
Assets whose use is limited	82,771	82,658
Property and equipment, at cost:		
Land and improvements	63,075	60,889
Buildings and improvements	1,005,093	912,420
Furniture and equipment	79,054	69,030
	1,147,222	1,042,339
Less accum. deprec.	(489,918)	(449,572)
Net property and equipment	657,304	592,767
Net goodwill	42,258	47,541
Net deferred assets	1,134	1,011
Net intangible assets	2,755	2,755
TOTAL ASSETS	$1,018,159	$1,035,265

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

	2020	**2019**
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$19,246	$16,415
Intercompany	469	2,134
	19,715	18,549
Accrued liabilities:		
Employee compensation expense	7,402	6,438
Interest	2,787	2,592
Property taxes	1,385	1,326
Other	3,290	3,359
	14,864	13,715
Entrance fee refunds	6,297	4,713
Reserve for health center refunds	28,774	34,571
Long-term debt due within one year	9,984	6,794
Obligation under cap lease due within one yr	726	649
Total current liabilities	80,360	78,991
Entrance fee deposits	11,425	12,368
Wait list deposits	1,560	1,782
Long-term debt due after one year	467,444	474,699
Obligation under cap lease due after one year	1,149	1,282
Deferred entrance fees	145,047	160,189
Refundable entrance and membership fees	399,513	397,953
Total liabilities	1,106,498	1,127,264
Net assets without donor restrictions	(88,339)	(91,999)
TOTAL LIABILITIES AND NET ASSETS	$1,018,159	$1,035,265

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

	2020	2019
Revenues		
Independent Living Fees	$122,441	$125,779
Entrance fees earned/cancellation penalties	30,765	29,675
Skilled nursing, assisted living and memory support fees, net	95,597	82,180
Investment Income	20,410	23,621
Other	8,242	784
	277,455	262,039
Expenses		
Operating expenses:		
Salaries and benefits	111,103	106,728
General and administrative	48,995	47,154
Plant operations	14,552	14,535
Housekeeping	1,524	1,583
Dietary	22,430	22,811
Medical and other resident care	10,973	11,248
Depreciation	42,819	42,081
Amortization	5,554	5,443
Interest	12,969	6,428
Loss on disposal of fixed assets	597	2,917
	271,516	260,928
Excess of revenues over expenses	5,939	1,111
Contributions to Lifespace Communities, Inc.	(2,279)	(2,897)
Changes in net assets	3,660	(1,786)
Net assets at beginning of year	(91,999)	(90,213)
Net assets at end of the period	($88,339)	($91,999)

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

Operating activities	**2020**	**2019**
Changes in unrestricted net assets	$3,660	($1,786)
Adjustments to reconcile changes in net asset to net cash used in operating activities:		
Entrance fees earned	(30,754)	(29,664)
Proceeds from nonrefundable entrance fees and deposits	23,550	34,255
Refunds of entrance fees	(5,652)	(4,770)
Depreciation and Amortization	48,373	47,524
Amortization of Financing Costs	473	420
Net accretion of original issue premium/discounts	(1,336)	(1,227)
Change in unrealized appreciation of investments	(4,712)	(14,377)
Net sales of trading investments	82,789	(37,379)
Contributions to Lifespace Communities, Inc.	2,279	2,897
Loss on disposal of property and equipment	597	2,917
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(456)	615
Accounts payables and accrued liabilities	2,315	(12,712)
Net cash provided (used) in operating activities	121,126	(13,287)
Investing activities		
Purchases of property and equipment	(107,678)	(102,839)
Financing activities		
Financing cost incurred	0	(1,863)
Repayment of long-term debt	(6,791)	(6,489)
Proceeds from new financing	3,589	110,170
Contributions to Lifespace Communities, Inc.	(2,279)	(2,897)
Payments on Finance Leases	(331)	(408)
Proceeds from refundable entrance fees and deposits	34,433	60,640
Refunds of entrance fees	(40,933)	(45,203)
Net cash (used) provided in financing activities	(12,312)	113,950
Net increase (decrease) in cash and cash equivalents	1,136	(2,176)
Cash and cash equivalents at beginning of year	3,721	5,897
Cash and cash equivalents at end of period	$4,857	$3,721

Year Ended December 31, 2020 versus Year Ended December 31, 2019:

The average year-to-date independent living occupancy at December 31, 2020, was 2,393 independent living homes (84.3% of the 2,840 average available homes). The average year-to-date occupancy at December 31, 2019 was 2,509 independent living homes (88.0% of the 2,850 average available homes). The decrease in average available homes from December 31, 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 were two communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to $122,441,000 in 2020, a 2.7% decrease over the $125,779,000 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 $95,597,000 in 2020 compared to $82,180,000 in 2019, an increase of 16.3%. This increase is the result of the monthly fee increases effective January 1, 2020 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.

Throughout 2020 the Obligated Group has received approximately $8,242,000 in stimulus funds. Approximately $8,109,000 has been received through the Cares Act and Infection Control Nursing Home Quality Incentive Programs. Approximately $132,000 has been received through state and local governments. 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.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $209,577,000 in 2020, an increase of $5,518,000 or 2.7% from comparable expenses of $204,059,000 in 2019. Salaries and benefits increased $4,375,000 or 4.1% 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 $1,841,000 or 3.9% due to higher auditing services, consulting and outsourcing services, legal services, property insurance, real estate taxes, IT service providers, network, data center and internet access, and application software and licenses. Dietary costs decreased $381,000 or 1.7%, due to lower occupancy. Medical and other resident care decreased $275,000 or 2.4% due to lower occupancy in the health center when comparing the same periods in 2019 and 2020.

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 75 at any single community on a given day. As of the date of this disclosure, the cases range from zero to four.

Year Ended December 31, 2019 versus Year Ended December 31, 2018:

The average year-to-date residential living occupancy at December 31, 2019, was 2,509 residential living homes (88.0% of the 2,850 average available homes). The average year-to-date occupancy at December 31, 2018 was 2,557 residential living homes (89.2% of the 2,867 average available homes). The decrease in average available homes from December 31, 2018 to the same period in 2019 is due primarily to taking apartments out of service at three communities to support the redevelopment efforts discussed under Liquidity and Capital Requirements. There was one community that added back a townhome after redevelopment plans were revised. 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 $125,779,000 in 2019, a 2.1% increase over the $123,164,000 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. The monthly fee increases beginning January 1, 2020 are in the range of 3.5% to 4.0%

Revenues from the health center, assisted living, and memory support fees, net of contractual allowances and pass-through therapy expenses were $82,180,000 in 2019 compared to $76,714,000 in 2018, an increase of 7.1%. This increase is the result of the monthly fee increases effective January 1, 2019 and increased occupancies in the Health Centers. 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.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $204,059,000 in 2019, an increase of $9,478,000 or 4.9% from comparable expenses of $194,581,000 in 2018. Salaries and benefits increased $6,276,000 or 6.3% as a result of annual merit and market adjustments, filling positions that were open in 2018, and higher benefit and tax costs of $564,000. General and administrative expense increased $1,517,000 or 3.3% due to $269,000 of higher redevelopment marketing expense, $254,000 of hurricane expense, $130,000 in additional marketing costs and $139,000 in financing related costs. Plant operations increased $622,000 or 4.5% as a result of higher outsourcing services compared to the same period in 2018. Dietary costs increased $891,000 or 4.1% which is in line with the budget. Medical and other resident care expense increased $146,000 or 1.3% as a result of higher occupancy in the health centers and the opening of the two redevelopment projects in 2019.

Year Ended December 31, 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			
Independent Living Fees	$122,441	$132,775	($10,334)
Skilled nursing, assisted living and memory support fees, net	95,597	94,354	1,243
Other	8,242	0	8,242
	226,280	227,129	(849)
Expenses			
Operating expenses:			
Salaries and benefits	111,103	117,686	6,583
General and administrative	48,995	49,058	63
Plant operations	14,552	15,024	472
Housekeeping	1,524	1,590	66
Dietary	22,430	24,422	1,992
Medical and other resident care	10,973	10,897	(76)
	209,577	218,677	9,100
Net operating margin	16,703	8,452	8,251
Net entrance fees	11,398	59,066	(47,668)
Capital expenditures, financed with bond proceeds	84,621	82,742	(1,879)
Capital expenditures, routine	23,057	37,022	13,965

Net operating margin is favorable to budget by $8,251,000.

Independent living fees are unfavorable to budget by $10,334,000, which is primarily driven by fewer closings resulting in fewer processing fees. The budget for the year ended December 31, 2020 had 396 closings compared to the actual closings of 184. In addition, the year-to-date average independent living occupancy is 84.3% while the budget is 88.5%.

Skilled nursing, assisted living and memory support fees are favorable to budget by $1,243,000 due to higher than budgeted reimbursement rates.

Other revenue is favorable to budget by $8,242,000. Throughout 2020 the Obligated Group has received approximately $8,242,000 in stimulus funds. Approximately $8,109,000 has been received through the Cares Act and Infection Control Nursing Home Quality Incentive

Programs. Approximately $132,000 has been received through state and local governments. 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.

Salaries and benefits are $6,583,000, or 5.6%, favorable to budget due to staffing to lower occupancy levels and the delayed opening of the Abbey Delray redevelopment.

Plant operations expense is favorable to budget by $472,000, or 3.1%, as a result of lower utilities along with repairs and maintenance.

Dietary expense is favorable to budget by $1,992,000, or 8.2%, as a result of lower occupancy in all levels of living than was budgeted.

Net entrance fees are unfavorable to budget by $47,668,000. As mentioned earlier, the budget for the year ended December 31, 2020 had 396 closings compared to the actual closings of 184. In addition, approximately $23,939,000 in refunds was paid in the year ended December 31, 2020 where there was no corresponding entrance fee received. These refunds consist of approximately $2,134,000 paid in 2020 for prior year closings, approximately $11,600,000 in refunds for residents who passed away that were permanently assigned to higher levels of care (and the apartment had previously been resold), approximately $6,053,000 in refunds for satisfaction guarantees, approximately $3,963,000 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 December 31, 2020 entrance fee deferrals increased by $397,000 which has a negative impact on net entrance fees.

Capital expenditures financed with bond proceeds are approximately $1,879,000 more than budgeted. This is the result of timing. Approximately $13,965,000 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 1.9% at December 31, 2019 to 7.4% at December 31, 2020 which is above the benchmark of 6.5%. The Net Operating Margin Ratio, Adjusted Ratio decreased from 16.8% at December 31, 2019 to 12.3% at December 31, 2020 which is below the benchmark of 22.5%. The annual debt service coverage ratio decreased from 3.0 times at December 31, 2019 to 2.1 times at December 31, 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 independent living causing strain on the net operating margin.

Investment income decreased when comparing the year ended December 31, 2020 to the same period in 2019. Excluding the unrealized gain/loss, investment income represents an increase of $6,454,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	December 31, 2020	December 31, 2019
Interest and Dividend Income	$4,840	$6,990
Realized Gain/(Loss)	10,858	2,254
Unrealized Gain/(Loss)	4,712	14,377
Total	$20,410	$23,621

The Adjusted Debt to Capitalization increased from 87.6% at December 31, 2019 to 89.4% at December 31, 2020. Both periods are above the benchmark.

Liquidity and Capital Requirements – Year Ended December 31, 2020 versus Year Ended December 30, 2019:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds, were $11,398,000 for the year ended December 31, 2020 compared to $44,922,000 for the same period in 2019. The decrease is driven by reoccupancies of 184 in the year ended December 31, 2020 versus 274 reoccupancies in the year ended December 31, 2019. For the year ended December 31, 2019, there were redevelopment deposits of $7,653,000 collected on independent living apartments at two redevelopment communities. For the year ended December 31, 2020, Lifespace has given redevelopment refunds of deposits of $1,290,000. As mentioned previously, in the year ended December 31, 2020 approximately $23,939,000 in refunds had been issued with no corresponding entrance fee and $18,490,000 for the same period in 2019. In addition, entrance fees deferrals given were $396,000 for the year ended December 31, 2020 and entrance fee deferrals collected of $1,644,000 for the same period in 2019. The deferrals given had a negative impact on net entrance fees in 2020 of $396,000 versus 2019 when Lifespace received entrance fees deferrals which had a positive impact on net entrance fees of $1,644,000.

Daily operating expenses for 2020 increased to $605,000 from $570,000 in 2019, an increase of 6.1%. The overall unrestricted cash position increased from $172,781,000 at December 31, 2019 to $187,658,000 at December 31, 2020, a change of 8.6%. The Days Cash on Hand Ratio increased from 303 days at December 31, 2019 to 310 days at December 31, 2020.

Capital expenditures for the communities for the year ended December 31, 2020 were $107,678,000, while depreciation expense for the same period was $42,819,000. The five redevelopment projects mentioned below account for $84,621,000 of this year-to-date 2020 expenditure balance. Capital expenditures for the communities for the year ended December 31, 2019 were $102,839,000, while depreciation expense for the same period was $42,081,000. As stated below, the five redevelopment projects account for $72,508,000 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 December 31, 2020, $3.6 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	(255,153)
Series 2018 and 2019 Bond Project Funds Available	(53,967)
Future Financing and Internal Cash Needs	112,661

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 $3.6 million.

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.

In October 2020, Fitch affirmed its rating for 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 December 31, 2020, the Obligated Group has paid $1,878,000 of the 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 2.3 times to 2.1 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 $)

Historical Debt Service Coverage	Year Ended December 31 (Unaudited) 2020	Year Ended December 31 (Audited) 2019	2018	2017
Excess (deficit) of revenues over expenses	5,939	1,111	(12,321)	8,236
Less:				
Entrance fees earned	(30,754)	(29,664)	(32,400)	(32,281)
First time entrance fees received	0	0	0	(240)
Initial redevelopment entrance fee deposits	1,290	(7,653)	(4,367)	(385)
Add:				
Depreciation	42,819	42,081	38,983	35,877
Amortization	5,554	5,443	116	270
Interest Expense	12,969	6,428	5,507	4,825
Expenses paid by long-term debt issuances	1,273	2,305	2,036	833
Unrealized (gain) loss on securities	(4,712)	(14,377)	15,104	(5,685)
Realized loss on sale of assets	597	2,917	941	1,238
Entrance fee proceeds (less refunds)	11,398	44,922	38,424	27,751
Income available for debt service	46,373	53,513	52,023	40,439
Annual debt service payment	22,309	17,934	13,870	12,008
Annual debt service coverage (b)(c)(d)(e)	2.1	3.0	3.8	3.4
Maximum annual debt service payment	28,997	29,479	25,138	15,648
Maximum annual debt service coverage (d)(e)	1.6	1.8	2.1	2.6
Cash to Debt				
Unrestricted cash and investments (a)	187,658	172,781	160,055	168,377
Debt service reserve fund	34,302	34,165	33,909	17,746
	221,960	206,946	193,964	186,123
Bonds outstanding long-term	467,444	474,699	373,993	210,348
Annual debt service	22,309	17,934	13,870	12,008
Maximum annual debt service	28,997	29,479	25,138	15,648
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.5	0.4	0.5	0.9
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	9.9	11.5	14.0	15.5
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	7.7	7.0	7.7	11.9
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	221,273	208,182	198,052	191,442
Daily expenses	605	570	543	524
Days of unrestricted cash & investments on hand (b)(c)(d)	310	303	295	321
Other Ratios				
Net operating margin (c)(d)(f)	7.4%	1.9%	2.7%	3.0%
Net operating margin, adjusted (c)(d)(f)	12.3%	16.8%	16.8%	15.1%
Adjusted debt to capitalization (c)(d)(f)	89.4%	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 6.5%, net operating margin, adjustec 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) At December 31, 2020, without the inclusion of the Deerfield 2020 guarantee payments of $1,878, ratios would be annual debt service coverag 2.3 times and maximum annual debt service would 1.7 times.