CONTINUING DISCLOSURE QUARTERLY REPORT
for the three months ended March 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

May 15, 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 three months ended March 31, 2020, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

Larry M. Smith

Larry M. Smith

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 office located in Des Moines, Iowa. 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	248	29		30	30			337	5
Village on the Green	204	38		2	58			302	5
Total	2,659	184	174	292	484	53	90	3,936	

* The CMS 5-Star ratings are as of April 27, 2020.

Change in units from December 31, 2019

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

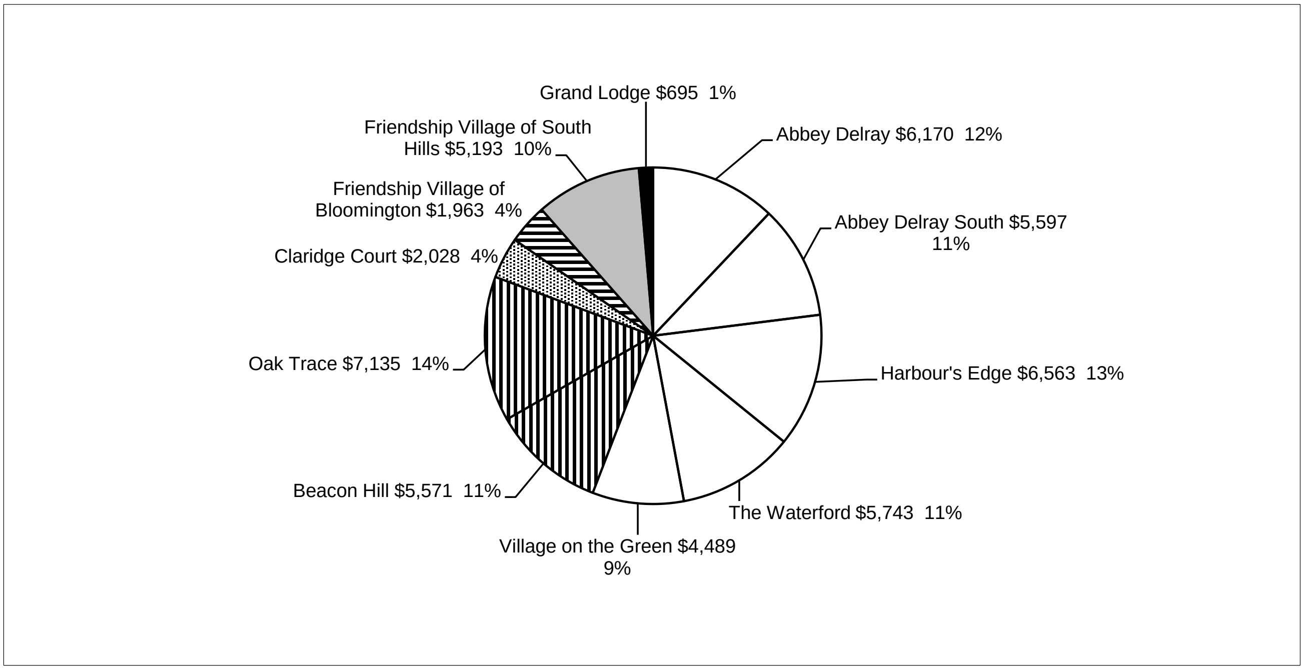
Lifespace Communities, Inc.
Average Occupancy of the Communities

Community	2017			2018			2019				Twelve months ended March 31, 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 (c)	77.8%	90.7%	100.0%	72.8%	91.2%	85.7%	71.6%	88.1%	85.7%	N/A	71.4%	87.8%	77.6%	20.0%
Abbey Delray South, FL	87.3%	89.2%	N/A	85.6%	88.7%	N/A	80.6%	82.9%	N/A	N/A	80.2%	83.8%	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	94.1%	94.4%	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	88.5%	90.6%	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%	85.9%	88.6%	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%	94.5%	92.0%	24.9%	28.0%
Grand Lodge, NE	92.7%	N/A	90.0%	92.7%	N/A	100.0%	92.7%	N/A	90.0%	N/A	90.6%	NA	91.9%	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	89.4%	91.8%	NA	NA
Oak Trace, IL (a)	86.7%	79.4%	77.4%	91.2%	63.5%	66.0%	88.6%	78.9%	72.1%	43.8%	85.5%	84.7%	80.0%	43.7%
The Waterford, FL	87.2%	96.2%	N/A	87.1%	94.0%	N/A	90.0%	96.3%	N/A	N/A	89.4%	96.4%	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	83.3%	93.5%	NA	NA
Obligated Group	89.5%	89.1%	84.5%	89.2%	87.2%	80.0%	88.0%	88.7%	76.7%	38.1%	87.3%	89.6%	75.3%	36.4%

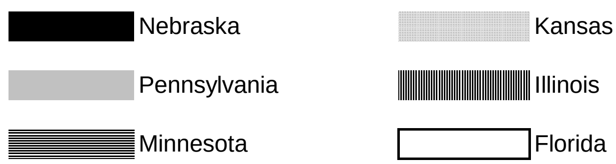
(a) The new health center, assisted living and memory support opened in June 2019.
(b) The new assisted living and memory support opened in November 2019.
(c) The new assised living and memory support opened in February 2020.

	Three months ended March 31, 2019			Three months ended March 31, 2020			
	Living Units	Health Center	ALUs	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL	71.6%	94.7%	92.9%	71.8%	93.9%	42.8%	20.0%
Abbey Delray South, FL	81.7%	84.7%	NA	79.7%	88.4%	NA	NA
Beacon Hill, IL	94.7%	92.1%	NA	94.2%	95.9%	NA	NA
Claridge Court, KS	91.5%	87.8%	NA	88.9%	90.4%	NA	NA
Friendship Village of Bloomington, MN	97.3%	89.5%	86.8%	97.3%	90.6%	87.9%	NA
Friendship Village of South Hills, PA	95.5%	94.7%	NA	92.1%	87.0%	36.1%	38.6%
Grand Lodge, NE	93.6%	NA	100.0%	87.1%	NA	90.2%	NA
Harbour's Edge, FL	91.7%	94.1%	NA	89.8%	95.7%	NA	NA
Oak Trace, IL	93.9%	72.4%	66.0%	82.5%	90.7%	96.8%	51.4%
The Waterford, FL	90.8%	96.2%	NA	89.9%	97.1%	NA	NA
Village on the Green, FL	83.9%	92.5%	NA	83.0%	94.0%	NA	NA
Obligated Group	89.2%	88.8%	80.0%	86.9%	92.2%	71.9%	39.8%

Comparative Analysis of Gross Revenues
Three Months Ended March 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

Payer	Year-ended 2017	Year-ended 2018	Year-ended 2019	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020
Lifecare	20.8%	18.0%	16.6%	16.7%	14.9%
Private Pay	21.5%	22.0%	23.8%	22.8%	22.9%
Medicare	44.4%	43.7%	42.4%	43.3%	45.2%
Medicaid	8.8%	10.2%	11.3%	9.4%	10.5%
Other	4.5%	6.1%	5.9%	7.8%	6.5%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	799	799	786	799	776
Year-To-Date Average Occupancy Percentage	89.1%	87.2%	88.7%	88.8%	92.2%

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

	2020	**2019**
Assets		
Current Assets:		
Cash and Cash Equivalents	$569	$1,769
Investments	120,338	124,506
Accounts Receivable	16,718	14,356
Inventories	1,082	1,088
Prepaid Insurance & Other	2,965	2,764
Assets whose use is limited	140,442	104,422
Total Current Assets	282,114	248,905
Assets whose use is limited	83,417	75,102
Property and equipment, at cost:		
Land and improvements	60,912	56,938
Buildings and improvements	924,754	846,156
Furniture and equipment	69,337	66,919
	1,055,003	970,013
Less accum. deprec.	(459,631)	(434,389)
Net property and equipment	595,372	535,624
Net goodwill	46,220	52,823
Net deferred assets	989	564
Net intangible assets	2,755	2,755
TOTAL ASSETS	$1,010,867	$915,773

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

	2020	2019
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$7,424	$5,255
Intercompany	2,718	2,467
	10,142	7,722
Accrued liabilities:		
Employee compensation expense	8,905	7,737
Interest	7,775	6,304
Property taxes	2,783	2,480
Other	2,522	3,495
	21,985	20,016
Entrance fee refunds	5,398	2,757
Reserve for health center refunds	32,684	35,491
Long-term debt due within one year	6,912	6,543
Obligation under cap lease due within one yr	646	394
Total current liabilities	77,767	72,923
Entrance fee deposits	12,479	5,601
Wait list deposits	1,807	2,217
Long-term debt due after one year	473,302	372,678
Obligation under cap lease due after one year	1,230	1,117
Deferred entrance fees	155,647	156,316
Refundable entrance and membership fees	398,230	386,464
Total liabilities	1,120,462	997,316
Net assets without donor restrictions	(109,595)	(81,543)
TOTAL LIABILITIES AND NET ASSETS	$1,010,867	$915,773

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

	2020	2019
Revenues		
Residential Living Fees	$31,671	$31,335
Entrance fees earned/cancellation penalties	7,410	7,604
Skilled nursing, assisted living and memory support fees, net	24,155	19,907
Investment Income	(12,089)	10,902
	51,147	69,748
Expenses		
Operating expenses:		
Salaries and benefits	28,541	25,891
General and administrative	12,720	11,627
Plant operations	3,512	3,450
Housekeeping	381	352
Dietary	6,063	5,729
Medical and other resident care	2,336	2,348
Depreciation	10,440	9,857
Amortization	1,375	75
Interest	3,114	1,293
Loss on disposal of fixed assets	125	255
	68,607	60,877
Excess (deficit) of revenues over expenses	(17,460)	8,871
Contributions to Lifespace Communities, Inc.	(136)	(201)
Changes in net assets	(17,596)	8,670
Net assets at beginning of year	(91,999)	(90,213)
Net assets at end of the period	($109,595)	($81,543)

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

Operating activities	**2020**	**2019**
Changes in unrestricted net assets	($17,596)	$8,670
Adjustments to reconcile changes in net asset to net cash used in operating activities:		
Entrance fees earned	(7,406)	(7,603)
Proceeds from nonrefundable entrance fees and deposits	4,316	5,458
Refunds of entrance fees	(1,030)	(1,789)
Depreciation and Amortization	11,815	9,932
Amortization of Financing Costs	103	106
Net accretion of original issue premium/discounts	(329)	(303)
Change in unrealized (apprec) depreciation of investments	13,083	(9,337)
Net sales of trading investments	13,521	24,352
Contributions to Lifespace Communities, Inc.	136	201
Loss on disposal of property and equipment	125	255
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(3,209)	11
Accounts payables and accrued liabilities	(137)	(17,238)
Net cash provided in operating activities	13,392	12,715
Investing activities		
Purchases of property and equipment	(13,194)	(11,540)
Financing activities		
Repayment of long-term debt	(1,053)	(1,065)
Contributions to Lifespace Communities, Inc.	(136)	(201)
Payments on Finance Leases	(27)	(98)
Proceeds from refundable entrance fees and deposits	6,928	7,598
Refunds of entrance fees	(9,062)	(11,537)
Net cash used in financing activities	(3,350)	(5,303)
Net decrease in cash and cash equivalents	(3,152)	(4,128)
Cash and cash equivalents at beginning of year	3,721	5,897
Cash and cash equivalents at end of period	$569	$1,769

Three Months Ended March 31, 2020 versus Three Months Ended March 31, 2019:

The average year-to-date residential living occupancy at March 31, 2020, was 2,471 residential living homes (86.9% of the 2,843 average available homes). The average year-to-date occupancy at March 31, 2019 was 2,544 residential living homes (89.2% of the 2,853 average available homes). The decrease in average available homes from March 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 was one community that 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 \$31,671,000 in 2020, a 1.1% increase over the \$31,335,000 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 \$24,155,000 in 2020 compared to \$19,907,000 in 2019, an increase of 21.3%. 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.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$53,553,000 in 2020, an increase of \$4,156,000 or 8.4% from comparable expenses of \$49,397,000 in 2019. Salaries and benefits increased \$2,650,000 or 10.2% as a result of annual merit and market adjustments, filling positions that are necessary as the redevelopment projects have opened for several communities, increased staffing for home health with more utilization and higher benefit and tax costs of \$670,000. General and administrative expense increased \$1,093,000 or 9.4% due to increases in application and software expense of \$310,000, marketing expenses of \$327,000, and consulting/outsourcing services of \$271,000. Plant operations increased \$62,000 or 1.8% as a result of higher outsourcing services compared to the same period in 2019. Dietary costs increased \$334,000 or 5.8%, which is in line with the budget.

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. While the costs were minimal in the first quarter, Lifespace expects these costs to increase as the pandemic continues, but is unable to estimate those additional costs.

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

Three Months Ended March 31, 2019 versus Three Months Ended March 31, 2018:

The average year-to-date residential living occupancy at March 31, 2019, was 2,544 residential living homes (89.2% of the 2,853 average available homes). The average year-to-date occupancy at March 31, 2018 was 2,563 residential living homes (89.1% of the 2,875 average available homes). The decrease in average available homes from March 31, 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 $31,335,000 in 2019, a 3.3% increase over the $30,332,000 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 taking apartments out of service due to redevelopment.

Revenues from the health center and assisted living, net of contractual allowances and pass-through therapy expenses were $19,907,000 in 2019 compared to $19,610,000 in 2018, an increase of 1.5%. This increase is the result of the monthly fee increases effective January 1, 2019, which is offset by a decrease in occupancy and a change in payor mix.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $49,397,000 in 2019, an increase of $2,201,000 or 4.7% from comparable expenses of $47,196,000 in 2018. Salaries and benefits increased $1,516,000 or 6.2% as a result of annual merit and market adjustments, filling positions that were open in first quarter 2018, and higher benefit costs of $303,000. General and administrative expense increased $529,000 or 4.8%. Approximately $603,000 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 $140,000 or 4.2% as a result of higher building repairs and maintenance compared to the same period in 2018. Dietary costs increased $248,000 or 4.5% due to inflation on food costs. Medical and other resident care expenses decreased $264,000 or 10.1% due to lower occupancy levels and lower agency costs than the prior period.

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

Three Months Ended March 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			
Residential Living Fees	$31,671	$32,728	($1,057)
Skilled nursing, assisted living and memory support fees, net	24,155	23,002	1,153
	55,826	55,730	96
Expenses			
Operating expenses:			
Salaries and benefits	28,541	29,174	633
General and administrative	12,720	12,455	(265)
Plant operations	3,512	3,701	189
Housekeeping	381	379	(2)
Dietary	6,063	6,104	41
Medical and other resident care	2,336	2,709	373
	53,553	54,522	969
Net operating margin	2,273	1,208	1,065
Net entrance fees	1,152	14,767	(13,615)
Capital expenditures, financed with bond proceeds	8,587	13,620	5,033
Capital expenditures, routine	4,607	9,256	4,649

Net operating margin is favorable to budget by $1,065,000.

Residential living fees are unfavorable to budget by $1,057,000, which is primarily driven by fewer closings resulting in fewer processing fees. The budget for the three months ended March 31, 2020 had 68 closings compared to the actual closings of 43. In addition, the year-to-date average residential living occupancy is 86.9% while the budget is 87.4%.

Skilled nursing, assisted living and memory support fees are favorable to budget by $1,153,000 due to higher occupancy in the health center than budgeted. The average year-to-date health center occupancy is 92.2% compared to a budget of 91.2%.

Salaries and benefits are $633,000, or 2.2%, favorable to budget due to staffing to lower occupancy levels and the delayed opening of the redevelopments.

General and administrative expense is unfavorable to budget by $265,000, or 2.1%. Marketing costs for the redevelopment projects are recorded in general and administrative expense. These costs are unfavorable to budget of $98,000, as some of the costs incurred in 2020 were expected to occur in 2019. In addition, real estate taxes are $91,000 higher than budgeted.

Plant operations expense is favorable to budget by $189,000, or 5.1% as a result of lower utilities along with repairs and maintenance.

Medical and other resident care is favorable to budget by $373,000, or 13.8%. 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 $13,615,000. As mentioned earlier, the budget for the three months ended March 31, 2020 had 68 closings compared to the actual closings of 43. In addition, approximately $5,824,000 in refunds was paid in the three months ended March 31, 2020 where there was no corresponding entrance fee received. These refunds consist of approximately $3,340,000 paid in 2020 for prior year closings, approximately $2,117,000 in refunds for residents who passed away that were permanently assigned to higher levels of care (and the apartment had previously been resold), approximately $178,000 in refunds for satisfaction guarantees, and approximately $189,000 as a result of taking townhomes out of service for the redevelopment projects. There was deferral of entrance fees of $923,000 in 2020 which contributed to the negative impact on net entrance fee cash flow.

Capital expenditures financed with bond proceeds are approximately $5,033,000 less than budgeted. This is the result of timing and the reevaluation of one project. Approximately $4,649,000 less was spent on routine capital expenditures than budgeted. This is the result of timing.

Ratios:

The Net Operating Margin Ratio increased from 3.6% at March 31, 2019 to 4.1% at March 31, 2020. The Net Operating Margin Ratio, Adjusted Ratio increased from 3.2% at March 31, 2019 to 6.3% at March 31, 2020. Both ratios are below the benchmark for the periods presented. The annual debt service coverage ratio was 0.9 times at March 31, 2019 and 2020, which is below the benchmark. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the increase 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 three months ended March 31, 2020 to the same period in 2019. Excluding the unrealized gain/loss, investment income represents a decrease of $571,000, which impacts the debt service coverage ratio in a negative manner. The following chart shows the components of investment income in thousands of dollars.

	March 31, 2020	March 31, 2019
Interest and Dividend Income	$1,181	$1,140
Realized Gain/(Loss)	(187)	425
Unrealized Gain/(Loss)	(13,083)	9,337
Total	($12,089)	$10,902

The Adjusted Debt to Capitalization increased from 83.5% at March 31, 2019 to 91.2% at March 31, 2020. Both periods are above the benchmark.

Liquidity and Capital Requirements – Three Months Ended March 31, 2020 versus Three Months Ended March 31, 2019:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds, were $1,152,000 for the three month ended March 31, 2020 compared to ($270,000) for the same period in 2019. As mentioned previously, in the three months ended March 31, 2020 approximately $5,824,000 in refunds had been issued with no corresponding entrance fee and $8,217,000 for the same period in 2019. In addition, deferral on entrance fees were $923,000 for the three months ended March 31, 2020 and entrance fee deferrals received of $1,241,000 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 which had a positive impact on net entrance fees.

Daily operating expenses for 2020 increased to $617,000 from $556,000 in 2019, an increase of 11.0%. The overall unrestricted cash position decreased from $156,446,000 at March 31, 2019 to $153,119,000 at March 31, 2020, a change of 2.1%. The Days Cash on Hand Ratio decreased from 281 days at March 31, 2019 to 248 days at March 31, 2020.

Capital expenditures for the communities for the three months ended March 31, 2020 were $13,194,000, while depreciation expense for the same period was $10,440,000. The five redevelopment projects mentioned below account for $8,587,000 of this year-to-date 2020 expenditure balance. Capital expenditures for the communities for the three months ended March 31, 2019 were $11,540,000, while depreciation expense for the same period was $9,857,000. As stated below, the five redevelopment projects account for $5,089,000 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 March 31, 2020, no amounts have been drawn on this line.

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 April 30, 2020 has received reservation deposits on 58% of the apartments. Due to the lack of reservation deposits, as well as the added impacts of the COVID-19 pandemic, Lifespace has 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 2021 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	(184,667)
Series 2018 and 2019 Bond Project Funds Available	(121,487)
Future Financing and Internal Cash Needs	115,627

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. Proceeds for this project will be borrowed in future financings.

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 March 31, 2020, the Obligated Group has not paid any debt service payments however will pay $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 1.0 times to 0.9 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 $)

	Three Months Ended March 31 (Unaudited)		Year Ending December 31 (Audited)		
Historical Debt Service Coverage	**2020**	**2019**	**2019**	**2018**	**2017**
Excess (deficit) of revenues over expenses	(17,460)	8,871	1,111	(12,321)	8,236
Less:					
Entrance fees earned	(7,406)	(7,603)	(29,664)	(32,400)	(32,281)
First time entrance fees received	0	0	0	0	(240)
Initial redevelopment entrance fee deposits	170	59	(7,653)	(4,367)	(385)
Add:					
Depreciation	10,440	9,857	42,081	38,983	35,877
Amortization	1,375	75	5,443	116	270
Interest Expense	3,114	1,293	6,428	5,507	4,825
Expenses paid by long-term debt issuances	525	630	2,305	2,036	833
Unrealized (gain) loss on securities	13,083	(9,337)	(14,377)	15,104	(5,685)
Realized loss on sale of assets	125	255	2,917	941	1,238
Entrance fee proceeds (less refunds)	1,152	(270)	44,922	38,424	27,751
Income available for debt service	5,118	3,830	53,513	52,023	40,439
Annual debt service payment	22,869	17,934	17,934	13,870	12,008
Annual debt service coverage (b)(c)(d)(e)	0.9	0.9	3.0	3.8	3.4
Maximum annual debt service payment	29,677	29,479	29,479	25,138	15,648
Maximum annual debt service coverage (d)(e)	0.7	0.5	1.8	2.1	2.6
Cash to Debt					
Unrestricted cash and investments (a)	153,119	156,446	172,781	160,055	168,377
Debt service reserve fund	34,831	34,263	34,165	33,909	17,746
	187,950	190,709	206,946	193,964	186,123
Bonds outstanding long-term	473,302	372,678	474,699	373,993	210,348
Annual debt service	22,869	17,934	17,934	13,870	12,008
Maximum annual debt service	29,677	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	8.2	10.6	11.5	14.0	15.5
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	6.3	6.5	7.0	7.7	11.9
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	56,142	50,060	208,182	198,052	191,442
Daily expenses	617	556	570	543	524
Days of unrestricted cash & investments on hand (b)(c)(d)	248	281	303	295	321
Other Ratios					
Net operating margin (c)(d)(f)	4.1%	3.6%	1.9%	2.7%	3.0%
Net operating margin, adjusted (c)(d)(f)	6.3%	3.2%	16.8%	16.8%	15.1%
Adjusted debt to capitalization (c)(d)(f)	91.2%	83.5%	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 March 31, 2020, without the inclusion of the Deerfield 2020 guarantee payments of $2,457, ratios would be annual debt service coverage of 1.0 times and maximum annual debt service would 0.8 times.

(f) Ratios for the year ended December 31, 2017 and forward reflect the retroactive change in accounting standards. Since redevelopment marketing expenses are paid for by bond funds, they do not impact the days cash on hand or debt service coverage ratios per the bond documents.

Excluding expenses paid by long-term debt issuances, ratios would be as follows:

Net operating margin	5.0%	4.8%	3.0%	3.7%	3.5%
Net operating margin, adjusted	7.2%	4.4%	17.7%	17.7%	15.4%
Adjusted debt to capitalization	91.2%	83.4%	87.2%	84.2%	72.5%