VIVERE COMMUNITIES INC.
BUSINESS ACQUISITION REPORT
June 24, 2019

1. Identity of the Company

1.1. Name and Address of Company

ViveRE Communities Inc. (the "**Issuer**")
1969 Upper Water Street, Suite 2108
Purdy's Wharf Tower II
Halifax, NS
B3J 3R7

1.2. Executive officer:

Glenn Holmes, CPA, CA
Chief Financial Officer
Telephone: (902) 446-2000

2. Details of Acquisition

2.1. Nature of Business Acquired

The Issuer has acquired Village View No. 2 Limited Partnership, a limited partnership formed under the laws of the Province of New Brunswick ("**VV2LP**"), whose sole asset is a multi-family rental property located at 50 Noel Avenue, Saint John, New Brunswick (**"Noel Property**").

Noel Property is a high quality, 2016 built, 42-unit, multi-family rental property residence geared towards the over 55 year old demographic. It is located in the growing St. John, NB sub-market of Millidgeville, and adjacent to the Issuer's existing property located at 41 Noel Avenue.

2.2. Date of Acquisition

VV2LP was acquired on April 11, 2019.

2.3. Consideration

The Issuer acquired all of the general partner and limited partner interests of VV2LP for a purchase price of $7,900,000 subject to customary adjustments, which was paid with; (i) the assumption of the approximately $5.34 million existing 2.55% APR (annual percentage rate) Noel Property mortgage, maturing September 2026 with respect to the Noel Property, (ii) the issuance of 1,000,000 common shares of the Issuer to the vendors at a price of $0.20 per common share, and (iii) the balance of $2.36 million in cash.

2.4. Prior valuations

The Issuer obtained an independent appraisal report on the market value of the Noel Property from Altus Group Limited (the "**Appraiser**"). The appraisal has been prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada.

Based on the appraisal, the estimated market value of the property as at January 18, 2019 is $7,900,000. The appraisal is based on various assumptions of future expectations. In determining the estimated market value, the Appraiser assigned the greatest weighting to the Income Approach given that the subject property is an investment property.

2.5. Parties to the transaction

The transaction was not with an informed person, associate or affiliate of the Issuer.

2.6. Date of Report

June 24, 2019

2.7. Financial Statements

1. Audited financial statements for Village View No. 2 Limited Partnership, the notes thereto and the auditor's report thereon as at and for the year ended September 30, 2018, including audited financial statements as at and for the year ended September 30, 2017 are attached as Appendix A.

2. Reviewed financial statements for Village View No. 2 Limited Partnership as at and for the interim period ended January 31, 2019 are attached as Appendix B.

The Issuer has not requested or obtained the consent of the auditors of the above noted financial statements and reports, to include or incorporate by reference their audit reports in this business acquisition report.

Appendix A

Audited financial statements for Village View No. 2 Limited Partnership, the notes thereto and the auditor's report thereon as at and for the year ended September 30, 2018, including audited financial statements as at and for the year ended September 30, 2017

Audited Financial Statements of

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP

September 30, 2018

BEERSNEAL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

BEERSNEAL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

53 King Street, Suite 301
Saint John, NB
E2L 1G5
Tel: 506.632.9020
Fax: 506.632.9030

Independent Auditors' Report

To the Partners of Village View No.2 Limited Partnership

We have audited the accompanying financial statements of Village View No.2 Limited Partnership, which comprise of the statement of financial position as at September 30, 2018 and September 30, 2017, and and the statements of loss and comprehensive loss and statement of changes in partners' equity and cash flows for the years ended September 30, 2018 and September 30, 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village View No.2 Limited Partnership as at September 30, 2018 and September 30, 2017 and its financial performance and cash flows for the years ended September 30, 2018 and September 30, 2017.

Beers Neal LLP

Chartered Professional Accountants

December 17, 2018

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Statement of Financial Position
as at September 30, 2018

		2018		2017
CURRENT ASSETS				
Cash	$	**17,210**	$	14,394
Prepaids		**242,346**		245,309
		259,556		259,703
INVESTMENT PROPERTY (Note 5)		**5,102,651**		5,310,448
EQUIPMENT (Note 6)		**98,789**		123,487
DUE FROM GENERAL PARTNER (Note 7)		**2,847**		2,847
DUE FROM LIMITED PARTNERS (Note 9)		**76,508**		76,508
DUE FROM VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP (Note 10)		**336,375**		335,275
	$	**5,876,726**	$	6,108,268
CURRENT LIABILITIES				
Payables	**$**	**28,500**	$	18,113
Current portion of long-term debt (Note 8)		**5,423,565**		170,460
		5,452,065		188,573
LONG-TERM DEBT (Note 8)		**-**		5,421,449
DUE TO VILLAGE VIEW NO. 3 LIMITED PARTNERSHIP (Note 11)		**151,781**		168,781
		5,603,846		5,778,803
PARTNERS' EQUITY		**272,880**		329,465
	$	**5,876,726**	$	6,108,268

Note 14

APPROVED ON BEHALF OF THE PARTNERSHIP:

_____________________________ Partner

_____________________________ Partner

BEERSNEAL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Statement of Changes in Partners' Equity
year ended September 30, 2018

	General Partners Units	Limited Partners Units	Deficit	Total 2018
TOTAL PARTNERS' EQUITY BALANCE, BEGINNING OF YEAR	$ 33	$ 605,100	$ (275,668)	$ 329,465
Net loss for the year	-	-	(56,585)	(56,585)
TOTAL PARTNERS' EQUITY BALANCE, END OF YEAR	$ 33	$ 605,100	$ (332,253)	$ 272,880

	General Partners Units	Limited Partners Units	Deficit	Total 2017
TOTAL PARTNERS' EQUITY BALANCE, BEGINNING OF YEAR	$ 33	$ 125,100	$ (137,638)	$ (12,505)
Capital contributions	-	480,000	-	480,000
Net loss for the year	-	-	(138,030)	(138,030)
TOTAL PARTNERS' EQUITY BALANCE, END OF YEAR	$ 33	$ 605,100	$ (275,668)	$ 329,465

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Statement of Loss and Comprehensive Loss
year ended September 30, 2018

	2018	2017
Revenue	$ 632,071	$ 644,975
Expenses		
Advertising and promotion	-	293
Amortization	232,495	247,360
Commission	7,763	1,840
General insurance	14,272	13,690
Interest and bank charges	689	3,633
Interest on long-term debt	139,992	143,903
Lease expense	-	18,562
Licences, fees and dues	302	9,716
Management fees	46,380	4,600
Mortgage insurance	26,044	26,044
Office and miscellaneous	4,522	2,484
Professional fees	20,334	26,751
Property taxes	73,049	89,825
Realtor fees	21,758	17,500
Repairs and maintenance	30,974	53,157
Supplies	2,014	1,509
Telephone	3,752	3,693
Utilities	61,380	62,706
Wages and benefits	2,936	55,739
	688,656	783,005
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$ (56,585)	$ (138,030)

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Statement of Cash Flows
year ended September 30, 2018

	2018	2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Other comprehensive loss for the year	$ (56,585)	$ (138,030)
Items not affecting cash:		
Amortization - investment property	232,495	247,360
Amortization - finance fees	2,116	2,116
	178,026	111,446
Changes in non-cash operating working capital items:		
Prepaids	2,963	(208,909)
Payables	10,387	(957,050)
	191,376	(1,054,513)
FINANCING		
Advances from limited partners and other related parties	-	10,343
Advances (to) Village View No. 1 Limited Partnership	(1,100)	-
Advances (to) from Village View No. 3 Limited Partnership	(17,000)	168,781
Proceeds of long-term debt	-	5,728,579
Repayment of long-term debt	(170,460)	(5,304,837)
Capital contributions	-	480,000
	(188,560)	1,082,866
INVESTING		
Purchases of investment property and equipment	-	(52,730)
NET CASH INFLOW (OUTFLOW)	2,816	(24,377)
CASH POSITION, BEGINNING OF YEAR	14,394	38,771
CASH POSITION, END OF YEAR	$ 17,210	$ 14,394

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Village View No. 2 Limited Partnership (the "Partnership") was formed on November 14, 2013 under the laws of the Province of New Brunswick. The Partnership's head office is located in Saint John, New Brunswick.

The Partnership has one general partner, SBLS Holdings Inc., and three limited partners, 621946 N.B. Inc., Residential Investors and Developers Ltd., and Anron Inc. SBLS Holdings Inc. holds 33 general partnership units, 621946 NB Inc. holds 125,100 limited partnership units, Residential Investors and Developers Ltd. and Anron Inc. hold 20,634 limited partnership units each. The Partnership shall pursue its activities for an unlimited term, unless otherwise dissolved.

The Partnership was formed to carry on the business of developing and leasing investment property.

The financial statements were approved by Management on December 17, 2018.

2. FUTURE CHANGES IN ACCOUNTING STANDARDS

Leases

In January 2016, the IASB published a new standard - IFRS 16 *Leases* ("IFRS 16"). The new standard brings most leases to the balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. The Partnership does not expect IFRS 16 to have a significant effect on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The Partnership has adopted accounting policies which are based on the IFRS applicable as at September 30, 2018, and includes individual IFRS and International Accounting Standards (IAS).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Partnership's functional and presentation currency is the Canadian dollar. These financial statements are presented in Canadian dollars.

The financial statements reflect the financial position and financial performance of the Partnership and do not include other assets, liabilities, revenue and expenses of the partners.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash includes bank deposits, cash on hand and short-term deposits with an initial maturity of less than three months.

Investment Property

Investment property includes a multi-family residential property held to earn rental income. The Partnership considers its income property to be investment property under IAS 40 *Investment Property* ("IAS 40"), and has chosen the cost model to account for its investment property in the financial statements. Investment property is measured initially at cost, including transaction costs. Transaction costs include deed transfer taxes and various professional fees. Investment property is amortized using the declining balance method at a rate of 4% per annum.

Equipment

Equipment is stated at historical cost less accumulated amortization and consists mainly of appliances, office furniture and equipment, fitness equipment and model unit furniture.

Amortization of equipment is calculated on components that have homogeneous useful lives by using the declining balance method so as to amortize the initial cost down to the residual value at a rate of 20% per annum.

Useful lives, residual values and amortization methods are reviewed at the end of each fiscal year. Such a review takes into consideration the nature of the assets, their intended use and technological changes. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "other operating income and expenses" in net income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of the those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period incurred.

Financial instruments

Initial recognition and subsequent measurement

Financial instruments must be classified into one of the following specified categories: at fair value through profit or loss ("FVTPL"), held to maturity investments, available-for-sale ("AFS") financial assets, loans and receivables and other financial liabilities. The Partnership classifies its financial instruments as follows:

Cash, receivables and the amount due from general partner are classified as loans and receivables, are initially accounted for at fair value and subsequently measured at amortized cost which includes adjustments for any allowance for doubtful accounts, with allowances reported in bad debt expense.

Trade payables are classified as other financial liabilities and are initially recorded as fair value and subsequently recorded at amortized cost using the effective interest rate method, with realized gains and losses reported in income.

Long-term debt, the demand loan and the amounts due to related parties are classified as other financial liabilities and are initially recorded at fair value, net of transaction costs and subsequently recorded at amortized cost using the effective interest rate method, with the effective interest rate amortization and realized gains and losses reported in net income.

Transaction costs related to loans and receivables and other liabilities, measured at amortized cost, are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

The effective interest rate method discounts estimated future cash payments or receipts through the expected life of a financial instrument, thereby calculating the amortized cost and subsequently allocating the interest income or expense over the life of the instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

The carrying amounts of the Partnership's assets are reviewed at each reporting date to determine whether there is an indication of impairment. An asset may be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (i.e., an incurred "loss event") and if that loss event has an effect on the estimated future cash flows of the financial asset. If an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

Financial assets

The Partnership maintains an allowance for doubtful accounts on receivables if required. The estimate is based on the best assessment of the collectability of the related receivable balance based in part on the age of the outstanding receivables and on the Partnership's historical collection and loss experience. When the carrying amount of the receivables is reduced through the allowance, the reduction is recognized in bad debt expense in the statement of income.

Non-financial assets

For non-financial assets such as investment property and equipment, the recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing the value in use, the estimate future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with an impairment loss recognized immediately in net income.

Related parties

In the normal course of operations, the Partnership enters into various transactions on market terms with related parties, which have been measured at their exchange value and are recognized in the financial statements. Related party transactions are further disclosed in Notes 7, 9, 10, 11 and 13.

Revenue recognition

Rental income from investment properties is recognized on a straight-line basis over the lease term. The Partnership has not transferred substantially of the benefits and risks of ownership of its rental properties, and therefore accounts for leases with tenants as operating leases.

Interest income is recognized as earned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income taxes are the responsibility of the partners and not the Partnership. Accordingly, no provision for income taxes have been recorded in the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

The Partnership's accounting policy relating to investment property is described in Note 3. Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of it's life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

5. INVESTMENT PROPERTY

		Land		Building		Total 2018
Cost balance						
As at September 30, 2018	**$**	**130,060**	**$**	**5,472,437**	**$**	**5,602,497**
Accumulated amortization balance						
As at September 30, 2017	**$**	**-**	**$**	**292,048**	**$**	**292,048**
Amortization for the year		**-**		**207,798**		**207,798**
As at September 30, 2018	**$**	**-**	**$**	**499,846**	**$**	**499,846**
Net book value						
As at September 30, 2018	**$**	**130,060**	**$**	**4,972,591**	**$**	**5,102,651**

There were no additions or disposals during 2018.

The fair value of the investment property approximates $7,900,000 based on a recent purchase and sale agreement entered into with an arms-length party.

		Land		Building		Total 2017
Cost balance						
As at September 30, 2016	$	130,060	$	5,421,544	$	5,551,604
Additions		-		50,893		50,893
As at September 30, 2017		130,060		5,472,437		5,602,497
Accumulated amortization balance						
As at September 30, 2016	$	-	$	75,560	$	75,560
Amortization for the year		-		216,489		216,489
As at September 30, 2017	$	-	$	292,049	$	292,049
Net book value						
As at September 30, 2017	$	130,060	$	5,180,388	$	5,310,448

6. EQUIPMENT

		2018
Cost balance		
As at September 30, 2018		**165,252**
Accumulated amortization balance		
As at September 30, 2017		**41,766**
Amortization for the year		**24,697**
As at September 30, 2018		**66,463**
Net book value		
As at September 30, 2018	**$**	**98,789**

There were no additions or disposals during 2018.

		2017
Cost balance		
As at September 30, 2016	$	163,415
Additions		1,837
As at September 30, 2017		165,252
Accumulated amortization balance		
As at September 30, 2016		10,894
Amortization for the year		30,871
As at September 30, 2017		41,765
Net book value		
As at September 30, 2017	$	123,487

7. DUE FROM GENERAL PARTNER

The amount due from SBLS Holdings Inc., a general partner, is non-interest bearing and due on demand.

As the Partnership has agreed not to demand repayment, the amount has been excluded from current assets.

8. LONG-TERM DEBT

	2018	2017
First National mortgage payable, with an effective interest rate of 2.55%, repayable in monthly blended instalments of $25,901, matures September 2026, amortized to November 2041. This mortgage has been reduced by unamortized transaction costs totaling $16,931 (2017 - $19,047).	$ 5,423,565	$ 5,591,909
Less current portion	5,423,565	170,460
	$ -	$ 5,421,449

As security, the Partnership has provided a first priority mortgage and charge over the investment property and equipment located at 50 Noel Avenue, Saint John, New Brunswick with a net book value of $5,201,440, a first priority general assignment of rents and / or leases of the investment property, a first priority general security agreement over all present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the investment property and a guarantee and postponement of claim from directors and 621946 N.B. Inc. (Note 9) for the full amount of the loan.

The mortgage has been classified as current as the Partnership entered into an agreement to sell 100% interest in the Partnership to an arms-length buyer, which, under the mortgage agreement provides the lender with the right to accelerate the loan.

9. DUE FROM (TO) LIMITED PARTNERS AND OTHER RELATED PARTIES

	2018	2017
Due from 621946 N.B. Inc., a limited partner, is non-interest bearing and due on demand.	$ 91,909	$ 91,909
Due from Village View Suits Inc. Holdings Inc., a company owned by the directors, is non-interest bearing and due on demand.	956	956
Due from Stephen Brittain, director of the Partnership and 50% shareholder of 621946 N.B. Inc., is interest bearing at prime less 0.50% and is due on demand.	4,929	4,929
Due to Lee Seale, director of the Partnership and 50% shareholder of 621946 N.B. Inc., interest bearing at prime less 0.50% and is due on demand.	(21,286)	(21,286)
	$ 76,508	$ 76,508

As the Partnership has the right and intent to off-set the amounts due to directors against the amount due from 621946 N.B. Inc. and Village View Suits Inc., the balances have been off-set on the statement of financial position.

As the parties have agreed not to demand repayment, the amounts have been classified as long-term.

10. DUE FROM VILLAGE VIEW NO.1 LIMITED PARTNERSHIP

The amount due to Village View No.1 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

As Village View No.1 Limited Partnership has agreed not to demand repayment within the next twelve months, the amount has been classified as long-term.

11. DUE TO VILLAGE VIEW NO.3 LIMITED PARTNERSHIP

The amount due to Village View No.3 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

As Village View No.3 Limited Partnership has agreed not to demand repayment within the next twelve months, the amount has been classified as long-term.

12. FINANCIAL INSTRUMENTS AND RISKS

Management of capital risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners.

Management monitors capital throughout the year. The Partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Fair values

The Partnership's financial instruments consist of cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership and long-term debt.

The fair values of the Partnership's cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows relating to operations and its holding of cash and cash equivalents.

12. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk (continued)

The contractual maturities (including interest payments where applicable) of the Partnership's financial liabilities on an undiscounted basis as at September 30, 2018 are summarized below:

	1 year	1-5 years	6-10 years	> 10 years
Payables	$ 28,500	$ -	$ -	$ -
Long-term debt	174,834	745,369	1,071,299	3,448,994
	$ 203,334	$ 745,369	$ 1,071,299	$ 3,448,994

13. RELATED PARTY TRANSACTIONS

During the year, the Partnership had the following transactions with related parties:

Management fees of $41,803 (2017 - $4,600); professional fees of $2,760 (2017 - $nil); repair and maintenance expenses of $10,147 (2017 - $5,176) and commission expenses of $6,843 (2017 - $nil) charged by Seale Property Management.

Realtor fees of $21,757 (2017 - $17,500) charged by 667117 N.B. Inc.

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to the by the parties.

14. SUBSEQUENT EVENT

During the year the Partnership entered into an agreement to sell the 100% interest in the Partnership to an arms-length buyer for $7,900,000. The transaction is subject to normal closing activities, including due diligence, and has an expected closing date in January 2019.

Appendix B

Reviewed statements for Village View No. 2 Limited Partnership as at and for the interim period ended January 31, 2019

Unaudited Condensed Interim Financial Statements of

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP

January 31, 2019

BEERSNEAL PC
CHARTERED PROFESSIONAL ACCOUNTANTS

BEERSNEAL PC
CHARTERED PROFESSIONAL ACCOUNTANTS

53 King Street, Suite 301
Saint John, NB
E2L 1G5
Tel: 506.632.9020
Fax: 506.632.9030

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Partners of Village View No.2 Limited Partnership (the "Partnership")

We have reviewed the accompanying condensed statement of financial position of Village View No.2 Limited Partnership as at January 31, 2019, the condensed statements of loss and other comprehensive loss, changes in partners' equity and cash flows for the four-month period then ended, and notes to the interim financial statements. The Partnership is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review

Scope of review

We conducted our review in accordance with International Financial Reporting Standards (IFRS) performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Basis for conclusion

Interim condensed financial statements in compliance with IAS 34 are required to present comparative figures for the statement of financial position, loss and other comprehensive loss, changes in partners' equity and cash flows. These interim condensed financial statements have been prepared for a special purpose and do not present comparative figures on the statement of loss and other comprehensive loss, changes in partners' equity and cash flows. (Note 2).

Conclusion

Based on our review, except for the matter described in the Basis for conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the four-months ended January 31, 2019 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Beers Neal PC

Chartered Professional Accountants
Saint John, New Brunswick
March 6, 2019

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Condensed Statement of Financial Position
as at January 31, 2019
Unaudited

	2019	2018 September 30
CURRENT ASSETS		
Cash	$ -	$ 17,210
Prepaids	235,004	242,346
	235,004	259,556
DUE FROM GENERAL PARTNER	-	2,847
DUE FROM LIMITED PARTNERS	-	76,508
DUE FROM VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP	-	336,375
INVESTMENT PROPERTY (Note 5)	5,036,165	5,102,651
EQUIPMENT (Note 6)	92,203	98,789
	$ 5,363,372	$ 5,876,726
CURRENT LIABILITIES		
Payables	$ 11,378	$ 28,500
Current portion of long-term debt (Note 7)	5,366,484	5,423,565
	5,377,862	5,452,065
DUE TO VILLAGE VIEW NO. 3 LIMITED PARTNERSHIP	-	151,781
	5,377,862	5,603,846
PARTNERS' (DEFICIENCY) EQUITY	(14,490)	272,880
	$ 5,363,372	$ 5,876,726

Note 10

APPROVED ON BEHALF OF THE PARTNERSHIP:

____________________ Partner

____________________ Partner

BEERSNEAL PC
CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Condensed Statement of Changes in Partners' Equity
Four-month period ended January 31, 2019
Unaudited

	General Partners Units	Limited Partners Units	Deficit	Total 2019
TOTAL PARTNERS' EQUITY BALANCE, SEPTEMBER 30, 2018	**$ 33**	**$ 605,100**	**$ (332,253)**	**$ 272,880**
Partner withdraws	**(33)**	**(480,000)**	**-**	**(480,033)**
Capital contributions	**-**	**208,274**	**-**	**208,274**
Net loss for the period	**-**	**-**	**(15,611)**	**(15,611)**
TOTAL PARTNERS' DEFICIENCY BALANCE, JANUARY 31, 2019	**$ -**	**$ 333,374**	**$ (347,864)**	**$ (14,490)**

BEERSNEAL PC
CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP
Condensed Statement of Loss and Comprehensive Loss
Four-month period ended January 31, 2019
Unaudited

		2019
Revenue	$	215,240
Expenses		
Amortization		73,072
Commission		1,725
General insurance		3,264
Interest and bank charges		1,925
Interest on long-term debt		45,695
Licences, fees and dues		139
Management fees		7,876
Mortgage insurance		8,681
Office and miscellaneous		867
Professional fees		2,315
Property taxes		31,732
Realtor fees		8,050
Repairs and maintenance		23,950
Supplies		104
Telephone		539
Utilities		20,917
		230,851
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$	(15,611)

VILLAGE VIEW NO.2 LIMITED PARTNERSHIP

Condensed Statement of Cash Flows
Four-month period ended January 31, 2019
Unaudited

		2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Other comprehensive loss for the period	$	(15,611)
Item not affecting cash:		
Amortization		73,072
Amortization - finance fees		705
		58,166
Changes in non-cash operating working capital items:		
Prepaids		7,342
Payables		(17,122)
		48,386
FINANCING		
Advances from general partner		2,847
Advances from limited partners		76,508
Advances from Village View No. 1 Limited Partnership		336,375
Advances to Village View No. 3 Limited Partnership		(151,781)
Repayment of long-term debt		(57,786)
Partner withdraws		(480,033)
Capital contributions		208,274
		(65,596)
NET CASH OUTFLOW		(17,210)
CASH POSITION, SEPTEMBER 30, 2018		17,210
CASH POSITION, JANUARY 31, 2019	$	-

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

The Partnership was formed on November 14, 2013 under the laws of the Province of New Brunswick. The Partnership's head office is located in Saint John, New Brunswick.

The Partnership was formed to carry on the business of developing and leasing investment property.

The condensed financial statements were approved by the Partners on March 6, 2019.

2. BASIS OF PRESENTATION

These interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* except for the matter described in the basis for conclusion paragraph. These interim condensed financial statements are being issued to support the pending sale of the partnership units (note 10). The results of operations, changes in Partners' equity and cash flows for the four-month period ended January 31, 2018 were not reported. As a private, owner managed business, the Limited Partnership only prepared financial statements on an annual basis and as a result, the comparative amounts for the four-month period ended January 31, 2018 are not available. The results for this four-month were included in the annual results that were audited as at and for the year end ended September 30, 2018.

These interim condensed financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2018 audited financial statements for the year ended September 30, 2018. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Partnership's financial position and performance since the last annual financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Partnership has applied the same accounting policies and methods of computation in its interim condensed financial statements as its 2018 annual financial statements for the year ended September 30, 2018.

New standards and Interpretations effective for the first time for periods beginning on (or after) January 1, 2019 and other new or amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Partnership as they are either not relevant to the Partnership's activities or require accounting which is consistent with the Partnership's current accounting policies.

The preparation of these interim financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Partnership's functional and presentation currency is the Canadian dollar. These financial statements are presented in Canadian dollars.

The interim financial statements reflect the financial position and financial performance of the Partnership and do not include other assets, liabilities, revenue and expenses of the partners.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of it's life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

5. INVESTMENT PROPERTY

	Land	Building	Total 2019	Total 2018
				September 30
Cost	$ 130,060	$ 5,472,437	$ 5,602,497	$ 5,602,497
Accumulated amortization	-	566,332	566,332	499,846
Net book value	$ 130,060	$ 4,906,105	$ 5,036,165	$ 5,102,651

There were no additions or disposals during the period.

The fair value of the investment property approximates $7,900,000 based on a recent purchase and sale agreement entered into with an arms-length party.

6. EQUIPMENT

	2019	2018 September 30
Cost	$ 165,252	$ 165,252
Accumulated amortization	73,049	66,463
Net book value	$ 92,203	$ 98,789

There were no additions or disposals during the period.

7. LONG-TERM DEBT

	2019	2018 September 30
First National mortgage payable, with an effective interest rate of 2.55%, repayable in monthly blended instalments of $25,901, matures September 2026, amortized to November 2041. This mortgage has been reduced by unamortized transaction costs totaling $16,225 (September 30, 2018 - $16,931).	$ 5,366,484	$ 5,423,565
Less current portion	5,366,484	5,423,565
	$ -	$ -

There have been no material revisions to the security of the long-term debt as previously reported in the annual financial statements.

The mortgage has been classified as current as the Partnership entered into an agreement to sell 100% interest in the Partnership to an arms-length buyer, which, under the mortgage agreement provides the lender with the right to accelerate the loan.

8. FINANCIAL INSTRUMENTS AND RISKS

Management of capital risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners.

Management monitors capital throughout the year. The Partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

8 FINANCIAL INSTRUMENTS AND RISKS (continued)

Fair values

The Partnership's financial instruments consist of trade payables,and long-term debt.

The fair values of the Partnership's trade payables are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows relating to operations.

9. RELATED PARTY TRANSACTIONS

During the period, the Partnership had the following transactions with related parties:

Management fees of $7,145; repair and maintenance expenses of $4,107 and commission expenses of $1,725 charged by Seale Property Management.

Realtor fees of $8,050 charged by 667117 N.B. Inc.

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to the by the parties.

10. COMMITMENT

The Partnership entered into an agreement to sell the 100% interest in the Partnership to an arms-length buyer for $7,900,000. The transaction is subject to normal closing activities, including due diligence, and has an expected closing date in March 2019.