



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Background

This Management's Discussion and Analysis (MD&A) of ViveRE Communities Inc. ("ViveRE" or "the Company") is dated November 27, 2020, and should be read in conjunction the unaudited interim condensed consolidated audited financial statements and accompanying notes for the periods ended September 30, 2020 and September 30, 2019 and the audited financial statements and accompanying notes for the years ended December 31, 2019 and December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The common shares of ViveRE are traded on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "VCOM".

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively- forward-looking statements). ViveRE is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, ViveRE has assumed that the risks listed below will not adversely impact the business of ViveRE.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of ViveRE, that could influence actual results include, but are not limited to: limited operating history; operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of ViveRE.

Furthermore, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, ViveRE undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of ViveRE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Refer to the section titled "Risk and Uncertainties".

Company Overview

ViveRE Communities Inc. was incorporated on August 9, 2011 under the Canada Business Corporations Act. On August 23, 2018, the Company completed a change of business transaction whereby its business became the ownership and management of multi-unit residential real estate. The common shares of the Company are listed on the TSXV under the symbol "VCOM".

Description of Business and Strategy

As a real estate issuer, the Company plans to acquire recently built or refurbished, highly leased multi-residential properties in bedroom communities across Canada. The Company aims to satisfy the needs of the newly emerging 55+ resident. The demographic that has changed the world is now changing the way residential rental apartments cater to their requirements. Their desire for community, along with service and convenience amenities has led to the emergence of the Naturally Occurring Retirement Community or "NORC". Apartments are the next "home", after years of owning they look forward to the carefree lifestyle provided through renting in a community of their peers. ViveRE Communities Inc. intends to consolidate this emerging market niche. The Company has developed a robust pipeline of qualified properties for potential acquisition. Screening properties identified to match the criteria set out in the Company business plan (proximity to healthcare, amenities, services and shopping), management has identified a number of attractive targets for consideration by the Board. The Company intends to acquire a further 500 units in the coming twelve months.

ViveRE intends to introduce a menu of services that will enhance the living experience of the resident base. Today's active 55+ individual or family is interested in community and independence, and the properties that will attract like-minded residents. A lifestyle that eliminates the work and risk associated with a single-family home at a stage when the resident desires convenience and freedom. The 55+ demographic includes some 9.7 million Canadians. ViveRE intends to introduce third party supplied services such as housekeeping, wellness checks, pet care, grocery and dry cleaning delivery, information technology support, mobility vehicle parking and storage and other services which might enhance the lives of residents. Revenue from these services has the potential to enhance the operating profitability of a property beyond a traditional rental revenue model.

Property management will initially be handled by third party providers on a contract basis. A condo or hospitality style level of service is part of the business plan, with third party providers to be chosen with this level of service in mind.

Like other real estate companies, the Company expects to have a highly scalable business model where a small team can drive a large number of transactions. ViveRE plans to execute a growth strategy, quickly acquiring additional properties and the resulting revenue that will allow it to add management capacity. The Company believes that the properly managed execution of its growth strategy and careful attention to market participants will help create a successful publicly listed real estate company.

Significant Transactions for the Three Months Ended September 30, 2020

On August 31, 2020, the Company completed the acquisition of a seven-property multi-unit residential portfolio comprising 128 units in Moncton, N.B. ("McLaughlin Properties"). The McLaughlin Properties are located at 145-155 McLaughlin Road.

Vivere acquired the McLaughlin Properties for a purchase price of \$14,700,000, subject to customary adjustments at closing. Vivere satisfied the purchase price as follows; a mortgage in the amount of \$11,537,250; the issuance to the vendor of 5,681,818 common shares of the Company at a price of \$0.22 per share representing consideration of \$1,250,000; the issuance to the vendor of 2,500,000 warrants to acquire common shares of ViveRE at an exercise price of \$0.27 per common share for a term of 36 months from the closing date; and the balance of the purchase price paid in cash from the proceeds of a private placement of convertible debentures. Pursuant to the private placement financing, the Company issued secured convertible debentures ("McLaughlin Debentures") for gross aggregate proceeds of \$2,470,000. The McLaughlin Debentures have an aggregate par value of \$2,599,000, an annual interest rate of 7% payable semi-annually in cash, mature on September 15, 2022 and are secured by properties currently in the Company's portfolio. The McLaughlin Debentures are convertible at the holder's option into common shares of Vivere at a price of \$0.24 per share. If certain conditions are met the McLaughlin Debentures can be redeemed by the Company at par value plus accrued interest commencing February 28, 2022.

Events Subsequent to September 30, 2020

Subsequent to September 30, 2020, the Company entered into an agreement with Echelon Wealth Partners Inc. as lead agent and sole bookrunner (the “Agent”) for a syndicate of agents, and has filed a preliminary short form prospectus with the securities regulatory authorities in the provinces of Nova Scotia, New Brunswick, Newfoundland and Labrador, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Prince Edward Island (the “Offering”), pursuant to which the Company has agreed to issue, and the Agent has agreed to sell, on a “commercially reasonable best efforts” basis, up to \$7,500,000 of common shares (the “Shares”).

The Company has also agreed to grant the Agent an option (the “Over-Allotment Option”), exercisable in whole or in part at the sole discretion of the Agents, any time not later than the 30th day following the Closing Date (as defined below), to offer up to an additional 15% common shares (the “Over-Allotment Shares”) at the offering price for additional gross proceeds of up to \$1,125,000, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes.

The Shares and the Over-Allotment Shares are collectively referred to herein as the “Offered Shares” and the offering of the Offered Shares by Company is hereinafter referred to as the “Offering”. The closing of the Offering is anticipated to occur on December 9, 2020 or such other date as the Company and the Agents may agree (the “Closing Date”).

The Company intends to use a portion of the gross proceeds of the Offering to finance the acquisition of four multi-family properties (collectively the “Acquisitions”), one in Saint John, New Brunswick located at 51 Noel Avenue (the Noel Property”) and three in Moncton, New Brunswick, located at 2380 Mountain Road, 27 Edmond Street and 50 Maplewood Drive (“Mountain Road”, “Edmond Street” and “Maplewood”, respectively). The Noel Property is a high quality, 47 unit, multi-family building, constructed in 2018 with 34 underground parking spaces and is focused on the over 55 year old active living demographic. It is located adjacent to two of the Company’s existing properties located at 41 and 50 Noel Avenue. The purchase price for the Noel Property is \$11,250,000, subject to customary adjustments. The Mountain Road property is a high quality 64-unit multi-family building with 55 underground parking spaces, constructed in 2015 and also focused on the 55+ year-old active living demographic. The purchase price for Mountain Road is \$12,307,000, subject to customary adjustments. The Edmond Street property is an 18-unit multi-family building constructed in 2003. It is 100% occupied with 55+ residents. The purchase price for Edmond Street is \$1,841,500, subject to customary adjustments. The Maplewood Property is a 13-unit multi-family building constructed in 1995. It is 100% occupied with 55+ residents. The purchase price for Maplewood is \$1,151,500, subject to customary adjustments.

The Acquisitions are subject to customary closing conditions for transactions of this nature, including the receipt of required financing and all necessary third party (including lenders) consents and approvals. The Acquisitions are also subject to TSX Venture Exchange approval.

Following completion of the Acquisitions, the Company will own 19 buildings and over 530 units. In addition, the Company has an accessible near term pipeline of qualified properties with an aggregate value in excess of \$50,000,000 and is currently finalizing agreements with market leading service providers to provide additional conveniences for our residents.

Subsequent to September 30, 2020, the Board of Directors of the Company have approved an annual dividend of \$0.002 per common share to be paid quarterly commencing in the first quarter of 2021 conditional upon the successful completion of the Offering.

Selected Financial Information

ViveRE’s net loss for the nine month period ended September 30, 2020 was \$1,787,397 (\$0.03 per share) compared to a net loss of \$1,092,514 (\$0.03 per share) for the nine month period ended September 30, 2019. The following table contains selected financial information for the nine month period ended September 30, 2020, and the two most recently completed fiscal years.

	As at September 30, 2020 \$	As at December 31, 2019 \$	As at December 31, 2018 \$
Investment properties	53,518,438	18,209,620	5,228,432
Total assets	54,189,870	18,478,679	5,384,752
Convertible debentures – liability component	4,424,389	1,346,215	486,476
Mortgages payable, net of unamortized finance costs	38,022,718	12,239,301	3,252,582
Total liabilities	43,060,897	13,983,978	4,129,366
Shareholders' equity	11,128,973	4,494,701	1,255,386
Rental income	2,342,362	1,089,545	157,492
Net property operating income	1,351,192	625,177	96,925
Net loss	(1,787,397)	(1,406,304)	(691,936)
Net loss per share	(0.03)	(0.04)	(0.05)

Summary of Quarterly Operating Results

The following table presents the quarterly operating results for the Company for the last eight quarters:

Quarter ended	Sep 30, 2020 \$	June 30, 2020 \$	Mar 31, 2020 \$	Dec 31, 2019 \$	Sep 30, 2019 \$	June 30, 2019 \$	Mar 31, 2019 \$	Dec 31, 2018 \$
Rental revenue	1,005,499	849,794	487,068	423,403	288,095	265,447	112,600	111,050
Operating costs	437,471	373,372	180,326	194,890	121,065	98,555	49,858	46,338
Net property operating income	568,028	476,422	306,742	228,513	167,030	166,892	62,742	64,712
Administrative expenses								
Consulting fees	172,677	115,311	147,463	113,330	185,446	194,765	167,796	156,250
Insurance	2,063	5,118	6,826	(1,588)	12,163	4,340	4,364	6,456
Professional fees	35,604	18,256	31,071	25,285	-	25,962	11,380	2,300
Filing and other fees	9,704	(21,864)	44,312	18,952	21,982	17,666	12,605	11,569
Office and other	6,013	5,257	4,969	2,673	2,620	4,341	1,863	25,836
Stock-based compensation	13,500	572,000	-	-	-	-	20,000	-
Travel	-	-	-	7,423	10,304	5,155	-	3,625
	239,561	694,078	234,641	166,075	232,515	252,229	218,008	206,036
Finance costs								
Interest expense	272,210	244,272	138,915	144,551	105,624	106,976	71,725	72,128
Amortization expense	28,146	13,855	28,985	24,266	19,816	17,647	15,232	10,090
Accretion expense	169,332	135,513	143,705	115,333	86,140	74,731	64,832	34,781
	469,688	393,640	311,605	284,150	211,580	199,354	151,789	116,999
Depreciation expense	329,682	237,905	147,789	133,078	97,916	90,435	35,352	29,210
Other expenses (income)								
Loss on settlement of Bridge loans	-	80,000	-	-	-	-	-	-
	-	80,000	-	-	-	-	-	-
Net loss before income taxes	(470,903)	(929,201)	(387,293)	(354,790)	(374,981)	(375,126)	(342,407)	(287,533)
Deferred income tax recovery			-	41,000	-	-	-	236,000
Net income (loss) for the quarter	(470,903)	(929,201)	(387,293)	(313,790)	(374,981)	(375,126)	(342,407)	(51,533)
Basic and diluted net loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)

Results of Operations for the Three Months Ended September 30, 2020

The Company's net loss for the three month period ended September 30, 2020 was \$470,093 or \$0.01 per share compared to a net loss of \$374,981 or \$0.01 per share for the three month period ended September 30, 2019.

For the period ended September 30, 2020, the Company's investment properties generated gross rental income of \$1,005,499 (2019 – \$288,095) and net operating income of \$568,028 (2019 – \$167,030). Depreciation expense recorded for the period was \$329,682 (2019 – \$97,916). The increase in rental income and depreciation expense was directly related to the increase in number of units under ownership; 391 units at September 30, 2020 compared to 73 units at September 30, 2019.

General and administrative expenses for the period ended September 30, 2020 totaled \$239,561 compared to \$232,515 for the prior year.

Finance costs incurred for the period ended September 30, 2020 totaled \$469,688 (2019 - \$211,580) comprised of mortgage and convertible debenture interest expense of \$272,210 (2019 - \$105,624), accretion expense relating to the convertible debentures of \$169,332 (2019 – \$86,140) and amortization of mortgages and convertible debenture costs of \$28,146 (2019 – \$19,816). The increased finance costs in the current period were directly related to the increased amounts of convertible debenture and mortgage debt associated with acquisitions.

Results of Operations for the Nine Months Ended September 30, 2020

The Company's net loss for the nine month period ended September 30, 2020 was \$1,787,397 or \$0.03 per share compared to a net loss of \$1,092,514 or \$0.03 per share for the three month period ended September 30, 2019.

For the nine month period ended September 30, 2020, the Company's investment properties generated gross rental income of \$2,342,362 (2019 – \$666,142) and net operating income of \$1,351,192 (2019 – \$396,664). Depreciation expense recorded for the period was \$715,375 (2019 – \$223,703). The increase in rental income and depreciation expense was directly related to the increase in number of units under ownership; 391 units at September 30, 2020 compared to 73 units at September 30, 2019.

General and administrative expenses for the period ended September 30, 2020 totaled \$1,168,281 compared to \$702,753 for the prior year. During the period the Company incurred non-cash stock-based compensation expense of \$585,500 including the grant of 2,775,000 DSU's priced at \$0.24 for \$545,000 and the grant of 300,000 stock options with an exercise price of \$0.24 resulting in non-cash share based compensation of \$27,000. During the previous period ended September 30, 2019, the Company incurred non-cash stock-based compensation expense of \$20,000 relating to the grant of 200,000 stock options having an exercise price of \$0.12 per share. In determining the stock-based compensation expense, the fair value of options and DSU's issued is estimated based on the market value of common shares.

Finance costs incurred for the period ended September 30, 2020 totaled \$1,174,933 (2019 - \$562,722) comprised of mortgage and convertible debenture interest expense of \$655,397 (2019 - \$284,325), accretion expense relating to the convertible debentures of \$448,551 (2019 – 225,702) and amortization of mortgages and convertible debenture costs of \$70,985 (2019 – 52,695). The increased finance costs in the current period were directly related to the increased amounts of convertible debenture and mortgage debt associated with acquisitions.

Liquidity and Capital Resources

At September 30, 2020, the Company reported total current assets of \$671,432, total current liabilities of \$2,404,139 and a working capital deficiency of \$1,732,707.

During the three month period ended March 31, 2020, the Company raised subscription receipts of \$3,500,000 in connection with the acquisition of the Denaco Properties. Additionally, the 2018 convertible debentures (\$1,300,000) were converted into equity units, comprised of common shares and warrants to acquire common shares, and the Company secured bridge loan financing of \$150,000 and negotiated a \$75,000 operating line of credit from National Bank of Canada.

During the three month period ended June 30, 2020, the Company raised aggregate gross proceeds of \$1,700,000 from a units private placement which was used in part to fund the acquisition of 75 Emma St. Additionally the Company received \$60,000 from the exercise of warrants and \$24,000 from the exercise of stock options. The Company also secured a \$50,000 operating line of credit from the Bank of Montreal.

During the three month period ended September 30, 2020, the Company raised aggregate gross proceeds of \$2,470,000 from the issuance of debentures in connection with the acquisition of the McLaughlin Properties and received \$87,236 from the exercise of warrants.

At September 30, 2020, the total number of units under ownership was 391. The Company has a further 142 units under agreement (refer to Events Subsequent to September 30, 2020). Upon successfully closing the pending acquisitions the Company expects to generate cash flow from operations that will exceed its forecast financing and G&A costs.

The Company finances its operations through the net operating cashflow from its investment properties and the issuance of equity and convertible debt securities. Until such time as the Company has established sufficient cashflow from operations, it is dependent on raising additional funding through the issuance of equity and convertible debt securities in order to meet its ongoing operating requirements. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Compensation of directors and officers

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
	\$	\$
CEO – consulting fees	149,500	195,500
Executive VP – consulting fees	54,529	60,375
CFO – consulting fees	50,600	40,300
Secretary – consulting fees	22,760	40,730
	<u>277,389</u>	<u>336,905</u>

The Company has agreements with two of its officers whereby it has the option to pay consulting fees with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. During the nine month period, 17,045 shares were issued to an officer for payment of consulting fees of \$3,750.

Advisory services

Advisory services were provided during the period ended September 30, 2020 by a non-executive director and a corporation owned by two non-executive directors of the Company. The cost of these advisory services during the period was \$67,621 (September 30, 2019 – \$126,808).

The Company has agreements with the providers of the advisory services whereby it has the option to pay advisory fees with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. No such shares were issued during the period ended September 30, 2020.

Convertible debentures

For the period ended September 30, 2020, interest expense of \$178,957 (September 30, 2019 - \$117,690) was incurred in respect of the Convertible Debentures held by directors, either individually or through corporations they owned.

Outstanding Share Data

The Company has 80,736,074 common shares issued and outstanding at November 27, 2020.

The Company has 300,000 stock options outstanding having an exercise price of \$0.24 and an expiry date of May 15, 2030.

The Company has 23,040,856 common share purchase warrants outstanding as detailed in the following table.

Description	Expiry date	Exercise price	Number of warrants
Agents' warrants issued in connection with the April 2019 Offering	April 9, 2021	\$0.20	485,980
Warrants issued pursuant to the September 2019 Offering	September 30, 2021	\$0.25	2,000,000
Loan Bonus Warrants issued January 2020	January 20, 2021	\$0.21	714,000
Warrants issued March 2020 in connection with Denaco transaction	March 16, 2023	\$0.27	7,000,000
Warrants issued March 2020 pursuant to the exercise of the 2018 convertible debentures	March 16, 2022	\$0.175	6,500,000
Warrants issued pursuant to April 2020 Offering (Tranche 1)	April 16, 2022	\$0.27	500,000
Warrants issued in connection with Emma acquisition	April 27, 2022	\$0.27	2,000,000
Warrants issued in connection with exercise of Broker warrants	May 5, 2022	\$0.25	50,000
Warrants issued in connection with exercise of Broker warrants	August 26, 2022	\$0.25	290,876
Warrants issued pursuant to April/May 2020 Units Offering	May 15, 2022	\$0.27	1,000,000
Warrants issued in connection with McLaughlin acquisition	August 31, 2020	\$0.27	2,500,000

The Company has the following convertible debentures outstanding.

Description	Maturity date	Conversion price	Number of shares
September 2019 Debentures - \$737,500 (Ryan acquisition)	September 30, 2021	\$0.27	2,950,000
March 2020 Debentures - \$1,750,000 (Denaco acquisition)	March 16, 2022	\$0.27	6,481,481
April/May 2020 Debentures - \$1,350,000 (Emma acquisition)	April 16, April 27 and May 15, 2020	\$0.27	4,999,999
August 2020 Debentures - \$2,599,000 (McLaughlin acquisition)	August 31, 2023	\$0.27	10,829,166

If all warrants and stock options were exercised, all convertible debentures were converted, and the shares for debenture interest are issued, the number of common shares of the Corporation issued and outstanding would be 129,337,576.

Risks and Uncertainties

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Operational Risks

Reliance on Management

The ability of the Company to successfully implement its business strategy and operate its business will depend in large part on the continued involvement of the Company's current management team. Shareholders should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management team. If the Company loses the services of one or all of the members of its current management team, the business, financial condition and results of operations of ViveRE may be materially adversely affected.

Limited Operating History

Prior to completing the acquisition of 41 Noel in 2018, ViveRE had conducted no active business, had limited financial resources and received no revenues other than interest revenues. While the Company has successfully completed the acquisition of additional investment properties in 2019, there is no assurance that the Company will be successful in achieving a return on Shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Internal Controls

Effective internal controls are necessary for ViveRE to provide reliable financial reports and to help prevent fraud. Although management of ViveRE will undertake a number of procedures and implement a number of safeguards in order to help ensure the reliability of ViveRE's financial reports, including those imposed on ViveRE under Canadian securities law, ViveRE cannot be certain that such measures will ensure that ViveRE will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and harm the trading price of the Common Shares.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Common Shares. If the Company (as it is expected to be and as it has in the past) is required to access capital markets to carry out its business objectives, the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Dilution

ViveRE is authorized to issue an unlimited number of Common Shares and other securities for such consideration and on such terms and conditions as may be established by the Board without the approval of the Shareholders. It is currently anticipated that the Company may be required to conduct additional equity financings in order to finance additional property acquisitions and develop the business of the Company as currently planned and envisioned by management of the Company. Any further issuance of Common Shares pursuant to such equity financings will dilute the interests of existing Shareholders and such Shareholders will have no pre-emptive rights in connection with such future issuances. In addition, conversion of the Convertible Debentures will also dilute the interests of existing Shareholders.

Financing Risks

The Company's business model is expected to be dependent on making investments in additional properties and the Company anticipates having to raise additional capital to fund these investments. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of revenue or other payments from properties, there is no assurance that such funds will be sufficient to facilitate the development of ViveRE's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Shareholders.

Conflicts of Interest

Certain of the directors and officers of the Company will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations under the Canada Business Corporation Act ("CBCA") and other applicable laws to deal fairly and in good faith with a view to the best interests of the Company and the Shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA, and other applicable laws.

Early Stage of Development

The Company is currently in an early stage of development. There will be limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

Limited Number of Future Investments

While the Company's intention is to negotiate and fund additional investments in properties in different communities, it could take many years to create a diversified portfolio of multi-family rental properties and there is no guarantee the Company will ever achieve a portfolio of sufficient size. The Company may have a significant portion of its assets dedicated to a single property or community for an extended period of time. In the event that any such property or community is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Ability to Negotiate Additional Investments

A key element of the Company's growth strategy is expected to involve negotiating and finding investments in other multi-family rental properties. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Company's ability to identify investee multi-family rental properties and negotiate and fund additional investments in such a manner is not guaranteed.

Ability to Manage Future Growth

The Company's ability to achieve desired growth will depend on its ability to identify, evaluate and successfully negotiate and fund investments in other multi-family rental properties. As the Company grows, it will also be required to hire, train, supervise and manage new employees. Failure to manage any future growth or to successfully negotiate suitable investments effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Effect of General Economic and Political Conditions

The Company's business and the business of its investee properties are expected to be subject to the impact of changes in national or international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its investee companies' business, financial condition, results of operations and cash flows.

Payment of Dividends

Subsequent to September 30, 2020, the Board of Directors of the Company approved an annual dividend of \$0.002 per common share to be paid quarterly commencing in the first quarter of 2021 conditional upon the successful completion of the Offering. The \$0.002 per common share dividend represents approximately a 10% payout ratio on expected 2021 adjusted funds from operations (AFFO).

The Company's ability to pay dividends will depend on the Company's financial condition, operating results, capital requirements, contractual restrictions on the payment of dividends; prevailing market conditions and any other factors that the Board deems relevant.

Liquidity and Capital Resources

There is no guarantee that cash flow from real property investments will be readily available or will provide the Company with sufficient funds to meet its ongoing financial obligations. The Company may therefore require additional equity or debt financing to meet its operational requirements. The Company also plans to rely on additional equity financing to make investments in properties to grow the Company's business to the level envisioned by its management. There can be no assurance that such financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Company. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as its business performance.

Litigation

To the Company's knowledge, as of the date of this MD&A, no material claims or litigation have been brought against ViveRE. However, the Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares, and could result in significant financial and management resources of the Company being expended in connection therewith. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, the Company may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may be time consuming, expensive and may distract the Company from the conduct of its daily business. It is possible that the Company will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other

professional advisors, and the Company's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect the Company's reputation, operating results, liquidity or financial position.

Real Estate Risks

Indirect Investment in Real Estate

An investment in the Common Shares is an investment in real estate through the Company's indirect interest in the investment properties it acquires. Investment in real estate is subject to numerous risks, including the factors listed below and other events and risk factors which are beyond the control of the Company.

General Real Estate Ownership Risks

All real property investments are subject to a degree of risk and uncertainty. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The investment properties will generate revenue through rental payments made by the tenants thereof. The ability to rent vacant suites in the investment properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the investment properties becomes vacant and cannot be re-leased on economically favourable terms, the investment properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, and the Company's net income will be adversely affected.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the year of ownership of real property regardless of whether the investment properties are producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Company were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the investment properties or less than what could be expected to be realized under normal circumstances. The Company may, in the future, be exposed to a general decline of demand by tenants for space in the investment properties. As well, certain of the leases of the investment properties held by the Company may have early termination provisions which, if exercised, would reduce the average lease term.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the investment properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the Company due to internal and external limitations on its ability to charge these new market-based rents in the short-term.

Substitutions for Residential Rental Suites

Demand for rental suites in the investment properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. With the recent global economic crisis, interest rates offered by financial institutions for financing home ownership have been at historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low or fail to rise, demand for rental suites may be adversely affected. A reduction in the demand for rental suites may have an adverse effect on the Company's ability to lease suites in the investment properties and on the rents charged.

Government Regulation

Certain provinces in Canada may have enacted residential tenancy legislation which may impose, among other things, rent control guidelines that limit a landlord's ability to raise rental rates at its properties. The Province of New Brunswick has not currently enacted residential tenancy legislation that imposes rent control guidelines that could limit the Company's ability to raise rental rates at the investment properties. There can be no assurances, however, that such legislation, regulations or guidelines will not be enacted or promulgated in the future.

In addition to limiting a landlord's ability to raise rental rates, residential tenancy legislation in certain provinces may provide certain rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation may also prescribe procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective judicial or administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain provinces may provide tenants with the right to bring certain claims to the respective judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, landlords may, in the future, incur capital expenditures which may not be fully recoverable from tenants.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of landlords to maintain the historical level of earnings of their properties.

Interest Rate Fluctuations

The Company's financing arrangement may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Company's cost of borrowing.

Environmental Matters

Under various environmental and ecological laws, the Company could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the investment properties or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Company's ability to sell the investment properties or to borrow using the investment properties as collateral, and could potentially also result in claims against the Company by third parties.

Uninsured Losses

The Company will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to investment properties to be owned by the Company and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to the investment properties, the Company could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of the investment properties.

Risk of Natural Disasters

While the Company has insurance coverage for its existing investment property, the insurance coverage may not cover all natural disasters which may occur. Floods, hurricanes, storms, earthquakes, terrorism, or other natural disasters may significantly affect the Company's operations and the investment properties, and may cause the Company to experience reduced rental revenue, incur clean-up costs or otherwise incur costs in connection with these natural disasters. These events may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make dividend payments to its Shareholders, to the extent declared.

Reliance on Property Management

The Company may rely upon independent management companies to perform property management functions in respect of its investment properties. To the extent the Company relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the investment properties as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the investment properties and their other development, investment and/or management activities.

Competition for Real Property Investments or Tenants

The Company will compete for suitable real property investments with individuals, corporations, real estate investment trusts and similar vehicles and institutions (both Canadian, U.S. and foreign) which are presently seeking or which may seek in the future real property investments or tenants similar to those sought by the Company. Such competition could have an impact on the Company's ability to lease suites in the investment properties and on the rents charged. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

Revenue Shortfalls

Revenues from the investment properties may not increase sufficiently to meet increases in operating expenses or debt service payments under the financing arrangements or to fund changes in the variable rates of interest charged in respect of such loans.

Fluctuations in Capitalization Rates

As interest rates fluctuate in the lending market, generally capitalization rates will as well, which affects the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the year of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Canadian Market Factors

The investment properties will be located in Canada and economic conditions since the beginning of 2008 have been challenging in the North American economy. As a result, income from, and the value of, the investment properties may decline if there is a downturn in the Canadian economy.

Impact of COVID-19

The impact of COVID-19 on the Company's operations as at November 27, 2020 has been minimal. The Company's portfolio of 391 rental units had less than 1% vacancy and none of the tenants have requested deferral of their rent and all rents were collected in full. This reflects the demographic and quality of the Company's resident base. ViveRE's priority at this time continues to be operating in a manner that promotes the safety and health of our residents, staff, business partners and communities. The overall impact of COVID-19 on the Company's business will depend on a number of factors that are unknown at this time.

Additional Information

This document, as well as additional information relating to the Company, is available on SEDAR at www.sedar.com.