

# **ViveRE Communities Inc.**

Unaudited Interim Condensed Consolidated  
Financial Statements  
(expressed in Canadian dollars)

**September 30, 2020**

November 27, 2020

## **Management's Report**

The accompanying unaudited interim condensed consolidated financial statements of **ViveRE Communities Inc.** are the responsibility of management and have been approved by the Board of Directors. The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim condensed consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the unaudited interim condensed consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited interim condensed consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Michael Anaka*"  
Chief Executive Officer  
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"  
Chief Financial Officer  
Halifax, Nova Scotia

# ViveRE Communities Inc.

## Unaudited Interim Condensed Consolidated Statements of Financial Position As at September 30, 2020 and December 31, 2019

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(expressed in Canadian dollars)

	September 30, 2020 \$	December 31, 2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	260,245	133,848
Accounts receivable	18,376	14,004
Deposits and prepaids (note 4)	392,811	121,207
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	671,432	269,059
Investment properties (note 5)	53,518,438	18,209,620
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	54,189,870	18,478,679
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<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	613,790	398,462
Convertible debentures (note 8)	582,757	858,590
Current portion of mortgage payable (note 9)	1,207,592	345,162
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	2,404,139	1,602,214
Convertible debentures (note 8)	3,841,632	487,625
Mortgages payable (note 9)	36,815,126	11,894,139
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	43,060,897	13,983,978
<b>Equity</b>	11,128,973	4,494,701
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	54,189,870	18,478,679
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### Nature of operations and going concern (note 1)

The accompanying notes are an integral part of these audited consolidated financial statements.

# ViveRE Communities Inc.

## Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$	Nine months ended September 30, 2020 \$	Nine months ended September 30, 2019 \$
<b>Revenue</b>				
Rental income	1,005,499	288,095	2,342,362	666,142
<b>Property operating expenses</b>				
Operating expenses	437,741	121,065	991,170	269,478
<b>Net property operating income</b>	568,028	167,030	1,351,192	396,664
<b>Administrative expenses</b>				
Consulting fees	172,677	185,446	435,453	567,059
Filing and other fees	9,704	21,982	32,152	52,252
Insurance	2,063	12,163	14,006	20,867
Office and other	6,013	2,620	16,239	8,825
Professional fees	35,604	–	84,931	18,291
Stock-based compensation (note 10)	13,500	–	585,500	20,000
Travel	–	10,304	–	15,459
	239,561	232,515	1,168,281	702,753
<b>Finance costs</b>				
Interest expense	272,210	105,624	655,397	284,325
Amortization expense (notes 8 and 9)	28,146	19,816	70,985	52,695
Accretion expense (note 8)	169,332	86,140	448,551	225,702
	469,688	211,580	1,174,933	562,722
<b>Depreciation expense</b> (note 5)	329,682	97,916	715,375	223,703
<b>Other expense (income)</b>				
Loss on settlement of Bridge Loans	–	–	80,000	–
<b>Net loss and comprehensive loss for the periods</b>	(470,903)	(374,981)	(1,787,397)	(1,092,514)
<b>Loss per share - basic and diluted</b>	(\$0.01)	(\$0.01)	(0.03)	(0.03)
<b>Weighted average outstanding common shares – basic and diluted</b>	75,954,909	44,670,392	66,531,743	36,668,687

The accompanying notes are an integral part of these audited consolidated financial statements

# ViveRE Communities Inc.

## Unaudited Interim Condensed Consolidated Statements of Changes in Equity For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

	Number of shares	Share capital \$	Warrants \$	Convertible debentures \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance – December 31, 2019</b>	49,189,824	11,632,720	624,600	712,867	352,500	(8,827,986)	4,494,701
Net loss and comprehensive loss for the year	–	–	–	–	–	(1,787,397)	(1,787,397)
Shares issued for cash, net of issue costs	10,833,327	1,605,884	–	–	–	–	1,605,884
Shares issued pursuant to acquisitions	9,848,483	1,690,098	–	–	–	–	1,690,098
Shares issued in settlement of interest payable on convertible debentures net of issue costs	131,674	29,063	–	–	–	–	29,063
Shares issued in settlement of accounts payable	884,532	209,384	–	–	–	–	209,384
Shares issued pursuant to conversion of 2018 Debentures	8,666,662	954,019	–	(441,567)	–	–	512,452
Shares issued pursuant to the exercise of warrants (note 10(d))	981,572	232,236	(85,000)	–	–	–	147,236
Shares issued pursuant to the exercise of stock options	200,000	44,000	–	–	(20,000)	–	24,000
Warrants issued pursuant to Bridge Loans (note 10(d))	–	–	80,000	–	–	–	80,000
Warrants issued pursuant to conversion of 2018 Debentures (note 10(d))	–	–	482,000	–	–	–	482,000
Warrants issued pursuant to private placements and acquisitions (note 10(d))	–	–	1,439,592	–	–	–	1,439,592
Convertible debentures issued, net of issue costs (note 8)	–	–	–	1,616,460	–	–	1,616,460
Expiration of warrants (note 10(d))	–	–	(261,000)	–	261,000	–	–
Stock based compensation (note 10)	–	–	–	–	585,500	–	585,500
<b>Balance – September 30, 2020</b>	<b>80,736,074</b>	<b>16,397,404</b>	<b>2,280,192</b>	<b>1,887,760</b>	<b>1,179,000</b>	<b>(10,615,383)</b>	<b>11,128,973</b>

The accompanying notes are an integral part of these audited consolidated financial statements

## ViveRE Communities Inc.

### Unaudited Interim Condensed Consolidated Statements of Changes in Equity For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

	Number of shares	Share capital \$	Warrants \$	Convertible debentures \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance – December 31, 2018</b>	24,211,250	7,377,001	526,000	323,567	332,500	(7,303,682)	1,255,386
Net loss and comprehensive loss for the period	–	–	–	–	–	(1,092,514)	(1,092,514)
Shares issued for cash, net of issue costs	17,408,646	2,976,004	–	–	–	–	2,976,004
Broker warrants issued pursuant to financing	–	(90,000)	90,000	–	–	–	–
Shares issued for cash, exercise of warrants	2,499,998	480,000	(180,000)	–	–	–	300,000
Shares issued in settlement of accounts payable, net of issue costs	2,785,117	459,048	–	–	–	–	459,048
Shares issued pursuant to acquisition of Village View No. 2 Limited Partnership	1,000,000	200,000	–	–	–	–	200,000
Shares issued in settlement of interest payable on convertible debentures net of issue costs	408,185	51,439	–	–	–	–	51,439
Stock-based compensation expense	–	–	–	–	20,000	–	20,000
Convertible debentures issued, net of issue costs	–	–	–	294,300	–	–	294,300
Warrants issued pursuant to financing, net of issue costs	–	–	188,600	–	–	–	188,600
<b>Balance – September 30, 2019</b>	<b>48,313,196</b>	<b>11,453,492</b>	<b>624,600</b>	<b>617,867</b>	<b>352,500</b>	<b>(8,396,196)</b>	<b>4,652,263</b>

The accompanying notes are an integral part of these audited consolidated financial statements

# ViveRE Communities Inc.

## Unaudited Interim Condensed Consolidated Statements of Cash Flows For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss and comprehensive loss for the periods	(1,787,397)	(1,092,514)
Charges to income not affecting cash		
Interest on convertible debentures and mortgage payable	177,568	106,518
Stock-based compensation expense	585,500	20,000
Loss on settlement of Bridge Loans	80,000	–
Depreciation expense	715,375	223,703
Amortization expense	70,985	52,695
Accretion expense	448,551	225,702
	<u>290,582</u>	<u>(463,896)</u>
Net changes in non-cash working capital balances related to operations		
Increase in amounts receivable	(4,372)	(3,435)
Increase in deposits and prepaid expenses	(271,604)	(167,534)
Increase in accounts payable and accrued liabilities, net of amount settled through share issuances	214,448	374,586
	<u>229,054</u>	<u>(260,279)</u>
<b>Financing activities</b>		
Proceeds from exercise of warrants	147,236	300,000
Proceeds from exercise of stock options	24,000	–
Proceeds from issuance of common shares, net of issue costs	2,536,497	2,508,904
Proceeds from issuance of units, net of issue costs	–	1,400,000
Proceeds from issuance of convertible debentures, net of issue costs	4,717,728	–
Proceeds from Bridge Loans	150,000	–
Repayment of Bridge Loans	(150,000)	–
Proceeds from mortgage financing	26,186,624	–
Repayments of mortgage principal	(440,549)	(116,718)
	<u>33,171,536</u>	<u>4,092,186</u>
<b>Investing activities</b>		
Acquisition of investment properties	(33,274,193)	(2,474,254)
<b>Net change in cash for the periods</b>	126,397	1,357,653
<b>Cash – Beginning of period</b>	<u>133,848</u>	<u>104,659</u>
<b>Cash – End of period</b>	<u>260,245</u>	<u>1,462,312</u>
<b>Cash is comprised of</b>		
Cash on deposit with banks	260,245	30,312
Cash held in trust	–	1,432,000
	<u>260,245</u>	<u>1,462,312</u>

The accompanying notes are an integral part of these consolidated financial statements.

# **ViveRE Communities Inc.**

## **Notes to Unaudited Interim Condensed Consolidated Financial Statements**

### **For the periods ended September 30, 2020 and 2019**

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(expressed in Canadian dollars)

## **1 Nature of operations and going concern**

### **Nature of operations**

ViveRE Communities Inc. (the "Company") was incorporated under the Canada Business Corporations Act on August 9, 2011. 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 TSX Venture Exchange ("TSXV" or the "Exchange") under the symbol "VCOM".

### **Going concern**

These unaudited interim condensed consolidated financial statements have been prepared on the basis of International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption, as the Company has incurred losses and negative cash flows from operations since completing the change of business transaction.

The ability of the Company to continue as a going concern, and to realize its assets and discharge its liabilities when due, is dependent upon its ability to secure sufficient financing to fund ongoing operations. During the nine month period ended September 30, 2020, the Company completed the issuance of common shares and convertible debentures raising gross proceeds of \$9,170,000 and completed the acquisition of 272 rental units. Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital to fund additional acquisitions of investment properties.

These unaudited interim condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

## **2 Basis of presentation**

### **Statement of compliance**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, has been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2019.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

### 2 Basis of presentation (continued)

#### Statement of compliance (continued)

These unaudited interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

The Board of Directors approved the unaudited interim condensed consolidated financial statements for issue on November 27, 2020.

#### Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis.

### 3 Significant accounting policies

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended December 31, 2019. Refer to note 3 Significant Accounting Policies, of the Company's annual consolidated financial statements for the year ended December 31, 2019 for information on accounting policies, as well as, new accounting standards not yet effective.

### 4 Deposits and prepaids

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Deposits	50,000	—
Prepaid property taxes	293,768	86,834
Prepaid insurance	25,425	26,681
Other	23,618	7,692
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	392,811	121,207
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# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 5 Investment properties

Each of the investment properties acquired by the Company were not considered a business for accounting purposes, and therefore, the acquisitions were asset purchases. No personnel or processes were acquired, and processes in support of the acquired properties are being created rather than integrated. Furthermore, the acquired investment properties do not have any processes to support the revenue being generated as there is a contract in place with external parties to provide property management services.

Consolidated investment properties at September 30, 2020 and December 31, 2019 are summarized below.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
<b>Balance, beginning of year</b>	18,209,620	5,228,432
Cost of acquisitions	36,014,395	13,337,969
Additions	9,798	-
Depreciation	(715,375)	(356,781)
<b>Balance - end of year</b>	<b>53,518,438</b>	<b>18,209,620</b>

On March 16, 2020, the Company completed the acquisition of a 100% interest in three multiunit residential properties comprised of 124 rental units ("Acquisition" or "Denaco Properties"), located in Moncton, N.B. The properties are located at 150 Lewisville Rd. (55 units), 154 Lewisville Rd. (34 units) and 39 Pleasant St. (35 units).

ViveRE acquired the Denaco Properties for a purchase price of \$13,737,613 which consisted of the issue of 2,083,333 common shares to the vendor with a fair value of \$500,000 and \$13,237,613 paid in cash with \$10,125,000 from mortgages on the Denaco Properties and the balance from the proceeds of a \$3,500,000 subscription financing comprising \$1,750,000 common shares, \$1,750,000 convertible debenture and 7,000,000 warrants to acquire common shares of ViveRE.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

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### 5 Investment properties (continued)

The acquisition cost of 39 Pleasant Street was allocated to the fair value of the assets acquired as follows.

	\$
Land	173,622
Building	3,084,535
Furniture and equipment	<u>3,600</u>
Investment property acquisition cost recorded	<u>3,261,757</u>

The acquisition of 39 Pleasant Street was financed as follows.

	\$
Mortgage financing, net of costs	2,400,000
Cash	741,757
Shares issued to vendor	<u>120,000</u>
	<u>3,261,757</u>

The acquisition cost of 150 and 154 Lewisville Road was allocated to the fair value of the assets acquired as follows.

	\$
Land	340,242
Building	10,124,214
Furniture and equipment	<u>11,400</u>
Investment property acquisition cost recorded	<u>10,475,856</u>

The acquisition of 150 and 154 Lewisville Road was financed as follows.

	\$
Mortgage financing, net of costs	7,725,000
Cash	2,370,856
Shares issued to vendor	<u>380,000</u>
	<u>10,475,856</u>

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

### 5 Investment properties (continued)

On April 28, 2020, the Company acquired all the shares of Emma and Albert Development Inc. (“Emma”), whose sole asset is the real property located at 75 Emma Street, Oshawa, Ontario (the “Emma Street Property”). The Emma Street Property is a newly built multi-unit residential property totaling 20 units.

ViveRE acquired Emma for a purchase price of \$7,359,476. ViveRE funded the purchase price as follows: a mortgage in the amount of \$4,780,750; the issuance to the vendors of 2,083,333 common shares of ViveRE representing consideration of \$500,000; the vendors providing an unsecured vendor take back loan in the amount of \$500,000 repayable in 24 months and bearing interest at 7% per annum, convertible at the option of the vendors into 1,851,851 common shares of ViveRE at a conversion price of \$0.27 per common share for 24 months from the closing date; the issuance of 2,000,000 warrants to acquire common shares of ViveRE at an exercise price of \$0.27 per common share for a term of 24 months from the closing date; and the balance of the purchase price paid in cash from the proceeds of a \$1,700,000 private placement units financing.

The acquisition cost of 75 Emma Street was allocated to the fair value of the assets acquired as follows.

	\$
Land	400,000
Building	<u>6,959,476</u>
Investment property acquisition cost recorded	<u>7,359,476</u>

The acquisition of 75 Emma Street was financed as follows.

	\$
Mortgage financing, net of costs	4,780,750
Cash	2,078,726
Shares issued to vendors	<u>500,000</u>
	<u>7,359,476</u>

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### 5 Investment properties (continued)

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 \$14,917,306. Vivere funded 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 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 \$2,470,000 private placement of convertible debentures.

The acquisition cost of the McLaughlin Properties was allocated to the fair value of the assets acquired as follows.

	\$
Land	654,968
Building	14,050,978
Furniture and equipment	<u>211,360</u>
Investment property acquisition cost recorded	<u>14,917,306</u>

The acquisition of the McLaughlin Properties was financed as follows.

	\$
Mortgage financing, net of costs	11,537,250
Cash	2,130,056
Shares issued to vendors	<u>1,250,000</u>
	<u>14,917,306</u>

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

### 6 Accounts payable and accrued liabilities

	September 30, 2020 \$	December 31, 2019 \$
Accounts payable	299,649	223,869
Accrued liabilities	314,141	174,593
	<u>613,790</u>	<u>398,462</u>

As at September 30, 2020, \$57,875 (December 31, 2019, \$112,632) of accounts payable and accrued liabilities is due to corporations owned by officers and directors of the Company and is related to consulting fees (note 11).

### 7 Bridge loans

On January 20, 2020, the Company issued \$150,000 of promissory notes to arm's length lenders which have a maximum maturity date of one year. In consideration of the risk to the lenders in respect of the loans extended, the Company granted 714,000 warrants to the lenders as a loan bonus pursuant to Policy 5.1 of the Exchange. Each warrant is exercisable into one common share for a period of 12 months from the date of issuance, at an exercise price of \$0.21 per common share.

The bridge loans were repaid in full during the second quarter of 2020 resulting in a loss on settlement of \$80,000.

### 8 Convertible debentures

	September 30, 2020 \$	December 31, 2019 \$
2018 Convertible debentures	—	858,590
2019 Convertible debentures	582,757	487,625
2020 Convertible debentures (Denaco acquisition)	1,183,892	—
2020 Convertible debentures (Emma acquisition)	952,436	—
2020 Convertible debentures (McLaughlin acquisition)	1,705,304	—
	<u>4,424,389</u>	<u>1,346,215</u>

#### a) 2018 Convertible debentures

During the nine month period ended September 30, 2020, the holders of the 2018 Debentures converted the outstanding principal of \$1,300,000 into 8,666,662 units, with each unit consisting of one common share and 0.75 warrant, with each full warrant entitling the holder to acquire one common share at a price of \$0.175 per common share until March 16, 2022. Upon conversion the \$32,000 that had been held in trust as security for future interest payments on the Series A Debentures was released to the Company.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### 8 Convertible debentures (continued)

##### b) 2019 Convertible debentures

On September 30, 2019, the Company completed the private placement of \$737,500 convertible debentures (“2019 Debentures”) as part of a non-brokered units offering. The 2019 Debentures are unsecured, have a 2-year term and bear interest at a rate of 7%, payable annually. The debentures are convertible into common shares of the Company at the option of the holder, in full or in part, at a price of \$0.25 per common share. The Company has the option to redeem the debentures in full with the issuance of common shares at a price of \$0.25 per common share. Also, the Company has the option to force the conversion of the debentures in the event of a change of control event.

The 2019 Debentures have been separated into their liability and equity components. The fair value of the equity portion of the convertible debentures of \$316,000 was calculated using the Black-Scholes option pricing model. The assumptions used in the valuation model include; share price \$0.19, expected volatility 150%, risk free interest rate 2.25% and a dividend yield of 0%. The fair value allocated to the equity component of the Debentures is offset by issuance costs of \$3,700 and deferred taxes of \$41,000.

The fair value of the liability component of the 2019 Debentures was determined at time of issue as the difference between the face value of the debentures and the fair value of the equity component, taking into account the added value of the warrants issued as part of the Units Offering. The liability component is measured at amortized cost and will be accreted to the \$737,500 maturity amount over the term using the effective interest method.

For the period ended September 30, 2020, interest expense of \$38,625, accretion expense of \$93,250 and amortization expense of \$1,882 have been recorded.

##### c) 2020 Convertible debentures (Denaco acquisition)

On March 16, 2020, the Company issued \$1,750,000 convertible debentures (“Denaco Debentures”). The Denaco Debentures are unsecured, have a 2-year term and bear interest at a rate of 7%, payable annually. The Denaco Debentures are convertible into common shares of the Company at the option of the holder, in full or in part, at a price of \$0.27 per common share. The Company has the option to redeem the Denaco Debentures in full with the issuance of common shares at a price of \$0.27 per common share. Also, the Company has the option to force the conversion of the Denaco Debentures in the event of a change of control event.

The Denaco Debentures are separated into their liability and equity components. The fair value of the equity portion of the convertible debentures of \$619,000 was calculated using the Black-Scholes option pricing model. The assumptions used in the valuation model include; share price \$0.19, expected volatility 150%, risk free interest rate 2.25% and a dividend yield of 0%. The fair value allocated to the equity component is offset by issuance costs of \$3,049.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### **8 Convertible debentures (continued)**

##### **c) 2020 Convertible debentures (Denaco acquisition)**

The fair value of the liability component of the Denaco Debentures was determined at time of issue as the pro rata difference between the face value of the Denaco Debentures and the fair value of the equity component, taking into account the added value of the warrants issued as part of the Units Offering. The liability component is measured at amortized cost and will be accreted to the \$1,750,000 maturity amount over the term using the effective interest method.

For the period ended September 30, 2020, interest expense of \$66,452 and accretion expense of \$139,385 and amortization expense of \$2,966 have been recorded.

##### **d) 2020 Convertible debentures (Emma acquisition)**

During the second quarter of 2020, the Company issued \$1,350,000 convertible debentures (“Emma Debentures”). The Emma Debentures are unsecured, have a 2-year term and bear interest at a rate of 7%, payable annually. The Emma Debentures are convertible into common shares of the Company at the option of the holder, in full or in part, at a price of \$0.27 per common share. The Company has the option to redeem the Emma Debentures in full with the issuance of common shares at a price of \$0.27 per common share. Also, the Company has the option to force the conversion of the Emma Debentures in the event of a change of control event.

The Emma Debentures are separated into their liability and equity components. The fair value of the equity portion of \$521,000 was calculated using the Black-Scholes option pricing model. The assumptions used in the valuation model include; share price \$0.20, expected volatility 150%, risk free interest rate 2.25% and a dividend yield of 0%. The fair value allocated to the equity component is offset by issuance costs of \$4,855.

The fair value of the liability component of the Emma Debentures was determined at time of issue as the difference between the face value of the Emma Debentures and the fair value of the equity component, taking into account the added value of the warrants issued as part of the units offering. The liability component is measured at amortized cost and will be accreted to the \$1,350,000 maturity amount over the term using the effective interest method.

For the period ended September 30, 2020, interest expense of \$39,612 and accretion expense of \$76,858 and amortization expense of \$3,494 have been recorded.

# **ViveRE Communities Inc.**

## **Notes to Unaudited Interim Condensed Consolidated Financial Statements**

### **For the periods ended September 30, 2020 and 2019**

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(expressed in Canadian dollars)

#### **8 Convertible debentures (continued)**

##### **e) 2020 Convertible debentures (McLaughlin acquisition)**

During the third quarter of 2020, the Company has completed a non-brokered private placement of 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.

For accounting purposes, the Debentures are separated into their liability and equity components. The fair value of the equity portion of the convertible debentures of \$496,681 was calculated using partial differential equation methods. The assumptions used in the valuation model include; share price \$0.17, expected volatility 150%, risk free interest rate 2.04%, credit spread XX% and all-in rate XX%.

The fair value of the liability component of the Debentures was determined at time issue as the difference between the face value of the Debentures and the fair value of the equity component.

For the period ended September 30, 2020, interest expense of \$14,959 and accretion expense of \$24,609 and amortization expense of \$5,051 have been recorded.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 9 Mortgages payable

	September 30, 2020 \$	December 31, 2019 \$
Mortgage payable bears a fixed interest rate of 4.097% maturing August 23, 2021. The loan is being amortized over 30 years, is payable in monthly payments of \$15,874, principal and interest, and is secured by a first charge over 41 Noel Avenue.	3,197,690	3,227,774
Mortgage payable bears a fixed interest rate of 2.55% maturing September 1, 2026. The loan is being amortized over 25 years, is payable in monthly payments of \$25,901, principal and interest, and is secured by a first charge over 50 Noel Avenue.	4,861,338	4,996,253
Mortgage payable bears a fixed interest rate of 3.45% maturing October 10, 2024. The loan is being amortized over 25 years, is payable in monthly payments of \$20,440, principal and interest, and is secured by a first charge over 542 and 550 Ryan Street.	4,018,790	4,098,377
Mortgage payable bears a fixed interest rate of 2.05% maturing April 10, 2023. The loan is being amortized over 25 years, is payable in monthly payments of \$10,221, principal and interest, and is secured by a first charge over 39 Pleasant Street.	2,369,281	—
Mortgage payable bears a fixed interest rate of 2.05% maturing April 10, 2023. The loan is being amortized over 25 years, is payable in monthly payments of \$32,898, principal and interest, and is secured by a first charge over 150 and 154 Lewisville Road.	7,626,156	—
Mortgage payable bears a fixed interest rate of 2.83% maturing April 22, 2022. The loan is being amortized over 30 years, is payable in monthly principal payments of \$13,280 plus interest, and is secured by a first charge over 75 Emma Street.	4,714,351	—
Mortgage payable bears a fixed interest rate of 1.56% maturing September 10, 2022. The loan is being amortized over 25 years, is payable in monthly payments of \$46,440, principal and interest, and is secured by a first charge over 145-155 McLaughlin Street.	11,537,250	
	<u>38,324,856</u>	<u>12,322,404</u>
Less: deferred financing costs net of accumulated amortization of \$42,448 (December 31, 2019 - \$17,412)	(302,138)	(83,103)
Less: current portion	<u>(1,207,592)</u>	<u>(345,162)</u>
	<u>36,815,126</u>	<u>11,894,139</u>

The Company acquired the 50 Noel Avenue mortgage payable with a face value of \$5,339,048 in connection with the acquisition of Village View on April 11, 2019. The initial fair value of the mortgage payable at recognition was \$5,114,004. The difference between fair value and face value is being amortized using the effective interest rate over the remaining life of the mortgage.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 10 Share capital

##### a) Authorized capital stock

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value, issuable in one or more series

	# of shares	Amount \$
<b>Common shares issued and fully paid</b>		
<b>Balance – December 31, 2018</b>	24,211,250	7,377,001
Shares issued for cash, net of issue costs	17,408,646	2,976,004
Broker warrants issued pursuant to financing	–	(90,000)
Shares issued for cash, exercise of warrants	2,499,998	480,000
Shares issued pursuant to acquisition of Village View	1,000,000	200,000
Shares issued in settlement of debt obligations, net of issue costs	2,785,117	459,048
Shares issued in settlement of interest payable on debentures	408,185	51,439
<b>Balance – September 30, 2019</b>	<u>48,313,196</u>	<u>11,453,492</u>
<b>Balance – December 31, 2019</b>	49,189,824	11,632,720
Shares issued for cash, net of issue costs	10,833,327	1,605,884
Shares issued pursuant to acquisitions	9,848,483	1,690,098
Shares issued pursuant to the exercise of warrants	981,572	232,236
Shares issued pursuant to the exercise of stock options	200,000	44,000
Shares issued in settlement of debt obligations	884,532	209,384
Shares issued in settlement of interest payable on debentures	131,674	29,063
Shares issued pursuant to conversion of 2018 Debentures	8,666,662	954,019
<b>Balance – September 30, 2020</b>	<u>80,736,074</u>	<u>16,397,404</u>

##### b) Equity financings

On March 16, 2020, in connection with the Denaco acquisition, the Company issued 7,291,667 common shares of ViveRE at a price of \$0.24 per common share for aggregate gross proceeds of \$1,750,000. The net proceeds were used to fund the acquisition of the Denaco Properties.

During the second quarter of 2020, in connection with the Emma acquisition, the Company issued a total of 3,541,661 common shares of ViveRE at a price of \$0.24 per common share for aggregate gross proceeds of \$850,000. The net proceeds were used to fund the acquisition of the Emma Property.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### 10 Share capital (continued)

##### b) Equity financings (continued)

On April 9, 2019, in connection with the acquisition of VV2LP, the Company completed a short form prospectus offering of 14,226,834 common shares at a price of \$0.20 per Common Share for aggregate gross proceeds of \$2,845,367. The Offering was completed by Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc. (collectively the "Agents"). A portion of the gross proceeds of the Offering was used to finance the acquisition of Village View (note 5). The Company paid the Agents a cash commission of \$97,196 and issued to the Agents 485,980 non-transferable share purchase warrants (each, an "Agent Warrant"), with each Agent Warrant exercisable into one common share of the Company at an exercise price equal to \$0.20 for a period of 24 months from the date hereof. The capital stock value of the 14,226,834 shares issued is net of the warrants valuation of \$90,000 and share issue costs of \$336,463.

On September 30, 2019, in connection with the Ryan acquisition, the Company closed a non-brokered private placement offering (the "Offering") of Tier 1 and Tier 2 Units ("Units"). A total of nineteen Tier 1 units were sold at a price of \$25,000 per Tier 1 unit and four Tier 2 units at a price of \$250,000 per Tier 2 unit for aggregate gross proceeds of \$1,475,000. Each Tier 1 Unit is comprised of 56,818 common shares of ViveRE and a \$12,500 convertible debenture. The debenture is convertible to common shares of ViveRE at a price of \$0.25 per share. Each Tier 2 Unit is comprised of 568,181 common shares of ViveRE and a \$125,000 convertible debenture. Each Tier 2 unit also includes 500,000 common share purchase warrants, exercisable at a price of \$0.25 per share for a period of two years after the closing date. Subscription proceeds aggregating \$1,400,000 were received at September 30, 2019 with the balance of \$75,000 collected from registered subscriber accounts subsequent to September 30, 2019. Accordingly, a total of 3,181,812 common shares were recorded as being issued for accounting purposes at September 30, 2019 with the balance of 170,454 common shares held in trust at September 30, 2019. The 170,454 shares were released from trust subsequent to September 30, 2019 upon receipt of subscription proceeds from registered subscriber accounts. The capital stock value of the 3,181,812 shares issued is net of the warrants valuation of \$191,000, Debentures valuation of 736,000 and share issue costs of \$5,900.

##### c) Options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. The exercise price of the stock options is determined by the Board of Directors when the options are granted, but it cannot be less than the closing price of the Company's shares on the TSXV on the business day immediately preceding the day on which the option is granted. The maximum exercise period of the stock options is ten years.

In determining the stock-based compensation expense, the fair value of options issued is estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 10 Share capital (continued)

##### c) Options (continued)

The weighted average assumptions used in the pricing model for options issued during the period ended September 30, 2020, are as follows:

Risk-free interest rate	2.25%
Expected volatility	150%
Expected dividend yield	\$nil
Expected life	10 years

The following table summarizes the changes in the Company's stock options for the periods ended September 30, 2020 and 2019:

	Weighted average exercise price \$	Number of options	Weighted average remaining life (years)	Expiry date
<b>Balance – December 31, 2018</b>		–		
Granted during the period		<u>200,000</u>		
<b>Balance – September 30, 2019</b>	0.12	<u>200,000</u>	9.3	January 21, 2029
<b>Balance – December 31, 2019</b>		200,000		
Exercised during the period	0.12	(200,000)		
Granted during the period	0.24	<u>300,000</u>	9.6	May 15, 2030
<b>Balance – September 30, 2020</b>		<u>300,000</u>		

As at September 30, 2020, 7,773,607 options were available for future grants under the Plan. Options vested and exercisable at September 30, 2020 totaled 100,000 with an exercise price of \$0.24 per share. The weighted average grant-date fair value per option was \$0.24 for the stock options granted during the period ended September 30, 2020. The Company charged \$40,500 in non-cash share-based compensation expense to operations for the period ended September 30, 2020 (\$20,000 – September 30, 2019).

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 10 Share capital (continued)

##### d) Warrants

The following table summarizes the changes in the Company's warrants for the periods ended September 30, 2020 and 2019:

	Expiry date	Exercise price \$	Number	Ascribed value \$
<b>Balance – December 31, 2018</b>			7,400,113	526,000
Warrants exercised during period		0.12	(2,499,998)	(180,000)
Broker warrants issued pursuant to financing		0.20	485,980	90,000
Warrants issued pursuant to Units Offering		0.25	2,000,000	188,600
<b>Balance – September 30, 2019</b>			7,386,095	624,600
<b>Balance – December 31, 2019</b>			7,386,095	624,600
Warrants issued pursuant to Bridge Loans	January 20, 2021	0.21	714,000	80,000
Warrants issued pursuant to conversion of 2018 Debentures	March 16, 2022	0.175	6,500,000	482,000
Warrants issued pursuant to Denaco financing	March 16, 2023	0.27	7,000,000	769,555
Warrants issued pursuant to Emma Units financing and acquisition	April 27, 2022	0.27	3,500,000	353,055
Broker warrants exercised during period		0.15	(681,752)	(60,000)
Warrants issued in connection with exercise of Broker warrants during period	May 5, 2022 and Aug 26, 2020	0.25	340,876	–
Warrants issued pursuant to McLaughlin acquisition	August 31, 2023		2,500,000	316,982
Warrants exercised during period		0.15	(300,000)	(25,000)
			<u>(3,918,363)</u>	<u>(261,000)</u>
<b>Balance – September 30, 2020</b>			<u>23,040,856</u>	<u>2,280,192</u>

The fair value of the Warrants issued during the period ended September 30, 2020, in connection with the Bridge Loans aggregating \$150,000 has been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.21, risk-free rate 2.25%, expected volatility 150%, expected dividend yield \$nil and expected life 1 year.

The fair value of the warrants issued pursuant to the conversion of the 2018 Debentures, the Denaco subscription financing, the Emma Units financing and acquisition, and the McLaughlin acquisition have been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.19, risk-free rate 2.25%, expected volatility 150%, expected dividend yield \$nil and expected life 2 years.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### 10 Share capital (continued)

##### e) Deferred share units

The Company has a deferred share unit plan (the "DSU Plan") whereby participants may elect to receive all or a portion of their annual compensation or bonus compensation, if any, in deferred share units ("DSU's"). The election, if it is made, must be for a minimum of 10%, or a multiple thereof, of such compensation in DSU's. The number of DSU's received is equal to the amount of compensation elected to be received in DSU's, divided by the volume-weighted average trading price of the Common Shares on the TSX for the 5 trading days immediately prior to the payment date. DSU's awarded under the DSU Plan in lieu of annual or bonus compensation will vest immediately.

In addition, the Board of Directors has the authority to make discretionary awards of DSU's to participants under the DSU Plan. DSU's granted pursuant to discretionary awards will vest in accordance with the vesting schedule determined by the Board of Directors. Generally, DSU's will vest equally over three years, with one-third of the awarded DSU's vesting on each of the first, second and third anniversaries of the date of the award.

All unvested DSU's will vest immediately in the case of a change of control of the Company. In addition, in the event of the death or termination without cause of a participant that received DSUs, the participant's DSU's will vest immediately. The Board of Directors may at any time shorten the vesting period of any or all DSU's.

The maximum number of common shares issuable under the DSU Plan is 7,000,000. Each DSU held by a participant must be redeemed by the company within 10 years of grant for DSU Plan shares issued from treasury. Each vested DSU held by a participant who ceases to be an eligible employee, director or officer shall be redeemed by the Company effective as of the separation date for DSU Plan shares issued from treasury.

On May 14, 2020, the Board of Directors approved the issuance of 2,775,000 DSU's to directors and officers of the Company. This was the initial grant of DSU's under the DSU Plan. The 2,775,000 DSU's were issued in connection with annual and bonus compensation. The fair value per DSU granted was \$0.20. The Company charged \$545,000 in non-cash share-based compensation expense to operations for the period ended September 30, 2020 (\$Nil – September 30, 2019).

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 10 Share capital (continued)

##### f) Contributed surplus

	\$
<b>Balance – December 31, 2018</b>	332,500
Stock-based compensation	20,000
	<hr/>
<b>Balance – September 30, 2019 and December 31, 2019</b>	352,500
Stock-based compensation	585,500
Expiration of warrants	261,000
Exercise of stock options	(20,000)
	<hr/>
<b>Balance – September 30, 2020</b>	<u>1,179,000</u>

##### g) Shares for debt and debenture interest

During the nine month period ended September 30, 2020, the Company issued 145,226 common shares at a price of \$0.22 per share to settle accounts payable aggregating \$31,950 and 739,306 common shares at a price of \$0.24 per share to settled accounts payable aggregating \$177,434.

During the nine month period ended September 30, 2020, the Company issued 131,674 common shares to settle \$29,063 of convertible debenture interest payable.

During the nine month period ended September 30, 2019, the Company issued 1,193,037 common shares at a deemed price of \$0.12 per share to settle outstanding indebtedness owed to non-arm's length parties for consulting fees aggregating \$143,165, 708,750 common shares at a price of \$0.20 to settle outstanding indebtedness aggregating \$141,750 of which \$135,000 was owed to a non-arm's length party. Disinterested shareholder approval for the issuance of the shares to the non- arm's length parties was obtained at the annual and special meeting of shareholders of the Company held on May 31, 2019. The capital stock value of the common shares is net of issue costs of \$4,600.

During the nine month period ended September 30, 2019, the Company issued 550,000 common shares at a price of \$0.20 per share to settle advisory and consulting fees aggregating \$110,000. An additional 333,331 common shares were issuable at September 30, 2019 to settle advisory and consulting fees aggregating \$73,333. These common shares were not issued as at September 30, 2019, however, for accounting purposes the shares are recorded as being outstanding at September 30, 2019, as the significant conditions for issuance have been satisfied.

During the nine month period ended September 30, 2019, the Company issued 280,524 common shares to settle \$38,679 of convertible debenture interest payable. An additional 127,661 common shares were issuable at September 30, 2019 to settle \$19,660 of convertible debenture interest payable. These common shares were not issued as at September 30, 2019, however, for accounting purposes the shares are recorded as being outstanding at September 30, 2019, as the significant conditions for issuance have been satisfied. The capital stock value of the common shares is net of issue costs of \$2,300.

These are non-cash transactions and accordingly have been excluded from the statement of cash flows.

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

(expressed in Canadian dollars)

#### 11 Related party transactions

##### a) 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 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 ended September 30, 2020, 17,045 shares were issued to an officer for payment of consulting fees aggregating \$3,750.

##### b) 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.

##### c) Private placements

During the nine month period ended September 30, 2020, officers and directors of the Company subscribed to the following securities issued pursuant to private placement financings; 520,831 common shares for aggregate gross proceeds of \$125,000 and convertible debentures aggregating \$125,000 in connection with the Emma units private placement; and convertible debentures aggregating \$868,000 in connection with the McLaughlin convertible debenture private placement.

# **ViveRE Communities Inc.**

## **Notes to Unaudited Interim Condensed Consolidated Financial Statements**

**For the periods ended September 30, 2020 and 2019**

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(expressed in Canadian dollars)

### **12 Financial instruments and other**

#### **Interest rate risk**

The Company is exposed to interest rate risks on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. This risk is mitigated as all interest bearing financial liabilities have fixed rates of interest.

#### **Credit risk**

The Company manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

#### **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 an occupancy rate of 99% 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.

### **13 Subsequent events**

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, 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").

# ViveRE Communities Inc.

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

### For the periods ended September 30, 2020 and 2019

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(expressed in Canadian dollars)

#### 13 Subsequent events (continued)

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.