

**FORM 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

1 Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (the **Shares**) of NexLiving Communities Inc. (**NexLiving** or the **Issuer**).

The Issuer's address is:

45 Alderney Dr., Suite 1805,
Dartmouth, Nova Scotia, B2Y 2N6, Canada

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. The requirement to file this report was triggered as a result of the consideration received under the Purchase Agreement (as defined below).

2 Identity of the Acquiror

2.1 State the name and address of the acquiror.

8985979 Canada Inc. (**898**)

898's address is:

500, boulevard Gréber,
bureau 302, Gatineau QC
J8T 7W3

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On August 30, 2024 (the **Share Acquisition Date**), 898 received 15,822,928 Shares (the **Consideration Shares**), as part of the consideration paid to 898 and Devcore Group Inc. (**Devcore**) under the Issuer's previously announced acquisition (the **Transaction**) of a portfolio of multi-family assets (the **Acquisition Portfolio**) pursuant to a purchase agreement dated January 21, 2024 (the **Purchase Agreement**).

2.3 State the names of any joint actors.

Devcore, Jean-Pierre Poulin and Jeffrey York (collectively with 898, the **Investor**).

3 Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

Immediately prior to the Transaction, 898 did not beneficially own or control any securities of the Issuer. Pursuant to the Transaction, 898 received 15,822,928 Shares, representing approximately 48.25% of the issued and outstanding Shares of the Issuer, based upon 32,792,365 Shares issued and outstanding as of August 30, 2024.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 2.2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Following the Transaction, 898, together with joint actors, has ownership and control over 16,396,182 Shares, representing approximately 49.9% of the issued and outstanding Shares of the Issuer. Pursuant to the Transaction, 898 received 15,822,928 Shares and Devcore received 510,754 Shares, representing approximately 48.2% and 1.56% of the issued and outstanding Shares of the Issuer, respectively. In addition, Jeff York owns 62,500 Shares, representing approximately 0.19% of the issued and outstanding Shares of the Issuer. The foregoing figures are based upon 32,792,365 issued and outstanding Shares as of August 30, 2024.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's security holdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required

under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

- 3.8** ***If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.***

Not applicable.

4 Consideration Paid

- 4.1** ***State the value, in Canadian dollars, of any consideration paid or received per security and in total.***

898 received the Consideration Shares as partial consideration for its sale of all of the securities of the entities holding the Acquisition Portfolio. The closing price of the Shares on August 29, 2024, the last business day prior to the Share Acquisition Date, was \$2.00.

- 4.2** ***In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.***

See Item 4.1 above.

- 4.3** ***If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.***

See Item 2.2 above.

5 Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;***
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;***
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;***
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;***
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;***
- (f) a material change in the reporting issuer's business or corporate structure;***

- (g) ***a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;***
- (h) ***a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;***
- (i) ***the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;***
- (j) ***a solicitation of proxies from securityholders;***
- (k) ***an action similar to any of those enumerated above.***

898 and Devcore received the Shares pursuant to the Transaction for investment purposes and 898 and Devcore may, depending on market and other conditions and subject to the terms of the Investor Rights Agreement (as defined and described below), increase or decrease their beneficial ownership, control or direction over securities of the Issuer through market transactions, private agreements with certain shareholders of the Issuer that they have previously negotiated, treasury issuances, exercise of warrants or otherwise.

6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

In connection with the Transaction, 898, Devcore and the Issuer entered into the Purchase Agreement, which contains customary representations, warranties, covenants and conditions of closing.

Also in connection with the Transaction, the Issuer and the Investor entered into an investor rights agreement (the **Investor Rights Agreement**) pursuant to which the Investor will be entitled to, among other things, the following rights for the applicable periods of time: (a) board nomination rights, (b) registration rights (including piggy-back registration rights), (c) pre-emptive rights, (d) top-up rights, and (e) information rights.

In addition, the Investor Rights Agreement provides that until the earlier of the expiry of the 36-month standstill period (subject to the terms of the Investor Rights Agreement) or the date on which the Investor no longer has the right to nominate two directors to the Board pursuant to the Investor Rights Agreement, the Issuer will not, without the prior written consent of the Investor (such consent not to be unreasonably withheld, conditioned or delayed): (a) acquire or agree to acquire or make any proposal to acquire, or dispose or agree to dispose or make any proposal to dispose, directly or indirectly, by means of purchase, merger, amalgamation, consolidation, take-over bid, business combination or in any other manner, any shares, securities or assets with a purchase price in excess of 20% of the Issuer's net assets (in excess of all liabilities) based on the Issuer's most recent publicly filed balance sheet; (b) undertake an equity financing, or acquisition that through share consideration, results in dilution in excess of 20%; (c) borrow funds from any Person (as defined in the Investor Rights Agreement) (other than in connection with ordinary course refinancings) in an amount in excess of 20% of the Issuer's net assets (in excess of all liabilities) based on the Issuer's most recent publicly filed balance sheet; (d) hire or terminate (other than for cause) senior management of the Issuer; or (e) permit any change to the composition of the board of directors of the Issuer (other than the nominee(s) of the Investor) or any committee of the board of directors of the Issuer (other than any committee member designated by the Investor), including without limitation by

nomination, recommendation or otherwise, except in connection with a resignation of a director not nominated by the Investor, in which case the nomination or election of any person to fill such vacancy shall require the prior written consent of the Investor (such consent not to be unreasonably withheld, conditioned or delayed).

The Investor is subject to customary standstill provisions, and shall not, among other things, without the prior written consent of the Company: acquire or agree to acquire shares or assets of the Company, or any its affiliates; solicit proxies of shareholders of the Company, or seek to influence any other person with respect to the voting of any securities of the Company, or form or participate in any solicitation of proxies or dissident shareholder group for any such purpose (other than in connection with the election of its nominees); or make any public announcement with respect to the foregoing, or advise, assist or encourage any person to do or take any action inconsistent with the foregoing, and other customary prohibitions. The standstill provisions cease to apply upon the earlier of (a) the date that is 36 months after the date of the Investor Rights Agreement; (b) the date of the public announcement of a bona fide unsolicited take-over bid for more than 50% of the Common Shares from a third party that does not directly or indirectly involve the Investor and which is supported by the board of directors; (c) the date that is 6 months following the date on which the Investor no longer has any board nomination rights under the Investor Rights Agreement; and (d) a date that is designated by the board of directors (if, as and when the board of directors elects to do so).

During the standstill period, the Investor is also subject to customary voting support covenants, requiring it, among other things, to vote or abstain from voting any Shares beneficially owned, or over which control or direction is exercised, in line with the Board's recommendations on director nominations and customary annual meeting matters (including ordinary course approval of executive compensation as required by stock exchange rules or securities laws).

The Investor Rights Agreement also contains transfer restrictions. During the period beginning at closing of the Transaction and ending on and including the day that is 24 months thereafter (the **Lock-up Period**), the Investor may not, among other things, (a) offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Share received by 898 and Devcore as consideration in the Transaction (the **Lock-Up Securities**), or agree or commit to do any of the foregoing; (b) engage in prescribed hedging or other transactions or other agreements that are designed to or which could reasonably be expected to lead to or result in such a transfer (among other things), subject to customary exceptions to such transfer restrictions for permitted transferees. On the date that is 6 months after closing of the Transaction, 10% of the Lock-Up Securities shall be released (pro rata among the holders thereof) from the foregoing restrictions. On the date that is 12 months after closing of the Transaction and on the last day of each subsequent month until the expiry of the Lock-Up Period, 7.5% of the Lock-Up Securities shall be released (pro rata among the holders thereof) from the foregoing restrictions. After any Shares are released from the lock-up, the Investor will be prohibited from knowingly transferring such Shares to any transferee or group of transferees acting jointly or in concert (other than permitted transferees) that would, following such transfer, have beneficial ownership over 10% or more of the Issuer, or to a competitor of the Issuer.

Copies of the Purchase Agreement and the Investor Rights Agreement are or will be made available on SEDAR+ under the Issuer's profile at www.sedarplus.ca.

Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

7 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

8 Certification

I, the acquiror, certify, that the statements made in this report are true and complete in every respect.

DATED the 4th day of September, 2024.

8985979 CANADA INC.

Per: "Jean-Pierre Poulin"

Name: Jean-Pierre Poulin

Title: Director