



Consolidated Financial Statements
December 31, 2024 and 2023
(expressed in Canadian dollars)

April 24, 2025

Management's Report

The accompanying consolidated financial statements of NexLiving Communities Inc. are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The 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 consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements and recommended their approval by the Board of Directors.

PricewaterhouseCoopers LLP, appointed as the Company's auditor by the shareholders, have examined these consolidated financial statements and their report follows.

(signed) "*Stavro Stathonikos*"
Chief Executive Officer
Toronto, Ontario

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



Independent auditor's report

To the Shareholders of NexLiving Communities Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NexLiving Communities Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T.: +1 902 491 7400, F.: +1 902 422 1166, Fax to mail: ca_halifax_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Fair values of investment properties using the capitalized net operating income method</p> <p><i>Refer to note 3 – Material accounting policy information, note 5 – Investment properties and note 8 – Share capital to the consolidated financial statements.</i></p> <p>The Company's investment properties at December 31, 2024 were \$446,965,000. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.</p> <p>During the year ended December 31, 2024, the Company acquired a portfolio of multi-family assets in eastern Ontario and Quebec, consisting of 16 properties with a fair value of \$208,246,603, plus transaction costs of \$7,830,417. As consideration, the Company issued 16,333,682 common shares of the Company, assumed existing mortgages with a face value of \$164,675,262 and paid cash consideration of \$295,680. The Company accounted for the transaction as an asset acquisition. Given the transaction involved the issuance of shares, the fair value of investment properties must be determined, along with the fair value of mortgages assumed, to determine the amount to be allocated to the common shares issued.</p> <p>The fair value of investment properties as at the date of acquisition and as of December 31, 2024, except for 2 properties, was determined using the capitalized net operating income method, with the 12-month forward net operating income divided by a market capitalization rate.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the fair values of its investment properties using the capitalized net operating income method as at the date of acquisition and as of December 31, 2024, which included the following:<ul style="list-style-type: none">– Evaluated the appropriateness of the capitalized net operating income method used.– Tested the underlying data.– Evaluated the reasonableness of key assumptions such as forecasted rental income and vacancies and forecasted property operating expenses by comparing them to current and historical leasing activity and results and/or external market and industry data, as applicable.– Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in assessing the reasonableness of the capitalization rates on a sample basis.– Tested the disclosures made in the consolidated financial statements related to the fair values of investment properties using the capitalized net operating income method.



Key audit matter

How our audit addressed the key audit matter

The 12-month forward net operating income is based on the Company's operating budget and stabilized for any non-recurring expenses. Management uses the assistance of an independent appraiser to determine an appropriate market capitalization rate for individual properties at period ends. The capitalized net operating income method requires certain key assumptions and estimates to be made by management, including forecasted rental income and vacancies, forecasted property operating expenses and capitalization rates.

We considered this a key audit matter due to (i) the significance of the investment properties balance; (ii) the significant judgments made by management in determining the fair values of the investment properties using the capitalized net operating income method; and (iii) the high degree of complexity in assessing audit evidence related to key assumptions and estimates made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
April 24, 2025

NexLiving Communities Inc.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023

(expressed in Canadian dollars)

	2024 \$	2023 \$
Assets		
Current assets		
Cash	8,498,774	5,340,476
Accounts receivable	322,532	180,341
Deposits and prepaids	1,029,855	1,088,355
	<hr/>	<hr/>
	9,851,160	6,609,172
Investment properties (note 5)	446,965,000	240,618,000
	<hr/>	<hr/>
	456,816,161	247,227,172
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	6,163,490	1,307,784
Current portion of mortgages payable (note 7)	22,799,170	40,985,242
	<hr/>	<hr/>
	28,962,660	42,293,026
Mortgages payable (note 7)	288,228,014	129,400,704
Deferred income taxes (note 9)	3,400,000	900,000
	<hr/>	<hr/>
	320,590,674	172,593,730
Equity (note 8)	136,225,487	74,633,442
	<hr/>	<hr/>
	456,816,161	247,227,172
	<hr/>	<hr/>
Subsequent events (note 14)		

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

NexLiving Communities Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2024 and 2023

(expressed in Canadian dollars)

	2024 \$	2023 \$
Revenue		
Rental income	24,034,078	18,475,666
Property operating expenses		
Operating expenses	(9,769,425)	(7,439,150)
Net property operating income	14,264,653	11,036,516
Expenses		
Administrative expenses	(1,760,571)	(1,554,492)
Stock-based compensation (note 8)	(454,200)	(303,600)
	(2,214,771)	(1,858,092)
Finance costs		
Interest expense	(7,706,445)	(5,955,579)
Amortization of finance costs (note 7)	(598,629)	(410,708)
Accretion expense (note 7)	(461,600)	-
	(8,766,674)	(6,366,287)
Other income (loss)		
Fair value adjustments to investment properties (note 5)	12,337,616	(4,741,690)
Gain on sale of investment properties (note 5)	115,199	-
Interest income	177,211	25,750
	12,630,026	(4,715,940)
Net income (loss) before income taxes	15,913,234	(1,903,803)
Deferred income tax expense (note 9)	(2,500,000)	(300,000)
Net income (loss) and comprehensive income (loss)	13,413,234	(2,203,803)
Net income (loss) per share – basic (notes 2 and 11)	0.60	(0.13)
Net income (loss) per share – diluted (notes 2 and 11)	0.60	(0.13)

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

NexLiving Communities Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(expressed in Canadian dollars)

	Number of shares (note 2)	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
Balance – December 31, 2023	16,464,483	63,567,867	5,076,172	5,989,403	74,633,442
Net loss and comprehensive loss for the year	-	-	-	13,413,234	13,413,234
Shares issued pursuant to acquisitions, net of issue costs (notes 5 and 7)	16,333,682	48,865,429	-	-	48,865,429
Shares issued pursuant to redemption of DSUs (note 8)	113,317	318,667	(406,400)	-	(87,733)
Repurchase of common shares (note 7)	(33,700)	(118,815)	51,949	-	(66,866)
Dividends paid	-	-	-	(986,219)	(986,219)
Stock-based compensation (note 7)	-	-	454,200	-	454,200
Balance – December 31, 2024	32,877,782	112,633,148	5,175,921	19,016,418	136,225,487

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

NexLiving Communities Inc.

Consolidated Statements of Changes in Equity (continued)

For the years ended December 31, 2024 and 2023

(expressed in Canadian dollars)

	Number of shares (note 2)	Share capital \$	Warrants \$	Contributed surplus \$	Retained earnings \$	Total \$
Balance – December 31, 2022	14,664,133	56,391,078	913,537	3,738,742	8,853,468	69,896,825
Net loss and comprehensive loss for the year	-	-	-	-	(2,203,803)	(2,203,803)
Shares issued pursuant to acquisitions, net of issue costs (notes 5 and 8)	1,875,000	7,465,006	-	-	-	7,465,006
Repurchase of common shares (note 8)	(74,650)	(288,217)	-	120,293	-	(167,924)
Expiration of warrants (note 8)	-	-	(913,537)	913,537	-	-
Dividends paid	-	-	-	-	(660,262)	(660,262)
Stock-based compensation (note 8)	-	-	-	303,600	-	303,600
Balance – December 31, 2023	16,464,483	63,567,867	-	5,076,172	5,989,403	74,633,442

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

NexLiving Communities Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

(expressed in Canadian dollars)

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) and comprehensive income (loss) for the years	13,413,234	(2,203,803)
Charges to income not affecting cash		
Interest expense (note 4)	7,706,445	5,955,579
Stock-based compensation expense	454,200	303,600
Change in fair value of investment properties (note 5)	(12,337,616)	4,741,690
Amortization expense	598,629	410,708
Accretion expense	461,600	-
Gain on sale of investment properties	(115,199)	-
Deferred income tax expense	2,500,000	300,000
	<hr/>	<hr/>
	12,681,293	9,507,774
Net changes in non-cash working capital balances related to operations		
Accounts receivable	(142,191)	406,724
Deposits and prepaids	58,500	154,898
Accounts payable and accrued liabilities	546,108	(449,174)
	<hr/>	<hr/>
	13,143,710	9,620,222
Financing activities		
Share issue costs	-	(34,994)
Repurchase of shares for cancellation	(66,865)	(167,924)
Interest paid (note 4)	(7,338,291)	(5,478,505)
Proceeds from mortgage financing, net of deferred financing costs (note 7)	35,906,815	63,857,860
Repayments of mortgage principal (note 7)	(38,052,906)	(27,820,996)
Payment of dividends	(986,219)	(660,262)
	<hr/>	<hr/>
	(10,537,466)	29,695,179
Investing activities		
Acquisition of investment properties, net of mortgages assumed (note 5)	(4,497,235)	(32,508,177)
Additions to investment properties (note 5)	(1,970,864)	(2,280,513)
Net proceeds from sale of investment properties (note 5)	7,020,153	-
	<hr/>	<hr/>
	552,054	(34,788,690)
Change in cash during the year	3,158,298	4,526,711
Cash – Beginning of year	<hr/>	<hr/>
	5,340,476	813,765
Cash – End of year	<hr/>	<hr/>
	8,498,774	5,340,476

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

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

1 Nature of operations

NexLiving Communities Inc. (the Company) was incorporated under the Canada Business Corporations Act on August 9, 2011. Its registered office is located at 45 Alderney Drive, Dartmouth, Nova Scotia, B2Y 2N6, Canada. The Company's business is the ownership and management of multi-unit residential real estate with a focus on low and mid-rise properties in bedroom communities in Canada. The common shares of the Company are listed on the TSX Venture Exchange (TSXV or the Exchange) under the symbol NXLV.

2 Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Effective August 3, 2023, the Company completed a consolidation of all of the issued and outstanding common shares of the Company on the basis of one post-consolidation common share for every 20 pre-consolidation common shares. Common shares, and per common share and share-related amounts, disclosed herein reflect the post-consolidation common shares, and prior periods have been adjusted retrospectively.

The Board of Directors approved the consolidated financial statements for issue on April 24, 2025.

3 Material accounting policy information

Basis of consolidation

The consolidated financial statements of the Company consolidate the accounts of the Company and all subsidiaries.

All subsidiaries are 100% owned. Inter-group transactions and balances are eliminated in preparing the consolidated financial statements.

Property acquisitions

Where property is acquired, management considers the substance of the agreement in determining whether the acquisition represents the acquisition of property or a business combination.

Where such acquisitions are not judged to be a business combination, they are treated as asset acquisitions. The cost to acquire the property, including transaction costs, is allocated between the identifiable assets acquired and liabilities assumed based on the relative fair values at the acquisition date. Otherwise, acquisitions are accounted for as a business combination.

Investment properties

Investment properties are comprised of properties held to earn rental revenue or for capital appreciation or both but not for the sale in the normal course of business. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes and professional fees for legal services.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are included in profit or loss in the period in which they arise.

Subsequent expenditures are capitalized to the investment property's carrying value only when it is probable that future economic benefits associated with the expenditures will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

An investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of income (loss) and comprehensive income (loss) in the year of retirement or disposal.

Revenue recognition

The Company enters as a lessor into lease agreements that fall within the scope of IFRS 16, Leases, which are classified as operating leases. The Company's revenues are earned from lease contracts with tenants and the Company recognizes contractual revenue from lease contracts on a straight-line basis over the lease term.

Cash

Cash includes cash held with banks. Interest income earned on the Company's cash is included in other income.

Share options, deferred share units (DSUs)

The Company has a share option plan and a deferred share unit plan available for officers, employees and consultants (note 8).

The fair value of share options and warrants granted is estimated on the date of grant using the Black-Scholes option pricing model and is recorded as an expense over the applicable vesting period based on the number of awards expected to vest. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. On the exercise of share options, the consideration received and the grant date fair value of the option is credited to share capital. Issuances of share options and warrants related to private placements or public offerings of shares are treated as share issue costs.

The fair value of DSUs granted is estimated on the date of grant using the prior day closing price on the TSXV. Compensation expense for DSUs is recognized over the vesting period.

Pursuant to the terms of the share option and DSU plans, the share options and DSUs awarded can only be equity settled.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

Share options, deferred share units (DSUs) (continued)

Transaction costs related to the issuance of the shares are recognized directly in shareholders' equity as a reduction of the proceeds received.

Income or loss per share

The calculations of income or loss per share and diluted income or loss per share are based on the weighted average number of common shares outstanding during the year. Diluted income or loss per share is determined by adjusting the weighted average number of common shares for the dilutive effect, if any, of share options, warrants and DSUs using the treasury stock method. Under this method, share options whose exercise price is less than the average market price of the Company's common shares are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the year. The incremental number of common shares issued on the assumed exercise and repurchased from proceeds is included in the calculation of diluted income or loss.

Income taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income (loss) or directly in equity, respectively.

- Current income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Canada, where the Company and its subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

- Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

Financial instruments

- Financial assets and liabilities

Initial measurement and classification

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or if it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Subsequent measurement

- Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- Financial liabilities at amortized cost

These financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company's financial instruments include cash, deposits, accounts receivable, accounts payable and accrued liabilities and mortgages payable, all of which are subsequently measured at amortized cost.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

- Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 – inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

- Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to the lifetime ECLs in accordance with the simplified approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company assumes that the credit risk on financial assets has increased if it is more than 30 days past due. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

Critical accounting judgments and estimates

Judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and equity components are reviewed on an ongoing basis. Actual results may differ from these estimates. Management has made the following critical judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Asset acquisitions

At the time of acquisition of real estate properties, the Company considers whether or not the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property and when it does not meet the optional concentration test in IFRS 3, Business Combinations. When the acquisition of a property does not represent a business, it is accounted for as an asset acquisition. The cost of the acquisition, including transaction costs, is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognized.

The acquisition of each of the Company's investment properties to date was determined to be an asset acquisition.

- Investment properties

The fair value of investment properties is primarily determined using the capitalized net operating income method, with the 12-month forward net operating income divided by a market capitalization rate. The 12-month forward net operating income is based on the Company's operating budget and stabilized for any non-recurring expenses. Management uses the assistance of an independent appraiser to determine an appropriate market capitalization rate for individual properties at period ends.

Key assumptions and estimates made by management in the determination of the fair value of the investment properties include forecasted rental income and vacancies, forecasted property operating expenses and capitalization rates.

4 Changes in accounting policies and disclosures and future accounting policy changes

Change in accounting policy

During 2024, the Company changed its accounting policy for the presentation of cash interest paid in the consolidated statement of cash flows. Specifically, cash interest that was previously included in operating cash flows has been reclassified to financing cash flows as permitted by IAS 7 – Statement of cash flows. Cash interest paid relates primarily to interest paid on the Company's mortgages payable. Management believes this change better aligns the presentation of cash flows for interest with other cash flows related to debt financing activities. The change in accounting policy was applied retrospectively. As a result, cash flow from operating activities for the year ended December 31, 2023 increased from \$4,141,717 to \$9,620,222 and cash flow from financing activities for the year ended December 31, 2023 decreased from \$35,173,684 to \$29,695,179.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

4 Changes in accounting policies and disclosures and future accounting policy changes (continued)

New accounting standards adopted during the year

Effective January 1, 2024, the Company adopted the amendments to IAS 1 – Presentation of Financial Statements relating to the classification of liabilities with covenants. The amendments clarify that the classification of liabilities as current or non-current is based solely on the rights that exist at the end of the reporting period, even if those rights are subject to the entity's compliance with covenants after the reporting date.

In addition, the amendments introduce new disclosure requirements for liabilities subject to covenants that an entity must comply with within twelve months after the reporting date. These disclosures aim to provide users of financial statements with a better understanding of the risk that such liabilities could become repayable within twelve months of the reporting date.

The Company has applied the amendments retrospectively, as required, and there was no material impact on the classification or measurement of liabilities in the consolidated financial statements as at January 1, 2024.

Accounting standards issued but not yet adopted

The International Accounting Standards Board (IASB) has issued IFRS 18 – Presentation and Disclosure in Financial Statements, which was released in April 2024. IFRS 18 introduces new general presentation and disclosure requirements and replaces certain aspects of IAS 1. The standard aims to improve the structure and consistency of financial statements by enhancing the presentation of the statement of profit or loss, introducing required categories and subtotals, and strengthening requirements around disaggregation and footnote disclosures.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently evaluating the potential impact of IFRS 18 on its financial statement presentation and disclosures.

5 Investment properties

The following table summarizes the changes in investment properties for the years ended December 31, 2024 and 2023:

	2024	2023
	\$	\$
Balance – Beginning of year	240,618,000	203,071,000
Acquisitions during the year	216,324,520	40,008,177
Additions during the year	1,970,864	2,280,513
Disposal of investment properties	(24,286,000)	-
Fair value adjustments	12,337,616	(4,741,690)
Balance – End of year	<u>446,965,000</u>	<u>240,618,000</u>

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

5 Investment properties (continued)

The Company disposed of two properties during 2024 and recorded a gain on sale of \$115,199. On December 12, 2024, the Company completed the sale of the 35-suite property located at 39 Pleasant Street, Moncton, NB for \$5.8 million. On June 24, 2024, the Company completed the sale of the 127-suite property located at 145-155 McLaughlin Road, Moncton, NB for \$19.4 million.

On August 30, 2024, the Company completed the acquisition of a portfolio of multi-family assets in eastern Ontario and Quebec, consisting of 16 properties and 991 units from 8985979 Canada Inc. and Devcore Group Inc. (collectively, "Devcore"). As consideration, the Company issued 16,333,682 common shares and assumed existing mortgages with a face value of \$164,675,262 (note 7) and paid cash consideration of \$295,680. On October 29, the Company completed the acquisition of the final unowned suite at Place Nelson Morin, a 60-unit complex in Gatineau, QC. NexLiving had previously acquired 59 of the 60 suites as part of the Devcore transaction, and the remaining suite, which was owned by a local resident, was purchased for \$247,500.

The Company has evaluated the transaction under the guidelines of IFRS 3, Business Combinations, and the Company elected to apply the optional concentration test as outlined in the standard. The test determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar assets, specifically the investment properties. As such, the transaction was accounted for as an asset acquisition. The acquisition of the Devcore portfolio resulted in an increase to investment properties of \$216,077,020, including transaction costs of \$7,830,417. The mortgages assumed were recognized at fair value, in the amount of \$158,864,203 (note 7). The equity consideration issued as part of the transaction was measured at \$48,865,429 (note 8).

On February 28, 2023, the Company completed the acquisition of a 100% interest in Northpoint Management Inc. (Northpoint) from Sheaco Holdings Inc. for \$40,008,177, including closing costs. The consideration included the issuance of 1,875,000 common shares of the Company (note 8). Northpoint's assets consist of two multifamily buildings comprising 75 units each located at 2251 and 2261 Mountain Road, Moncton, New Brunswick.

The fair value of investment properties is a Level 3 fair value measurement. The fair value represents the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment properties acquired to date were arm's length transactions and the purchase prices were supported by independent appraisals. Fair value is estimated using the capitalized net operating income method with the 12-month forward net operating income stabilized for any non-recurring expenses divided by a market capitalization rate. Key assumptions include the capitalization rate, forecasted rental income and vacancies and forecasted operating expenses for each specific property. For two investment properties, representing 25 units, the Company utilizes the direct comparison approach, which estimates fair value based on recent sales of comparable properties in the same or similar market. The selection of valuation methodology is based on the availability and relevance of market data as well as the specific characteristics of each property.

The December 31, 2024 capitalization rates used to value the Company's investment properties ranged from 4.50 to 5.25%, and the weighted average capitalization rate was 4.82% (December 31, 2023 – ranged from 4.50% to 5.25% with a weighted average capitalization rate of 4.79%).

The following table summarizes the impact of changes in capitalization rates and stabilized net operating income on the fair value of the Company's investment properties.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

5 Investment properties (continued)

		Change in stabilized NOI				
		(2.00)%	(1.00)%	-%	1.00%	2.00%
		\$	\$	\$	\$	\$
Change in capitalization rate	(0.50)%	41,347,000	46,280,000	51,213,000	56,146,000	61,079,000
	(0.25)%	14,879,000	19,542,000	24,204,000	28,867,000	33,530,000
	-%	(8,841,000)	(4,421,000)	-	4,421,000	8,841,000
	0.25%	(30,221,000)	(26,018,000)	(21,816,000)	(17,613,000)	(13,411,000)
	0.50%	(49,589,000)	(45,584,000)	(41,579,000)	(37,574,000)	(33,569,000)

6 Accounts payable and accrued liabilities

As at December 31, 2024, accounts payable and accrued liabilities consist of the following:

	2024	2023
	\$	\$
Accounts payable	1,415,528	506,250
Transaction costs (note 5)	3,885,906	-
Accrued expenses	862,056	801,534
	<u>6,163,490</u>	<u>1,307,784</u>

7 Mortgages payable

	2024	2023
	\$	\$
Mortgages payable	321,156,679	173,951,858
Less: Fair value adjustment on assumed mortgages	5,574,462	-
Less: Unamortized deferred financing costs	4,555,033	3,565,912
	<u>311,027,184</u>	<u>170,385,946</u>
Less: Current portion	22,799,170	40,985,242
	<u>288,228,014</u>	<u>129,400,704</u>

As at December 31, 2024, all of the Company's investment properties had been pledged as security against the mortgages payable.

The Company has access to one variable rate non-revolving demand construction loan for the purpose of funding capital improvements totalling \$1,500,000. As at December 31, 2024, \$237,761 was drawn on the construction loans (2023 – \$431,311), which was fully repaid subsequent to year end.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

7 Mortgages payable (continued)

The Company's mortgages bear interest at a weighted average interest rate of 3.17% (2023 – 3.71%) with a remaining weighted average term to maturity of 4.2 years (2023 – 4.6 years). The fair value of mortgages payable is approximately \$326.7 million and has been determined by discounting the future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

The following table summarizes the changes in the aggregate mortgage values for the years ended December 31, 2024 and 2023:

	2024	2023
	\$	\$
Balance – Beginning of year	170,385,946	133,938,374
Mortgages assumed, net of fair value adjustment (note 5)	158,864,203	-
Mortgage proceeds	38,096,682	66,505,483
Mortgages on sold properties, net of costs	(17,137,103)	-
Repayments	(38,052,906)	(27,820,996)
Accretion expense	461,600	-
Additions to finance costs	(2,189,867)	(2,647,623)
Amortization of finance costs	598,629	410,708
	<hr/>	<hr/>
Balance – End of year	311,027,184	170,385,946

The annual principal and interest payments in relation to the mortgages payable over the 12-month periods ending December 31 are as follows:

	Interest Payable	Principal Repayment	Maturing Weighted Average Interest Rate
	\$	\$	%
2025	9,757,916	22,799,170	4.79%
2026	8,559,383	50,715,626	2.26%
2027	7,495,789	52,277,626	2.61%
2028	5,562,871	68,199,039	3.75%
2029	3,615,282	19,384,929	3.70%
Thereafter	9,189,624	107,780,289	3.11%

8 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

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

8 Share capital (continued)

a) Authorized capital stock (continued)

Common shares issued and fully paid

	Number of shares	Amount \$
	(note 2)	
Balance – December 31, 2022	14,664,133	56,391,078
Shares issued pursuant to acquisitions	1,875,000	7,465,006
Shares repurchased for cancellation	(74,650)	(288,217)
Balance – December 31, 2023	16,464,483	63,567,867
Shares issued pursuant to acquisitions (note 5)	16,333,682	48,865,429
Shares issued pursuant to redemption of DSUs	113,317	318,667
Shares repurchased for cancellation	(33,700)	(118,815)
Balance – December 31, 2024	32,877,782	112,633,148

b) Share consolidation

The consolidation of the Company's common shares on the basis of one post-consolidation common share for every 20 pre-consolidation shares issued and outstanding was effective as of the opening of TSXV on August 3, 2023. The share consolidation was approved by the Company's shareholders at the annual and special meeting held on June 27, 2023. No fractional shares were issued as a result of the consolidation. Fractional interests were rounded to the nearest whole number of shares without any consideration payable therefor. All vested and unvested stock options and DSUs were adjusted on a pro-rata basis of one post-consolidation share to 20 pre-consolidation shares.

c) Equity issuances

On August 30, 2024, the Company issued 16,333,682 common shares as part of the Devcore acquisition (note 5). Given the transaction involved the issuance of shares, the fair value of investment properties was first determined, along with the fair value of mortgages assumed, to determine the amount to be allocated to the common shares issued.

On February 28, 2023, the Company issued 1,875,000 common shares as part of the acquisition of a 100% interest in Northpoint (note 5).

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

8 Share capital (continued)

d) Security-based compensation plans

The Company has a deferred share unit plan (DSU Plan) and a common share purchase option plan. Pursuant to the DSU Plan, participants may elect to receive all or a portion of their annual compensation or bonus compensation, if any, in DSUs. The election, if it is made, must be for a minimum of 10%, or a multiple thereof, of such compensation in DSUs. The number of DSUs received is equal to the amount of compensation elected to be received in DSUs, divided by the volume-weighted average trading price of the common shares on the TSXV for the five trading days immediately prior to the payment date. DSUs 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 DSUs to participants under the DSU Plan. DSUs granted pursuant to discretionary awards will vest in accordance with the vesting schedule determined by the Board of Directors. Generally, DSUs will vest equally over three years, with one-third of the awarded DSUs vesting on each of the first, second and third anniversaries of the date of the award. As at December 31, 2024, a total of 493,200 (December 31, 2023 – 426,450) DSUs were outstanding, of which 211,233 (December 31, 2023 – 167,417) DSUs have vested.

All unvested DSUs 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 who received DSUs, the participant's DSUs will vest immediately. The Board of Directors may at any time shorten the vesting period of any or all DSUs.

Each DSU held by a participant must be redeemed by the Company within ten years of grant for common 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 at the separation date for DSU Plan shares issued from treasury.

On May 15, 2024, the Board of Directors approved the issuance of 220,000 DSUs to directors, management and consultants of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$1.68.

On August 17, 2023, the Board of Directors approved the issuance of 30,000 DSUs to an officer of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$2.15.

On May 25, 2023, the Board of Directors approved the issuance of 138,950 DSUs to directors and management of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$2.50.

The Company charged \$454,200 in non-cash stock-based compensation to operations for the year ended December 31, 2024 (December 31, 2023 – \$303,600), of which \$428,900 (December 31, 2023 – \$297,800) related to DSUs issued to officers and directors of the Company.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

8 Share capital (continued)

d) Security-based compensation plans (continued)

The following table summarizes the changes in the Company's DSUs for the years ended December 31, 2024 and 2023.

	Number of DSUs (note 2)
Balance – December 31, 2022	257,500
Issued during the year	<u>168,950</u>
Balance – December 31, 2023	426,450
Issued during the year	220,000
Redeemed during the year	<u>(153,250)</u>
Balance – December 31, 2024	<u>493,200</u>

The Company has a share option plan for directors, officers, employees and consultants. 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.

No options were issued during the years ended December 31, 2024 and 2023. Options granted and outstanding at December 31, 2024 and 2023 totalled 52,500, of which 15,000 have an exercise price of \$4.80 and expire May 15, 2030, and 37,500 have an exercise price of \$3.80 and expire April 20, 2031.

Options vested and exercisable as at December 31, 2024 totalled 52,500 with a weighted average exercise price of \$4.09 per share.

The maximum number of common shares issuable under the two compensation plans is equal to 10% of the total issued and outstanding common shares. As at December 31, 2024, the maximum number of common shares remaining available for issuance under both compensation plans is 2,485,328.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

8 Share capital (continued)

e) Warrants

The following table summarizes the changes in the Company's warrants for the years ended December 31, 2024 and 2023:

	Expiry date	Exercise price \$	Number # (note 2)	Ascribed value \$
Balance – December 31, 2022			475,000	913,537
Warrants expired	March 16, 2023	5.40	(350,000)	(641,555)
Warrants expired	August 31, 2023	5.40	(125,000)	(271,982)
Balance – December 31, 2023 and 2024			<u>-</u>	<u>-</u>

f) Share repurchases

Pursuant to a notice of intention to make a normal course issuer bid (NCIB) filed with the TSXV, the Company may repurchase for cancellation up to 1,300,000 common shares in its own capital stock during the period from May 31, 2024 to May 30, 2025.

The price that the Company will pay for any such common shares will be the prevailing market price at the time of acquisition. All common share purchases under the NCIB will be made on the open market through the facilities of the TSXV, other designated exchanges and/or alternative Canadian trading systems and will be purchased for cancellation. The funding for any purchase pursuant to the NCIB will be financed out of the working capital of the Company.

During the year ended December 31, 2024, the Company purchased for cancellation 33,700 shares (December 31, 2023 - 74,650 shares) at a cost of \$66,864 (December 31, 2023 - \$167,924). The excess of the historical book value of the shares over the purchase price of \$51,949 (December 31, 2023 - \$120,293) has been recorded to contributed surplus, and \$118,814 (December 31, 2023 - \$288,217) has been charged to share capital.

At December 31, 2024, 22,800 of the Company shares repurchased have not yet been cancelled. These common shares have been treated as treasury shares and deducted from common shares outstanding as at December 31, 2024.

9 Income taxes

As at December 31, 2024, the Company's effective income tax rate differed from the amount that would be computed from applying the federal and provincial statutory rate of 29% (2023 – 29%) to the pre-tax income for the year as follows:

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

9 Income taxes (continued)

	2024 \$	2023 \$
Computed tax expense at the statutory rates	4,615,000	(552,100)
Changes in deductible temporary differences and unused tax losses not recognized	(2,247,000)	764,100
Tax effect of permanent differences	132,000	88,000
	<u>2,500,000</u>	<u>300,000</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and (liabilities) are presented below.

	2024 \$	2023 \$
Financing fees	1,150,000	1,198,000
Investment properties	(7,948,000)	(6,843,000)
Non-capital losses	3,398,000	4,745,000
	<u>(3,400,000)</u>	<u>(900,000)</u>

The non-capital losses expire between 2040 and 2044. As at December 31, 2024, non-capital losses of approximately \$1.1 million (2023 – \$nil) of the Company have not been recognized.

10 Related party transactions

Management compensation

Key management includes the Company's officers and directors.

	2024 \$	2023 \$
Cash and accrued compensation	790,755	769,183
Stock-based compensation (note 8(d))	428,900	297,800
	<u>1,219,655</u>	<u>1,066,983</u>

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

10 Related party transactions (continued)

Property operating expenses

The Company holds assets and conducts operations within the same geographic region as entities under the control of two of its directors. In the normal course of business, the Company entered into a cost sharing arrangement with these related parties, resulting in expenditures totaling \$277,671 for the year. Additionally, the Company also engaged a telecommunications provider controlled by these two directors to deliver services to its tenants, incurring costs of \$96,239. There were no comparable transactions during the prior year ended December 31, 2023.

11 Earnings per share

	2024			2023		
	Income \$	Weighted average shares # (note 2)	Per share amount \$	Loss \$	Weighted average shares # (note 2)	Per share amount \$
Net (loss) income per share – basic	13,413,234	22,208,557	0.60	(2,203,803)	16,360,921	(0.13)
Dilutive impact of stock options and DSUs	-	154,876		-	94,881	-
Net (loss) income per share – diluted	13,413,234	22,363,433	0.60	(2,203,803)	16,455,802	(0.13)

The Company's potentially dilutive instruments include the stock options and DSUs. For the years ended December 31, 2024 and 2023 the stock options were anti-dilutive and the DSUs were dilutive.

12 Capital management

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Company considers capital to be shareholders' equity, which at December 31, 2024 totalled \$136,225,487 (2023 – \$74,633,442). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

13 Financial instruments and other

Interest rate risk

The Company is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. This risk is mitigated as approximately 95% of the Company's interest bearing financial liabilities have fixed rates of interest. Assuming a 100 basis point increase in interest rates, financing costs would increase by approximately \$3,210,000 over time.

NexLiving Communities Inc.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)

13 Financial instruments and other (continued)

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. The Company attempts to mitigate its credit risk by ensuring its tenant mix is heavily weighted to creditworthy tenants. The Company further 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 its financial obligations. The Company has financed acquisitions of investment properties with mortgages, which are periodically required to be refinanced based on the prevailing market conditions at the end of the mortgage term. Within the next 12 months, mortgages totalling \$18,101,839 will mature.

Management believes it has access, through its working capital, operating cash flows and expected mortgages renewals, to sufficient capital to meet the Company's obligations for the next 12 months.

14 Subsequent events

On February 26, 2025, the Company declared a dividend of \$0.01 per common share for the quarter ended March 31, 2025, representing \$0.04 per share on an annualized basis. The dividend was paid on March 28, 2025, to shareholders of record on March 7, 2025.

On March 11, 2025, the company fully repaid its construction loan which had a balance of \$237,761.

On April 4, the Company refinanced its mortgage on the 51 Noel property and entered into a new \$10.6 million CMHC insured mortgage for a five-year term with a fixed interest rate of 3.56%. The new mortgage replaced the maturing \$7.7 million mortgage.

On February 26, 2025, the Company issued 198,200 DSUs to an officer of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan.

Subsequent to year end, the Company purchased and cancelled a total of 153,200 shares pursuant to its NCIB for a total cost of \$256,421.