



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Background

This Management's Discussion and Analysis (MD&A) of NexLiving Communities Inc. (Formerly ViveRE Communities Inc.) ("NexLiving" or "the Company") is dated November 2, 2021, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes for the periods ended September 30, 2021 and September 30, 2020 and the audited consolidated financial statements and accompanying notes for the years ended December 31, 2020 and December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The common shares of NexLiving are traded on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "NXLV.V".

Forward-Looking Information

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

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

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

Company Overview

NexLiving Communities Inc. was incorporated on August 9, 2011 under the Canada Business Corporations Act. 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 Eastern Canada. The common shares of the Company are listed on the TSXV Venture Exchange ("TSXV") under the symbol "NXLV".

Description of Business and Strategy

As a real estate issuer, the Company continues to execute on its plan to acquire recently built or refurbished, highly leased multi-residential properties in bedroom communities in Eastern Canada. The Company aims to satisfy the needs of the newly emerging 55+ resident. The demographic that has changed the world is now changing the way residential rental apartments cater to their requirements. Their desire for community, along with service and convenience amenities has led to the emergence of the 55+ active living segment. Apartments are the next “home”, after years of owning they look forward to the carefree lifestyle provided through renting in a community of their peers. NexLiving intends to consolidate this emerging market niche. The Company currently owns 549 units in New Brunswick (Moncton and Saint John) and Ontario (Oshawa).

The Company has developed a robust pipeline of qualified properties for potential acquisition. By screening properties identified to match the criteria set out in the Company business plan (proximity to healthcare, amenities, services and recreation), management has identified a number of attractive acquisition targets. The Company intends to acquire a minimum of 500 units in the coming twelve months.

Today’s active 55+ individual or family is interested in community and independence, and the properties that will attract like-minded residents. A lifestyle that eliminates the work and risk associated with a single-family home at a stage when the resident desires convenience and freedom. The 55+ demographic includes some 9.7 million Canadians. NexLiving intends to introduce third party supplied services such as pharmacy, light housekeeping, pet care, grocery and dry-cleaning delivery, information technology (internet, television, video) delivery and support, and other services which will enhance the lives of residents. Revenue from these services has the potential to enhance the operating profitability of a property beyond a traditional rental revenue model.

Property management is currently handled by third party providers on a contract basis. A condo or hospitality style level of service is part of the business model, with third party providers consistently delivering a high level of service.

Like other real estate companies, the Company has a highly scalable business model where a small team can drive a large number of transactions. NexLiving is executing a growth strategy, quickly acquiring additional properties and the resulting revenue will allow it to spread fixed public company and management costs across a larger revenue base. The Company believes that the properly managed execution of its growth strategy and careful attention to market participants will help create a successful publicly listed real estate company.

Significant Events During Quarter Ended September 30, 2021

Revenue and NOI Growth

Property revenue increased by \$1.0 million (99%) to \$2.0 million in the three month period ended September 30, 2021 compared to the prior year comparable period. Net property operating income (“NOI”) increased by \$0.63 million (97%) to \$1.20 million during the period and represents a 59.9% NOI margin, which is an improvement from 56.5% for the prior year comparable period.

The increase in property revenue and NOI was a result of the addition of over \$51 million in investment properties during the period from July 1, 2020 to September 30, 2021. The total portfolio increased by 286 units to 549 units at September 30, 2021. The historical cost of the portfolio is approximately \$91 million at September 30, 2021.

During the quarter, the Company sent notifications of upcoming rent increases to all eligible tenants, which represents, on average, a year over year increase of approximately 8%. The Province of New Brunswick legislation requires notifications to be sent to tenants three months in advance of the effective date of the increase, and as such, the new rents will be effective December 1, 2021 and January 1, 2022. Management expects once the new rents are in place, the investment portfolio to generate a run rate NOI of \$5.0 million.

Below Market Rents

Management estimates that market rents are approximately 10-20% higher than NexLiving's average in place rents for similar suites. The differential between in place and market rents provide the Company with the potential opportunity to raise rents and increase yields while still providing very affordable, competitive rents to our residents.

Limited Exposure to Rent Controls

Over 95% of the Company's properties are located in New Brunswick and as a result are not currently subject to rent controls. NexLiving has the option to adjust rental rates in order to close the differential between in place and market rents.

Occupancy

NexLiving has maintained a high level of occupancy across its property portfolio. At September 30, 2021, 10 of its 549 units were vacant representing an occupancy rate of approximately 98%.

Other Events During the Period

On May 25, 2021, the shareholders of the Company approved the change of the Company's legal name from ViveRE Communities Inc. to NexLiving Communities Inc.

On May 18, 2021, the Company completed a private placement of common shares whereby 12,500,000 common shares were sold at a price of \$0.20 per common share for gross proceeds of \$2,500,000. The financing comprised a non-brokered tranche of \$2,055,000 and a brokered tranche of \$445,000. The net proceeds from the offering were used to finance the acquisition of 49 Noel, a 47 unit premium property. The common shares are subject to a four-month hold period. Certain insiders of the company subscribed for an aggregate of 3,375,000 common shares.

On April 30 and May 7, 2021, the Company completed the sale of its non-core investment properties located at 27 Edmond Street and 50 Maplewood Drive. Total proceeds on the sale amounted to \$3,053,000. The proceeds were satisfied by the Purchaser's assumption of mortgages payable in the amount of \$2,542,881 and \$510,119 received in cash.

On April 20, 2021, the board of directors, in accordance with the terms of the company's DSU plan, approved the issuance of 2,185,000 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.

On April 20, 2021, the board of directors, in accordance with the provisions of the company's stock option plan, approved the issuance of 750,000 options to a consultant of the company. The options are exercisable at 19 cents per common share, vest in two equal tranches of 375,000 options, on the grant date and October 15, 2021, and are exercisable for a 10-year term.

On June 30, 2021, the Company completed the acquisition of a 100% interest of Village View No.4 Limited Partnership, a limited partnership formed under the laws of the Province of New Brunswick ("VV4LP"), whose sole asset is a 47 unit multi-family rental property located at 49 Noel Avenue, Saint John, New Brunswick ("49 Noel"). NexLiving acquired VV4LP for a purchase price of \$12,783,793. NexLiving satisfied the purchase price with the issuance to the vendors of 3,750,000 common shares of NexLiving at a price of \$0.20 per share, representing consideration of \$750,000, assumption of a collateral mortgage on 49 Noel in the amount of \$9,366,429, with the balance being paid in cash.

Selected Financial Information

NexLiving's net property operating income for the nine month period ended September 30, 2021 was \$3,088,563 compared to \$1,351,192 for the nine month period ended September 30, 2020 and its net loss for the current period was \$2,124,890 (\$0.015 per share) compared to a net loss of \$1,787,397 (\$0.026 per share) for the prior year period.

The following table contains selected financial information for the nine month period ended September 30, 2021, and the two most recently completed fiscal periods.

	As at September 30, 2021 \$	As at December 31, 2020 \$	As at December 31, 2019 \$
Investment properties	88,055,243	79,916,527	18,209,620
Total assets	89,811,654	82,639,069	18,478,679
Convertible debentures – liability component	4,686,820	4,544,660	1,346,215
Mortgages payable, net of unamortized finance costs	63,269,498	57,596,540	12,239,301
Total liabilities	68,520,596	63,003,570	13,983,978
Shareholders' equity	21,291,058	19,635,499	4,494,701

	For the 9 month period ended September 30, 2021 \$	For the 12 month period ended December 31, 2020 \$	For the 12 month period ended December 31, 2019 \$
Rental income	5,469,409	3,625,500	1,089,545
Net property operating income	3,088,563	2,039,858	625,177
NOI margin	56.4%	56.3%	57.4%
Net loss	(2,124,890)	(2,200,142)	(1,406,304)
Net loss per share	(0.02)	(0.03)	(0.04)
FFO*	661,239	(412,646)	(672,526)

* "FFO" is defined as net property operating income less administrative expenses and interest expense. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the Company's operating results. FFO should not be construed as alternatives to "net income (loss) from continuing operations" or "cash flow from operating activities" determined in accordance with IFRS as indicators of the Company's performance. The Company's method of calculating FFO may differ from other issuers' methods and, accordingly, these measures may not be comparable to measures used by other issuers.

	For the 9 month period ended September 30, 2021 \$	For the 12 month period ended December 31, 2020 \$	For the 12 month period ended December 31, 2019 \$
Net property operating income	3,088,563	2,039,858	625,177
Administrative expenses	(1,152,336)	(1,434,462)	(868,827)
Interest expense	(1,274,958)	(1,018,042)	(428,876)
FFO*	661,239	(412,646)	(672,526)

Summary of Quarterly Operating Results

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

Quarter ended	September 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Rental revenue	1,997,351	1,719,991	1,752,067	1,283,139	1,005,499	849,794	487,068	423,403
Operating costs	800,601	780,451	799,794	594,473	437,471	373,372	180,326	182,053
Net property operating income	1,196,750	939,540	952,273	688,666	568,028	476,422	306,742	241,350
Administrative expenses								
Management wages and consulting fees	245,006	209,154	196,562	202,964	172,677	115,311	147,463	113,330
Insurance	6,500	6,187	6,187	6,186	2,063	5,118	6,826	(1,588)
Professional fees	43,863	41,451	30,100	20,390	35,604	18,256	31,071	25,285
Filing and other fees	21,666	12,266	8,805	10,147	9,704	(21,864)	44,312	18,952
Office and other	30,169	57,713	12,537	25,194	6,013	5,257	4,969	2,673
Stock-based compensation	63,900	160,300	-	-	13,500	572,000	-	-
Travel	-	-	-	1,301	-	-	-	7,423
	411,104	487,071	254,191	266,182	239,561	694,078	234,641	166,075
Finance costs								
Interest expense	446,732	414,640	413,585	362,645	272,210	244,272	138,915	144,551
Amortization expense	83,772	59,388	64,083	45,558	28,146	13,855	28,985	24,266
Accretion expense	284,607	271,056	256,804	237,418	169,332	135,513	143,705	115,333
Loss on settlement of bridge loans			-	-	-	80,000	-	-
	815,111	745,084	734,472	645,621	469,688	473,640	311,605	284,150
Depreciation expense	583,904	563,338	560,099	423,608	329,682	237,905	147,789	145,915
Gain on sale of non-core investment properties	-	(28,922)	-	-	-	-	-	-
Loss on modification of convertible debentures	88,000	-	-	-	-	-	-	-
Net loss before income taxes	(701,369)	(827,031)	(596,489)	(646,745)	(470,903)	(929,201)	(387,293)	(354,790)
Deferred income tax recovery	-	-	-	234,000	-	-	-	41,000
Net income (loss) for the quarter	(701,369)	(827,031)	(596,489)	(412,745)	(470,903)	(929,201)	(387,293)	(313,790)
Basic and diluted net loss per share	(0.004)	(0.01)	(0.004)	(0.005)	(0.01)	(0.01)	(0.01)	(0.01)

Results of Operations for the Period Ended September 30, 2021

For the three month period ended September 30, 2021, the Company's investment properties generated rental income of \$1,997,351 (2020 – \$1,005,499) and NOI of \$1,196,750 (2020 – \$568,028). The Company's net loss for the three month period ended September 30, 2021 was \$701,369 or \$0.004 per share compared to a net loss of \$470,903 or \$0.006 per share for the three month period ended September 30, 2020. Depreciation expense recorded for the period was \$583,904 (2020 – \$329,682). The increase in rental income, NOI and depreciation expense was directly related to the increase in number of units under ownership - 549 units at September 30, 2021 compared to 391 units at September 30, 2020.

The following table details the changes in the Company's administrative expenses for the three and nine month periods ended September 30, 2021.

Period ended	Sept 30, 2021 3 months \$	Sept 30, 2020 3 months \$	Incr./decr. 3 months \$	Sept 30, 2021 9 months \$	Sept 30, 2020 9 months \$	Incr./decr. 9 months \$
Management wages and consulting fees	245,006	172,677	72,329	693,090	435,453	257,637
Filing and other fees	21,666	9,704	11,962	42,735	32,152	10,583
Insurance	6,500	2,063	4,437	18,875	14,006	4,869
Office and other	30,169	6,013	24,156	80,099	16,239	63,860
Professional fees	43,863	35,604	8,259	93,367	84,931	8,436
Stock-based compensation	63,900	13,500	50,400	224,200	585,500	(361,300)
	411,104	239,561	171,543	1,152,366	1,168,281	(15,915)

The increase in management wages and consulting fees for three month period is due to the addition of the new President in June 2021 and revised monthly contracts for management and advisors. The increase in the nine month period includes a financial advisory fee of \$125,000 plus HST in connection with the Company's brokered and non-brokered private placements which closed on May 18, 2021.

The increase in office and other costs reflects non-recurring costs connected with the Company's name change, one-time marketing costs related to the Company's brand identity, costs to establish the Company's corporate office at 45 Alderney Drive in Dartmouth, as well as, the commencement of the monthly lease cost effective June 1, 2021 for the corporate office, and deal costs in the approximate amount of \$20,000 related to an acquisition that didn't close.

The stock based compensation related to DSU's in the prior year in the amount of \$545,000 vested immediately and is reflected in expense in the nine month period ended September 30, 2020. The DSU's granted in the current year vest over three years and have an estimated value of \$437,000 which is being recognized in stock based compensation over the vesting period.

Finance costs incurred for the period ended September 30, 2021 totaled \$815,111 (2020 - \$469,688) comprised of mortgage and convertible debenture interest expense of \$446,732 (2020 - \$272,210), accretion expense relating to the convertible debentures of \$284,607 (2020 – \$169,332) and amortization of mortgages and convertible debenture costs of \$83,772 (2020 – \$28,146). The increased finance costs in the current period were directly related to the increased mortgage debt placed in connection with property acquisitions completed subsequent to September 30, 2020.

Liquidity and Capital Resources

At September 30, 2021, the Company reported cash of \$1,145,954, total current assets of \$1,756,411 total current liabilities of \$25,337,526 and a working capital deficiency of \$23,581,115. \$18.9 million of the working capital deficiency relates to mortgages payable maturing within 12 months from September 30, 2021, of which \$3,170,075 relates to the mortgage payable for 41 Noel Avenue, \$4,554,992 relates to 75 Emma Street and \$11,156,670 relates to the McLaughlin complex, and although the Company expects to renew these mortgages, there can be no assurance that it will have access to sufficient capital or access to capital on favorable terms. In addition, a further \$2.6 million of the working capital deficiency relates to the convertible debentures which are convertible into common shares at the option of the company.

On May 17, 2021, the Company completed a private placement of common shares whereby 12,500,000 common shares were sold at a price of \$0.20 per common share for gross proceeds of \$2,500,000. The financing comprised a non-brokered tranche of \$2,055,000 and a brokered tranche of \$445,000. The net proceeds from the offering were used to finance the acquisition of Village View #4 Limited Partnership and for general corporate purposes.

The sales of 27 Edmond Street and 50 Maplewood Drive completed on April 30 and May 7, 2021 respectively generated cash payments to the Company aggregating \$510,119.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Compensation of directors and officers

	Nine Month Period ended September 30, 2021 \$	Nine Month Period ended September 30, 2020 \$
CEO – consulting fees	207,000	149,500
Executive VP – consulting fees	64,400	54,529
CFO – consulting fees	47,150	50,600
Secretary – consulting fees	43,125	22,760
	361,675	277,389

The Company has agreements with two of its officers whereby it has the option to pay consulting fees with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. No such shares were issued during the periods ended September 30, 2021 and 2020.

Advisory and legal services

Advisory services were provided during the nine month period ended September 30, 2021 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 \$271,287 (September 30, 2020 – \$67,621).

The Company has agreements with the providers of the advisory services whereby it has the option to pay advisory fees with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. No such shares were issued during the periods ended September 30, 2021 and 2020.

Legal services were provided during the nine month period ended September 30, 2021 by a firm of which an officer of the Company is the sole lawyer practitioner. The cost of these legal services during the period was \$14,250 (2020 - \$55,392).

Outstanding Share Data

The Company has 151,112,482 common shares issued and outstanding at November 2, 2021.

The Company has 1,050,000 stock options outstanding of which 300,000 have an exercise price of \$0.24 and an expiry date of May 15, 2030 and 750,000 have an exercise price of \$0.19 and an expiry date of April 20, 2031. The 750,000 options vest in two equal tranches of 375,000 options on April 15, 2021 and October 15, 2021.

The Company has 22,074,377 common share purchase warrants outstanding as detailed in the following table.

Description	Expiry date	Exercise price	Number of warrants
Warrants issued March 2020 in connection with Denaco transaction	March 16, 2023	\$0.27	7,000,000
Warrants issued March 2020 pursuant to the exercise of the 2018 convertible debentures	March 16, 2022	\$0.175	6,500,000
Warrants issued pursuant to April 2020 Offering	April 16, 2022	\$0.27	500,000
Warrants issued in connection with Emma acquisition	April 27, 2022	\$0.27	2,000,000
Warrants issued in connection with exercise of Broker warrants	May 5, 2022	\$0.25	50,000
Warrants issued in connection with exercise of Broker warrants	August 26, 2022	\$0.25	290,876
Warrants issued pursuant to April/May 2020 Units Offering	May 15, 2022	\$0.27	1,000,000
Warrants issued in connection with McLaughlin acquisition	August 31, 2023	\$0.27	2,500,000
Warrants issued pursuant to December 2020 Prospectus Offering	December 11, 2023	\$0.24	2,233,501

The Company has the following convertible debentures outstanding.

Description	Maturity date	Conversion price	Number of shares
March 2020 Debentures - \$1,750,000 (Denaco acquisition)	March 16, 2022	\$0.27	6,481,481
April/May 2020 Debentures - \$1,075,000 (Emma acquisition)	April 16, April 27 and May 15, 2020	\$0.27	3,981,481
August 2020 Debentures - \$2,599,000 (McLaughlin acquisition)	August 31, 2023	\$0.24	10,829,166

The Company also has 4,840,000 deferred share units outstanding.

If all warrants and stock options were exercised, and all convertible debentures were converted, the number of common shares of the Company issued and outstanding would be 195,528,987 and the cash balance would increase by \$5,268,759.

Risks and Uncertainties

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

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

Operational Risks

Reliance on Management

The ability of the Company to successfully implement its business strategy and operate its business will depend in large part on the continued involvement of the Company's current management team. Shareholders should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management team. If the

Company loses the services of one or all of the members of its current management team, the business, financial condition and results of operations of NexLiving may be materially adversely affected.

Internal Controls

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

Volatility of Share Price

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

Dilution

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

Financing Risks

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

Conflicts of Interest

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

refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA, and other applicable laws.

Limited Number of Future Investments

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

Ability to Negotiate Additional Investments

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

Ability to Manage Future Growth

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

Effect of General Economic and Political Conditions

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

Payment of Dividends

The Company paid a dividend of \$0.0005 per common share for the quarter ending September 30, 2021, representing \$0.002 per share on an annualized basis.

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

Liquidity and Capital Resources

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

business performance. Additionally, the Company will have to re-new mortgages payable as they mature and there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favorable terms.

Litigation

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

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

Real Estate Risks

Indirect Investment in Real Estate

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

General Real Estate Ownership Risks

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

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

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

Substitutions for Residential Rental Suites

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

Government Regulation

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

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

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

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

Interest Rate Fluctuations

The Company's financing arrangement may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Company's cost of borrowing. Additionally, the Company's mortgages will need to be re-financed upon maturity at future rates that will fluctuate.

Environmental Matters

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

Uninsured Losses

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

Risk of Natural Disasters

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

Reliance on Property Management

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

Competition for Real Property Investments or Tenants

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

Revenue Shortfalls

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

Fluctuations in Capitalization Rates

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

Canadian Market Factors

Any potential downturn in the national or regional economy could result in the loss of income and reduction in value of the investment properties.

Impact of COVID-19

The impact of COVID-19 and variants of COVID-19 on the Company's operations as at November 2, 2021 has been minimal. The Company's portfolio of 549 rental units were highly occupied 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. NexLiving'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 and variants of COVID-19 on the Company's business will depend on a number of factors that are unknown at this time.

Additional Information

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