MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2021

Background

This Management's Discussion and Analysis (MD&A) of ViveRE Communities Inc. ("ViveRE" or "the Company") is dated May 27, 2021, and should be read in conjunction the unaudited interim condensed consolidated audited financial statements and accompanying notes for the periods ended March 31, 2021 and March 31, 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 ViveRE are traded on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "VCOM".

Forward-Looking Information

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

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

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

Company Overview

ViveRE Communities Inc. was incorporated on August 9, 2011 under the Canada Business Corporations Act. The Company's busines 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 "VCOM".

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. ViveRE Communities Inc. intends to consolidate this emerging market niche. The Company currently owns over 500 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 targets for consideration by the Company's Board of Directors. The Company intends to acquire a further 500 units in the coming twelve months.

ViveRE is introducing a menu of services that will enhance the living experience of the resident base. Today's active 55+ individual or family is interested in community and independence, and the properties that will attract like-minded residents. A lifestyle that eliminates the work and risk associated with a single-family home at a stage when the resident desires convenience and freedom. The 55+ demographic includes some 9.7 million Canadians. ViveRE intends to introduce third party supplied services such as 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. ViveRE is executing a growth strategy, quickly acquiring additional properties and the resulting revenue that will allow it to add management capacity. The Company believes that the properly managed execution of its growth strategy and careful attention to market participants will help create a successful publicly listed real estate company.

Significant Events During Period Ended March 31, 2021

Revenue and NOI Growth

Property revenue increased by $1.3 million (260%) to $1.8 million in the three month period ended March 31, 2021 compared to the prior year comparable period and net operating income ("NOI") increased by $0.7 million (225%) to $1.0 million during the period.

The increase in property revenue and NOI was a result of the completion of $62.8 million in acquisitions in fiscal 2020. The total portfolio increased by 414 units to 533 units during 2020 with 124 units being acquired on March 16, 2020 and the remainder subsequent to March 31, 2020. The portfolio has a value of approximately $83 million at March 31, 2021.

Below Market Rents

Management estimates that market rents are approximately 10-20% higher than ViveRE's average in place rents. 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

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

Inaugural Dividend to Shareholders

On February 22, 2021, the Company declared a dividend of $0.0005 per common share for the quarter ending March 31, 2021, representing $0.002 per share on an annualized basis. The dividend was paid on March 31, 2021 to shareholders of record on March 1, 2021.

Settlement of Accounts Payable

On March 31, 2021, the Company settled accounts payable owed to an arm's length party aggregating $238,400 with the issuance of 1,152,636 common shares. This amount related to property acquisition expenses.

Events Subsequent to March 31, 2021

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 announced it 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 will be used to finance targeted acquisitions of premium multi-unit properties and for general corporate purposes. 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 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 $2,543,211 and $509,789 paid 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 April 15, 2021, and October 15, 2021, and are exercisable for a 10-year term.

Selected Financial Information

ViveRE's net property operating income for the three month period ended March 31, 2021 was $952,273 compared to $292,850 for the three month period ended March 31, 2020 and its net loss for the current period was $596,489 ($0.004 per share) compared to a net loss of $401,185 ($0.01 per share) for the prior year period.

The following table contains selected financial information for the three month period ended March 31, 2020, and the two most recently completed fiscal periods.

	As at March 31, 2021 $	As at December 31, 2020 $	As at December 31, 2019 $
Investment properties	**79,360,743**	79,916,527	18,209,620
Total assets	**82,157,764**	82,639,069	18,478,679
Convertible debentures – liability component	**4,821,860**	4,544,660	1,346,215
Mortgages payable, net of unamortized finance costs	**57,250,205**	57,596,540	12,239,301
Total liabilities	**62,947,957**	63,003,570	13,983,978
Shareholders' equity	**19,209,807**	19,635,499	4,494,701
Rental income	**1,752,067**	3,625,500	1,089,545
Net property operating income	**952,273**	2,039,858	625,177
Net loss	**(596,489)**	(2,200,142)	(1,406,304)
Net loss per share	**(0.004)**	(0.03)	(0.04)

Summary of Quarterly Operating Results

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

Quarter ended	Mar 31, 2021 $	Dec 31, 2020 $	Sep 30, 2020 $	June 30, 2020 $	Mar 31, 2020 $	Dec 31, 2019 $	Sep 30, 2019 $	June 30, 2019 $
Rental revenue	1,752,067	1,283,139	1,005,499	849,794	487,068	423,403	288,095	265,447
Operating costs	799,794	594,473	437,471	373,372	194,218	194,890	121,065	98,555
Net property operating income	952,273	688,666	568,028	476,422	292,850	228,513	167,030	166,892
Administrative expenses								
Consulting fees	196,562	202,964	172,677	115,311	147,463	113,330	185,446	194,765
Insurance	6,187	6,186	2,063	5,118	6,826	(1,588)	12,163	4,340
Professional fees	30,100	20,390	35,604	18,256	31,071	25,285	-	25,962
Filing and other fees	8,805	10,147	9,704	(21,864)	44,312	18,952	21,982	17,666
Office and other	12,537	25,194	6,013	5,257	4,969	2,673	2,620	4,341
Stock-based compensation	-	-	13,500	572,000	-	-	-	-
Travel	-	1,301	-	-	-	7,423	10,304	5,155
	254,191	266,182	239,561	694,078	234,641	166,075	232,515	252,229
Finance costs								
Interest expense	413,585	362,645	272,210	244,272	138,915	144,551	105,624	106,976
Amortization expense	64,083	45,558	28,146	13,855	28,985	24,266	19,816	17,647
Accretion expense	256,804	237,418	169,332	135,513	143,705	115,333	86,140	74,731
Loss on settlement of bridge loans	-	-	-	80,000	-	-	-	-
	734,472	645,621	469,688	473,640	311,605	284,150	211,580	199,354
Depreciation expense	560,099	423,608	329,682	237,905	147,789	133,078	97,916	90,435
Net loss before income taxes	(596,489)	(646,745)	(470,903)	(929,201)	(401,185)	(354,790)	(374,981)	(375,126)
Deferred income tax recovery	-	234,000			-	41,000	-	-
Net income (loss) for the quarter	(596,489)	(412,745)	(470,903)	(929,201)	(401,185)	(313,790)	(374,981)	(375,126)
Basic and diluted net loss per share	(0.004)	(0.005)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Results of Operations for the Period Ended March 31, 2021

For the period ended March 31, 2021, the Company's investment properties generated rental income of $1,752,067 (2020 – $487,068) and NOI of $952,273 (2019 – $292,850). The Company's net loss for the three month period ended March 31, 2021 was $596,489 or $0.004 per share compared to a net loss of $401,185 or $0.01 per share for the three month period ended March 31, 2020. Depreciation expense recorded for the period was $560,099 (2020 – $147,789). The increase in rental income, NOI and depreciation expense was directly related to the increase in number of units under ownership - 533 units at March 31, 2021 compared to 243 units at March 31, 2020.

General and administrative expenses for the period ended March 31, 2021 totaled $254,191 compared to $236,641 for the prior year comparable period.

Finance costs incurred for the period ended March 31, 2021 totaled $734,472 (2020 - $311,605) comprised of mortgage and convertible debenture interest expense of $413,585 (2020 - $138,915), accretion expense relating to the convertible debentures of $256,804 (2020 –$143,705) and amortization of mortgages and convertible debenture costs of $64,083 (2020 – $28,985). The increased finance costs in the current period were directly related to the increased convertible debenture and mortgage debt placed in connection with property acquisitions completed subsequent to March 31, 2020.

Liquidity and Capital Resources

At March 31, 2021, the Company reported cash of $2,097,137, total current assets of $2,797,021, total current liabilities of $10,260,244 and a working capital deficiency of $7,463,223. $5.7 million of the working capital deficiency relates to mortgages payable maturing within 12 months from March 31, 2021 of which $2.4 million was extinguished in May 2021 in connection with the sale of the 27 Edmond Street and 50 Maplewood Drive properties. $3.2 million relates to the mortgage payable for 41 Noel Avenue, and although the Company expects to renew the mortgage, there can be no assurance that it will have access to sufficient capital or access to capital on favorable terms.

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 will be used to finance targeted acquisitions of premium multi-unit properties and for general corporate purposes.

The sales of 27 Edmond Street and 50 Maplewood Drive completed on April 30 and May 7, 2020 respectively generated cash payments to the Company aggregating $509,789.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Compensation of directors and officers

	Period ended March 31, 2021 $	Period ended March 31, 2020 $
CEO – consulting fees	69,000	34,500
Executive VP – consulting fees	24,150	18,400
CFO – consulting fees	15,525	18,975
Secretary – consulting fees	14,375	7,187
	123,050	79,062

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 March 31, 2021 and 2020.

Advisory and legal services

Advisory services were provided during the period ended March 31, 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 $39,552 (March 31, 2020 – $24,775).

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 March 31, 2021 and 2020.

Legal services were provided during the period ended March 31, 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 - $17,307).

Outstanding Share Data

The Company has 145,065,982 common shares issued and outstanding at May 27, 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 24,074,377 common share purchase warrants outstanding as detailed in the following table.

Description	Expiry date	Exercise price	Number of warrants
Warrants issued pursuant to the September 2019 Offering	September 30, 2021	$0.25	2,000,000
Warrants issued March 2020 in connection with Denaco transaction	March 16, 2023	$0.27	7,000,000
Warrants issued March 2020 pursuant to the exercise of the 2018 convertible debentures	March 16, 2022	$0.175	6,500,000
Warrants issued pursuant to April 2020 Offering (Tranche 1)	April 16, 2022	$0.27	500,000
Warrants issued in connection with Emma acquisition	April 27, 2022	$0.27	2,000,000
Warrants issued in connection with exercise of Broker warrants	May 5, 2022	$0.25	50,000
Warrants issued in connection with exercise of Broker warrants	August 26, 2022	$0.25	290,876
Warrants issued pursuant to April/May 2020 Units Offering	May 15, 2022	$0.27	1,000,000
Warrants issued in connection with McLaughlin acquisition	August 31, 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
September 2019 Debentures - $737,500 (Ryan acquisition)	September 30, 2021	$0.25	2,950,000
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 4,960,000 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 194,432,487.

Risks and Uncertainties

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

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

Operational Risks

Reliance on Management

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

Internal Controls

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

Volatility of Share Price

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

Dilution

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

Financing Risks

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

Conflicts of Interest

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

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 March 31, 2021, representing $0.002 per share on an annualized basis. The $0.002 per common share dividend represents approximately a 10% payout ratio on expected 2021 adjusted funds from operations (AFFO).

The Company's ability to pay 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 ViveRE. However, the Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares, and could result in significant financial and management resources of the Company being expended in connection therewith. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

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

Real Estate Risks

Indirect Investment in Real Estate

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

General Real Estate Ownership Risks

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

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

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

Substitutions for Residential Rental Suites

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

Government Regulation

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

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

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

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

Interest Rate Fluctuations

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

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

Impact of COVID-19

The impact of COVID-19 on the Company's operations as at May 27, 2021 has been minimal. The Company's portfolio of 533 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. ViveRE's priority at this time continues to be operating in a manner that promotes the safety and health of our residents, staff, business partners and communities. The overall impact of COVID-19 on the Company's business will depend on a number of factors that are unknown at this time.

Additional Information

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