

ViveRE Announces Signing of Agreement to Acquire Multi-Family Rental Property and Public Offering of Common Shares

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HALIFAX, Feb. 19, 2019 /CNW/ - ViveRE Communities Inc. (TSXV: VCOM) ("**ViveRE**" or the "**Company**") announced today that it has entered into an agreement (the "**Acquisition Agreement**") to acquire Village View No. 2 Limited Partnership, a limited partnership formed under the laws of the Province of New Brunswick ("**Village View LP**"), whose sole asset is a multi-family rental property located at 50 Noel Avenue, Saint John, New Brunswick (the "**Noel Property**"). The purchase price for the Noel Property is \$7,900,000, subject to customary adjustments, which will be paid by the assumption of the approximately \$5.4 million existing 2.55% APR (annual percentage rate) mortgage, maturing September 2026 with respect to the Noel Property (the "**Assumed Debt**"), the issuance of 1,000,000 common shares to the vendors at a price of \$0.20 per common share (the "**Acquisition Shares**"), and the balance in cash. The acquisition of the Noel Property in accordance with the Acquisition Agreement is referred to herein as the "**Acquisition**".

The Acquisition has been structured as a purchase of all the general partner interests of Village View LP held by SBL Holdings Inc., a corporation incorporated under the law of the Province of New Brunswick, and all of the limited partnership interests of Village View LP held by 621946 N.B. Inc., a corporation incorporated under the law of the Province of New Brunswick, Anron Inc., a corporation incorporated under the law of the Province of New Brunswick, and Residential Investors and Developers Ltd., a corporation incorporated under the law of the Province of New Brunswick. The Acquisition is an arm's length transaction.

Completion of the Acquisition is subject to customary closing conditions for transactions of this nature, including the receipt of required financing and all necessary third party (including lenders) consents and approvals. ViveRE expects the completion of the Acquisition to occur during the first quarter of 2019.

The Acquisition is a "Fundamental Acquisition", as such term is defined in the policies of the TSXV, and is therefore subject to the approval of the TSXV.

Description of the Noel Property

The Noel Property, which is 100% occupied as of February 1st, 2019, is a high quality, 2016 built, 42 unit, multi-family rental property residence geared towards the over 55 year old demographic. It is located in the growing St. John, NB sub-market of Millidgeville, situated on the northern edge of the Saint John River, and adjacent to the Company's existing property located at 41 Noel Avenue. The Noel Property offers high-end living spaces with granite countertops, stainless appliances, dishwasher, microwave range hood, washer and dryer, walk-in closet, ensuite bathrooms and private balconies. Common areas include gym facilities, media and community room, storage lockers as well as 60 parking spaces. The property has close proximity to a prominent transit route, Horizon's Saint John Regional Hospital, the University of New Brunswick and an abundance of nearby shopping, and dining, and community centres.

Audited financial results for Village View LP for the year ended September 30, 2018, copies of which are available on SEDAR in the Company's preliminary prospectus filed today, include total assets of \$5,876,726 (2017: \$6,108,268), revenue of \$632,071 (2017: \$644,975) and net loss of \$56,585 (2017: (\$138,030)).

The Acquisition and related transaction costs are being financed through a combination of: (i) the assumption of the Assumed Debt; (ii) the issuance of the Acquisition Shares; and (iii) a portion of the net proceeds of the Offering (as defined below).

Description of the Public Offering

The Company also announced today that it has entered into an agreement (the "**Agreement**") with Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc. (collectively, the "**Agents**" and each individually, an "**Agent**"), and has filed a preliminary short form prospectus with the securities regulatory authorities in the provinces of Nova Scotia, British Columbia, New Brunswick, Newfoundland and Labrador, Ontario and Saskatchewan, pursuant to which the Company has agreed to issue, and the Agents have agreed sell, on a "commercially reasonable efforts" basis, a minimum of 12,500,000 common shares and a maximum of 40,000,000 common shares of the Company (the "**Shares**") at a purchase price of \$0.20 per Share (the "**Offering Price**"), for aggregate gross proceeds of up to \$8,000,000.

The Company has agreed to grant to the Agents an option (the "**Over-Allotment Option**"), exercisable in whole or in part at the sole discretion of the Agents, any time not later than the 30th day following the Closing Date (as defined below), to offer up to an additional 6,000,000 common shares (the "**Over-Allotment Shares**") at the Offering Price for additional gross proceeds of up to \$1,200,000, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes.

The Shares and the Over-Allotment Shares are collectively referred to herein as the "**Offered Shares**" and the offering of the Offered Shares by Company is hereinafter referred to as the "**Offering**".

The Company has agreed to: (i) pay the Agents an advisory fee of \$30,000 (plus HST) (the "**Advisory Fee**") upon the execution of the Agency Agreement; (ii) pay the Agents a cash commission (the "**Agents' Fee**") equal to (A) 6.0% of the gross proceeds of the Offering, other than purchasers on the President's List (as defined in the Agency Agreement), including the proceeds realized from the sale of any Offered Shares sold pursuant to the exercise of the Over-Allotment Option, and (B) 3.0% (plus applicable taxes) of gross proceeds of the Offering in respect of subscribers on the President's List up to a maximum of \$2,500,000, including the proceeds realized from the sale of any Offered Shares sold pursuant to the exercise of the Over-Allotment Option, less the Advisory Fee paid upon the execution of the Agency Agreement; and (iii) issue to the Agents non-transferable share purchase warrants (each, an "**Agent Warrant**") equal to 6.0% of the number of the Offered Shares sold under the Offering (3.0% in respect of the President's List), with each Agent Warrant exercisable into one common share of the Company at an exercise price equal to the Offering Price for a period of 24 months from the Closing Date.

The closing of the Offering is anticipated to occur on March 15, 2019 or such other date as the Company and the Agents may agree (the "**Closing Date**").

A portion of the gross proceeds of the Offering will be used to finance the Acquisition and the Company's expenses of the Acquisition. The Company also has a potential pipeline of qualified properties comprising approximately 500 units and \$100,000,000 in estimated value. These opportunities are all in secondary markets in New Brunswick and Nova Scotia. Included in this pipeline are properties of similar size and financial metrics as the Noel Property. It is possible that the proceeds of the Offering will be utilized to acquire one of these properties in the second quarter of 2019. Included in such opportunities are the Company's options to acquire two multi-unit residential properties adjacent to the Company's already owned 41 Noel Avenue property, and the Noel Property which is the target of the Acquisition. Those purchase options consist of the building located at 51 Noel Avenue, pursuant to an option agreement entered into on February 15, 2019 (the "**51 Noel Option**"), and the building under construction at 60 Noel Avenue, pursuant to an amended

and restated option agreement dated June 26, 2018 (the "**60 Noel Option**"). The 51 Noel Option is exercisable by the Company until January 31, 2020, unless extended for an additional 120 days at the Company's option and upon payment of a non-refundable fee of \$25,000. 51 Noel Avenue is a 47 unit building whose construction was completed in 2018. The 60 Noel Option is exercisable by the Company within 120 days of the vendor providing notice that it has leased a minimum of 95% of the apartments in the building and is extendable for an additional 120 days at the Company's option and upon payment of a non-refundable fee of \$25,000. Copies of the option agreements for the 51 Noel Option and 60 Noel Option are available on the Company's SEDAR profile.

While the Company intends to use the proceeds of the Offering as described above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. In the event the Company is not able to complete the Acquisition, the Company will reallocate the proceeds of the Offering to fund other potential acquisitions, for capital expenditures and for other general purposes, which may include the repayment of existing debt of the Company.

The Acquisition, issuance of Acquisition Shares and the Offering will be subject to certain customary conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSXV, and the applicable securities regulatory authorities. A copy of the preliminary short form prospectus is available on SEDAR under the Company's profile at www.sedar.com.

The common shares subject to the Offering have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration under or an applicable exemption from the registration requirements of the U.S. Securities Act. This press release does not constitute an offer to sell or the solicitation of an offer to buy the shares herein described, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

About ViveRE Communities Inc.

ViveRE is a real estate acquisition and ownership company, focused on recently built or recently refurbished, highly leased multi-residential properties in secondary markets across Canada. The Company aims to satisfy the needs of the newly emerging 55+ resident. This demographic is changing the way residential rental apartments cater to their requirements. Their desire for community, along with services and convenience amenities, has led to the emergence of the Naturally Occurring Retirement Community or "NORC". Apartments are the next "home", after years of owning they look to the carefree lifestyle provided through renting in a community of their peers. ViveRE intends to consolidate this emerging market niche across the country.

Forward-looking statements

This news release contains forward-looking statements relating to the future operations of ViveRE and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "aims", "intends", "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the Acquisition, Acquisition Shares, the Offering, the size and pricing of the Offering, receipt of requested TSXV and securities regulatory approvals, and the future plans and objectives of ViveRE Communities Inc, are forward-looking statements that involve risks and uncertainties, and are necessarily based on a number of assumptions that, while considered reasonable by management, are inherently subject to business, market and economic risks, uncertainties and contingencies that may cause actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from ViveRE Communities Inc.'s expectations include other risks detailed from time to time in the filings made by ViveRE Communities Inc. with securities regulators.

Forward-looking information in this news release includes expectations relating to: the pipeline for future acquisitions which may be impacted by ViveRE's ability to negotiate suitable terms, due diligence, access to capital and market conditions; operating results which may be impacted by unexpected vacancies and maintenance expenses; and availability of capital which may be impacted by the results of the offering, capital market and borrowing conditions.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of ViveRE Communities Inc. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and ViveRE Communities Inc. will only update or revise publicly the included forward-looking statements as expressly required by Canadian securities law.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.

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