Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

NexLiving Communities Inc. ("**NexLiving**" or the "**Company**")
45 Alderney Dr., Suite 1805
Dartmouth, Nova Scotia B2Y 2N6

Item 2 Date of Material Change

January 21, 2024.

Item 3 News Release

On January 22, 2024, NexLiving disseminated a press release announcing the Transaction (as defined below). The press release has also been filed on SEDAR+ at www.sedarplus.ca and posted to NexLiving's website at www.nexliving.ca.

Item 4 Summary of Material Change

On January 22, 2024, NexLiving announced that it had entered into a purchase agreement dated January 21, 2024 (the "**Purchase Agreement**"), pursuant to which NexLiving will acquire a portfolio of multi-family real estate assets from Devcore Group Inc. and related entities ("**Devcore**") in exchange for an issuance of common shares of NexLiving ("**Shares**") and NexLiving's assumption of mortgage principal (the "**Transaction**").

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On January 22, 2024, NexLiving announced that it had entered into the Purchase Agreement with Devcore to acquire a portfolio of multi-family real estate assets from Devcore, consisting of 991 units located in Ontario and Quebec (the "**Purchased Assets**") cconsisting of 16 properties and 991 units, with revenue of $13.1 million for the 12 months ended September 30, 2023, and an appraised value of $224 million as of October 2023, in exchange for approximately 49% of NexLiving issued and outstanding Shares on closing and NexLiving's direct or indirect assumption of $166 million in mortgage principal. Upon completion of the Transaction, NexLiving's portfolio will increase approximately 85% to 2,157 units.

The Transaction is expected to close at the end of the second quarter of 2024 and is subject to closing conditions, as detailed further below.

<u>Unanimous Board Approval</u>

The board of directors (the "**Board**") of NexLiving unanimously determined that the Transaction is in the best interests of the Company and the Board intends to recommend that

NexLiving's shareholders vote in favour of the Transaction at a special meeting (the "**Meeting**") of the shareholders to be held to approve the Transaction. All officers, directors and certain shareholders, collectively representing approximately 43% of the Shares outstanding, have entered into voting support agreements pursuant to which they have agreed among other things to vote in favour of the Transaction.

Fairness Opinion

In connection with its review of the Transaction, the Board retained Echelon Wealth Partners Inc. ("**Echelon**") to provide financial advice and prepare a fairness opinion. Echelon concluded that, as of the date of such opinion and based on and subject to the limitations, qualifications and assumptions set forth therein, the consideration to be paid by NexLiving is fair, from a financial point of view, to the Company.

Transaction Details

Pursuant to the terms of the Purchase Agreement, NexLiving will acquire the Purchased Assets in exchange for approximately 49% of NexLiving issued and outstanding shares on closing, valued at approximately $31.7 million based on the closing price of the Shares on January 19, 2024, and will directly or indirectly assume approximately $166 million in mortgage principal.

The implementation of the Transaction will be subject to the approval of a simple majority of votes cast by NexLiving shareholders at the Meeting, the receipt of applicable regulatory approvals, including Competition Act and CMHC approval, the approval of the TSX Venture Exchange, and certain other customary closing conditions. The Agreement provides for, among other things, customary support and non-solicitation covenants from NexLiving, including customary "fiduciary out" provisions that allow NexLiving to accept a superior proposal in certain circumstances, subject to payment of a fee in the amount of $1.5 million. NexLiving has agreed to reimburse Devcore for certain transaction expenses.

NexLiving expects to hold the Meeting of its shareholders to approve the Transaction in the first half of 2024, and the Transaction is expected to close during the end of the second quarter of 2024. The terms and conditions of the Transaction will be disclosed in greater detail in a management information circular for the Meeting that will be mailed to NexLiving's shareholders.

As a result of the Transaction, 8985979 Canada Inc. (controlled by Jeffrey York and Jean-Pierre Poulin) will become a Control Person of NexLiving (as defined in the policies of the TSX Venture Exchange).

On closing of the Transaction, Jeff York and Jean-Pierre Poulin, the principals of Devcore and their related entities, will enter into a standstill and investor rights agreement, pursuant to which they will be entitled, among other things, to nominate up to three directors of the NexLiving board of directors on closing, ongoing nomination and committee membership rights, and consent rights in connection with certain material transactions and changes to Board committees and management depending on their ownership interest in NexLiving. Pursuant to the standstill and investor rights agreement, Jeff York and Jean-Pierre Poulin will agree to a three-year standstill, subject to certain exceptions, pursuant to which they will, directly or indirectly, be restricted from acquiring Shares, among other things. They will also agree to a two-year lock-up, subject to certain exceptions, pursuant to which they will, directly and indirectly, be restricted from transferring, selling or otherwise disposing of their Shares. Ten percent of the Shares will be released from the lock-up six months following closing, with the remainder of the Shares released in equal tranches monthly during the final year of the lock-up.

Following closing of the Transaction, NexLiving will continue to be managed by the current NexLiving management team and the Board will consist of Jeff York (Chairman), Rick Turner (Vice Chairman), Stavro Stathonikos (CEO), Michael Anaka, Bill Hennessey, Jean-Pierre Poulin and Francis Pomerleau. Assuming a successful closing of the Transaction, Dr. Brian Ramjattan, David Pappin, Drew Koivu and Andrea Morwick are expected to step down from the Board.

The foregoing summary is qualified in its entirety by the provisions of the Purchase Agreement and the proposed investor rights agreement, copies of which will be filed under the Company's profile on SEDAR+ at **www.sedarplus.ca**. More detailed information will be contained in the management information circular for the Meeting which will be available on the Company's profile on SEDAR+ at **www.sedarplus.ca**. NexLiving's shareholders are urged to read those and other relevant materials when they become available.

Forward-Looking Statements

This material change report contains forward-looking information within the meaning of applicable Canadian securities laws ("**forward-looking statements**"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "projects", "estimates", "forecasts", "intends", "continues", "anticipates", or "believes", or variations (including negative variations) of such words and phrases. Forward-looking statements may also state that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements contained in this material change report include, but are not limited to, statements concerning management's expectations regarding the business and operations of NexLiving after completion of the Transaction and statements concerning the timing and conditions to completion of the Transaction. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These forward-looking statements reflect the current expectations of the Company's management regarding future events, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors.

Risks and uncertainties related to the Transaction include, but are not limited to: failure of NexLiving to obtain the required shareholder, stock exchange and regulatory approvals for, or satisfy other closing conditions to effect, the Transaction; the risk that the Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to or as a result of the completion of the Transaction, the business of NexLiving may experience significant disruptions; the risk that legal proceedings may be instituted against NexLiving; and risks related to the diversion of management's attention from NexLiving's ongoing business operations.

The forward-looking statements contained in this material change report are made as of the date of this material change report, and should not be relied upon as representing NexLiving's views as of any date subsequent to the date of this material change report. Except as required by applicable law, NexLiving management and the Board undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable. This report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8 Executive Officer

Stavro Stathonikos
Chief Executive Officer & President
NexLiving Communities Inc.
Email: sstathonikos@nexliving.ca

Item 9 Date of Report

January 25, 2024