

NORTHVIEW FUND ANNOUNCES 2021 FINANCIAL RESULTS



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Calgary, Alberta – **March 15, 2022** – Northview Fund (“Northview” or the “Fund”, formerly known as Northview Canadian High Yield Residential Fund) (NHF.UN – TSX), today announced financial results for the three months and year ended December 31, 2021. The comparative information included for the period ended December 31, 2020 reflects results for the period from November 2, 2020, the date on which Northview began operations, to December 31, 2020. While comparative information is presented on a quarterly and annual basis, the operating periods in the period ended December 31, 2020 and the year ended December 31, 2021 cover different time frames and, as such, are not comparable.

All amounts in this news release are in thousands of Canadian dollars unless otherwise indicated.

“We are excited to report our first full year of operating results as Northview Fund,” commented Mr. Todd Cook, Chief Executive Officer of Northview. “Over the past year, we have generated stable income to support sustainable cash distributions of \$45.2 million with an FFO payout ratio of 69.1% to our Unitholders, focused on operational effectiveness, and achieved a 150 basis point improvement in occupancy for the multi-residential portfolio. We are well-positioned to take advantage of portfolio opportunities as they arise in 2022.”

HIGHLIGHTS

- For the year ended December 31, 2021, net and comprehensive loss of \$21.3 million compared to net and comprehensive income of \$90.7 million for the period from November 2, 2020, the date on which Northview began operations, to December 31, 2020. The change primarily related to the absence of the gain on business combination of \$105.5 million recognized in the comparative period, as well the inclusion of approximately two months of operations in the comparative period.
- Funds from operations (“FFO”)¹ was \$65.4 million for the year ended December 31, 2021, resulting in FFO per Unit¹ of \$1.82, which were higher than \$9.2 million and \$0.26, respectively, for the period ended December 31, 2020. The increase in FFO and FFO per Unit is due to the inclusion of a full year of operations in the current period, compared to approximately two months of operating results in the comparative period. For the twelve months ended December 31, 2021, the FFO payout ratio¹ was 69.1%, compared to 81.6% for the period from November 2, 2020, the date on which Northview began operations, to December 31, 2020. The improvement in the FFO payout ratio reflected the seasonality of operations, which are characterized by higher utility costs in the winter months to which the comparative period is weighted.
- Net operating income (“NOI”) was \$112.7 million for the year ended December 31, 2021, which represented an NOI margin of 58.6%, compared to \$17.5 million and 56.2%, respectively, for the period ended December 31, 2020. NOI was higher for the year ended December 31, 2021, as the current period reflected a full year of operations. The improvement in NOI margin reflected higher revenue driven by higher occupancy, as well as the seasonality of operations.
- In February 2022, Northview executed an amendment to its credit facility to better align with Northview's business plan, liquidity requirements, and to allow for the appropriate execution of the credit facility terms. The amendment provided for a one-year extension to the maturity date of the credit facility to October 30, 2023, an additional \$75.0 million facility, and other administrative amendments to covenants and repayments.

¹ Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures” section of this news release

- Occupancy of 90.2% for the multi-residential portfolio in the fourth quarter of 2021 represented an increase of 40 bps from 89.8% in third quarter of 2021, driven by higher occupancy in both Western Canada and Atlantic Canada. Compared to the fourth quarter of 2020, occupancy improved by 150 bps, supported by higher occupancy in all regions. The increase in occupancy was coupled with relatively stable average monthly rent (“AMR”) of \$1,272 as at December 31, 2021, compared to \$1,269 as at September 30, 2021 and \$1,276 as at December 31, 2020.
- Interest coverage ratio² and debt service coverage ratio² of 2.84 and 1.54, respectively, for the twelve months ended December 31, 2021, improved compared to 2.60 and 1.39, respectively, for the period ended December 31, 2020. Debt to gross book value² was 67.8% as at December 31, 2021, an increase of 110 bps from 66.7% as at December 31, 2020 driven primarily by a fair value loss on investment properties of \$37.8 million recognized in the current year.
- For the year ended December 31, 2021 and period ended December 31, 2020, total distributions of \$45.2 million and \$7.5 million, respectively, were declared, representing a monthly distribution of approximately \$3.8 million or a weighted average distribution of approximately \$0.11 per issued Unit.

COVID-19 IMPACT

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since then, the spread of COVID-19 has had a substantial impact on the Canadian and global economy.

Throughout 2021, significant progress was made on widespread vaccination efforts across Canada, with vaccinations now available to individuals aged 5 years and older. In addition, certain jurisdictions implemented vaccination requirements in 2021 to allow businesses to continue to operate, and a gradual easing of restrictions supported improved employment rates throughout the second half of 2021. In the fourth quarter of 2021, the emergence of new variants of COVID-19 posed challenges and supported the re-introduction of social distancing actions, proving the impact of COVID-19 continues to be unpredictable. As jurisdictions continue to respond to the threat of the COVID-19 pandemic, the uncertainty from the pandemic is expected to continue in 2022.

Notwithstanding the impacts of the COVID-19 pandemic, the long-term fundamentals for Canadian multi-residential markets remain compelling and Northview’s portfolio is in several diversified geographies. The demand for rental accommodation remains strong due to home ownership affordability continuing to be a challenge in many markets, and collection rates in Northview’s multi-residential portfolio have remained stable. Due to the long-term tenure of commercial leases, supported primarily by government tenants and credit-rated corporations, there has been a minimal impact of COVID-19 on rent collections in Northview’s commercial portfolio. Execusuite occupancy has shown improvements in 2021 following the easing of interterritorial travel restrictions.

One of Northview’s top priorities continues to be supporting the safety and well-being of residents, tenants, execusuite guests, employees, and other stakeholders by managing and controlling the spread of COVID-19. While physical distancing restrictions have impacted certain non-essential maintenance activities, Northview has been able to maintain a level of essential service for its buildings, tenants, and execusuite guests.

² See “Non-GAAP and Other Financial Measures” section of this news release

FINANCIAL CONDITIONS AND OPERATING RESULTS

(thousands of dollars, except as indicated)	As at December 31, 2021	As at December 31, 2020
Total assets	1,853,096	1,882,582
Total liabilities, excluding net assets attributable to Unitholders	1,357,746	1,365,476
Total liabilities, net assets attributable to Unitholders	1,852,184	1,881,278
Total non-current liabilities, excluding net assets attributable to Unitholders	570,239	1,164,992
Mortgages payable	808,842	847,845
Debt to gross book value ³	67.8%	66.7%
Interest coverage ratio (times) ^{3,4}	2.84	2.60
Debt service coverage ratio (times) ^{3,4}	1.54	1.39
Weighted average mortgage interest rate	2.87%	2.87%
Weighted average term to maturity (years)	2.7	3.6
Weighted average capitalization rate	7.44%	7.56%
Multi-residential occupancy ³	90.2%	88.7%
AMR (\$) ³	1,272	1,276
Number of multi-residential suites	11,121	11,121
Number of executives	200	200
Commercial sq. ft.	1,131,730	1,131,730
Number of Units outstanding ('000s) ³	35,917	35,917

(thousands of dollars, except as indicated)	Year Ended December 31, 2021	Period Ended December 31, 2020 ⁴
Revenue	192,125	31,059
NOI	112,669	17,462
NOI margin	58.6%	56.2%
Cash flow provided by operating activities	57,531	(11,804)
Distributions declared to Unitholders	45,150	7,525
Distributions declared per Unit – weighted average (\$/Unit)	0.1091	0.1093
Class A Unit (\$/Unit)	0.1048	0.1048
Class C Unit (\$/Unit)	0.1106	0.1106
Class F Unit (\$/Unit)	0.1081	0.1081
FFO payout ratio ⁵	69.1%	81.6%
AFFO payout ratio ⁵	83.3%	101.2%
Net and comprehensive (loss) income	(21,341)	90,669
Net and comprehensive income (loss) per Unit (\$/Unit)	(0.59)	2.52
FFO ⁵	65,386	9,219
FFO per Unit (\$/Unit) ⁵	1.82	0.26
AFFO ⁵	54,190	7,436
AFFO per Unit (\$/Unit) ⁵	1.51	0.21

³ See “Non-GAAP And Other Financial Measures” section of this news release

⁴ Comparative information calculated for the period from November 2, 2020, the date on which Northview began operations, to December 31, 2020

⁵ Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures” section of this news release

FINANCIAL INFORMATION

Northview's audited consolidated annual financial statements, the notes thereto, and Management's Discussion and Analysis for the year ended December 31, 2021, can be found on Northview's website at www.northviewfund.com or www.sedar.com.

ABOUT NORTHVIEW FUND

Northview is a closed-end fund established pursuant to a declaration of trust under the laws of the Province of Ontario for the primary purpose of indirectly acquiring, owning, and operating a portfolio of income-producing rental properties in secondary markets within Canada.

NON-GAAP AND OTHER FINANCIAL MEASURES

Certain measures in this earnings release do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and may, therefore, be considered non-GAAP financial measures, non-GAAP measures, or other measures and may not be comparable to similar measures presented by other issuers. These measures are provided to enhance the readers' overall understanding of our current financial condition and financial performance. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a more consistent basis for comparison between periods. These measures include widely accepted measures of performance for Canadian real estate investment trusts; however, the measures are not defined by GAAP. In addition, these measures are subject to the interpretation of definitions by the preparers of financial statements and may not be applied consistently between real estate entities. These measures include:

- **Non-GAAP Measures:** Adjusted funds from operations ("AFFO") and funds from operations ("FFO")
- **Non-GAAP Ratios:** AFFO payout ratio, AFFO per Unit, FFO payout ratio, FFO per Unit
- **Capital Management Measures:** Debt service coverage ratio, debt to gross book value, interest coverage ratio
- **Other Key Performance Indicators:** AMR, occupancy, Units outstanding

For information on the most directly comparable GAAP measures, composition of the measures, a description of how Northview uses these measures, and an explanation of how these measures provide useful information to investors, refer to the "Non-GAAP and Other Financial Measures" section of Northview's management discussion and analysis as at and for the year ended December 31, 2021, available on Northview's profile on SEDAR at www.sedar.com, which is incorporated by reference into this news release.

NON-GAAP RECONCILIATION

The following table reconciles FFO and AFFO from net and comprehensive (loss) income, the most directly comparable GAAP measure as presented in the financial statements:

(thousands of dollars, except where indicated)	Three Months Ended		Year Ended	
	December 31		December 31	
	2021	2020 ¹	2021	2020 ¹
Net and comprehensive (loss) income	(18,205)	90,669	(21,341)	90,669
Adjustments:				
Distributions to Unitholders	11,287	7,525	45,150	7,525
Depreciation	766	566	3,067	566
Fair value loss (gain) on investment properties	22,392	(2,798)	37,776	(2,798)
Gain on business combination	—	(105,533)	—	(105,533)
Transaction costs	—	18,872	866	18,872
Other ²	(138)	(82)	(132)	(82)
FFO	16,102	9,219	65,386	9,219
Maintenance capex reserve – multi-residential	(2,747)	(1,750)	(10,988)	(1,750)
Maintenance capex reserve – commercial	(52)	(33)	(208)	(33)
AFFO	13,303	7,436	54,190	7,436
FFO per Unit (\$/Unit)	0.45	0.26	1.82	0.26
FFO payout ratio – trailing twelve month	69.1%	81.6%	69.1%	81.6%
AFFO per Unit (\$/Unit)	0.37	0.21	1.51	0.21
AFFO payout ratio – trailing twelve months	83.3%	101.2%	83.3%	101.2%
Number of Units outstanding ('000s)	35,917	35,917	35,917	35,917

¹ Comparative information calculated for the period from November 2, 2020, the date on which Northview began operations, to December 31, 2020

² "Other" is comprised of non-controlling interest, amortization of other long-term assets, amortization of tenant inducements, gain on disposition of property, plant and equipment, and fair value adjustments for non-controlling interest and equity investments.

CAUTIONARY AND FORWARD-LOOKING INFORMATION

Certain information contained in this news release may constitute forward-looking information within the meaning of applicable securities laws relating to the business and financial outlook of Northview. Statements that reflect Northview's current objectives, plans, goals, and strategies are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking information. In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements related to the recapitalization event, the effects of the coronavirus ("COVID-19") pandemic on Northview's business, future maintenance expenditures, financing and the availability of financing, future economic conditions, liquidity and capital resources, market trends, future operating efficiencies, tenant incentives, and occupancy levels. Such statements involve significant risks and uncertainties and are not meant to provide guarantees of future performance or results. These cautionary statements qualify all of the statements and information contained in this news release incorporating forward-looking information.

Forward-looking information is made as of March 15, 2022 and is based on information available to management as of that date. Management believes that the expectations reflected in forward-looking information is based upon information and reasonable assumptions available at the time they are made; however, management can give no assurance that the actual results will be consistent with this forward-looking information. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking information include, but are not limited to, general economic conditions; the COVID-19 pandemic; the availability of a new competitive supply of real estate which may become available through construction; Northview's ability to maintain occupancy and the timely lease or re-lease of multi-residential suites, executives, and commercial space at current market rates; tenant defaults; changes in interest rates; Northview's qualification as a real estate investment trust ("REIT"); changes in operating costs; governmental regulations and taxation; fluctuations in commodity prices; and the availability of financing. Additional risks and uncertainties not presently known to Northview, or those risks and uncertainties that Northview currently believes to be not material, may also adversely affect Northview. Northview cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance, and results may vary materially from those expected.

Except as specifically required by applicable Canadian law, Northview assumes no obligation to update or revise publicly any forward-looking information to reflect new events or circumstances.

To learn more about Northview, visit www.northviewfund.com or contact:

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