

NORTHVIEW FUND ANNOUNCES Q2 2022 FINANCIAL RESULTS, OCCUPANCY AND AMR GAINS WITH NOI GROWTH OF 3.6%



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Calgary, Alberta – **August 4, 2022** – Northview Fund (“Northview” or the “Fund”) (NHF.UN – TSX), today announced financial results for the three and six months ended June 30, 2022.

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

“Northview continued to see occupancy and AMR improvements during the second quarter of 2022, driven primarily by its Western Canada markets. Our focus on enhancing operational effectiveness and our residents’ customer service experience contributed to the increase in occupancy, AMR, and positive NOI growth compared to both the first quarter of 2022 and the same period in 2021,” commented Mr. Todd Cook, Chief Executive Officer of Northview. “Northview is managing its exposure to the current rising interest rate environment by maximizing repayments on the credit facility, which resulted in a \$48 million reduction in floating rate debt during the second quarter.”

HIGHLIGHTS

- For the second quarter of 2022, NOI increased by 3.6% relative to the second quarter of 2021, including an increase in multi-residential NOI of 4.2%, resulting in a 60 bps increase in NOI margin to 58.5%, compared to 57.9% in the second quarter of 2021. The improvements in NOI and NOI margin were driven by the increase in revenue, coupled with relatively consistent operating expenses.
- Occupancy⁽¹⁾ of 90.9% for the multi-residential portfolio in the second quarter of 2022 represented an improvement of 100 basis points (“bps”) compared to the second quarter of 2021 and an increase of 70 bps from the first quarter of 2022. The increase in overall occupancy was attributable to Western Canada which experienced improvements of 190 bps and 200 bps, respectively, as Northview continues to improve resident attraction and customer satisfaction with a refocus on delivering the highest standards of service to its customers, positioning its Western Canada portfolio to be the first choice for residents.
- Average monthly rent (“AMR”)⁽¹⁾ of \$1,275 as at June 30, 2022 was higher than \$1,272 as at March 31, 2022 and \$1,267 as at June 30, 2021, as AMR improved across all regions from both comparative periods.
- For the three months ended June 30, 2022, net and comprehensive loss of \$3.8 million compared to net and comprehensive loss of \$2.7 million for three months ended June 30, 2021. The change primarily related to an increase in financing costs that was primarily attributable to higher interest rates on the credit facility, which more than offset an increase in revenue.
- Funds from operations (“FFO”)⁽²⁾ was \$14.6 million for the three months ended June 30, 2022, resulting in FFO per Unit⁽²⁾ of \$0.41, which were lower than \$15.6 million and \$0.44, respectively, for the three months ended June 30, 2021. The decrease in FFO and FFO per Unit was primarily attributable to higher financing costs in the current period.
- For the twelve months ended June 30, 2022, the FFO payout ratio⁽²⁾ was 73.2%. For the period ended June 30, 2021, the FFO payout ratio was 75.2% which reflected the seasonality of operations, as the period included

⁽¹⁾ See “Non-GAAP and Other Financial Measures” section of this news release.

⁽²⁾ Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures” section of this news release.

approximately eight months of operations that were weighted towards winter months that are typically characterized by higher utility costs.

- During the three months ended June 30, 2022, Northview completed \$70.9 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.82% and an average term to maturity of 4.98 years. As market conditions permit, Northview intends to continue to leverage availability of financing on its properties to minimize interest rate exposure, as mortgage financing is expected to be used to repay borrowings on the credit facility.
- In July 2022, Northview executed amendments to its credit facility agreement, changing the inputs used in the calculation of the mortgageability amount and amending the limit for the debt service coverage ratio, a financial covenant, to 1.40 from 1.60.
- Interest coverage ratio⁽¹⁾ and debt service coverage ratio⁽¹⁾ of 2.61 and 1.46, respectively, for the twelve months ended June 30, 2022, were lower than 2.84 and 1.54, respectively, for the twelve months ended December 31, 2021 due to higher interest rates in the current period. Debt to gross book value⁽¹⁾ was 68.5% as at June 30, 2022, an increase of 70 bps from 67.8% as at December 31, 2021, driven primarily by increased borrowings on the credit facility.

(1) See “Non-GAAP and Other Financial Measures” section of this news release.

(2) Non-GAAP financial measure or non-GAAP ratio. 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 June 30, 2022	As at December 31, 2021
Total assets	1,861,252	1,853,096
Total liabilities, excluding net assets attributable to Unitholders	1,372,991	1,357,746
Total liabilities, net assets attributable to Unitholders	1,860,311	1,852,184
Total non-current liabilities, excluding net assets attributable to Unitholders	983,834	570,239
Mortgages payable	837,068	808,842
Debt to gross book value ⁽¹⁾	68.5%	67.8%
Interest coverage ratio (times) ⁽¹⁾	2.61	2.84
Debt service coverage ratio (times) ⁽¹⁾	1.46	1.54
Weighted average mortgage interest rate	3.02%	2.87%
Weighted average term to maturity (years)	2.6	2.7
Weighted average capitalization rate	7.44%	7.44%
Multi-residential occupancy ⁽¹⁾	90.9%	90.2%
AMR (\$) ⁽¹⁾	1,275	1,272
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) ⁽¹⁾	35,917	35,917

(thousands of dollars, except as indicated)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Revenue	48,899	47,681	97,538	95,529
NOI	28,628	27,621	53,259	54,562
NOI margin	58.5%	57.9%	54.6%	57.1%
Cash flows provided by operating activities	15,315	13,858	21,922	25,641
Distributions declared to Unitholders	11,288	11,288	22,576	22,576
Monthly distributions declared per Unit – weighted average (\$/Unit)	0.1091	0.1092	0.1091	0.1092
Class A Unit (\$/Unit)	0.1048	0.1048	0.1048	0.1048
Class C Unit (\$/Unit)	0.1106	0.1106	0.1106	0.1106
Class F Unit (\$/Unit)	0.1081	0.1081	0.1081	0.1081
FFO payout ratio – trailing twelve months ⁽²⁾⁽³⁾	73.2%	75.2%	73.2%	75.2%
AFFO payout ratio – trailing twelve months ⁽²⁾⁽³⁾	90.9%	92.2%	90.9%	92.2%
Net and comprehensive loss	(3,759)	(2,692)	(7,024)	(3,975)
Net and comprehensive loss per Unit (\$/Unit)	(0.10)	(0.07)	(0.20)	(0.11)
FFO ⁽²⁾	14,552	15,635	27,102	30,805
FFO per Unit (\$/Unit) ⁽²⁾	0.41	0.44	0.75	0.86
AFFO ⁽²⁾	11,353	12,836	20,703	25,207
AFFO per Unit (\$/Unit) ⁽²⁾	0.32	0.36	0.58	0.70

(1) See “Non-GAAP and Other Financial Measures” section of this news release.

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

(3) Comparative information is calculated for the period from November 2, 2020, the date on which Northview began operations, to June 30, 2021.

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 ratios, 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 three and six months ended June 30, 2022 and 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, the most directly comparable GAAP measure as presented in the financial statements:

(thousands of dollars, except where indicated)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net and comprehensive (loss) income	(3,759)	(2,692)	(7,024)	(3,975)
Adjustments:				
Distributions to Unitholders	11,288	11,288	22,576	22,576
Depreciation	770	787	1,538	1,536
Fair value loss (gain) on investment properties	6,215	6,269	9,940	9,798
Transaction costs	—	—	—	866
Other ⁽¹⁾	38	(17)	72	4
FFO	14,552	15,635	27,102	30,805
Maintenance capex reserve – multi-residential	(2,963)	(2,747)	(5,926)	(5,494)
Maintenance capex reserve – commercial	(236)	(52)	(473)	(104)
AFFO	11,353	12,836	20,703	25,207
FFO per Unit (\$/Unit)	0.41	0.44	0.75	0.86
FFO payout ratio – trailing twelve months ⁽²⁾	73.2%	75.2%	73.2%	75.2%
AFFO per Unit (\$/Unit)	0.32	0.36	0.58	0.70
AFFO payout ratio – trailing twelve months ⁽²⁾	90.9%	92.2%	90.9%	92.2%
Number of Units outstanding (‘000s)	35,917	35,917	35,917	35,917

(1) “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.

(2) Comparative information calculated for the period November 2, 2020, the date on which Northview began operations, to June 30, 2021.

FINANCIAL INFORMATION

Northview's unaudited condensed consolidated interim financial statements, the notes thereto, and Management's Discussion and Analysis for the three and six months ended June 30, 2022 and 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.

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 August 4, 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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