

NORTHVIEW FUND ANNOUNCES Q3 2022 FINANCIAL RESULTS, INCLUDING STRONG OCCUPANCY GAINS AND NOI GROWTH OF 2.4%



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Calgary, Alberta – **November 10, 2022** – Northview Fund (“Northview” or the “Fund”) (NHF.UN – TSX), today announced financial results for the three and nine months ended September 30, 2022.

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

“We achieved NOI growth of 2.4% in the third quarter of 2022, driven by improved multi-residential occupancy across the portfolio. Our team’s focus on residents’ customer service experience and operating efficiencies as well as improving economic conditions were the key drivers for the occupancy momentum from the prior quarter, including a 300 basis point improvement in Western Canada. These occupancy gains have helped offset continued inflationary pressures,” commented Mr. Todd Cook, Chief Executive Officer of Northview. “With the current rising interest rate environment, the Fund continues its mortgage refinance program with a goal of reducing the amount of floating rate debt on the credit facility.”

HIGHLIGHTS

- For the third quarter of 2022, net operating income (“NOI”) increased by 2.4% relative to the third quarter of 2021, driven by an increase in multi-residential NOI of 4.0%. NOI growth was led by 12.7% in Atlantic Canada and 8.5% in Western Canada, as both regions experienced higher revenue due to increases in both occupancy and average monthly rent (“AMR”)⁽¹⁾. In addition, operating expenses in Atlantic Canada decreased due to a property tax rebate in New Brunswick, which reflected a 10% cap on property assessment increases for the 2022 taxation year. Northern Canada experienced slightly negative NOI growth of 2.6%, due to higher utilities and maintenance expenses related to higher security expense. NOI margin of 62.2% for the third quarter of 2022 represented a decline of 50 basis points (“bps”) relative to 62.7% for the third quarter of 2021 due to the increase in operating expenses.
- Occupancy⁽¹⁾ of 92.1% for the multi-residential portfolio in the third quarter of 2022 represented an improvement of 230 bps compared to the third quarter of 2021, driven by a 530-bps increase in occupancy in Western Canada. The occupancy improvement in Western Canada was achieved while increasing AMR through the reduction of lease incentives, contributing to the NOI growth of 2.4% in the current quarter. Northview continues to focus on enhancing operational effectiveness and improving resident attraction to deliver quality customer service.
- AMR of \$1,276 as at September 30, 2022 was slightly higher than \$1,275 as at June 30, 2022 and \$1,269 as at September 30, 2021, as AMR improved across all regions from both comparative periods.
- For the three months ended September 30, 2022, net and comprehensive income was \$52.7 million, compared to net and comprehensive loss of \$0.8 million for three months ended September 30, 2021. The change primarily related to fair value gain on investment properties, which was driven by a capitalization rate reduction in certain regions in Northern Canada and Atlantic Canada.

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

- Funds from operations (“FFO”)⁽²⁾ was \$14.6 million for the three months ended September 30, 2022, resulting in FFO per Unit⁽²⁾ of \$0.41, which were lower than \$18.5 million and \$0.51, respectively, for the three months ended September 30, 2021. The decrease in FFO and FFO per Unit was mainly attributable to higher financing costs.
- For the twelve months ended September 30, 2022, the FFO payout ratio⁽²⁾ was 78.2%. For the period ended September 30, 2021, the FFO payout ratio was 70.7%. The increase in the FFO payout ratio was primarily attributable to the decrease in FFO as a result of higher financing costs.
- Debt to gross book value⁽¹⁾ was 66.9% as at September 30, 2022, a decrease of 90 bps from 67.8% as at December 31, 2021, driven primarily by the fair value gain on investment properties recognized in the current quarter.
- During the three months ended September 30, 2022, Northview completed \$20.2 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.97% and an average term to maturity of 4.9 years. For the three months ended September 30, 2022, Northview repaid \$21.7 million and borrowed \$16.0 million on the credit facility. 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.

(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	
	September 30, 2022	December 31, 2021
Total assets	1,916,620	1,853,096
Total liabilities, excluding net assets attributable to Unitholders	1,375,684	1,357,746
Total liabilities, net assets attributable to Unitholders	1,915,474	1,852,184
Total non-current liabilities, excluding net assets attributable to Unitholders	1,065,887	570,239
Mortgages payable	847,867	808,842
Debt to gross book value ⁽¹⁾	66.9%	67.8%
Weighted average mortgage interest rate	3.19%	2.87%
Weighted average term to maturity (years)	2.6	2.7
Weighted average capitalization rate	7.18%	7.44%
Multi-residential occupancy ⁽¹⁾	92.1%	90.2%
AMR (\$) ⁽¹⁾	1,276	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		Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Revenue	49,703	48,172	147,241	143,701
NOI	30,904	30,189	84,163	84,751
NOI margin	62.2%	62.7%	57.2%	59.0%
Cash flows provided by operating activities	9,443	13,572	31,365	39,213
Distributions declared to Unitholders	11,287	11,287	33,863	33,863
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⁾	78.2%	70.7%	78.2%	70.7%
AFFO payout ratio – trailing twelve months ⁽²⁾⁽³⁾	99.5%	85.6%	99.5%	85.6%
Net and comprehensive loss	52,707	839	45,683	(3,136)
Net and comprehensive loss per Unit (\$/Unit)	1.47	0.02	1.27	(0.09)
FFO ⁽²⁾	14,553	18,479	41,655	49,284
FFO per Unit (\$/Unit) ⁽²⁾	0.41	0.51	1.16	1.37
AFFO ⁽²⁾	11,353	15,680	32,056	40,887
AFFO per Unit (\$/Unit) ⁽²⁾	0.32	0.44	0.89	1.14

(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 September 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 to gross book value
- **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 months and nine months ended September 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 income (loss), the most directly comparable GAAP measure as presented in the financial statements:

(thousands of dollars, except where indicated)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net and comprehensive income (loss)	52,707	839	45,683	(3,136)
Adjustments:				
Distributions to Unitholders	11,287	11,287	33,863	33,863
Depreciation	751	765	2,289	2,301
Fair value (gain) loss on investment properties	(50,249)	5,586	(40,309)	15,384
Transaction costs	—	—	—	866
Other ⁽¹⁾	57	2	129	6
FFO	14,553	18,479	41,655	49,284
Maintenance capex reserve – multi-residential	(2,963)	(2,747)	(8,889)	(8,241)
Maintenance capex reserve – commercial	(237)	(52)	(710)	(156)
AFFO	11,353	15,680	32,056	40,887
FFO per Unit (\$/Unit)	0.41	0.51	1.16	1.37
FFO payout ratio – trailing twelve months ⁽²⁾	78.2%	70.7%	78.2%	70.7%
AFFO per Unit (\$/Unit)	0.32	0.44	0.89	1.14
AFFO payout ratio – trailing twelve months ⁽²⁾	99.5%	85.6%	99.5%	85.6%
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 September 30, 2021.

FINANCIAL INFORMATION

Northview's unaudited condensed consolidated interim financial statements, the notes thereto, and Management's Discussion and Analysis for the three months and nine months ended September 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 November 10, 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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