

NORTHVIEW FUND ANNOUNCES Q1 2023 FINANCIAL RESULTS INCLUDING NOI GROWTH OF 9.2 PERCENT DRIVEN BY STRONG OCCUPANCY



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Calgary, Alberta – **May 12, 2023** – Northview Fund (“Northview” or the “Fund”) (NHF.UN – TSX), today announced financial results for the three months ended March 31, 2023.

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

“Northview’s strong operating results build on the strong occupancy gains that started in 2022 and continued through the first quarter of 2023. Occupancy gains of 350 bps since the first quarter of 2022, driven by 900 bps in Western Canada, have outpaced inflationary pressures on expenses, allowing Northview to deliver NOI growth of 9.2%, with an impressive 27.3% in Western Canada,” comments Mr. Todd Cook, Chief Executive Officer of Northview. “The positive operational improvements have been overshadowed by the impact of a significant increase in financing costs due to higher interest rates, resulting in declining FFO. Management and the Board of Trustees are actively engaged in a process to effect a recapitalization event in 2023 that would be expected to improve Northview’s financial position and long-term viability.”

HIGHLIGHTS

- Net operating income (“NOI”) growth of 9.2% from the first quarter of 2022 was driven by NOI increases in both the multi-residential and the commercial and executive segments of 8.6% and 11.2%, respectively. NOI margin⁽¹⁾ increased by 1.5% from the first quarter of 2022 to 52.1% as increased revenue outpaced higher operating expenses.
- In the multi-residential segment, NOI growth of 8.6% was led by increases in Western Canada and Atlantic Canada of 27.5% and 8.2%, respectively, as both occupancy⁽¹⁾ and average monthly rent (“AMR”)⁽¹⁾ improved from the first quarter of 2022.
- Occupancy of 93.7% for the multi-residential portfolio represented improvements of 350 basis points (“bps”) from the first quarter of 2022 and 30 bps from the previous quarter, marking the fourth consecutive quarter of occupancy gains. The increase in occupancy from the first quarter of 2022 was driven by Western Canada and Atlantic Canada, which experienced occupancy gains of 900 bps and 130 bps, respectively, relative to the first quarter of 2022.
- Funds from operations (“FFO”)⁽²⁾ was \$7.1 million and FFO per Unit⁽²⁾ was \$0.20, which were lower than \$12.6 million and \$0.35, respectively, for the three months ended March 31, 2022. The decreases in FFO and FFO per Unit were attributable to higher financing costs, which more than offset higher NOI.
- Net and comprehensive loss of \$9.4 million was higher than \$3.3 million for three months ended March 31, 2022 as higher financing costs offset NOI growth. The increase in financing costs was driven by an increase in the floating interest rate on the credit facility, which approximately doubled from an average rate of 4.38% in the first quarter of 2022 to 8.56% in the first quarter of 2023.
- Distributions of \$11.3 million were declared in the three months ended March 31, 2023, representing a monthly distribution of approximately \$3.8 million or \$0.11 per issued Unit.

(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.

- The FFO payout ratio⁽²⁾ for the twelve months ended March 31, 2023 of 98.8% was higher than 71.9% for the twelve months ended March 31, 2022. In addition, for the first quarter of 2023, distributions as a percentage of cash flows provided by operating activities of 429.7% was higher than 170.8% for the first quarter of 2022. The increases in these ratios were driven by higher financing costs. Distribution levels are being closely monitored and may need to be reconsidered depending on future circumstances.
- During the first quarter of 2023, Northview made significant progress on its mortgage financing program and completed \$143.1 million of mortgage financing with a weighted average interest rate of 4.18% and an average term to maturity of 5.5 years. The proceeds were used to repay \$69.4 million on its floating rate credit facility, resulting in interest rate savings of approximately 440 bps at current rates and strengthening its debt profile through the addition of fixed rate and longer maturity debt.
- Debt to gross book value⁽¹⁾ was 67.3% as at March 31, 2023, an increase of 90 bps from 66.4% as at December 31, 2022 as a result of higher debt.

(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.

RECAPITALIZATION EVENT

Northview continues to target a recapitalization event by November 2, 2023 (the “Target Recapitalization Date”), which may be extended by up to two years at the sole discretion of the Trustees if such recapitalization event has not been identified and announced by August 2, 2023; and the Trustees may seek further extension by special resolution of Unitholders in accordance with its declaration of trust, or take such other actions as the Trustees consider appropriate with respect to the continued operations of Northview. Northview is actively engaged in its process concerning a transaction which could constitute its recapitalization event which would be expected to improve Northview’s financial position and long-term viability. A recapitalization event will require the approval of Unitholders by special resolution.

(1) 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 March 31, 2023	As at December 31, 2022
Total assets	1,947,700	1,954,529
Total liabilities, excluding net assets attributable to Unitholders	1,391,143	1,388,497
Total liabilities, net assets attributable to Unitholders	1,946,558	1,953,366
Total non-current liabilities, excluding net assets attributable to Unitholders	690,245	562,433
Mortgages payable	909,997	850,830
Debt to gross book value ⁽¹⁾	67.3%	66.4%
Weighted average mortgage interest rate	3.64%	3.63%
Weighted average term to maturity (years)	2.9	2.5
Weighted average capitalization rate	7.18%	7.18%
Multi-residential occupancy ⁽¹⁾	93.7%	93.4%
AMR (\$) ⁽¹⁾	1,283	1,278
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
	Three Months Ended March 31	
	2023	2022
Revenue	51,627	48,639
NOI	26,889	24,631
NOI margin ⁽¹⁾	52.1%	50.6%
Cash flows provided by operating activities	2,627	6,607
Distributions declared to Unitholders	11,288	11,288
Monthly distributions declared per Unit – weighted average (\$/Unit)	0.1092	0.1092
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 – trailing twelve months ⁽²⁾	98.8%	71.9%
AFFO payout ratio – trailing twelve months ⁽²⁾	135.2%	88.2%
Net and comprehensive loss	(9,421)	(3,265)
Net and comprehensive loss per Unit (\$/Unit)	(0.26)	(0.09)
FFO ⁽²⁾	7,082	12,550
FFO per Unit (\$/Unit) ⁽²⁾	0.20	0.35
AFFO ⁽²⁾	4,379	9,350
AFFO per Unit (\$/Unit) ⁽²⁾	0.12	0.26

(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.

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 Financial 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, NOI margin, 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 ended March 31, 2023 and 2022, 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 unaudited condensed consolidated interim financial statements:

(thousands of dollars, except as indicated)	Three Months Ended	
	March 31	
	2023	2022
Net and comprehensive loss	(9,421)	(3,265)
Adjustments:		
Distributions to Unitholders	11,288	11,288
Depreciation	770	768
Fair value loss on investment properties	4,378	3,725
Other ⁽¹⁾	67	34
FFO	7,082	12,550
Maintenance capex reserve – multi-residential	(2,537)	(2,963)
Maintenance capex reserve – commercial	(166)	(237)
AFFO	4,379	9,350
FFO per Unit (\$/Unit)	0.20	0.35
FFO payout ratio – trailing twelve months	98.8%	71.9%
AFFO per Unit (\$/Unit)	0.12	0.26
AFFO payout ratio – trailing twelve months	135.2%	88.2%
Number of Units outstanding (‘000s)	35,917	35,917

(1) “Other” is comprised of non-controlling interest, amortization of other long-term assets, amortization of tenant inducements, and fair value adjustments for non-controlling interest and equity investments.

FINANCIAL INFORMATION

Northview's unaudited condensed consolidated interim financial statements, the notes thereto, and Management's Discussion and Analysis for the three months ended March 31, 2023 and 2022, can be found on Northview's website at www.northviewfund.com and at SEDAR at www.sedar.com.

ABOUT NORTHVIEW FUND

Northview is a closed-end fund, as no further Units will be issued in its current structure, 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 constitutes forward-looking information within the meaning of applicable securities laws. Statements that reflect Northview's 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 and timing thereof or expected impacts therefrom, future maintenance expenditures, financing and the availability of financing and the terms thereof (including Northview's ability to amend its credit facility), future economic conditions, the expected distributions of Northview, 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 May 12, 2023 and is based on information available to management as of that date. Management believes that the expectations reflected in forward-looking information are based upon reasonable assumptions; 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 the risks identified in Northview's Management's Discussion and Analysis for the three months ended March 31, 2023 and 2022 and Northview's Management's Discussion and Analysis for the years ended December 31, 2022 and 2021, general economic conditions; the availability of a new competitive supply of real estate which may become available through construction; Northview's ability to maintain distributions at their current level; 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; compliance with financial covenants and negotiations on the credit facility; tenant defaults; changes in interest rates, which continue to be volatile and have trended upward since Northview's formation in 2020; changes in inflation rates, including increased expenses as a result thereof; Northview's qualification as a real estate investment trust ("REIT"); risks associated with any recapitalization event, including the ability to complete such transaction on terms satisfactory to the Board of Trustees by the Target Recapitalization Date, if at all, or that Unitholders will approve such recapitalization event; 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 not be 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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