

# NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND ANNOUNCES 2020 FINANCIAL RESULTS



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Toronto – **March 16, 2021** - Northview Canadian High Yield Residential Fund (“Northview”) (NHF.UN – TSX), today announced financial results for the period ended December 31, 2020, which included 59 days of operating activities representing the period from November 2, 2020 to December 31, 2020. Northview was formed on April 14, 2020 pursuant to the initial declaration of trust and there were no operations from the date of formation through to November 1, 2020.

“Following the successful closing of the acquisition in November and the initial public offering, our geographically diverse portfolio experienced stable occupancy,” commented Todd Cook, Northview’s Chief Executive Officer. “With a collection rate of 99.1% in the fourth quarter of 2020 and an FFO payout ratio of 81.6%, we are in a strong position to generate stable income to make monthly cash distributions to our Unitholders.”

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

## HIGHLIGHTS

- On November 2, 2020, Northview completed the acquisition of a portfolio valued at \$1.8 billion from Northview Apartment Real Estate Investment Trust (the “Acquisition”). Northview commenced operations on November 2, 2020. Therefore, this news release contains results for the period from November 2, 2020 to December 31, 2020.
- In connection with the Acquisition, on November 2, 2020, Northview completed its initial public offering (the “Offering”), resulting in the issuance of an aggregate of \$430.0 million in Units.
- Net and comprehensive income for the period ended December 31, 2020 was \$89.7 million and was driven by a gain on business combination of \$104.5 million.
- Funds from operations (“FFO”) was \$9.2 million for the period ended December 31, 2020, resulting in FFO per Unit of \$0.26.
- Adjusted funds from operations (“AFFO”) was \$7.4 million for the period ended December 31, 2020, resulting in AFFO per Unit of \$0.21.
- Northview’s FFO payout ratio of 81.6% reflected the seasonality of results for the period of operations from November 2, 2020 to December 31, 2020, which is characterized by higher utility costs.
- Net operating income (“NOI”) of \$17.5 million for the period ended December 31, 2020 was earned on revenue of \$31.1 million and represented an NOI margin of 56.2%.
- Distributions of \$7.5 million were declared for the period ended December 31, 2020, representing a monthly weighted average distribution of \$0.1093 per issued Unit.
- Occupancy for the period ended December 31, 2020 was 88.7% for the multi-family portfolio and 91.8% for the commercial portfolio.
- Debt to gross book value was 66.7% as at December 31, 2020. Interest coverage and debt service coverage ratios were 2.60 and 1.39, respectively, for the period from November 2, 2020 to December 31, 2020.
- During the period ended December 31, 2020, Northview completed the repositioning of a 145-room executive property comprised of five buildings located in St. John’s, NL to a 145-suite multi-residential complex, resulting in a \$4.6 million fair value increase to the property. As of March 16, 2021, the property was 34% leased.

## 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. In response to the COVID-19 pandemic in Canada, many provincial and territorial governments have limited the ability of landlords to evict tenants for non-payment of rent and restricted the ability of landlords to increase rent. Social distancing actions to reduce the spread of the COVID-19 pandemic, including closing or limiting the capacity of restaurants and bars, limits on the number of people at public gatherings, and general stay-at-home guidelines, have contributed to significantly increased unemployment rates. Although some of these restrictions are starting to be reduced, the disruption to the Canadian economy may continue for some time.

The COVID-19 financial impact included a reduction of revenue from executive properties, an increase in COVID-19-related expenses, and higher estimated bad debt expense in the multi-residential business segment than expected under normal operating conditions. COVID-19 related expenses include incremental cleaning costs and the purchase of personal protective equipment to contain the spread of COVID-19 and to manage the safety of residents, executive guests, and employees. The financial impact from the COVID-19 pandemic is expected to continue in 2021.

The future operational and financial impact of the COVID-19 pandemic is difficult to determine, and it is not possible to predict the duration and severity of the economic disruption, government restrictions and stimulus, social distancing, and phased re-opening of economies. Although provinces and territories have started re-opening their economies with a reduction or elimination of previous restrictions, many businesses have not returned to pre-COVID-19 levels of activity. It is also unclear if restrictions will need to be reapplied in some jurisdictions if the rate of COVID-19 increases following the reduction or elimination of previous restrictions. Unemployment rates remain higher than pre-COVID-19 levels. In future periods, the COVID-19 pandemic could result in lower demand for Northview's properties and a higher credit risk for collection of rent. Increased government regulations may restrict Northview's ability to enforce provisions under its leases, including the collection of rent, eviction of tenants for payment related matters, and Northview's ability to apply market-based increases to rent.

Northview has implemented enhanced cleaning protocols and has various payment options for rent to promote social distancing and contactless transactions. In addition, Northview implemented a rent deferral program for residential tenants who have faced financial hardships due to the COVID-19 pandemic. Approximately 1.2% of residential tenants currently have a rent deferral arrangement and these tenants are fulfilling their obligations under the payment arrangement.

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. Due to the long-term tenure of commercial leases, supported primarily by government tenants and credit-rated corporations, there was minimal impact of COVID-19 on rent collections in Northview's commercial portfolio. Executives have experienced lower occupancy than expected under normal operating cycles as a result of restrictions on interterritorial travel due to the COVID-19 pandemic. Nunavut and the Northwest Territories have been identified as priority regions for the COVID-19 vaccination; therefore, the vaccination is expected to be more accessible as compared to other regions of Canada. Northview collected 99.1% of multi-residential and commercial rent in the fourth quarter of 2020. The collection rate to-date in the first quarter of 2021 has been consistent with the fourth quarter of 2020.

One of Northview's top priorities continues to be supporting the safety and well-being of tenants, executive 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 executive guests.

Further disclosure surrounding the impact of COVID-19 is included in Northview's Management's Discussion and Analysis for the period ended December 31, 2020, which is available on [www.sedar.com](http://www.sedar.com).

## FINANCIAL CONDITIONS AND OPERATING RESULTS

(thousands of dollars, except as indicated)	As at December 31, 2020
Total assets	1,878,598
Total liabilities, excluding net assets attributable to Unitholders	1,362,821
Total liabilities, net assets attributable to Unitholders	1,877,618
Total non-current liabilities, excluding net assets attributable to Unitholders	1,164,992
Mortgages payable	847,845
Debt to gross book value <sup>(1)</sup>	66.7%
Interest coverage ratio (times) <sup>(1)</sup>	2.60
Debt service coverage ratio (times) <sup>(1)</sup>	1.39
Weighted average mortgage interest rate	2.87%
Weighted average term to maturity (years)	3.6
Weighted average capitalization rate	7.56%
Multi-residential occupancy	88.7%
Multi-residential AMR (\$)	1,279
Number of multi-residential suites	11,121
Number of executives	200
Commercial sq. ft.	1,131,730
Number of Units outstanding ('000s) <sup>(1)</sup>	35,917
(thousands of dollars, except as indicated)	Period Ended December 31, 2020
Total revenue	31,059
Total NOI <sup>(1)</sup>	17,462
NOI margin <sup>(1)</sup>	56.2%
Cash flow used in operating activities	(11,804)
Distributions declared to Unitholders	7,525
Distributions declared per Unit – weighted average (\$/Unit)	0.1093
Class A Unit (\$/Unit)	0.1048
Class C Unit (\$/Unit)	0.1106
Class F Unit (\$/Unit)	0.1081
FFO payout ratio, trailing twelve months <sup>(1) (2)</sup>	81.6%
AFFO payout ratio, trailing twelve months <sup>(1) (2)</sup>	101.2%
Net and comprehensive income	89,664
Net and comprehensive income per Unit (\$/Unit) <sup>(1)</sup>	2.50
FFO <sup>(1)</sup>	9,219
FFO per Unit (\$/Unit) <sup>(1)</sup>	0.26
AFFO <sup>(1)</sup>	7,436
AFFO per Unit (\$/Unit) <sup>(1)</sup>	0.21

<sup>(1)</sup> Non-GAAP financial measure, see “Non-GAAP and Other Financial Measures” section of this news release and reconciliation to the most directly comparable IFRS financial measures shown in Northview’s Management’s Discussion and Analysis (“MD&A”) as at and for the period ended December 31, 2020, which is available on [www.sedar.com](http://www.sedar.com).

<sup>(2)</sup> FFO and AFFO payout ratios, trailing twelve months are calculated for the period from November 2, 2020 to December 31, 2020.

## **FINANCIAL INFORMATION**

Northview's consolidated financial statements, the notes thereto, and Management's Discussion and Analysis as at and for the period ended December 31, 2020, can be found on Northview's website at [www.northviewfund.com](http://www.northviewfund.com) or [www.sedar.com](http://www.sedar.com).

## **ABOUT NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND**

The Fund 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 news release do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP 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. 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. Please refer to Northview's most recent Management's Discussion and Analysis for definitions of non-GAAP and other financial measures and a reconciliation to the most directly comparable IFRS financial measure, including FFO, AFFO, FFO payout ratio, AFFO payout ratio, number of Units outstanding, debt to gross book value, debt service coverage ratio, interest coverage ratio, NOI, and NOI margin.

## **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 16, 2021 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-family 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 that may arise after March 16, 2021.

*To learn more about Northview, visit [www.northviewfund.com](http://www.northviewfund.com) or contact:*

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