

# NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND ANNOUNCES Q3 2021 FINANCIAL RESULTS AND EXECUTIVE TEAM CHANGES



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Toronto – **November 12, 2021** - Northview Canadian High Yield Residential Fund (“Northview” or the “Fund”) (NHF.UN – TSX), today announced financial results for the three and nine months ended September 30, 2021.

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

“We are pleased to report another quarter of stable financial performance with an FFO payout ratio of 70.7%,” commented Mr. Todd Cook, Northview’s Chief Executive Officer. “The Northview team continues to focus its efforts and commitment on the safety of our residents, tenants, employees, and business partners, which was paramount as we experienced the fourth wave of COVID-19. The impact of the fourth wave has been tempered by the emergence of positive trends in the business, including increased demand for student housing in some of our markets.”

## HIGHLIGHTS

- For the three months ended September 30, 2021, net and comprehensive income was \$0.8 million and was attributable to revenue of \$48.2 million, partially offset by operating expenses of \$18.0 million and other expenses of \$29.4 million. For the nine months ended September 30, 2021, net and comprehensive loss was \$3.1 million and was attributable to revenue of \$143.7 million, more than offset by operating expenses of \$59.0 million and other expenses of \$87.9 million.
- Funds from operations (“FFO”) was \$18.5 million and \$49.3 million for the three and nine months ended September 30, 2021 respectively, resulting in FFO per Unit of \$0.51 and \$1.37 for the same periods. For the period from November 2, 2020 to September 30, 2021, the FFO payout ratio was 70.7%.
- Adjusted funds from operations (“AFFO”) was \$15.7 million and \$40.9 million for the three and nine months ended September 30, 2021 respectively, resulting in AFFO per Unit of \$0.44 and \$1.14 for the same periods.
- Net operating income (“NOI”) was \$30.2 million and \$84.8 million for the three and nine months ended September 30, 2021, which represented NOI margins of 62.7% and 59.0%, respectively.
- For the nine months ended September 30, 2021, total distributions of \$33.9 million were declared, representing a monthly weighted average distribution of \$0.1092 per issued Unit.
- Average monthly rent (“AMR”) increased in all multi-residential regions in the third quarter of 2021, averaging \$1,272 compared to \$1,270 in the prior quarter. Occupancy for the three months ended September 30, 2021 was 89.8% for the multi-family portfolio, which was relatively consistent with 89.9% in the prior quarter.
- Debt to gross book value was 67.2% as at September 30, 2021, compared to 67.0% at June 30, 2021 and 66.7% at December 31, 2020, representing a 20 bps increase quarter-over-quarter. Interest coverage and debt service coverage ratios were 2.82 and 1.51, respectively, for the period from November 2, 2020 to September 30, 2021.
- Northview collected 98.5% of multi-residential and commercial rent in the third quarter of 2021. The collection rate to-date in the fourth quarter of 2021 has been consistent with the third quarter of 2021.

## **EXECUTIVE TEAM CHANGES**

Northview wishes to announce that effective November 1, 2021, Linay Freda was appointed Vice President, Operations. Ms. Freda, who was previously Vice President Operations, Northern Region, was appointed to this consolidated executive operations role following the departure of Lizaine Wheeler, Vice President Operations, Southern Region, who resigned from Northview effective October 29, 2021. Ms. Freda has over 20 years of experience in property management and has been with Northview for 12 years, including previously held senior roles with Northview Apartment REIT and Northern Property REIT.

Mr. Cook commented, "We are pleased to welcome Linay into this new executive role that will oversee operations across the Northview portfolio. Her extensive operations experience and track record of building and fostering relationships with Northview's key stakeholders in the North will continue to serve us well. We are also grateful for the strong leadership that Lizaine provided Northview during her time with Northview Apartment REIT and the Fund. Lizaine's extensive contributions to Northview over the past 10 years were instrumental in building the strong foundation that Linay will inherit in her new role. We thank Lizaine for her contributions to Northview and wish her great success in her future endeavours."

## **COVID-19 IMPACT**

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. Execusuite occupancy has shown improvements during the nine months ended September 30, 2021 following the easing of interterritorial travel restrictions.

The administration of COVID-19 vaccinations continues across Canada, and over 80% of Canadians who were eligible to receive a COVID-19 vaccine were fully vaccinated by October 2021. During the third quarter of 2021, while certain jurisdictions continued to be challenged by a fourth wave of the COVID-19 pandemic, others have continued to ease public health measures, including certain interprovincial, interterritorial, and international travel restrictions. In addition, certain jurisdictions have implemented vaccination requirements to allow businesses to continue to operate.

## FINANCIAL CONDITIONS AND OPERATING RESULTS

(thousands of dollars, except as indicated)	As at September 30, 2021	As at December 31, 2020
Total assets	1,877,227	1,878,598
Total liabilities, excluding net assets attributable to Unitholders	1,364,846	1,362,821
Total liabilities, net assets attributable to Unitholders	1,876,345	1,877,618
Total non-current liabilities, excluding net assets attributable to Unitholders	1,130,176	1,164,992
Mortgages payable	818,435	847,845
Debt to gross book value <sup>(1)</sup>	67.2%	66.7%
Interest coverage ratio (times) <sup>(1)(2)</sup>	2.82	2.60
Debt service coverage ratio (times) <sup>(1)(2)</sup>	1.51	1.39
Weighted average mortgage interest rate	2.87%	2.87%
Weighted average term to maturity (years)	3.0	3.6
Weighted average capitalization rate	7.56%	7.56%
Multi-residential occupancy	89.8%	88.7%
Multi-residential AMR (\$)	1,272	1,279
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) <sup>(1)</sup>	35,917	35,917

  

(thousands of dollars, except as indicated)	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Total revenue	48,172	143,701
Total NOI <sup>(1)</sup>	30,189	84,751
NOI margin <sup>(1)</sup>	62.7%	59.0%
Cash flow provided by operating activities	13,572	39,213
Distributions declared to Unitholders	11,287	33,863
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 <sup>(1)(2)</sup>	70.7%	70.7%
AFFO payout ratio <sup>(1)(2)</sup>	85.6%	85.6%
Net and comprehensive income (loss)	839	(3,136)
Net and comprehensive income (loss) per Unit (\$/Unit) <sup>(1)</sup>	0.02	(0.09)
FFO <sup>(1)</sup>	18,479	49,284
FFO per Unit (\$/Unit) <sup>(1)</sup>	0.51	1.37
AFFO <sup>(1)</sup>	15,680	40,887
AFFO per Unit (\$/Unit) <sup>(1)</sup>	0.44	1.14

<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”) for the three and nine months ended September 30, 2021, which is available on [www.sedar.com](http://www.sedar.com).

<sup>(2)</sup> Calculated for the period from November 2, 2020, the date on which Northview began operations, to the end of the period presented.

## **FINANCIAL INFORMATION**

Northview's condensed consolidated interim financial statements, the notes thereto, and Management's Discussion and Analysis for the three and nine months ended September 30, 2021, 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 of non-GAAP measures to the most directly comparable IFRS financial measures, including for 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 November 12, 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.

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

Todd Cook, Chief Executive Officer  
Northview Canadian High Yield Residential Fund  
Tel: (403) 531-0720  
Email: [tcook@northviewfund.com](mailto:tcook@northviewfund.com)

Sarah Walker, Chief Financial Officer  
Northview Canadian High Yield Residential Fund  
Tel: (403) 531-0720  
Email: [swalker@northviewfund.com](mailto:swalker@northviewfund.com)