Northview™

Management's Discussion and Analysis

For the three months ended March 31, 2022 and 2021

ADVISORIES

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition, dated May 12, 2022, of Northview Fund ("Northview" or the "Fund") should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the unaudited condensed consolidated interim financial statements of Northview and notes thereto for the three months ended March 31, 2022 and March 31, 2021 (the "interim financial statements") and the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 and the period from April 14, 2020 (date of formation) to December 31, 2020 (the "annual financial statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with Northview's annual MD&A for the year ended December 31, 2021 and the period from April 14, 2020 (date of formation) to December 31, 2020 (the "annual MD&A"). Additional information related to Northview, including periodic quarterly reports filed with the Canadian securities regulatory authorities and Northview's Annual Information Form dated March 28, 2022, are available on SEDAR at www.sedar.com.

This MD&A is intended to provide readers with management's assessment of the performance of Northview, as well as its financial position and future prospects. The operating results for the three months ended March 31, 2022 are not necessarily indicative of results that may be expected for the years ended December 31, 2022 due to seasonal variations in utility costs and other factors. All amounts in the following MD&A are in Canadian dollars unless otherwise stated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this MD&A 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 MD&A includes, but is not limited to, statements related to the Recapitalization Event (as defined herein) and timing thereof, statements made under the heading "Outlook" in this MD&A, the effects of the coronavirus ("COVID-19") pandemic on Northview's business, future maintenance expenditures, financing and the availability of financing, 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 MD&A incorporating forward-looking information.

Forward-looking information is made as of May 12, 2022 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 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, execusuites, 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 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 that may arise after May 12, 2022.

NON-GAAP AND OTHER FINANCIAL MEASURES

NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and are, therefore, considered non-GAAP financial measures and may not be comparable to similar measures presented by other issuers.

Adjusted funds from operations ("AFFO"): Defined as a recurring economic earnings measure and is calculated in accordance with the Real Property Association of Canada ("REALPAC") definition, as set out in its January 2022 guidance "REALPAC Funds From Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS" (the "REALPAC Guidance"), but may differ from other issuers' methods of calculating AFFO and, accordingly, may not be comparable to AFFO reported by other issuers. AFFO is calculated as funds from operations ("FFO") less maintenance capital expenditures. Maintenance capital expenditures are capital expenditures ("capex") that sustain and maintain existing assets. Management considers AFFO a useful measure of operating performance excluding the impact of maintenance capex. The most comparable GAAP measure to AFFO is net and comprehensive loss, for which a reconciliation is provided in "Other Consolidated Results – FFO and AFFO".

Funds from operations ("FFO"): FFO measures operating performance and is calculated in accordance with the REALPAC definition as set out in the REALPAC Guidance but may differ from other issuers' methods of calculating FFO and, accordingly, may not be comparable to FFO reported by other issuers. FFO is calculated by adjusting net and comprehensive loss for depreciation of property, plant and equipment excluding depreciation of assets that are not uniquely significant to the real estate industry items (for example, depreciation related to computer and auto assets), and fair value loss on investment properties. Management considers FFO a useful measure of operating performance. The most comparable GAAP measure to FFO is net and comprehensive loss, for which a reconciliation is provided in "Other Consolidated Results – FFO and AFFO".

NON-GAAP RATIOS

AFFO payout ratio: AFFO payout ratio is calculated as aggregate distributions declared to holders of Class A trust units of Northview ("Class A Units"), holders of Class C trust units of Northview ("Class C Units"), and holders of Class F trust units of Northview ("Class F Units" and, collectively, with the Class A Units and Class C Units, the "Units" and such holders, collectively, "Unitholders") divided by AFFO for the previous twelve months. AFFO payout ratio is not a standardized measure under GAAP and, accordingly, this calculation may differ from other issuers' methods of calculating AFFO payout ratio and may not be comparable to AFFO payout ratio reported by other issuers. For the comparative period, this calculation is currently based on the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021. Management considers AFFO payout ratio a useful measure to assess the amount of cash distributed to Unitholders compared to the operating performance of the business.

AFFO per Unit: AFFO per Unit is calculated as AFFO divided by the number of Units outstanding (see "Non-GAAP and Other Financial Measures – Other Key Performance Indicators") at period-end. AFFO per Unit is not a standardized measure under GAAP and, accordingly, the calculation may differ from other issuers' methods for calculating AFFO per Unit and may not be comparable to AFFO per Unit reported by other issuers. Management considers AFFO per Unit a useful measure to assess the operating performance of the business relative to the entitlement of Unitholders.

FFO payout ratio: FFO payout ratio is calculated as distributions declared to Unitholders divided by FFO for the previous twelve months. FFO payout ratio is not a standardized measure under GAAP and, accordingly, this calculation may differ from other issuers' methods of calculating FFO payout ratio and may not be comparable to FFO payout ratio reported by other issuers. For the comparative period, this calculation is currently based on the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021. Management considers FFO payout ratio a useful measure to assess the amount of cash distributed to Unitholders compared to the operating performance of the business.

FFO per Unit: FFO per Unit is calculated as FFO divided by the number of Units outstanding at period-end. FFO per Unit is not a standardized measure under GAAP and, accordingly, the calculation may differ from other issuers' methods for calculating FFO per Unit and may not be comparable to FFO per Unit reported by other issuers. Management considers FFO per Unit a useful measure to assess the operating performance of the business relative to the entitlement of Unitholders.

CAPITAL MANAGEMENT MEASURES

Adjusted EBITDA: Calculated as the sum of net and comprehensive loss, depreciation and amortization, financing costs (excluding other income), distributions to Unitholders, fair value loss on investment properties, gain on business combination, gain on disposition of property, plant and equipment, and transaction costs. Adjusted EBITDA is used in the calculation of the debt service coverage ratio and interest coverage ratio, which management considers useful measures to evaluate the objectives, policies, and processes for capital management. The most comparable GAAP measure to Adjusted EBITDA is net and comprehensive loss, for which a reconciliation is provided in "Liquidity and Capital Resources – Capital Management".

Debt service coverage ratio: Debt service coverage ratio is calculated as Adjusted EBITDA (see "Non-GAAP and Other Financial Measures – Capital Management Measures") divided by the sum of total interest expense and principal mortgage repayments for the previous twelve months. Total interest expense consists of mortgage interest, amortization of deferred financing costs and fair value of debt, and interest expense on the credit facility. Management considers it a useful measure to evaluate the objectives, policies, and processes for capital management. See the calculation of debt service coverage ratio in "Liquidity and Capital Resources – Capital Management".

Debt to gross book value: Debt to gross book value is defined under the Declaration of Trust (as defined herein) as a percentage measure calculated as debt divided by gross book value. Debt consists of borrowings on the credit facility and mortgages payable less cash and cash equivalents. Gross book value consists of the carrying value of investment properties and gross property, plant and equipment, plus a portfolio premium. Management considers it a useful measure to evaluate leverage. See the calculation of debt to gross book value in "Liquidity and Capital Resources – Capital Management".

Interest coverage ratio: Interest coverage ratio is calculated as Adjusted EBITDA (see "Non-GAAP and Other Financial Measures – Capital Management Measures") divided by the sum of total interest expense for the previous twelve months. Management considers it a useful measure to evaluate the objectives, policies, and processes for capital management. See the calculation of interest coverage ratio in "Liquidity and Capital Resources – Capital Management".

OTHER KEY PERFORMANCE INDICATORS

Certain other measures in this MD&A do not have standardized meanings and may not be comparable to similar measures presented by other issuers.

Average monthly rent ("AMR"): AMR is calculated as monthly gross rent net of lease incentives divided by the number of occupied multi-residential suites as at the period-end date. Prior to the fourth quarter of 2021, Northview reported AMR including a property in British Columbia that is under a longer-term lease than other rental contracts in Northview's multi-residential portfolio, which are typically twelve months. Beginning in the fourth quarter of 2021, Northview now reports AMR excluding this property to more appropriately reflect the typical AMR of its multi-residential leases. Comparative periods have been adjusted to reflect this change.

Average rent per square foot: Average rent per square foot ("sq. ft.") is calculated as annualized total rent for the quarter divided by average total occupied square footage for the quarter for commercial operations.

Occupancy: A percentage measure used by management to evaluate the performance of its properties on a comparable basis. The occupancy presented in this MD&A is financial occupancy based on AMR, excluding properties that have not reached stabilized occupancy. Management considers this an important operating metric to evaluate the extent to which revenue potential is being realized.

Same door revenue, expenses, and net operating income: Measured for stabilized properties owned by Northview for both the current reporting period and on or before the first day of the previous annual reporting period. In this MD&A, the first day of the previous annual reporting period was January 1, 2021, and all properties were owned and in operation by Northview for both the current and comparative periods. Therefore, the same door calculation is equivalent to consolidated revenue, expenses and net operating income ("NOI").

Units outstanding: The number of Class A Units outstanding at period-end, adjusted for conversion ratios applicable to each Unit class assuming that all Class C Units and Class F Units were converted to Class A Units. Refer to the calculation of Units outstanding in "Liquidity and Capital Resources – Net Assets Attributable to Unitholders".

BUSINESS OVERVIEW

Northview is a closed-end fund, as no further Units will be issued. It was formed in 2020 pursuant to a declaration of trust dated April 14, 2020 as most recently amended and restated on February 15, 2022 (the "Declaration of Trust") under the laws of the Province of Ontario for the primary purpose of indirectly acquiring, owning, and operating a geographically diversified real estate portfolio comprised of income-producing multi-residential suites, commercial real estate, and execusuites in secondary markets within Canada. Northview's portfolio consists of approximately 11,000 residential suites, 1.1 million sq. ft. of commercial space, and 200 execusuites across six provinces and two territories. Northview's Class A Units currently trade on the Toronto Stock Exchange ("TSX") under the symbol "NHF.UN".

The head and registered office of Northview is located at Suite 200, 6131 6 Street SE, Calgary, Alberta, T2H 1L9.

Northview's investment objectives are to:

- Own and operate a high-quality, geographically diversified real estate portfolio comprised of income-producing multi-residential suites, commercial real estate, and execusuites.
- Generate stable income to support monthly cash distributions.
- Effect a Recapitalization Event between 2023 to 2025, approximately three to five years subsequent to the formation of Northview in 2020 (see "Liquidity and Capital Resources – Recapitalization Event").

2022 FIRST QUARTER RESULTS

(thousands of dollars, except as indicated)	As at March 31, 2022	As at December 31, 2021
Total assets	**1,847,326**	1,853,096
Total liabilities, excluding net assets attributable to Unitholders	**1,355,273**	1,357,746
Total liabilities, net assets attributable to Unitholders	**1,846,401**	1,852,184
Total non-current liabilities, excluding net assets attributable to Unitholders	**1,083,209**	570,239
Mortgages payable	**799,050**	808,842
Debt to gross book value(1)	**68.3%**	67.8%
Interest coverage ratio (times)(1)	**2.74**	2.84
Debt service coverage ratio (times)(1)	**1.49**	1.54
Weighted average mortgage interest rate	**2.87%**	2.87%
Weighted average term to maturity (years)	**2.5**	2.7
Weighted average capitalization rate	**7.44%**	7.44%
Multi-residential occupancy(2)	**90.2%**	90.2%
AMR ($)(2)	**1,272**	1,272
Number of multi-residential suites	**11,121**	11,121
Number of execusuites	**200**	200
Commercial sq. ft.	**1,131,730**	1,131,730
Number of Units outstanding (‘000s)(2)	**35,917**	35,917

	Three Months Ended March 31	
(thousands of dollars, except as indicated)	**2022**	2021
Revenue	**48,639**	47,848
NOI	**24,631**	26,941
NOI margin	**50.6%**	56.3%
Cash flows provided by operating activities	**6,607**	11,783
Distributions declared to Unitholders	**11,288**	11,288
Monthly distributions declared per Unit – weighted average ($/Unit)	**0.1091**	0.1092
Class A Unit ($/Unit)	**0.1048**	0.1048
Class C Unit ($/Unit)	**0.1106**	0.1106
Class F Unit ($/Unit)	**0.1081**	0.1081
FFO payout ratio(3)(4)	**71.9%**	77.1%
AFFO payout ratio(3)(4)	**88.2%**	95.0%
Net and comprehensive loss	**(3,265)**	(1,283)
Net and comprehensive loss per Unit ($/Unit)	**(0.09)**	(0.04)
FFO(3)	**12,550**	15,170
FFO per Unit ($/Unit)(3)	**0.35**	0.42
AFFO(3)	**9,350**	12,371
AFFO per Unit ($/Unit)(3)	**0.26**	0.34

(1) See “Non-GAAP and Other Financial Measures – Capital Management Measures”

(2) See “Non-GAAP and Other Financial Measures – Other Key Performance Indicators”

(3) Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures – Non-GAAP Financial Measures” and “Non-GAAP and Other Financial Measures – Non-GAAP Ratios”

(4) Comparative information is calculated for the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021.

2022 FIRST QUARTER REVIEW

NET AND COMPREHENSIVE LOSS AND FFO

For the three months ended March 31, 2022, net and comprehensive loss was $3.3 million, compared to net and comprehensive loss of $1.3 million for the three months ended March 31, 2021. The change primarily related to an increase in operating expenses, as higher utilities expense was driven by stronger commodity prices and higher consumption resulting from adverse weather conditions, and an increase in financing costs that was primarily attributable to higher borrowings and interest rates on the credit facility.

For the three months ended March 31, 2022, FFO of $12.6 million was lower than FFO of $15.2 million for the comparative quarter in the prior year, and FFO per Unit of $0.35 was lower than $0.42 for the respective periods. The decrease in FFO and FFO per Unit was primarily attributable to higher utility and financing costs in the first quarter of 2022.

NOI

NOI of $24.6 million for the three months ended March 31, 2022 was lower than $26.9 million for the three months ended March 31, 2021 due to increased operating expenses, driven by higher utilities expense and snow removal costs in the first quarter of 2022. NOI margin of 50.6% for the first quarter of 2022 decreased by 570 basis points ("bps") relative to the first quarter of 2021, driven by the aforementioned increase in operating expenses.

Occupancy of 90.2% for the multi-residential portfolio in the first quarter of 2022 represented an improvement of 110 bps compared to the first quarter of 2021, supported by higher occupancy in all regions, and was consistent with the fourth quarter of 2021. AMR of $1,272 as at March 31, 2022 was consistent with the previous quarter, and decreased by 0.9% compared to AMR of $1,283 as at March 31, 2021, as lower AMR in Western Canada was partially offset by higher AMR in Northern Canada and Atlantic Canada.

DISTRIBUTIONS

Distributions of $11.3 million were declared for the three months ended March 31, 2022, consistent with the comparative quarter in 2021, representing $3.8 million per month in each period.

For the twelve months ended March 31, 2022, the FFO payout ratio was 71.9%. For the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021, the FFO payout ratio was 77.1%, which reflected the seasonality of operations, as the period included approximately five months of operations that are characterized by higher utility costs in the winter months.

LEVERAGE AND COVERAGE RATIOS

Debt to gross book value was 68.3% as at March 31, 2022, an increase of 50 bps from 67.8% as at December 31, 2021. The increase in the ratio of debt to gross book value was due to increased borrowings on the credit facility.

Interest coverage and debt service coverage ratios were 2.74 and 1.49, respectively, for the twelve months ended March 31, 2022, which are stable compared to 2.84 and 1.54, respectively, for the year ended December 31, 2021.

During the three months ended March 31, 2022, no new mortgage financing was completed excluding short-term financing for multi-residential properties. During the three months ended March 31, 2021, Northview completed $21.5 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 1.95% and an average term to maturity of 5.2 years.

Northview is currently working with various lenders and Canada Mortgage and Housing Corporation ("CMHC") for new mortgage financing on certain properties. As market conditions permit, Northview also intends to leverage availability of financing on its properties to minimize interest rates, as mortgage financing is expected to be used to repay borrowings on the credit facility that are subject to higher interest rates and reduce its exposure to floating rate debt.

OUTLOOK

Northview’s portfolio is located in geographically and economically diversified secondary markets. Management believes the markets in which the portfolio is situated allows for mitigation of cyclicality within specific markets, while providing the ability to generate stable returns and distributions. The long-term fundamentals for Canadian multi-residential markets remain compelling; Northview’s portfolio is in several diversified geographies and the demand for rental accommodation remains strong due to home ownership affordability continuing to be a challenge in many markets.

In Northern Canada (as defined herein), Northview generates stable NOI and approximately 65% of rental revenue is derived from leases to or leases guaranteed by government or credit-rated corporations. The region continues to be impacted by housing shortages, whereby new supply is constrained due to both the financial and practical constraints of construction. Rental revenue is expected to remain stable in 2022 due to sustained low vacancy and high AMR, reflecting the higher cost operating environment.

In Western Canada (as defined herein), the market is currently impacted by lower activity in resource-based markets due to the volatility of commodity prices. The outlook for Western Canada is impacted by uncertainty in the resource sector including regulatory uncertainty, lack of infrastructure, volatile regional commodity prices, and high unemployment rates. Optimism in resource-based markets has begun to emerge following significant increases in commodity prices, supported by rising global oil demand, geopolitical tensions, and low global crude oil inventories. Although current supply shortages offer support for increased capital investment in resource-based markets, uncertainty in these markets has persisted. Northview expects occupancy and rental rates to be stable and continues to focus on ensuring its properties are well maintained and are positioned to be a first choice for new tenants as activity in these markets recovers.

In Atlantic Canada (as defined herein), the market is supported by a diverse economic base that includes manufacturing, aquaculture, forestry, mining, oil and gas, and agriculture. In Newfoundland, there have been continued economic challenges due to higher unemployment rates, though recent support for offshore energy development is likely to strengthen the economy. The economic outlook in New Brunswick remains stable as record population levels, driven by higher immigration levels and positive interprovincial migration, support housing demand. This is expected to result in overall steady occupancy and rental rates in Atlantic Canada in 2022.

During the course of the COVID-19 pandemic, significant progress has been made on widespread vaccination efforts across Canada. As jurisdictions continue to respond to the threat of the COVID-19 pandemic, the uncertainty from the pandemic is expected to continue in 2022. Collection rates in Northview's multi-residential portfolio have and expected to remain stable in 2022. Due to the long-term tenure of commercial leases, supported primarily by government tenants and credit-rated corporations, there has been a minimal impact of COVID-19 on rent collections in Northview’s commercial portfolio. Execusuite occupancy has shown improvements early in the second quarter of 2022 following the easing of interterritorial travel restrictions.

The current high inflation environment and increasing interest rates will continue to put pressures on FFO in 2022. These pressures are compounded by rising commodity prices driving higher utilities expense. In light of this uncertainty, Northview is focused on operating efficiencies and expenditure management to the extent expenditures are controllable. As market conditions permit, Northview intends to manage financing costs by reducing the amount of floating rate debt on its credit facility through term mortgage financing. In addition, Northview expects to identify and execute optimization initiatives that capitalize on opportunities for asset repositioning, with a focus on improving occupancy.

2022 FIRST QUARTER OPERATING RESULTS

Operations include the multi-residential segment and the commercial and execusuite segment. While revenue is not typically impacted by seasonality, operating expenses are typically higher in the winter months in the first and fourth quarters of each year due to higher utilities and other expenses.

Management presents geographical reporting for Northern Canada, Western Canada, and Atlantic Canada. The Northern Canada region includes the operations of properties located in the Northwest Territories and Nunavut. The Western Canada region includes the operations of properties located in Alberta, British Columbia, and Saskatchewan. The Atlantic Canada region includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Québec.

All properties included in operating results were owned and in operation by Northview for both the current and comparative periods. Therefore, consolidated revenue, expenses, and NOI presented were equivalent to same door results.

REVENUE

The following table details revenue by segment:

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Multi-residential	**38,312**	37,408	2.4%
Commercial and execusuite	**10,327**	10,440	(1.1%)
Total	**48,639**	47,848	1.7%

Revenue in the multi-residential segment increased by 2.4% for the three months ended March 31, 2022, compared to the same period in 2021. The increase in revenue was primarily attributable to the Atlantic Canada region, as a property that was repositioned in the fourth quarter of 2020 was substantially leased up over the course of 2021.

Revenue in the commercial and execusuite segment decreased by 1.1% in the first quarter of 2022 versus the comparative period in the prior year. The decrease in revenue was driven by execusuite properties, which experienced lower occupancy in the current period as a result of reduced demand due to restrictions implemented to reduce the spread of COVID-19 in Nunavut and the Northwest Territories. The majority of restrictions were lifted in April 2022.

Revenue includes rental revenue and other property income. Revenue is comprised of rental revenue earned from residential and commercial lease agreements and rents from execusuites, as well as other property income such as ancillary revenue from laundry facilities, storage rental revenue, and other fee income from tenants.

OPERATING EXPENSES

The following tables detail operating expenses by segment:

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Multi-residential	**19,217**	16,647	15.4%
Commercial and execusuite	**4,791**	4,260	12.5%
Total	**24,008**	20,907	14.8%

The following table details consolidated operating expenses by category:

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Utilities	**9,061**	7,476	21.2%
Maintenance	**6,124**	5,618	9.0%
Property taxes	**3,777**	3,687	2.4%
Salaries and benefits	**1,842**	1,916	(3.9%)
General	**3,204**	2,210	45.0%
Operating expenses	**24,008**	20,907	14.8%

Total operating expenses for the three months ended March 31, 2022 increased by 14.8% compared to the same period in 2021, which was primarily attributable to an increase in utilities expense.

Utilities expense increased by 21.2% for the three months ended March 31, 2022 relative to the same period in the prior year, driven by higher heating costs as a result of a colder than average winter season. Below normal temperatures through most of the first quarter of 2022 resulted in higher consumption levels for natural gas, electricity, heating oil, and wood pellets, compared to the same period of 2021, which was further compounded by an increase in commodity prices for electricity, natural gas, and heating oil.

In the first quarter of 2022, maintenance expenses increased by 9.0% from the first quarter of 2021. The increase in maintenance expenses was primarily attributable to higher snow removal in Western and Atlantic Canada related to higher-than-average snowfall.

For the three months ended March 31, 2022, general operating expenses increased by 45.0% versus the comparative period in the prior year. The increase was driven by a higher provision provided for tenant receivables, as well as higher insurance and travel expenses.

NET OPERATING INCOME

The following table details NOI by segment:

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Multi-residential	**19,095**	20,761	(8.0%)
Commercial and execusuite	**5,536**	6,180	(10.4%)
Total	**24,631**	26,941	(8.6%)
NOI margin	**50.6%**	56.3%	(5.7%)

The following table details NOI for the multi-residential and the commercial and execusuite segments by region:

	Three Months Ended March 31					
	Multi-Residential			Commercial and Execusuite		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Northern Canada	**9,109**	9,813	(7.2%)	**4,532**	4,952	(8.5%)
Western Canada	**5,588**	6,845	(18.4%)	**140**	159	(11.9%)
Atlantic Canada	**4,398**	4,103	7.2%	**864**	1,069	(19.2%)
Total	**19,095**	20,761	(8.0%)	**5,536**	6,180	(10.4%)

The following table details consolidated NOI by region:

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Northern Canada	**13,641**	14,765	(7.6%)
Western Canada	**5,728**	7,004	(18.2%)
Atlantic Canada	**5,262**	5,172	1.7%
Total	**24,631**	26,941	(8.6%)

SEGMENTED RESULTS

Northview operates as two business segments: the multi-residential segment and the commercial and execusuite segment. The multi-residential segment is composed of apartments, townhomes, and single-family rental suites, for which rental contracts are typically twelve months. The commercial and execusuite segment consists of office, industrial, and retail properties primarily in areas where Northview has residential operations, and execusuite properties that offer apartment-style accommodations. Commercial lease terms are generally five years and execusuite rental periods range from several days to several months.

As at March 31, 2022 and March 31, 2021, Northview's portfolio consisted of the following suites, execusuites, and commercial square footage:

(number of suites, except as indicated)	**Multi-Residential Suites**	**Execusuites**	**Commercial (sq. ft.)**
Northern Canada	2,486	200	756,660
Western Canada	5,261	—	131,941
Atlantic Canada	3,374	—	243,129
Total	**11,121**	**200**	**1,131,730**

MULTI-RESIDENTIAL OPERATIONS

The multi-residential segment is composed of apartments, townhomes, and single-family rental suites, for which rental contracts are typically twelve months, excluding leases with government in Northern Canada that typically range from three to five years. Properties are located primarily in secondary markets that feature high barriers to entry and limited new supply.

AMR

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Northern Canada	**2,245**	2,238	2,236	2,224	2,237
Western Canada	**1,029**	1,029	1,030	1,024	1,048
Atlantic Canada	**850**	848	854	847	839
Total	**1,272**	1,272	1,269	1,267	1,283

OCCUPANCY

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Northern Canada	**96.9%**	96.7%	96.7%	97.1%	96.1%
Western Canada	**79.9%**	80.1%	79.6%	80.0%	79.4%
Atlantic Canada	**97.2%**	97.5%	97.1%	95.7%	96.0%
Total	**90.2%**	90.2%	89.8%	89.9%	89.1%

SUITES, AMR, AND OCCUPANCY BY REGION

		AMR ($)			Occupancy (%)		
	Multi-Residential Suites	Q1 2022	Q1 2021	Change (%)	Q1 2022	Q1 2021	Change (bps)
Northern Canada							
Northwest Territories	1,310	**1,787**	1,768	1.1%	**93.5%**	91.4%	210
Nunavut	1,176	**2,723**	2,697	1.0%	**99.5%**	99.5%	—
Total Northern Canada	2,486	**2,245**	2,237	0.4%	**96.9%**	96.1%	80
Western Canada							
Alberta	3,559	**1,029**	1,063	(3.2%)	**80.5%**	80.1%	40
British Columbia	1,379	**943**	924	2.1%	**75.6%**	74.9%	70
Saskatchewan	323	**1,305**	1,285	1.6%	**87.5%**	86.2%	130
Total Western Canada	5,261	**1,029**	1,048	(1.8%)	**79.9%**	79.4%	50
Atlantic Canada							
Newfoundland and Labrador	1,875	**861**	860	0.1%	**96.1%**	94.1%	200
New Brunswick	1,338	**849**	825	2.9%	**98.5%**	98.2%	30
Québec	161	**748**	731	2.3%	**99.4%**	98.8%	60
Total Atlantic Canada	3,374	**850**	839	1.3%	**97.2%**	96.0%	120
Total	11,121	**1,272**	1,283	(0.9%)	**90.2%**	89.1%	110

NORTHERN CANADA OPERATIONS

AMR of $2,245 as at March 31, 2022 was consistent with $2,237 as at March 31, 2021, underpinned by the relatively stable government-centric economy and long-term lease arrangements with government departments and agencies.

Occupancy increased by 80 bps to 96.9% in the first quarter of 2022, compared to 96.1% in the first quarter of 2021. In the Northwest Territories, occupancy increased by 210 bps, driven by the leasing of repositioned suites in Yellowknife, NT, while occupancy in Nunavut remained nearly full.

	Three Months Ended March 31		
(thousands of dollars)	2022	2021	Change
Revenue	**16,188**	15,933	1.6%
Operating expenses	**7,079**	6,120	15.7%
NOI	**9,109**	9,813	(7.2%)
NOI margin (%)	**56.3%**	61.6%	(5.3%)

NOI decreased by 7.2% in the first quarter of 2022 compared to the same period in the prior year. The decrease in NOI was primarily attributable to higher operating expenses, largely driven by utilities and maintenance expenses, which were partially offset by higher revenue.

For the three months ended March 31, 2022, NOI margin decreased by 5.3% as a result of the aforementioned increase in operating expenses.

WESTERN CANADA OPERATIONS

AMR was $1,029 as at March 31, 2022 represented a decrease of 1.8% compared to $1,048 as at March 31, 2021. The decrease in AMR reflected rate reductions aimed at improving occupancy due to continued challenging economic conditions in resource-based markets located in northern Alberta and British Columbia.

Occupancy of 79.9% for the three months ended March 31, 2022 represented an increase of 50 bps compared to 79.4% in the first quarter of 2021, which was primarily attributable to higher occupancy in Lethbridge, AB and Lloydminster, AB, partially offset by lower occupancy in Grande Prairie, AB and Fort McMurray, AB.

Northview's occupancy in these resource-based markets fluctuates based on the number of infrastructure projects in progress. Northview manages occupancy through market rents and lease incentives to maximize revenue.

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Revenue	**13,476**	13,410	0.5%
Operating expenses	**7,888**	6,565	20.2%
NOI	**5,588**	6,845	(18.4%)
NOI margin (%)	**41.5%**	51.0%	(9.5%)

For the three months ended March 31, 2022, NOI decreased by 18.4% compared to the same period in the prior year. The decrease in NOI was primarily attributable to higher operating expenses, which were driven by higher utilities expense and spending on snow removal.

NOI margin decreased 9.5% in the first quarter of 2022 relative to the comparative quarter of 2021. The decrease was driven by the aforementioned higher operating expenses.

ATLANTIC CANADA OPERATIONS

AMR was $850 as at March 31, 2022, an increase of 1.3% compared to $839 as at March 31, 2021. The increase in AMR was driven by improved economics in New Brunswick.

Occupancy of 97.2% for the three months ended March 31, 2022 represented an increase of 120 bps compared to 96.0% in the first quarter of 2021. The increase in occupancy was primarily due to increased demand in Labrador City, NL and a return to in-class learning for post-secondary institutions in St. John's, NL.

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Revenue	**8,648**	8,065	7.2%
Operating expenses	**4,250**	3,962	7.3%
NOI	**4,398**	4,103	7.2%
NOI margin (%)	**50.9%**	50.9%	—%

NOI increased by 7.2% for the three months ended March 31, 2022 versus the comparative period in 2021. The increase in NOI was primarily attributable to higher occupancy in St. John’s, NL as a repositioned property was leased up over the course of 2021, as well as higher AMR in New Brunswick.

NOI margin of 50.9% in first quarter of 2022 was consistent with the same period in the prior year.

COMMERCIAL AND EXECUSUITE OPERATIONS

Northview's commercial properties are located primarily in regions where Northview also has multi-residential operations. The commercial portfolio consists of office, warehouse, and retail properties including, mixed-use buildings, which are largely leased to federal or territorial governments and other quality commercial tenants under long-term leases. In addition, Northview operates three execusuite properties in Yellowknife, NT and Iqaluit, NU, and a 50% joint venture in Inuvik, NT. The execusuite properties offer apartment-style accommodation and are rented for both short-term and long-term stays.

	Three Months Ended March 31		
(thousands of dollars)	**2022**	**2021**	**Change**
Revenue	**10,327**	10,440	(1.1%)
Operating expenses	**4,791**	4,260	12.5%
NOI	**5,536**	6,180	(10.4%)
NOI margin (%)	**53.6%**	59.2%	(5.6%)

For the three months ended March 31, 2022, NOI decreased by 10.4% versus the same period in 2021. The decrease in NOI was mainly driven by higher utilities expense, as well as lower revenue from execusuite properties as COVID-19 restrictions resulted in lower occupancy in the first quarter of 2022.

NOI margin decreased by 5.6% in the first quarter of 2022 versus the first quarter of 2021. The decrease was primarily attributable to the aforementioned increase in operating expenses.

COMMERCIAL OPERATIONS

The following tables detail the average rent per sq. ft. and occupancy by region for the commercial portfolio, including joint ventures at 100%:

	Three Months Ended March 31					
	Average Rent ($/sq. ft.)			Occupancy (%)		
	2022	**2021**	**Change (%)**	**2022**	**2021**	**Change (bps)**
Northern Canada	**26.96**	26.54	1.6%	**95.8%**	96.3%	(50)
Western Canada	**15.05**	14.99	0.4%	**71.0%**	70.8%	20
Atlantic Canada	**18.40**	18.95	(2.9%)	**90.8%**	92.6%	(180)
	24.25	24.07	0.7%	**91.8%**	92.5%	(70)

For the three months ended March 31, 2022, average rent per sq. ft. (see "Non-GAAP and Other Financial Measures – Other Key Performance Indicators") increased by 0.7% compared to the first quarter of 2021. The increase in average rent per sq. ft. was primarily attributable to selected rate increases on new leases and lease renewals in Northern Canada. Occupancy decreased by 70 bps for the first quarter of 2022 versus the comparative period in the prior year, driven by recently vacated space in Atlantic Canada and Northern Canada.

Approximately 19% of Northview's leased commercial space is maturing in the remainder of 2022. Northview actively manages occupancy levels through a proactive lease renewal program, marketing vacant spaces to potential tenants, and utilizing tenant inducements, when appropriate.

EXECUSUITE OPERATIONS

Execusuite occupancy, including joint ventures at 100%, for the three months ended March 31, 2022, was 47.8% which was lower than 49.1% for the three months ended March 31, 2021, due to restrictions implemented to reduce the spread of COVID-19. The majority of restrictions in Nunavut and the Northwest Territories were lifted in April 2022.

OTHER CONSOLIDATED RESULTS

OTHER EXPENSE (INCOME)

	Three Months Ended March 31		
(thousands of dollars)	**2022**	2021	Change
Distributions to Unitholders	**11,288**	11,288	—%
Financing costs	**9,031**	8,507	6.2%
Administration	**1,610**	1,792	(10.2%)
Management fees	**1,642**	1,650	(0.5%)
Depreciation and amortization	**855**	830	3.0%
Equity income from joint ventures	**(255)**	(238)	7.1%
Fair value loss on investment properties	**3,725**	3,529	5.6%
Transaction costs	**—**	866	(100.0%)
Total	**27,896**	28,224	(1.2%)

DISTRIBUTIONS TO UNITHOLDERS

Distributions to Unitholders in the first quarter of 2022 were consistent with the comparative quarter and represented distributions of approximately $3.8 million per month in all periods presented.

Distributions to Unitholders are recognized in net and comprehensive loss as Units are classified as financial liabilities and presented as net assets attributable to Unitholders. This presentation does not alter the underlying interest of the Unitholders in the net assets and net and comprehensive loss attributable to Unitholders. See “Liquidity and Capital Resources – Distributions to Unitholders” for further discussion of distributions.

FINANCING COSTS

Financing costs consist of mortgage interest, amortization of deferred financing costs and the adjustment of fair value for debt assumed on acquisition, interest expense on the credit facility, and other income. For the three months ended March 31, 2022, financing costs increased by 6.2% compared to the three months ended March 31, 2021. The increase was primarily driven by interest expense on the credit facility as a result of higher borrowings, as well as higher interest rates on the credit facility versus the comparative period.

ADMINISTRATION EXPENSE

For the three months ended March 31, 2022, administration expense decreased by 10.2% compared to the three months ended March 31, 2021 due to lower compensation expense in the current period.

MANAGEMENT FEES

Management fees owing to Starlight Group (as defined herein) in the first quarter of 2022 were consistent with the first quarter of 2021. In all periods presented, this represented a charge of approximately $0.6 million per month. Refer to “Related Party Transactions”.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

Northview reports fair value change of investment properties on a net basis after deducting capital expenditures. For the first quarters of 2022 and 2021, the fair value loss on investment properties of $3.7 million and $3.5 million, respectively, related to capital expenditures.

TRANSACTION COSTS

For the three months ended March 31, 2021, transaction costs of $0.9 million were incurred to effect the plan of arrangement in 2020.

FFO AND AFFO

Northview measures its operating performance by using net and comprehensive income (loss), as well as industry-accepted non-GAAP financial measures such as FFO and AFFO. Northview calculates FFO and AFFO in accordance with the REALPAC definition. FFO and AFFO are not defined by IFRS and do not have a standard meaning under IFRS; therefore, these measures may not be comparable to similar measures presented by other entities. Refer to "Non-GAAP and Other Financial Measures".

The following table reconciles FFO and AFFO from net and comprehensive loss, the most directly comparable GAAP measure as presented in the financial statements:

	Three Months Ended March 31	
(thousands of dollars, except where indicated)	**2022**	**2021**
Net and comprehensive loss	**(3,265)**	(1,283)
Adjustments:		
Distributions to Unitholders	**11,288**	11,288
Depreciation	**768**	749
Fair value loss on investment properties	**3,725**	3,529
Transaction costs	**—**	866
Other(1)	**34**	21
FFO(2)	**12,550**	15,170
Maintenance capex reserve – multi-residential	**(2,963)**	(2,747)
Maintenance capex reserve – commercial	**(237)**	(52)
AFFO(2)	**9,350**	12,371
FFO per Unit ($/Unit)(2)	**0.35**	0.42
FFO payout ratio – trailing twelve months(2)(3)	**71.9%**	77.1%
AFFO per Unit ($/Unit)(2)	**0.26**	0.34
AFFO payout ratio – trailing twelve months(2)(3)	**88.2%**	95.0%
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, gain on disposition of property, plant and equipment, and fair value adjustments for non-controlling interest and equity investments.
(2) Non-GAAP financial measure or non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
(3) Comparative information is calculated for the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021.

The calculation of AFFO deducts maintenance capital expenditures ("maintenance capex"), and therefore requires the categorization of value-enhancing capital expenditures ("value-enhancing capex") and maintenance capex. Management believes the categorization of capital expenditures between value-enhancing and maintenance is subject to significant judgment. In determining maintenance capex for the calculation of AFFO, Northview has elected to use an estimated reserve amount per suite for the multi-residential portfolio, and an estimated reserve amount per sq. ft. for the commercial and execusuite business portfolio. Further information regarding the calculation of the maintenance capex reserve is provided in "Other Consolidated Results – AFFO – Maintenance Capital". Detailed information on actual capital expenditures by category is provided in "Other Consolidated Results – Capital Expenditures".

FFO

For the three months ended March 31, 2022, FFO of $12.6 million ($0.35 per Unit) was lower than $15.2 million ($0.42 per Unit) for the first quarter of 2021. The decrease in FFO was primarily attributable to lower NOI and higher financing costs in the current period.

For the twelve months ended March 31, 2022, the FFO payout ratio was 71.9%. For the period from November 2, 2020, the date on which Northview began operations, to March 31, 2021, the FFO payout ratio was 77.1%, which reflected the seasonality of operations, as the period included approximately five months of operations that are characterized by higher utility costs in the winter months.

AFFO

AFFO of $9.4 million ($0.26 per Unit) in the first quarter of 2022 was lower than $12.4 million ($0.34 per Unit) in the comparative quarter in the prior year. The decrease in AFFO was driven by lower NOI and higher financing costs in the current period.

For the twelve months ended March 31, 2022, the AFFO payout ratio was 88.2%. For the period from November 2, 2020, the date on which Northview began operations to March 31, 2021, the AFFO payout ratio was 95.0%, which reflected the seasonality of operations, as the period included approximately five months that are characterized by higher utility costs in the winter months.

MAINTENANCE CAPEX RESERVE – MULTI-RESIDENTIAL AND COMMERCIAL

Capex include value-enhancing capex and maintenance capex. Value-enhancing capex are expected to increase the NOI or value of the properties and are discretionary in nature. Value-enhancing capex include building and suite improvements that enhance revenue or improve financial operating efficiency, including energy initiatives. Building includes building exterior and common area upgrades. Suite improvements include renovations that exceed basic replacement and minor repairs on turnover.

The annualized maintenance capex reserve amount for the periods presented was based on an average of actual maintenance capex for the year ended December 31, 2021 and management's forecast of maintenance capex for the year ended December 31, 2022 on a per suite or per sq. ft. basis. An average is used as capital expenditures vary in a single year based on the timing of projects, and the year ended December 31, 2021 represented Northview's first full year of operations.

For each period presented, the maintenance capex reserve reflects that period's portion of the annualized reserve applied to the average number of multi-residential suites or commercial square footage, excluding properties related to joint ventures.

Maintenance capex for the multi-residential portfolio was focused on maintaining the existing conditions of the properties and includes routine suite renovations, and the replacement of boilers and mechanical systems. For the three months ended March 31, 2022, management has determined the annualized multi-residential maintenance capex reserve to be $1,067 per multi-residential suite (three months ended March 31, 2021 – $989 per multi-residential suite).

Value-enhancing capex for the commercial portfolio are typically recoverable capital expenditures and maintenance capex are typically non-recoverable capital expenditures. For the three months ended March 31, 2022, management determined the annualized commercial maintenance capex reserve to be $0.91 per sq. ft. (three months ended March 31, 2021 – $0.20 per sq. ft.), based on square footage excluding joint ventures.

CAPITAL EXPENDITURES

	Three Months Ended March 31		
(thousands of dollars, except where indicated)	**2022**	**2021**	**Change**
Suite renovations	**2,196**	1,566	40.2%
Building and common areas	**805**	863	(6.7%)
Boilers and mechanical	**437**	380	15.0%
Appliances	**121**	164	(26.2%)
Other	**149**	553	(73.1%)
Total capex – multi-residential	**3,708**	3,526	5.2%
Average number of multi-residential suites	**11,111**	11,111	—%
Capex per multi-residential suite ($/suite)	**334**	317	5.3%
Total capex – multi-residential	**3,708**	3,526	5.2%
Total capex – commercial	**37**	17	117.6%
Total capex	**3,745**	3,543	5.7%

Capex of $3.7 million were incurred during the three months ended March 31, 2022, compared to $3.5 million for the comparative quarter of 2021. In both periods, capital expenditures were primarily attributable to the multi-residential segment, in which the majority of expenditures related to suite renovations.

TAX STATUS

Northview is a mutual fund trust and a real estate investment trust as defined in the *Income Tax Act* (Canada) (the "Tax Act"). Under current tax legislation, a real estate investment trust is entitled to deduct distributions from taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. Northview is a real estate investment trust as it meets prescribed conditions under the Tax Act relating to the nature of its assets and revenue. Northview qualifies as a "real estate investment trust" (as defined in the Tax Act) (a "Tax REIT") and intends to make distributions not less than the amount necessary to ensure that Northview will not be liable to pay income taxes (the "Tax REIT Exemption"). However, should it no longer qualify, it would not be able to flow-through its taxable income to Unitholders and Northview would, therefore, be subject to tax. As of and during the three months ended March 31, 2022, Northview met all the requirements to be qualified as a Tax REIT.

The Tax REIT Exemption does not apply to incorporated subsidiaries of Northview, which are therefore subject to Canadian income taxes. Northview does not currently hold any income-producing property or operations in taxable incorporated subsidiaries. As such, there is currently no provision for current or deferred income tax expense required in the current reporting period.

SUMMARY OF QUARTERLY RESULTS

(thousands of dollars, except as indicated)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020(1)	Q3 2020	Q2 2020
Revenue	**48,639**	48,424	48,172	47,681	47,848	31,059	—	—
Net and comprehensive (loss) income	**(3,265)**	(18,205)	839	(2,692)	(1,283)	90,669	—	—
Net and comprehensive (loss) income ($/Unit)	**(0.09)**	(0.51)	0.02	(0.07)	(0.04)	2.52	—	—
NOI	**24,631**	27,918	30,189	27,621	26,941	17,462	—	—
FFO(2)	**12,550**	16,102	18,479	15,635	15,170	9,219	—	—
FFO per Unit ($/Unit)(2)	**0.35**	0.45	0.51	0.44	0.42	0.26	—	—
FFO payout ratio(2)	**71.9%**	69.1%	70.7%	75.2%	77.1%	81.6%	—	—

(1) Calculated for the period November 2, 2020, the date on which Northview began operation, to December 31, 2020, including the impact of the business combination.
(2) Non-GAAP financial measure or non-GAAP ratio. See "Non-GAAP and Other Financial Measures – Non-GAAP Financial Measures" and "Non-GAAP and Other Financial Measures – Non-GAAP Ratios"

LIQUIDITY AND CAPITAL RESOURCES

Northview's objective for managing liquidity and capital resources is to ensure adequate liquidity for operating, capital, and investment activities, as well as distributions to Unitholders. Northview is able to fund its obligations with cash flows provided by operating activities, borrowings on the credit facility, and mortgage debt secured by investment properties.

As at March 31, 2022, Northview had a working capital deficiency of $249.5 million (December 31, 2021 – $759.8 million), of which $241.5 million (December 31, 2021 – $238.6 million) was related to the current portion of mortgages payable and expected to be refinanced with long-term mortgages. The working capital deficiency of $759.8 million as at December 31, 2021 included the credit facility, for which the maturity was extended to October 30, 2023 during the three months ended March 31, 2022.

As at March 31, 2022, Northview had undrawn capacity of $88.4 million on its credit facility (December 31, 2021 – $25.4 million), which increased during the three months ended March 31, 2022 as a result of an additional $75.0 million facility (the "Tranche B-3 Term Facility") that was entered into in the first quarter of 2022. As market conditions permit, Northview may also leverage availability of financing on its properties to minimize interest costs as mortgage financing may be used to repay borrowings on the credit facility that are subject to higher interest rates.

Liquidity risk is the risk that Northview is not able to meet its financial obligations as they become due or can only do so at excessive cost. Northview manages liquidity risk by balancing the maturity profile of mortgages and borrowings on the credit facility. Mortgage maturities normally enable replacement financing with funds available for other purposes. Northview utilizes CMHC insured mortgage lender financing to obtain loans up to 75% of CMHC's assessed value of a multi-residential property. Northview bears lower refinancing risk and incurs lower borrowing costs on properties financed using CMHC insured mortgage lender financing, including the cost of the insurance, when compared to conventional financing. Adverse economic conditions may result in a decrease in NOI, decreasing the value of the borrowing base, which would reduce the amount of liquidity available to Northview. Cash flow projections are updated on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, and investment activities, and distributions to Unitholders. In addition, Northview continues to monitor its capital structure and sources of financing, including amendments to the existing credit facility and/or establishing additional credit facilities.

The FFO payout ratio was 71.9% for the twelve months ended March 31, 2022 (period ended March 31, 2021 — 77.1%).

MORTGAGES

During the three months ended March 31, 2022, no new mortgage financing was completed excluding short-term financing for multi-residential properties. During the three months ended March 31, 2021, Northview completed $21.5 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 1.95% and an average term to maturity of 5.2 years. Northview is currently working with various lenders and CMHC for new mortgage financing on certain properties.

As at March 31, 2022, Northview's mortgage maturity schedule and weighted average interest rate for the twelve-month periods ending March 31 were as follows:

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2023	24,002	210,274	234,276	30.0%	2.77%
2024	19,861	95,306	115,167	14.8%	3.30%
2025	15,297	174,616	189,913	24.4%	2.82%
2026	7,554	119,710	127,264	16.3%	3.01%
2027	3,239	38,172	41,411	5.3%	2.32%
Thereafter	4,892	66,956	71,848	9.2%	2.79%
Total	**74,845**	**705,034**	**779,879**	**100.0%**	**2.87%**

CREDIT FACILITY

As at March 31, 2022, Northview had in place a credit facility with a total credit limit of $614.1 million maturing on October 30, 2023 (December 31, 2021 – $539.1 million maturing on October 30, 2022). The credit facility includes multiple tranches that each bore interest at the prime rate plus 2.65% or the Bankers' Acceptance ("BA") rate plus 3.65%.

In February 2022, Northview executed an amendment to its credit facility. The amendment provided for a one-year extension to the maturity date of the credit facility to October 30, 2023, included an additional $75.0 million facility (the "Tranche B-3 Term Facility"), and included other administrative amendments to covenants and repayments.

The terms of the credit facility were as follows:

	As at March 31, 2022		As at December 31, 2021	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Tranche A-1 Facility	**381,596**	**381,596**	381,596	381,596
Tranche A-2 Facility	**105,481**	**105,481**	105,481	105,481
Tranche B Facility	**32,000**	**6,600**	32,000	6,600
Tranche B-2 Revolving Facility	**20,000**	**20,000**	20,000	20,000
Tranche B-3 Term Facility	**75,000**	**12,000**	—	—
Total	**614,077**	**525,677**	539,077	513,677

The Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities that were each available by a single prime loan advance on October 30, 2020. The Tranche B Facility is a non-revolving capital expenditure loan facility on which draws may occur no more than once per fiscal quarter in an amount of up to 75% of allowable capital expenditure costs incurred. The Tranche B-2 Revolving Facility is a facility available for general corporate, trust, or operating purposes. The Tranche B-3 Term Facility is a non-revolving facility on which draws may occur no more than once per fiscal quarter for the payment of mortgage principal amortization amounts.

FINANCIAL COVENANTS

As at March 31, 2022, the credit facility was subject to the following financial covenants:

	Limit
Consolidated debt to aggregate assets	**Not greater than 75%**
Debt service coverage ratio	**Not less than 1.60**
Consolidated tangible net worth	**Not less than $350 million**
Physical occupancy rate	**Not less than 87%**

The financial covenants include financial measures defined within the credit facility agreement that are not defined under IFRS and cannot be directly derived from the financial statements. These financial measures are defined under the credit agreement as follows:

- Consolidated debt: Includes all debts of the borrower determined in accordance with IFRS, excluding obligations owing under hedge agreements.
- Aggregate assets: Includes the appraised value of multi-residential rental and commercial real property.
- Debt service coverage ratio: Calculated as the ratio of adjusted NOI to debt service for the last four fiscal quarters. Debt service is calculated as the sum of consolidated interest expense and all regularly scheduled principal payments other than balloon, bullet, or similar payments that repay the debt in full.
- Consolidated tangible net worth: Includes stated capital or equivalent amounts in respect of issued and outstanding Units less amounts attributable to outstanding Units that are redeemable prior to the maturity date of the facility, amounts attributable to certain intangible assets, and amounts attributable to the interests of any unitholder in any subsidiary.
- Physical occupancy rate: Calculated as the percentage of the number of suites occupied by one or more tenants paying current rent divided by the total number of suites.

As at and for the three months ended March 31, 2022, Northview was in compliance with all financial covenants. Refer to “Capital Management” in the interim financial statements for further discussion of Northview’s objectives, policies, and processes for managing capital.

CAPITAL MANAGEMENT

Management monitors Northview’s capital structure on an ongoing basis to determine the appropriate level of mortgages and borrowings on the credit facility. Consistent with industry practice, Northview monitors capital on the basis of debt to gross book value, the interest coverage ratio, and the debt service coverage ratio. Please refer to the interim financial statements for further discussion of these capital management measures.

The Declaration of Trust provides for a maximum debt to gross book value ratio of 70.0%. Debt to gross book value was 68.3% as at March 31, 2022 (December 31, 2021 – 67.8%), which was in compliance with the Declaration of Trust. The portfolio premium included in the determination of debt to gross book value as at March 31, 2022 was $89.0 million (December 31, 2021 – $89.0 million), which was determined based on an appraisal of the portfolio obtained for a plan of arrangement in 2020.

Northview’s interest coverage and debt service coverage ratios were 2.74 and 1.49, respectively, for the twelve months ended March 31, 2022 (2.84 and 1.54, respectively, for the twelve months ended December 31, 2021). Northview monitors its interest and debt service coverage ratios to assess its ability to service payments on its debt. The debt service coverage ratio includes the impact of principal repayments, excluding one-time lump sum payments at maturity.

The debt service coverage ratio shown below is calculated with reference to Adjusted EBITDA, while the debt service coverage ratio used as a financial covenant for the credit facility is calculated with reference to adjusted NOI. As such, the calculation below is not comparable to the annualized debt service coverage ratio minimum of 1.60 required under the credit facility agreement, with which Northview was in compliance.

The following table reconciles the calculation of debt to gross book value:

		As at March 31, 2022	As at December 31, 2021
Credit facility		**525,677**	513,677
Mortgages payable		**779,879**	787,602
Less: Cash and cash equivalents		**(6,923)**	(11,312)
Total debt	A	**1,298,633**	1,289,967
Investment properties		**1,774,698**	1,774,678
Property, plant and equipment		**34,198**	35,000
Accumulated depreciation		**4,799**	3,947
Portfolio premium		**89,000**	89,000
Gross book value	B	**1,902,695**	1,902,625
Debt to gross book value	**A/B**	**68.3%**	67.8%

The following table calculates Northview's interest and debt service coverage ratios for the twelve months ended:

		March 31, 2022	December 31, 2021
Net and comprehensive loss		**(23,323)**	(21,341)
Depreciation and amortization		**3,425**	3,400
Mortgage interest		**22,568**	22,832
Amortization of deferred financing costs and fair value adjustment		**(8,155)**	(8,498)
Interest expense on the credit facility		**21,849**	21,348
Distributions to Unitholders		**45,150**	45,150
Fair value loss on investment properties		**37,972**	37,776
Gain on disposition of property, plant and equipment		**(36)**	(36)
Transaction costs		**—**	866
Adjusted EBITDA	A	**99,450**	101,497
Mortgage interest		**22,568**	22,832
Amortization of deferred financing costs and fair value adjustment		**(8,155)**	(8,498)
Interest expense on the credit facility		**21,849**	21,348
Interest expense	B	**36,262**	35,682
Principal payments on mortgages[(1)]		**30,294**	30,042
Debt service	C	**66,556**	65,724
Interest coverage ratio	**A/B**	**2.74**	2.84
Debt service coverage ratio	**A/C**	**1.49**	1.54

(1) Principal payments on outstanding mortgages excluding one-time lump sum payments at maturity.

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Northview's Units are classified as financial liabilities rather than equity instruments, and accordingly are presented as net assets attributable to Unitholders.

Northview's issued and outstanding Units were as follows:

(number of Units in thousands)	As at March 31, 2022	As at December 31, 2021
Class A	**7,996**	7,711
Class C	**24,504**	24,510
Class F	**1,996**	2,266
Total Units issued	**34,496**	34,487
Total Units potentially issuable upon conversion[(1)]	**1,421**	1,430
Total Units outstanding	**35,917**	35,917

(1) Units potentially issuable upon conversion reflects maximum dilution assuming that all Class C Units and Class F Units were converted to Class A Units.

Total Units outstanding reflects the maximum number of Units outstanding if all Class C Units and Class F Units were converted to Class A Units. Class A Units are listed on the TSX under the symbol "NHF.UN". Class C Units and Class F Units are not listed by Northview on any stock exchange, but Units of each class are convertible into Class A Units and the Class C Units are also convertible into Class F Units, subject in each case to compliance with the terms and conditions of Northview's Declaration of Trust. Additionally, Class A Units are convertible into Class F Units in accordance with the Declaration of Trust, subject to at all times continuing to satisfy the minimum listing requirements of the TSX. In the event that a conversion of Class A Units into Class F Units would cause Northview not to satisfy the minimum listing requirements of the TSX, such Class A Units will not be converted and further conversions of Class A Units into Class F Units will not be permitted until such time as the conversion would not cause Northview to fail to satisfy the minimum listing requirements of the TSX.

The Unit conversion ratios in accordance with, and subject to compliance with, the terms and conditions of Northview's Declaration of Trust, are as follows:

- Class A Units to Class F Units: 1.00 to 0.969309463
- Class C Units to Class A Units: 1.00 to 1.055408971
- Class C Units to Class F Units: 1.00 to 1.023017903
- Class F Units to Class A Units: 1.00 to 1.031662269

As at April 30, 2022, Northview's issued Units were as follows:

(number of Units in thousands)	As at April 30, 2022
Class A	**8,024**
Class C	**24,491**
Class F	**1,982**
Total Units issued	**34,497**

RECAPITALIZATION EVENT

In order to provide Unitholders with liquidity, Northview intends to complete a recapitalization event by way of a direct or indirect public offering or listing of new, additional, or successor securities of Northview or a traditional real estate investment trust or other entity that owns or will own all or substantially all of Northview's properties, or by way of reorganization, restructuring (corporate, capital, or otherwise), combination or merger involving Northview or the Unitholders, or similar transaction as approved by the Trustees (a "Recapitalization Event"). Northview is targeting a Recapitalization Event by November 2, 2023, which may be extended by up to two years at the sole discretion of the Trustees and the Trustees may seek further extension by special resolution of the Unitholders in accordance with the Declaration of Trust, or take such other actions as the Trustees consider appropriate with respect to the continued operations of Northview.

CONTRACTUAL OBLIGATIONS

Contractual obligations for non-derivative financial liabilities as at March 31, 2022 were as follows:

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 3 years	4 – 5 years	Over 5 years
Mortgages payable (principal and interest)	**779,879**	822,996	251,679	328,333	175,664	67,320
Credit facility	**525,677**	525,677	—	525,677	—	—
Trade and other payables[1]	**26,783**	26,783	26,783	—	—	—
Distributions payable	**3,763**	3,763	3,763	—	—	—
Total	**1,336,102**	**1,379,219**	**282,225**	**854,010**	**175,664**	**67,320**

(1) Security deposits payable are included in trade and other payables.

DISTRIBUTIONS TO UNITHOLDERS

Pursuant to the Declaration of Trust, Unitholders are entitled to receive distributions made on each distribution date as approved by the Trustees. For the three months ended March 31, 2022, Northview declared monthly cash distributions representing a weighted average of $0.1091 per Unit (three months ended March 31, 2021 – $0.1092), resulting in total distributions declared of $11.3 million (three months ended March 31, 2021 – $11.3 million).

Distributions declared to Unitholders were as follows:

	Three Months Ended March 31	
	2022	**2021**
Class A	**2,483**	2,168
Class C	**8,129**	8,197
Class F	**676**	923
Total	**11,288**	11,288

The following table calculates Northview's distributions declared to cash flows provided by operating activities:

		Three Months Ended March 31	
(thousands of dollars)		**2022**	**2021**
Distributions declared	**A**	**11,288**	11,288
Cash flows provided by operating activities	**B**	**6,607**	11,783
Distribution payout ratio (%)	**A/B**	**170.8%**	95.8%

For the three months ended March 31, 2022, distributions declared to Unitholders were $11.3 million (three months ended March 31, 2021 – $11.3 million), which represented 170.8% of cash flows provided by operating activities (three months ended March 31, 2021 – 95.8%).

In any given financial period, distributions declared may be greater than cash flows provided by operating activities, primarily due to the short-term fluctuations in non-cash working capital and temporary fluctuations in cash flow. Any distributions declared in excess of cash flows provided by operating activities may be funded by mortgage debt secured by investment properties and asset sales. If Northview were unable to raise additional funds or renew existing maturing debt on acceptable terms, capital expenditures could be reduced or asset sales increased. If distributions declared are in excess of cash flows provided by operating activities, they represent a return of capital rather than a return on capital since they represent cash payments in excess of cash generated from Northview's operating activities during the period. Management expects cash flows provided by operating activities to, on average, exceed distributions declared in future periods.

RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of operations. Entities with significant influence over Northview include Starlight and KingSett Capital Inc. and its affiliates ("KingSett"). Starlight and KingSett are each controlled by a Trustee and have significant influence over Northview. Additionally, an affiliate of Starlight, Starlight Investments CDN AM Group LP, provides management services to Northview.

Northview has a Management Agreement with Starlight, whereby Starlight provides management services to Northview, including the services of the Chief Executive Officer and Chief Financial Officer, in exchange for a management fee equal to 0.35% of gross asset value per annum, calculated and payable on a monthly basis included as "Management fees" in the table below.

Northview previously had a Property Management Agreement with an entity owned by Starlight and KingSett, whereby Northview provided property management services for certain properties located in Montréal and owned by the aforementioned entity, in exchange for an annual management fee equal to 3.50% of revenue less bad debt earned included as "Other income". This agreement was terminated effective December 31, 2021.

Refer to Northview's annual MD&A for full discussion regarding related party transactions.

The following table outlines transactions with entities with significant influence:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Management fees	**1,642**	1,650
Other income	**—**	176

The following table outlines outstanding balances with entities with significant influence:

	As at March 31, 2022	As at December 31, 2021
Accounts receivable	**533**	2,470
Accounts payable	**556**	556

No provision for doubtful debts has been recognized related to the outstanding balances as credit risk is considered low given the nature of the parties.

RISK FACTORS

Northview faces a variety of significant and diverse risks, many of which are inherent in the business conducted by Northview and its subsidiaries, including, but not limited to, the factors described within this MD&A, the forward-looking information section of the MD&A, and the annual MD&A. Other risks and uncertainties that Northview does not presently consider to be material, or of which Northview is not presently aware, may become important factors that affect Northview's future financial condition and results of operations. The occurrence of any of the risks discussed could materially and adversely affect the business, prospects, financial condition, results of operations, cash flow, and the ability of Northview to make cash distributions to Unitholders or value of the Units. For a full discussion of key risks and uncertainties, please refer to Northview's annual MD&A.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the financial statements in accordance with IFRS as issued by the International Accounting Standards Board requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgments are evaluated each reporting period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, differ from the actual results. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities and management's most critical judgments in applying accounting policies. Actual results may differ from these estimates.

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview's investment properties include capitalization rates and projected stabilized NOI (which is influenced by inflation rates and vacancy rates). A change to any one of these inputs could significantly alter the fair value of an investment property. The COVID-19 pandemic has created uncertain economic outlook, which has resulted in a temporarily higher degree of uncertainty for investment property values.

Components of projected stabilized NOI that could be impacted by the increased economic uncertainty described above include market rents, occupancy rates, and operating expenses such as utilities and bad debt expenses. As at March 31, 2022, management believed that there had not been a material impact to any of these inputs and that the longer-term implications could not be reasonably estimated. The longer-term impact that the increased economic uncertainty may have on capitalization rates and projected stabilized NOI may depend on the duration of the COVID-19 pandemic, the extent and effectiveness of government stimulus and regulations that impact Northview's operations and tenants, unemployment rates, inflation rates, interest rates, and market demand for multi-residential and commercial properties.

While investment properties are recorded at fair value, not every property is independently appraised every year. Significant judgement is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties impact net and comprehensive loss.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2022, Northview did not have any off-balance sheet arrangements in place that would materially impact its financial position or results of operations.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As at March 31, 2022, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused it to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), to provide reasonable assurance that (i) material information relating to Northview is made known to the CEO and the CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by Northview in its annual filings, interim filings, or other reports filed or submitted by Northview under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

During the first quarter of 2022, there were no significant changes in Northview's DC&P that have materially affected, or are reasonably likely to materially affect, Northview's DC&P.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at March 31, 2022, the CEO and the CFO have designed, or caused it to be designed under their supervision, internal control over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of Northview's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design Northview's ICFR is the framework set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the control system will prevent and detect all errors and fraud.

During the first quarter of 2022, there were no changes in Northview's ICFR that have materially affected, or are reasonably likely to materially affect, Northview's ICFR.