Northview™

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and 2021

# ADVISORIES

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition, dated November 10, 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 and nine months ended September 30, 2022 and 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 and nine months ended September 30, 2022 are not necessarily indicative of results that may be expected for the year ended December 31, 2022 due to seasonal variations in utility costs and other factors. All amounts in this 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 November 10, 2022 and is based on information available to management as of that date. Management believes that the expectations reflected in forward-looking information 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; changes in inflation 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 November 10, 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 income (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 income (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); loss (gain) on disposition of assets; and fair value (gain) loss on investment properties. Management considers FFO a useful measure of operating performance. The most comparable GAAP measure to FFO is net and comprehensive income (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 September 30, 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 September 30, 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

**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”.

### 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 outstanding 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 THIRD QUARTER RESULTS

| (thousands of dollars, except as indicated) | As at September 30, 2022 | As at December 31, 2021 |
|---|---|---|
| Total assets | **1,916,620** | 1,853,096 |
| Total liabilities, excluding net assets attributable to Unitholders | **1,375,684** | 1,357,746 |
| Total liabilities, net assets attributable to Unitholders | **1,915,474** | 1,852,184 |
| Total non-current liabilities, excluding net assets attributable to Unitholders | **1,065,887** | 570,239 |
| Mortgages payable | **847,867** | 808,842 |
| Debt to gross book value(1) | **66.9%** | 67.8% |
| | | |
| Weighted average mortgage interest rate | **3.19%** | 2.87% |
| Weighted average term to maturity (years) | **2.6** | 2.7 |
| Weighted average capitalization rate | **7.18%** | 7.44% |
| Multi-residential occupancy(2) | **92.1%** | 90.2% |
| AMR ($)(2) | **1,276** | 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 September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| (thousands of dollars, except as indicated) | **2022** | 2021 | **2022** | 2021 |
| Revenue | **49,703** | 48,172 | **147,241** | 143,701 |
| NOI | **30,904** | 30,189 | **84,163** | 84,751 |
| NOI margin | **62.2%** | 62.7% | **57.2%** | 59.0% |
| | | | | |
| Cash flows provided by operating activities | **9,443** | 13,572 | **31,365** | 39,213 |
| Distributions declared to Unitholders | **11,287** | 11,287 | **33,863** | 33,863 |
| Monthly distributions declared per Unit – weighted average ($/Unit) | **0.1091** | 0.1092 | **0.1091** | 0.1092 |
| Class A Unit ($/Unit) | **0.1048** | 0.1048 | **0.1048** | 0.1048 |
| Class C Unit ($/Unit) | **0.1106** | 0.1106 | **0.1106** | 0.1106 |
| Class F Unit ($/Unit) | **0.1081** | 0.1081 | **0.1081** | 0.1081 |
| FFO payout ratio(3)(4) | **78.2%** | 70.7% | **78.2%** | 70.7% |
| AFFO payout ratio(3)(4) | **99.5%** | 85.6% | **99.5%** | 85.6% |
| | | | | |
| Net and comprehensive loss | **52,707** | 839 | **45,683** | (3,136) |
| Net and comprehensive loss per Unit ($/Unit) | **1.47** | 0.02 | **1.27** | (0.09) |
| FFO(3) | **14,553** | 18,479 | **41,655** | 49,284 |
| FFO per Unit ($/Unit)(3) | **0.41** | 0.51 | **1.16** | 1.37 |
| AFFO(3) | **11,353** | 15,680 | **32,056** | 40,887 |
| AFFO per Unit ($/Unit)(3) | **0.32** | 0.44 | **0.89** | 1.14 |

(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 September 30, 2021.

## 2022 THIRD QUARTER REVIEW

### NET AND COMPREHENSIVE INCOME (LOSS) AND FFO

For the three months ended September 30, 2022, net and comprehensive income was $52.7 million, compared to net and comprehensive loss of $0.8 million for the three months ended September 30, 2021. Net and comprehensive income in the current period was driven by a fair value gain on investment properties, which was primarily attributable to a capitalization rate reduction in certain regions in Northern Canada and Atlantic Canada. For the three months ended September 30, 2022, FFO of $14.6 million was lower than FFO of $18.5 million for the comparative quarter in the prior year, and FFO per Unit of $0.41 was lower than $0.51 for the respective period. The decrease in FFO was mainly related to an increase in financing costs due to higher interest rates on the credit facility.

For the nine months ended September 30, 2022, net and comprehensive income was $45.7 million, compared to net and comprehensive loss of $3.1 million for the nine months ended September 30, 2021, driven by the gain on investment properties. For the nine months ended September 30, 2022, FFO of $41.7 million was lower than FFO of $49.3 million for the comparative period in the prior year, and FFO per Unit of $1.16 was lower than $1.37 for the respective period. The decrease in FFO was related to an increase in financing costs due to higher interest rates on the credit facility, as well as higher utilities expense early in 2022.

### NOI

For the third quarter of 2022, NOI increased by 2.4% relative to the third quarter of 2021, driven by an increase in multi-residential NOI of 4.0%. NOI growth was led by 12.7% in Atlantic Canada and 8.5% in Western Canada, as both regions experienced higher revenue due to increases in both occupancy and AMR. In addition, operating expenses in Atlantic Canada decreased due to a property tax rebate in New Brunswick, which reflected a 10% cap on property assessment increases for the 2022 taxation year. Northern Canada experienced slightly negative NOI growth of 2.6%, due to higher utilities and maintenance expenses related to higher security expense. On a consolidated basis, the increase in NOI was primarily attributable to increased revenue, supported by a 230 basis points (“bps”) increase in occupancy. NOI margin of 62.2% for the third quarter of 2022 represented a 50 bps decline relative to 62.7% for the third quarter of 2021, driven by higher operating expenses.

NOI of $84.2 million and NOI margin of 57.2% for the nine months ended September 30, 2022 was lower than $84.8 million and 59.0% for the nine months ended September 30, 2021 due to increased operating expenses attributable to higher utilities expense driven by stronger commodity prices and higher consumption resulting from adverse weather conditions, as well as higher snow removal costs and security expense.

Occupancy of 92.1% for the multi-residential portfolio in the third quarter of 2022 represented an improvement of 230 bps compared to the third quarter of 2021, driven by a 530-bps increase in occupancy in Western Canada. The occupancy improvement in Western Canada was achieved while increasing AMR through the reduction of lease incentives, contributing to the NOI growth of 2.4% in the current quarter. Northview continues to focus on enhancing operational effectiveness and improving resident attraction to deliver quality customer service. Occupancy of 92.1% in the third quarter of 2022 represented an increase of 120 bps from 90.9% in the second quarter of 2022, driven by a 300-bps increase in occupancy in Western Canada.

AMR of $1,276 as at September 30, 2022 was slightly higher than $1,275 as at June 30, 2022 and $1,269 as at September 30, 2021, as AMR improved across all regions from both comparative periods.

### DISTRIBUTIONS

Distributions of $3.8 million per month were declared in each period, resulting in distributions of $11.3 million for the three months ended September 30, 2022 and 2021, and $33.9 million for the nine months ended September 30, 2022 and 2021.

For the twelve months ended September 30, 2022, the FFO payout ratio was 78.2%. For the period from November 2, 2020, the date on which Northview began operations, to September 30, 2021, the FFO payout ratio was 70.7%. The increase in the FFO payout ratio was primarily attributable to the decrease in FFO as a result of higher financing costs.

### LEVERAGE RATIOS

Debt to gross book value was 66.9% as at September 30, 2022, a decrease of 90 bps from 67.8% as at December 31, 2021 due to the fair value gain on investment properties recognized in the third quarter of 2022.

Northview manages its interest rate exposure, which are subject to higher floating interest rates, with mortgage debt. During the three months ended September 30, 2022, Northview completed $20.2 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.97% and an average term to maturity of 4.9 years. During the three months ended September 30, 2021, there was no new mortgage financing, excluding short-term financing, for multi-residential properties.

During the nine months ended September 30, 2022, Northview completed $91.1 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.87% and an average term to maturity of 4.8 years. During the nine months ended September 30, 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.

Financing obtained during the nine months ended September 30, 2022 was used to repay borrowings on the credit facility. Northview continues to work with various lenders and Canada Mortgage and Housing Corporation ("CMHC") for new mortgage financing on certain properties. As market conditions permit, Northview intends to continue to leverage availability of financing on its properties to minimize interest rate exposure, as mortgage financing is expected to be used to repay borrowings on the credit facility.

## 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, positive migration trends, rising construction costs, and elevated inflation.

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 for 2022 due to sustained low vacancy and high AMR, reflecting the higher cost operating environment.

In Western Canada (as defined herein), the market is impacted by activity in resource-based markets, for which optimism has emerged following signs of increasing capital activity in the oil and gas sector. 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. Northview has experienced improvements in occupancy and AMR, as it continues to focus on customer service and ensuring its properties are well maintained.

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 higher immigration levels and positive interprovincial migration support housing demand. This is expected to result in stable occupancy and rental rates in Atlantic Canada for the remainder of 2022.

During the course of 2022, there has been significant easing of restrictions to limit the spread of the COVID-19 pandemic in all jurisdictions in which Northview operates. Northview continues to monitor the response to the COVID-19 pandemic, while focusing on the safety of its residents, tenants, employees, and other stakeholders.

The current high inflation environment and increasing interest rates will continue to put pressures on FFO. In light of this uncertainty, Northview continues to focus on operating efficiencies and expenditure management to the extent expenditures are controllable, and to identify and execute initiatives with a focus on improving occupancy. As market conditions permit, Northview intends to manage financing costs by continuing to reduce the amount of floating rate debt on its credit facility through term mortgage financing.

## 2022 THIRD 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 September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Multi-residential | **39,486** | 37,731 | 4.7% | **116,630** | 112,892 | 3.3% |
| Commercial and execusuite | **10,217** | 10,441 | (2.1%) | **30,611** | 30,809 | (0.6%) |
| **Total** | **49,703** | 48,172 | 3.2% | **147,241** | 143,701 | 2.5% |

Revenue in the multi-residential segment increased by 4.7% and 3.3% for the three and nine months ended September 30, 2022, respectively, relative to the comparative periods in the prior year, driven by higher revenue across all regions. The increase in revenue was primarily attributable to an increase in occupancy of 230 bps compared to the third quarter of 2021, which was driven by an improvement of 530 bps in Western Canada.

Revenue in the commercial and execusuite segment in the third quarter of 2022 decreased by 2.1% compared to the third quarter of 2021. The decrease in revenue was primarily attributable to the execusuite portfolio as a result of lower average daily rates. For the nine months ended September 30, 2022, revenue in the commercial and execusuite segment was relatively consistent with the comparative period in the prior year.

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 table details operating expenses by segment:

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Multi-residential | **14,982** | 14,166 | 5.8% | **50,429** | 46,883 | 7.6% |
| Commercial and execusuite | **3,817** | 3,817 | —% | **12,649** | 12,067 | 4.8% |
| **Total** | **18,799** | 17,983 | 4.5% | **63,078** | 58,950 | 7.0% |

The following table details consolidated operating expenses by category:

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Utilities | **4,872** | 4,354 | 11.9% | **19,907** | 17,806 | 11.8% |
| Maintenance | **5,184** | 4,989 | 3.9% | **16,915** | 15,694 | 7.8% |
| Property taxes | **3,451** | 3,741 | (7.8%) | **11,080** | 11,144 | (0.6%) |
| Salaries and benefits | **2,219** | 2,069 | 7.2% | **6,043** | 6,054 | (0.2%) |
| General | **3,073** | 2,830 | 8.6% | **9,133** | 8,252 | 10.7% |
| **Operating expenses** | **18,799** | 17,983 | 4.5% | **63,078** | 58,950 | 7.0% |

Total operating expenses for the three and nine months ended September 30, 2022 increased by 4.5% and 7.0%, respectively, compared to the same period in 2021, which was attributable to an increase in utilities expense and maintenance expenses related to higher security expense in certain Yellowknife, NT properties.

For the three and nine months ended September 30, 2022, utilities expense increased by 11.9% and 11.8%, respectively, compared to the same periods in the prior year, driven by higher commodity prices for electricity, natural gas, and heating oil. In addition, for the nine months ended September 30, 2022, below normal temperatures through most of the first quarter of 2022 resulted in higher consumption levels as compared to the same period of 2021.

For the three and nine months ended September 30, 2022, maintenance expense increased by 3.9% and 7.8%, respectively, compared to the same periods in the prior year. For the three months ended September 30, 2022, higher security expense was incurred compared to the same period in the prior year for certain Yellowknife, NT properties. In addition, the nine months ended September 30, 2022 also included higher snow removal in Western and Atlantic Canada related to higher-than-average snowfall.

For the three months ended September 30, 2022, property taxes decreased by 7.8% as a result of a property tax rebate in New Brunswick, which reflected a 10% cap on property assessment increases for the 2022 taxation year.

For the three months ended September 30, 2022, salaries and benefits increased by 7.2%, driven by additional resourcing leasing commissions to meet higher leasing demand.

For the three and nine months ended September 30, 2022, general operating expenses increased by 8.6% and 10.7%, respectively, compared to the same periods in the prior year, driven primarily by higher insurance expense.

## NET OPERATING INCOME

The following table details NOI by segment:

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Multi-residential | **24,504** | 23,565 | 4.0% | **66,201** | 66,009 | 0.3% |
| Commercial and execusuite | **6,400** | 6,624 | (3.4%) | **17,962** | 18,742 | (4.2%) |
| **Total** | **30,904** | 30,189 | 2.4% | **84,163** | 84,751 | (0.7%) |
| **NOI margin** | **62.2%** | 62.7% | (0.5%) | **57.2%** | 59.0% | (1.8%) |

The following tables detail NOI for the multi-residential and the commercial and execusuite segments by region:

| | Three Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Multi-Residential | | | Commercial and Execusuite | | |
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Northern Canada | **11,127** | 11,424 | (2.6%) | **5,215** | 5,421 | (3.8%) |
| Western Canada | **7,750** | 7,146 | 8.5% | **184** | 218 | (15.6%) |
| Atlantic Canada | **5,627** | 4,995 | 12.7% | **1,001** | 985 | 1.6% |
| **Total** | **24,504** | 23,565 | 4.0% | **6,400** | 6,624 | (3.4%) |

| | Nine Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Multi-Residential | | | Commercial and Execusuite | | |
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Northern Canada | **30,763** | 31,850 | (3.4%) | **14,700** | 15,229 | (3.5%) |
| Western Canada | **20,442** | 20,589 | (0.7%) | **502** | 557 | (9.9%) |
| Atlantic Canada | **14,996** | 13,570 | 10.5% | **2,760** | 2,956 | (6.6%) |
| **Total** | **66,201** | 66,009 | 0.3% | **17,962** | 18,742 | (4.2%) |

The following table details consolidated NOI by region:

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Northern Canada | **16,342** | 16,845 | (3.0%) | **45,463** | 47,079 | (3.4%) |
| Western Canada | **7,934** | 7,364 | 7.7% | **20,944** | 21,146 | (1.0%) |
| Atlantic Canada | **6,628** | 5,980 | 10.8% | **17,756** | 16,526 | 7.4% |
| **Total** | **30,904** | 30,189 | 2.4% | **84,163** | 84,751 | (0.7%) |

For the third quarter of 2022, NOI increased by 2.4% relative to the third quarter of 2021, driven by an increase in multi-residential NOI of 4.0%. NOI growth was led by 12.7% in Atlantic Canada and 8.5% in Western Canada, as both regions experienced higher revenue due to increases in both occupancy and AMR. In addition, operating expenses in Atlantic Canada decreased due to a property tax rebate related to a lower property tax assessment. Northern Canada experienced slight negative NOI growth of 2.6%, primarily due to higher utilities and maintenance expenses related to security expense.

NOI of $84.2 million for the nine months ended September 30, 2022 was consistent with $84.8 million for the nine months ended September 30, 2021 as a 10.5% increase in NOI in Atlantic Canada was offset by increased operating expenses in Northern Canada and Western Canada, driven by higher utilities expense and snow removal costs.

## 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 September 30, 2022 and September 30, 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 the 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

| | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|---|---|---|---|---|---|
| Northern Canada | **2,267** | 2,260 | 2,245 | 2,238 | 2,236 |
| Western Canada | **1,039** | 1,032 | 1,029 | 1,029 | 1,030 |
| Atlantic Canada | **877** | 867 | 850 | 848 | 854 |
| **Total** | **1,276** | 1,275 | 1,272 | 1,272 | 1,269 |

### OCCUPANCY

| | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|---|---|---|---|---|---|
| Northern Canada | **96.4%** | 96.7% | 96.9% | 96.7% | 96.7% |
| Western Canada | **84.9%** | 81.9% | 79.9% | 80.1% | 79.6% |
| Atlantic Canada | **97.3%** | 96.9% | 97.2% | 97.5% | 97.1% |
| **Total** | **92.1%** | 90.9% | 90.2% | 90.2% | 89.8% |

### SUITES, AMR, AND OCCUPANCY BY REGION

| | | AMR ($) | | | Occupancy (%) | | |
|---|---|---|---|---|---|---|---|
| | Multi-Residential Suites | Q3 2022 | Q3 2021 | Change (%) | Q3 2022 | Q3 2021 | Change (bps) |
| **Northern Canada** | | | | | | | |
| Northwest Territories | 1,310 | **1,796** | 1,779 | 1.0% | **92.6%** | 92.8% | (20) |
| Nunavut | 1,176 | **2,747** | 2,714 | 1.2% | **99.3%** | 99.6% | (30) |
| Total Northern Canada | 2,486 | **2,267** | 2,236 | 1.4% | **96.4%** | 96.7% | (30) |
| **Western Canada** | | | | | | | |
| Alberta | 3,559 | **1,038** | 1,032 | 0.6% | **85.6%** | 78.6% | 700 |
| British Columbia | 1,379 | **953** | 969 | (1.7%) | **79.5%** | 78.4% | 110 |
| Saskatchewan | 323 | **1,321** | 1,293 | 2.2% | **94.9%** | 91.3% | 360 |
| Total Western Canada | 5,261 | **1,039** | 1,037 | 0.2% | **84.9%** | 79.6% | 530 |
| **Atlantic Canada** | | | | | | | |
| Newfoundland and Labrador | 1,875 | **894** | 876 | 2.1% | **96.3%** | 96.2% | 10 |
| New Brunswick | 1,338 | **869** | 839 | 3.6% | **98.8%** | 98.0% | 80 |
| Québec | 161 | **759** | 741 | 2.4% | **97.2%** | 99.1% | (190) |
| Total Atlantic Canada | 3,374 | **877** | 854 | 2.7% | **97.3%** | 97.1% | 20 |
| **Total** | 11,121 | **1,276** | 1,272 | 0.3% | **92.1%** | 89.8% | 230 |

## NORTHERN CANADA OPERATIONS

AMR of $2,267 as at September 30, 2022 was higher than $2,236 as at September 30, 2021, underpinned by the stable government-centric economy and long-term lease arrangements with government departments and agencies.

Occupancy decreased by 30 bps to 96.4% in the third quarter of 2022, compared to 96.7% in the third quarter of 2021 as suite turnover was impacted by labour and supply constraints.

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Revenue | **16,241** | 16,025 | 1.3% | **48,712** | 48,080 | 1.3% |
| Operating expenses | **5,114** | 4,601 | 11.1% | **17,949** | 16,230 | 10.6% |
| **NOI** | **11,127** | 11,424 | (2.6%) | **30,763** | 31,850 | (3.4%) |
| **NOI margin (%)** | **68.5%** | 71.3% | (2.8%) | **63.2%** | 66.2% | (3.0%) |

For the three and nine months ended September 30, 2022, NOI decreased by 2.6% and 3.4% and NOI margin decreased by 2.8% and 3.0%, respectively, relative to the same periods in the prior year. These decreases were primarily attributable to higher operating expenses, largely driven by utilities and maintenance expenses, which was partially offset by higher AMR.

## WESTERN CANADA OPERATIONS

AMR of $1,039 as at September 30, 2022 was higher than $1,037 as at September 30, 2021, as AMR was actively managed with occupancy and reduced lease incentive offerings to maximize revenue.

Occupancy of 84.9% for the three months ended September 30, 2022 represented an increase of 530 bps compared to 79.6% in the third quarter of 2021, which was attributable to a 700-bps increase in occupancy in Alberta, driven largely by Grande Prairie, Lloydminster, and Lethbridge, which have each experienced four consecutive quarters of occupancy gains.

Historically, Northview's occupancy in these resource-based markets has experienced fluctuations based on the number of infrastructure projects in progress. Northview manages occupancy through market rents and lease incentives to maximize revenue, while enhancing operational effectiveness and customer service.

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Revenue | **14,341** | 13,306 | 7.8% | **41,638** | 40,162 | 3.7% |
| Operating expenses | **6,591** | 6,160 | 7.0% | **21,196** | 19,573 | 8.3% |
| **NOI** | **7,750** | 7,146 | 8.5% | **20,442** | 20,589 | (0.7%) |
| **NOI margin (%)** | **54.0%** | 53.7% | 0.3% | **49.1%** | 51.3% | (2.2%) |

For the three months ended September 30, 2022, NOI increased by 8.5% and NOI margin increased by 0.3% compared to the same period in the prior year as higher revenue more than offset higher operating expenses. Higher revenue was driven by the aforementioned 530 bps increase in occupancy, combined with higher AMR. The increase in operating expenses was primarily attributable to higher utilities expense.

For the nine months ended September 30, 2022, NOI decreased by 0.7% and NOI margin decreased by 2.2% compared to the nine months ended September 30, 2021. The decrease in NOI was primarily attributable to higher operating expenses, driven by higher utilities expense and snow removal costs, which more than offset the increase in revenue.

### ATLANTIC CANADA OPERATIONS

AMR was $877 as at September 30, 2022, an increase of 2.7% compared to $854 as at September 30, 2021. The increase in AMR was driven by a strengthening economy in New Brunswick.

Occupancy of 97.3% for the three months ended September 30, 2022 represented an increase of 20 bps compared to 97.1% in the third quarter of 2021. The increase in occupancy was primarily due to increased demand in Moncton, NB and Labrador City, NL and the lease-up of a repositioned property in St. John's, NL.

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Revenue | **8,904** | 8,400 | 6.0% | **26,280** | 24,650 | 6.6% |
| Operating expenses | **3,277** | 3,405 | (3.8%) | **11,284** | 11,080 | 1.8% |
| **NOI** | **5,627** | 4,995 | 12.7% | **14,996** | 13,570 | 10.5% |
| **NOI margin (%)** | **63.2%** | 59.5% | 3.7% | **57.1%** | 55.1% | 2.0% |

NOI increased by 12.7% and 10.5% for the three and nine months ended September 30, 2022, respectively, versus the comparative periods 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 occupancy and AMR in New Brunswick. In addition, for the three months ended September 30, 2022, operating expenses decreased by 3.8% as a result of a property tax rebate in New Brunswick, which reflected a 10% cap on property assessment increases for the 2022 taxation year.

For the three and nine months ended September 30, 2022, NOI margin increased by 3.7% and 2.0%, respectively, driven by the aforementioned increases in revenue, as well as the decrease in property tax in the third quarter of 2022.

### 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; 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 September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Revenue | **10,217** | 10,441 | (2.1%) | **30,611** | 30,809 | (0.6%) |
| Operating expenses | **3,817** | 3,817 | —% | **12,649** | 12,067 | 4.8% |
| **NOI** | **6,400** | 6,624 | (3.4%) | **17,962** | 18,742 | (4.2%) |
| **NOI margin (%)** | **62.6%** | 63.4% | (0.8%) | **58.7%** | 60.8% | (2.1%) |

For the three months ended September 30, 2022, NOI decreased by 3.4% from the comparative period in the prior year as a result of lower average daily rates. For the nine months ended September 30, 2022, NOI decreased by 4.2%, driven by higher utilities expense incurred in early 2022.

NOI margin was relatively stable in the third quarter of 2022 compared to the third quarter of 2021. For the nine months ended September 30, 2022, the increase in utilities expense resulted in a 2.1% decrease to NOI margin from the same period in the prior year.

## 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 September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Average Rent ($/sq. ft.) | | | Occupancy (%) | | |
| | **2022** | **2021** | **Change (%)** | **2022** | **2021** | **Change (bps)** |
| Northern Canada | **27.16** | 26.81 | 1.3% | **95.4 %** | 95.5% | (10) |
| Western Canada | **15.09** | 15.03 | 0.4% | **71.3 %** | 70.8% | 50 |
| Atlantic Canada | **18.90** | 19.27 | (1.9%) | **90.1 %** | 92.6% | (250) |
| | **24.49** | 24.33 | 0.7% | **91.4 %** | 92.0% | (60) |

| | Nine Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Average Rent ($/sq. ft.) | | | Occupancy (%) | | |
| | **2022** | **2021** | **Change (%)** | **2022** | **2021** | **Change (bps)** |
| Northern Canada | **27.12** | 26.61 | 1.9% | **95.6 %** | 96.4% | (80) |
| Western Canada | **15.07** | 15.11 | (0.3%) | **71.0 %** | 70.8% | 20 |
| Atlantic Canada | **18.66** | 18.97 | (1.6%) | **90.1 %** | 91.9% | (180) |
| | **24.42** | 24.14 | 1.2% | **91.5 %** | 92.4% | (90) |

For the three and nine months ended September 30, 2022, average rent per sq. ft. (see “Non-GAAP and Other Financial Measures – Other Key Performance Indicators”) was relatively consistent with the same periods in the prior year. For the three and nine months ended September 30, 2022, occupancy decreased by 60 bps and 90 bps, respectively, versus the comparative periods in the prior year, driven by recently vacated space in Atlantic Canada and Northern Canada.

Approximately 7% 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 and nine months ended September 30, 2022, of 71.5% and 61.0%, respectively, were higher than 64.2% and 54.8% for the comparative periods in the prior year, supported by increased tourism activity following the discontinuation of most COVID-19 restrictions in the second quarter of 2022.

# OTHER CONSOLIDATED RESULTS

## OTHER EXPENSE (INCOME)

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Distributions to Unitholders | **11,287** | 11,287 | —% | **33,863** | 33,863 | —% |
| Financing costs | **13,147** | 8,619 | 52.5% | **32,927** | 25,642 | 28.4% |
| Administration | **1,883** | 1,697 | 11.0% | **5,447** | 5,445 | —% |
| Management fees | **1,650** | 1,665 | (0.9%) | **4,942** | 5,010 | (1.4%) |
| Depreciation and amortization | **840** | 849 | (1.1%) | **2,551** | 2,558 | (0.3%) |
| Equity income from joint ventures | **(373)** | (353) | 5.7% | **(953)** | (845) | 12.8% |
| Fair value (gain) loss on investment properties | **(50,249)** | 5,586 | n/a | **(40,309)** | 15,384 | n/a |
| Loss (gain) on disposition of assets | **12** | — | 100.0% | **12** | (36) | n/a |
| Transaction costs | **—** | — | —% | **—** | 866 | (100.0%) |
| **Total** | **(21,803)** | 29,350 | n/a | **38,480** | 87,887 | (56.2%) |

### DISTRIBUTIONS TO UNITHOLDERS

Distributions of $3.8 million were declared each month in all periods presented. As a result, distributions to Unitholders of $11.3 million and $33.9 million for the three and nine months ended September 30, 2022, respectively, were consistent with the three and nine months ended September 30, 2021.

Distributions to Unitholders are recognized in net and comprehensive income (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 income (loss) attributable to Unitholders. See “Liquidity and Capital Resources – Distributions to Unitholders” for further discussion of distributions.

### FINANCING COSTS

Financing costs consists of mortgage interest, interest expense on the credit facility, amortization of deferred financing costs and the adjustment of fair value for debt assumed on acquisition, and other income. For the three and nine months ended September 30, 2022, financing costs increased by 53% and 28%, respectively, versus the comparative periods in the prior year. The increase in financing costs was primarily driven by higher floating rates on the credit facility, attributable to a rapidly escalating interest rate environment.

### ADMINISTRATION EXPENSE

Administration expense of $1.9 million in the third quarter of 2022 increased by 11% from the third quarter of 2021 due to higher compensation and recruitment expenses in the current period. For the nine months ended September 30, 2022, administration expense was consistent with the nine months ended September 30, 2021.

### MANAGEMENT FEES

For the three and nine months ended September 30, 2022, management fees owing to Starlight Group (as defined herein) of $1.7 million and $4.9 million, respectively, were incurred, consistent with the three and nine months ended September 30, 2021 respectively. In each period, this represented a charge of approximately $0.6 million per month. Refer to “Related Party Transactions”.

### FAIR VALUE (GAIN) LOSS ON INVESTMENT PROPERTIES

Northview reports fair value change of investment properties on a net basis after deducting capital expenditures. For the three and nine months ended September 30, 2022, the fair value gain on investment properties related primarily to a capitalization rate reduction in certain regions in Northern Canada and Atlantic Canada. For the three and nine months ended September 30, 2021, the fair value loss on investment properties related to capital expenditures.

**TRANSACTION COSTS**

No transaction costs were incurred for the three and nine months ended September 30, 2022. For the nine months ended September 30, 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 income (loss) to the most directly comparable GAAP measure as presented in the financial statements:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| (thousands of dollars, except where indicated) | **2022** | **2021** | **2022** | **2021** |
| Net and comprehensive income (loss) | **52,707** | 839 | **45,683** | (3,136) |
| Adjustments: | | | | |
| Distributions to Unitholders | **11,287** | 11,287 | **33,863** | 33,863 |
| Depreciation | **751** | 765 | **2,289** | 2,301 |
| Fair value (gain) loss on investment properties | **(50,249)** | 5,586 | **(40,309)** | 15,384 |
| Transaction costs | **—** | — | **—** | 866 |
| Other(1) | **57** | 2 | **129** | 6 |
| FFO(2) | **14,553** | 18,479 | **41,655** | 49,284 |
| Maintenance capex reserve – multi-residential | **(2,963)** | (2,747) | **(8,889)** | (8,241) |
| Maintenance capex reserve – commercial | **(237)** | (52) | **(710)** | (156) |
| AFFO(2) | **11,353** | 15,680 | **32,056** | 40,887 |
| FFO per Unit ($/Unit)(2) | **0.41** | 0.51 | **1.16** | 1.37 |
| FFO payout ratio – trailing twelve months(2)(3) | **78.2%** | 70.7% | **78.2%** | 70.7% |
| AFFO per Unit ($/Unit)(2) | **0.32** | 0.44 | **0.89** | 1.14 |
| AFFO payout ratio – trailing twelve months(2)(3) | **99.5%** | 85.6% | **99.5%** | 85.6% |
| Number of Units outstanding ('000s) | **35,917** | 35,917 | **35,917** | 35,917 |

(1) "Other" is comprised of non-controlling interest, amortization of other long-term assets, amortization of tenant inducements, loss (gain) on disposition of assets, 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 September 30, 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 September 30, 2022, FFO of $14.6 million ($0.41 per Unit) was lower than $18.5 million ($0.51 per Unit) for the comparative quarter of 2021. The decrease in FFO was primarily attributable to higher financing costs in the current period, partially offset by higher NOI.

For the nine months ended September 30, 2022, FFO of $41.7 million ($1.16 per Unit) was lower than $49.3 million ($1.37 per Unit) for the nine months ended September 30, 2021. The decrease in FFO was primarily attributable to higher financing and utility costs.

For the twelve months ended September 30, 2022, the FFO payout ratio was 78.2%. For the period from November 2, 2020, the date on which Northview began operations, to September 30, 2021, the FFO payout ratio was 70.7%. The increase in the FFO payout ratio was primarily attributable to the decrease in FFO as a result of higher financing costs.

**AFFO**

For the three months ended September 30, 2022, AFFO of $11.4 million ($0.32 per Unit) was lower than $15.7 million ($0.44 per Unit) for the comparative quarter of 2021. The decrease in AFFO was primarily attributable to higher financing costs in the current period, partially offset by higher NOI.

For the nine months ended September 30, 2022, AFFO of $32.1 million ($0.89 per Unit) was lower than $40.9 million ($1.14 per Unit) for the nine months ended September 30, 2021. The decrease in AFFO was primarily attributable to higher financing and utility costs.

For the twelve months ended September 30, 2022, the AFFO payout ratio was 99.5%. For the period from November 2, 2020, the date on which Northview began operations, to September 30, 2021, the AFFO payout ratio was 85.6%. The increase in the AFFO payout ratio was primarily attributable to the decrease in AFFO as a result of higher financing costs.

## CAPITAL EXPENDITURES

| | Three Months Ended September 30 | | | Nine Months Ended September 30 | | |
|---|---|---|---|---|---|---|
| (thousands of dollars, except where indicated) | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| Suite renovations | **2,147** | 2,177 | (1.4%) | **7,116** | 7,070 | 0.7% |
| Building and common areas | **1,095** | 1,389 | (21.2%) | **3,716** | 3,431 | 8.3% |
| Boilers and mechanical | **692** | 799 | (13.4%) | **1,880** | 1,432 | 31.3% |
| Appliances | **146** | 325 | (55.1%) | **624** | 702 | (11.1%) |
| Other | **456** | 923 | (50.6%) | **908** | 2,153 | (57.8%) |
| Total capex – multi-residential | **4,536** | 5,613 | (19.2%) | **14,244** | 14,788 | (3.7%) |
| Average number of multi-residential suites | **11,111** | 11,111 | —% | **11,111** | 11,111 | —% |
| Capex per multi-residential suite ($/suite) | **408** | 505 | (19.2%) | **1,282** | 1,331 | (3.7%) |
| Total capex – multi-residential | **4,536** | 5,613 | (19.2%) | **14,244** | 14,788 | (3.7%) |
| Total capex – commercial | **57** | 3 | 1,800.0% | **332** | 561 | (40.8%) |
| Total capex | **4,593** | 5,616 | (18.2%) | **14,576** | 15,349 | (5.0%) |

Capital expenditures of $4.6 million and $14.6 million were incurred during the three and nine months ended September 30, 2022, respectively, compared to $5.6 million and $15.3 million for the comparative periods of 2021. In all periods, capital expenditures were primarily attributable to the multi-residential segment, in which the majority of expenditures related to suite renovations as well as building and common areas.

### *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 and nine months ended September 30, 2022, management has determined the annualized multi-residential maintenance capex reserve to be $1,067 per multi-residential suite (three months and nine months ended September 30, 2021 – $989 per multi-residential suite).

Maintenance capex for the commercial portfolio are typically non-recoverable capital expenditures, while value-enhancing capex are typically recoverable capital expenditures. For the three months and nine months ended September 30, 2022, management determined the annualized commercial maintenance capex reserve to be $0.91 per sq. ft. (three months and nine months ended September 30, 2021 – $0.20 per sq. ft.), based on square footage excluding joint ventures.

## 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 and nine months ended September 30, 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) | **Q3 2022** | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020(1) |
|---|---|---|---|---|---|---|---|---|
| Revenue | **49,703** | 48,899 | 48,639 | 48,424 | 48,172 | 47,681 | 47,848 | 31,059 |
| Net and comprehensive income (loss) | **52,707** | (3,759) | (3,265) | (18,205) | 839 | (2,692) | (1,283) | 90,669 |
| Net and comprehensive income (loss) ($/Unit) | **1.47** | (0.10) | (0.09) | (0.51) | 0.02 | (0.07) | (0.04) | 2.52 |
| NOI | **30,904** | 28,628 | 24,631 | 27,918 | 30,189 | 27,621 | 26,941 | 17,462 |
| FFO(2) | **14,553** | 14,552 | 12,550 | 16,102 | 18,479 | 15,635 | 15,170 | 9,219 |
| FFO per Unit ($/Unit)(2) | **0.41** | 0.41 | 0.35 | 0.45 | 0.51 | 0.44 | 0.42 | 0.26 |
| FFO payout ratio – trailing twelve months(2) | **78.2%** | 73.2% | 71.9% | 69.1% | 70.7% | 75.2% | 77.1% | 81.6 |

(1) Calculated for the period from November 2, 2020, the date on which Northview began operations, 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 September 30, 2022, Northview had a working capital deficiency of $270.5 million (December 31, 2021 – $759.8 million), of which $276.7 million (December 31, 2021 – $238.6 million) was related to the current portion of mortgages payable and expected to be refinanced with new long-term mortgages. As at December 31, 2021, the current portion of credit facility borrowings consisted of all borrowings on the credit facility, for which the maturity was October 30, 2022. During the nine months ended September 30, 2022, the maturity was extended to October 30, 2023.

As at September 30, 2022, Northview had undrawn capacity of $49.4 million on its credit facility (December 31, 2021 – $25.4 million), which increased during the nine months ended September 30, 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, and/or an increase in interest costs, reducing 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 repay its floating rate debt and 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 78.2% for the twelve months ended September 30, 2022 (period ended September 30, 2021 — 70.7%).

### MORTGAGES

During the three months ended September 30, 2022, Northview completed $20.2 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.97% and an average term to maturity of 4.9 years. During the three months ended September 30, 2021, there was no new mortgage financing, excluding short-term financing, for multi-residential properties.

During the nine months ended September 30, 2022, Northview completed $91.1 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.87% and an average term to maturity of 4.8 years. During the nine months ended September 30, 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 September 30, 2022, Northview's mortgage maturity schedule and weighted average interest rate for the twelve-month periods ending September 30 were as follows:

| | Principal Amount | Principal on Maturity | Total | % of Total | Weighted Average Interest Rate |
|---|---|---|---|---|---|
| 2023 | 25,207 | 245,169 | 270,376 | 32.3% | 3.51% |
| 2024 | 18,768 | 133,169 | 151,937 | 18.2% | 3.09% |
| 2025 | 13,172 | 141,908 | 155,080 | 18.5% | 3.04% |
| 2026 | 6,607 | 86,686 | 93,293 | 11.2% | 2.32% |
| 2027 | 3,754 | 96,254 | 100,008 | 12.0% | 3.87% |
| Thereafter | 3,802 | 61,815 | 65,617 | 7.8% | 2.84% |
| **Total** | **71,310** | **765,001** | **836,311** | **100.0%** | **3.19%** |

## CREDIT FACILITY

As at September 30, 2022, Northview had in place a credit facility with a total credit limit of $544.1 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. This 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.

In July 2022, Northview executed an additional amendment to its credit facility. This amendment changed inputs used in the calculation of the mortgageability amount and amended the limit for the debt service coverage ratio, a financial covenant, to 1.40 from 1.60.

The terms of the credit facility were as follows:

| | As at September 30, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|
| | Credit Limit | Amount Drawn | Credit Limit | Amount Drawn |
| Tranche A-1 Facility | **326,782** | **326,782** | 381,596 | 381,596 |
| Tranche A-2 Facility | **90,328** | **90,328** | 105,481 | 105,481 |
| Tranche B Facility | **32,000** | **14,600** | 32,000 | 6,600 |
| Tranche B-2 Revolving Facility | **20,000** | **20,000** | 20,000 | 20,000 |
| Tranche B-3 Term Facility | **75,000** | **43,000** | — | — |
| **Total** | **544,110** | **494,710** | 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.

As the Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities, payments on the facilities reduce the credit limit available. For the nine months ended September 30, 2022, total repayments of $70.0 million reduced the credit limit on the Tranche A-1 Facility and Tranche A-2 Facility.

For the three and nine months ended September 30, 2022, Northview completed repayments of $21.7 million and $70.0 million, respectively, and completed borrowings of $16.0 million and $51.0 million, respectively, on the credit facility.

**FINANCIAL COVENANTS**

As at September 30, 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 1.40** |
| 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 facility 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 during the nine months ended September 30, 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. Please refer to the interim financial statements for further discussion of this capital management measure.

The Declaration of Trust provides for a maximum debt to gross book value ratio of 70.0%. Debt to gross book value was 66.9% as at September 30, 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 September 30, 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.

The following table calculates Northview’s debt to gross book value ratio:

| | | As at September 30, 2022 | As at December 31, 2021 |
|---|---|---|---|
| Credit facility | | **494,710** | 513,677 |
| Mortgages payable | | **836,311** | 787,602 |
| Less: Cash and cash equivalents | | **(20,894)** | (11,312) |
| Total debt | **A** | **1,310,127** | 1,289,967 |
| Investment properties | | **1,828,991** | 1,774,678 |
| Property, plant and equipment | | **32,616** | 35,000 |
| Accumulated depreciation | | **6,488** | 3,947 |
| Portfolio premium | | **89,000** | 89,000 |
| Gross book value | **B** | **1,957,095** | 1,902,625 |
| **Debt to gross book value** | **A/B** | **66.9%** | 67.8% |

## 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 September 30, 2022 | As at December 31, 2021 |
|---|---|---|
| Class A | **8,107** | 7,711 |
| Class C | **24,480** | 24,510 |
| Class F | **1,913** | 2,266 |
| Total Units issued | **34,500** | 34,487 |
| Total Units potentially issuable upon conversion[(1)] | **1,417** | 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 October 31, 2022, Northview's issued Units were as follows:

| (number of Units in thousands) | As at October 31, 2022 |
|---|---|
| Class A | **8,099** |
| Class C | **24,480** |
| Class F | **1,921** |
| **Total Units issued** | **34,500** |

## 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 September 30, 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) | **836,311** | 889,684 | 289,132 | 333,069 | 205,332 | 62,151 |
| Credit facility | **494,710** | 494,710 | — | 494,710 | — | — |
| Trade and other payables[1] | **29,344** | 29,344 | 29,344 | — | — | — |
| Distributions payable | **3,763** | 3,763 | 3,763 | — | — | — |
| **Total** | **1,364,128** | **1,417,501** | **322,239** | **827,779** | **205,332** | **62,151** |

(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 and nine months ended September 30, 2022, Northview declared monthly cash distributions representing a weighted average of $0.1091 per Unit, resulting in total distributions declared of $11.3 million and $33.9 million, respectively (for the three and nine months ended September 30, 2021 – a weighted average of $0.1092 per Unit, resulting in total distributions of $11.3 million and $33.9 million, respectively).

Distributions declared to Unitholders were as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Class A | **2,546** | 2,396 | **7,561** | 6,863 |
| Class C | **8,121** | 8,148 | **24,373** | 24,521 |
| Class F | **620** | 743 | **1,929** | 2,479 |
| | **11,287** | 11,287 | **33,863** | 33,863 |

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

| | | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|---|
| (thousands of dollars) | | **2022** | **2021** | **2022** | **2021** |
| Distributions declared | **A** | **11,287** | 11,287 | **33,863** | 33,863 |
| Cash flows provided by operating activities | **B** | **9,443** | 13,572 | **31,365** | 39,213 |
| Distribution payout ratio (%) | **A/B** | **119.5%** | 83.2% | **108.0%** | 86.4% |

For the three and nine months ended September 30, 2022, distributions declared to Unitholders were $11.3 million and $33.9 million, respectively (for the three and nine months ended September 30, 2021 – $11.3 million and $33.9 million, respectively), which represented 119.5% and 108.0% of cash flows provided by operating activities, respectively (for the three and nine months ended September 30, 2021 – 83.2% and 86.4%, respectively).

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 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 assets could be sold. 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 intends to manage cash flows provided by operating activities to exceed distributions declared over the longer term.

## 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 September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Management fees | **1,650** | 1,665 | **4,942** | 5,010 |
| Other income | **—** | 343 | **—** | 698 |

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

| | **As at September 30, 2022** | **As at December 31, 2021** |
|---|---|---|
| Accounts receivable | **—** | 2,470 |
| Accounts payable | **619** | 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 related 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. A change to either of these inputs could significantly alter the fair value of an investment property. Economic uncertainty and geopolitical risk have resulted in a temporarily higher degree of uncertainty for investment property values.

Components of projected stabilized NOI that could be impacted by economic uncertainty include market rents, occupancy rates, and operating expenses, including utilities and bad debt expenses, as well as the impact of inflation rates. In addition, capitalization rates could be impacted by economic uncertainty, including supply and demand and the confidence of market participants. As at September 30, 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 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 income (loss).

## OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 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 September 30, 2022, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed, or caused 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 third 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 September 30, 2022, the CEO and the CFO have designed, or caused 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 third 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.