Northview™

Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021

ADVISORIES

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition, dated March 29, 2023, 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 audited consolidated annual financial statements of Northview and notes thereto for the years ended December 31, 2022 and 2021 (the "financial statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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. All amounts in this MD&A are in Canadian dollars unless otherwise stated. Additional information related to Northview, including periodic quarterly reports filed with the Canadian securities regulatory authorities and Northview's Annual Information Form are available on SEDAR at www.sedar.com.

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, 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 March 29, 2023 and is based on information available to management as of that date. Management believes that the expectations reflected in forward-looking information are based upon 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 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, which continue to be volatile and have trended upward since Northview's formation in 2020; changes in inflation rates, including increased expenses as a result thereof; Northview's qualification as a real estate investment trust ("REIT"); 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 March 29, 2023.

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. 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. 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 in its current structure. 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 (as defined herein) 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 ANNUAL RESULTS

(thousands of dollars, except as indicated)	**As at December 31, 2022**	As at December 31, 2021	As at December 31, 2020
Total assets	**1,954,529**	1,853,096	1,882,582
Total liabilities, excluding net assets attributable to Unitholders	**1,388,497**	1,357,746	1,365,476
Total liabilities, net assets attributable to Unitholders	**1,953,366**	1,852,184	1,881,278
Total non-current liabilities, excluding net assets attributable to Unitholders	**562,433**	570,239	1,164,992
Mortgages payable	**850,830**	808,842	847,845
Debt to gross book value[1]	**66.4%**	67.8%	66.7%
Weighted average mortgage interest rate	**3.63%**	2.87%	2.87%
Weighted average term to maturity (years)	**2.5**	2.7	3.6
Weighted average capitalization rate	**7.18%**	7.44%	7.56%
Multi-residential occupancy[2]	**93.4%**	90.2%	88.7%
AMR ($)[2]	**1,278**	1,272	1,276
Number of multi-residential suites	**11,121**	11,121	11,121
Number of execusuites	**200**	200	200
Commercial sq. ft.	**1,131,730**	1,131,730	1,131,730
Number of Units outstanding ('000s)[2]	**35,917**	35,917	35,917

	Year Ended December 31		**Period Ended December 31**
(thousands of dollars, except as indicated)	**2022**	**2021**	**2020[3]**
Revenue	**198,210**	192,125	31,059
NOI	**112,508**	112,669	17,462
NOI margin	**56.8%**	58.6%	56.2%
Cash flows provided by (used in) operating activities	**41,030**	57,531	(11,804)
Distributions declared to Unitholders	**45,150**	45,150	7,525
Monthly distributions declared per Unit – weighted average ($/Unit)	**0.1091**	0.1091	0.1093
Class A Unit ($/Unit)	**0.1048**	0.1048	0.1048
Class C Unit ($/Unit)	**0.1106**	0.1106	0.1106
Class F Unit ($/Unit)	**0.1081**	0.1081	0.1081
FFO payout ratio[4]	**88.3%**	69.1%	81.6%
AFFO payout ratio[4]	**117.7%**	83.3%	101.2%
Net and comprehensive income (loss)	**70,811**	(21,341)	90,669
Net and comprehensive income (loss) per Unit ($/Unit)	**1.97**	(0.59)	2.52
FFO[4]	**51,160**	65,386	9,219
FFO per Unit ($/Unit)[4]	**1.42**	1.82	0.26
AFFO[4]	**38,362**	54,190	7,436
AFFO per Unit ($/Unit)[4]	**1.07**	1.51	0.21

(1) See "Non-GAAP and Other Financial Measures – Capital Management Measures".

(2) See "Non-GAAP and Other Financial Measures – Other Key Performance Indicators".

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

(4) 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".

2022 ANNUAL REVIEW

NET AND COMPREHENSIVE INCOME (LOSS) AND FFO

For the three months ended December 31, 2022, net and comprehensive income was $25.1 million, compared to net and comprehensive loss of $18.2 million for the three months ended December 31, 2021. Net and comprehensive income in the current period was driven by a fair value gain on investment properties, which was primarily attributable to higher projected stabilized NOI driven by increases in revenue in Northern Canada and Atlantic Canada. For the three months ended December 31, 2022, FFO of $9.5 million was lower than FFO of $16.1 million for the comparative quarter in the prior year, and FFO per Unit of $0.26 was lower than $0.45 for the respective periods. The decreases in FFO and FFO per Unit were mainly related to increases in financing costs due to rising interest rates, as Northview's floating rate on the credit facility nearly doubled from 4.09% in the fourth quarter of 2021 to 8.08% in the fourth quarter of 2022.

For the year ended December 31, 2022, net and comprehensive income was $70.8 million compared to net and comprehensive loss of $21.3 million for the year ended December 31, 2021. The current period net and comprehensive income was driven by a fair value gain on investment properties, which was primarily attributable to Northern Canada and Atlantic Canada. For the year ended December 31, 2022, FFO of $51.2 million was lower than FFO of $65.4 million for the year ended December 31, 2021, and FFO per Unit of $1.42 was lower than $1.82 for the respective periods. The decreases in FFO and FFO per Unit were related to increases in financing costs due to higher interest rates on the credit facility.

NOI

For the fourth quarter of 2022, NOI increased by 1.5% relative to the fourth quarter of 2021 driven by both the commercial and execusuite and the multi-residential segments. In the commercial and execusuite segment, NOI increased by 4.9% as higher revenue from increased occupancy more than offset inflationary pressures on operating expenses. In the multi-residential segment, NOI increased by 0.6%, led by increases of 10.3% in Western Canada and 5.7% in Atlantic Canada, as both regions generated higher revenue, through increases in occupancy and AMR, that more than offset higher operating expenses. Northern Canada experienced a decline in NOI of 8.1% due to higher utilities and maintenance expenses. NOI margin of 55.6% for the fourth quarter of 2022 represented a 210-bps decline relative to 57.7% for the fourth quarter of 2021 driven by higher operating expenses.

NOI of $112.5 million and NOI margin of 56.8% for the year ended December 31, 2022 were lower than $112.7 million and 58.6%, respectively, for the year ended December 31, 2021 as higher revenue was more than offset by higher operating expenses. An increase in revenue of 3.2% was driven by a 320-bps increase in occupancy, as well as higher AMR in all regions. Higher operating expenses were attributable to higher utilities expense driven by higher commodity prices and higher consumption resulting from adverse weather conditions, as well as higher maintenance expense driven by higher snow removal and security costs.

Occupancy of 93.4% for the multi-residential portfolio in the fourth quarter of 2022 represented an improvement of 320 bps compared to the fourth quarter of 2021 and 130 bps compared to the third quarter of 2022, driven by a 780-bps and 300 bps increase, respectively, in Western Canada. The occupancy improvement in Western Canada was achieved while increasing AMR through the reduction of lease incentives as Northview continues to focus on resident attraction and delivering quality customer service.

AMR of $1,278 as at December 31, 2022 was slightly higher than $1,276 as at September 30, 2022 and $1,272 as at December 31, 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 December 31, 2022 and 2021, and $45.2 million for the years ended December 31, 2022 and 2021.

For the twelve months ended December 31, 2022, the FFO payout ratio was 88.3%. For the twelve months ended December 31, 2021, the FFO payout ratio was 69.1%. The increase in the FFO payout ratio was primarily attributable to the decrease in FFO.

LEVERAGE

Debt to gross book value was 66.4% as at December 31, 2022, a decrease of 140 bps from 67.8% as at December 31, 2021 due to the fair value gain on investment properties.

Northview's debt is comprised of credit facility debt, which is subject to floating interest rates, and mortgage debt, which is generally at fixed interest rates. Northview manages its interest rate exposure on the credit facility by refinancing through property mortgage debt that is subject to lower fixed interest rates. During the three months ended December 31, 2022, Northview completed $21.6 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 4.08% and an average term to maturity of 5.4 years. During the three months ended December 31, 2021, there was no new mortgage financing, excluding short-term financing, for multi-residential properties.

During the year ended December 31, 2022, Northview completed $112.8 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.91% and an average term to maturity of 5.1 years. During the year ended December 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.

Financing obtained during the year ended December 31, 2022 was used to repay $84.2 million in 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 utilize availability of financing on its properties to reduce interest rate exposure, as mortgage financing is expected to be used to repay borrowings on the credit facility.

Subsequent to December 31, 2022, Northview has completed additional mortgage financing that resulted in repayments of $39.1 million on the credit facility. In addition, Northview is currently in negotiations with its lenders regarding amendments to the credit facility, which seek to extend the current maturity date of October 30, 2023, among other items. Refer to "Liquidity and Capital Resources".

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 located 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 and positive migration trends.

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 2023 due to sustained low vacancy and high AMR, reflecting the higher cost operating environment.

In Western Canada (as defined herein), the economy has been increasingly impacted by diversification as increases in employment have been driven by professional, scientific, and technical services; accommodation and food services; and other service industries. In addition, signs of increasing capital activity in the oil and gas sector have encouraged a more optimistic outlook for Western Canada. Northview experienced significant improvements in occupancy and anticipates continued gains in 2023 at a more moderate pace as Northview 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, decreasing unemployment rates and increased investment in new mineral initiatives continue to contribute to positive economic trends. The economic outlook is stable in New Brunswick as higher immigration levels and strong interprovincial migration support housing demand, as a lower cost of living is attractive compared to other regions in Canada. This is expected to result in stable occupancy and rental rates in Atlantic Canada for 2023.

The current high inflation and interest rate environment is expected to continue to put pressures on expenses and therefore FFO. Northview continues to focus on AMR and occupancy growth while maintaining operating efficiencies and expenditure management to the extent expenditures are controllable. 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 which is at a lower fixed interest rate.

2022 ANNUAL 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. See “Utility Cost Risk”.

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 December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Multi-residential	**40,244**	38,365	4.9%	**156,874**	151,257	3.7%
Commercial and execusuite	**10,725**	10,059	6.6%	**41,336**	40,868	1.1%
Total	**50,969**	48,424	5.3%	**198,210**	192,125	3.2%

Revenue in the multi-residential segment increased by 4.9% and 3.7% for the three months and year ended December 31, 2022, respectively, relative to the comparative periods in the prior year, driven by higher revenue in both Western Canada and Atlantic Canada. The increase in revenue was primarily attributable to an increase in occupancy of 320 bps compared to the fourth quarter of 2021, driven by an improvement of 780 bps in Western Canada.

Revenue in the commercial and execusuite segment in the fourth quarter of 2022 increased by 6.6% compared to the fourth quarter of 2021. The increase in revenue was primarily attributable to higher recoverable expenses in the commercial portfolio, as well as higher occupancy in the execusuite portfolio. For the year ended December 31, 2022, revenue in the commercial and execusuite segment was relatively consistent with the comparative period in the prior year.

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 December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Multi-residential	**18,016**	16,280	10.7%	**68,445**	63,163	8.4%
Commercial and execusuite	**4,608**	4,226	9.0%	**17,257**	16,293	5.9%
Total	**22,624**	20,506	10.3%	**85,702**	79,456	7.9%

The following table details consolidated operating expenses by category:

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars)	**2022**	2021	Change	**2022**	2021	Change
Utilities	**7,835**	6,296	24.4%	**27,742**	24,102	15.1%
Maintenance	**6,232**	5,795	7.5%	**23,147**	21,489	7.7%
Property taxes	**3,648**	3,675	(0.7%)	**14,728**	14,819	(0.6%)
Salaries and benefits	**1,782**	1,798	(0.9%)	**7,825**	7,852	(0.3%)
General	**3,127**	2,942	6.3%	**12,260**	11,194	9.5%
Operating expenses	**22,624**	20,506	10.3%	**85,702**	79,456	7.9%

Total operating expenses for the three months and year ended December 31, 2022 increased by 10.3% and 7.9%, respectively, compared to the same period in 2021, which was primarily attributable to an increase in utilities and maintenance expenses.

For the three months and year ended December 31, 2022, utilities expense increased by 24.4% and 15.1%, respectively, compared to the same periods in the prior year, mainly driven by higher commodity prices for electricity, natural gas, and heating oil. For the year ended December 31, 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 months and year ended December 31, 2022, maintenance expense increased by 7.5% and 7.7%, respectively, compared to the same periods in the prior year. For the three months ended December 31, 2022, the increase primarily related to higher costs related to snow removal and general maintenance in Western Canada related to higher occupancy. For the year ended December 31, 2022, higher security expense was incurred compared to the prior year for certain Yellowknife, NT properties while Western Canada and Northern Canada experienced higher-than-average snowfall resulting in increased snow removal expenses.

For the three months and year ended December 31, 2022, general operating expenses increased by 6.3% and 9.5%, 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 December 31			Year Ended December 31		
(thousands of dollars)	**2022**	2021	Change	**2022**	2021	Change
Multi-residential	**22,228**	22,085	0.6%	**88,429**	88,094	0.4%
Commercial and execusuite	**6,117**	5,833	4.9%	**24,079**	24,575	(2.0%)
Total	**28,345**	27,918	1.5%	**112,508**	112,669	(0.1%)
NOI margin	**55.6%**	57.7%	(2.1%)	**56.8%**	58.6%	(1.8%)

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

	Three Months Ended December 31					
	Multi-Residential			Commercial and Execusuite		
(thousands of dollars)	**2022**	2021	Change	**2022**	2021	Change
Northern Canada	**9,503**	10,346	(8.1%)	**5,068**	4,725	7.3%
Western Canada	**7,575**	6,865	10.3%	**176**	138	27.5%
Atlantic Canada	**5,150**	4,874	5.7%	**873**	970	(10.0%)
Total	**22,228**	22,085	0.6%	**6,117**	5,833	4.9%

	Year Ended December 31					
	Multi-Residential			Commercial and Execusuite		
(thousands of dollars)	**2022**	2021	Change	**2022**	2021	Change
Northern Canada	**40,266**	42,196	(4.6%)	**19,768**	19,954	(0.9%)
Western Canada	**28,017**	27,454	2.1%	**678**	695	(2.4%)
Atlantic Canada	**20,146**	18,444	9.2%	**3,633**	3,926	(7.5%)
Total	**88,429**	88,094	0.4%	**24,079**	24,575	(2.0%)

The following table details consolidated NOI by region:

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars)	**2022**	2021	Change	**2022**	2021	Change
Northern Canada	**14,571**	15,071	(3.3%)	**60,034**	62,150	(3.4%)
Western Canada	**7,751**	7,003	10.7%	**28,695**	28,149	1.9%
Atlantic Canada	**6,023**	5,844	3.1%	**23,779**	22,370	6.3%
Total	**28,345**	27,918	1.5%	**112,508**	112,669	(0.1%)

For the fourth quarter of 2022, NOI increased by 1.5% relative to the fourth quarter of 2021, driven by both the commercial and execusuite and the multi-residential segments. In the commercial and execusuite segment, NOI increased by 4.9% as higher revenue more than offset higher operating expenses. In the multi-residential segment, NOI increased by 0.6%, led by increases of 10.3% in Western Canada and 5.7% in Atlantic Canada, as both regions experienced higher revenue, due to increases in both occupancy and AMR, that more than offset higher operating expenses. Northern Canada experienced a decline in NOI of 8.1% primarily due to higher utilities and maintenance expenses.

NOI of $112.5 million for the year ended December 31, 2022 was lower than $112.7 million for the year ended December 31, 2021 as multi-residential NOI increases of 9.2% in Atlantic Canada and 2.1% in Western Canada were offset by increased operating expenses in Northern Canada.

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 December 31, 2022 and December 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 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

	Q4 2022	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
Northern Canada	**2,273**	2,267	2,260	2,245	2,238
Western Canada	**1,046**	1,039	1,032	1,029	1,029
Atlantic Canada	**888**	877	867	850	848
Total	**1,278**	1,276	1,275	1,272	1,272

OCCUPANCY

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Northern Canada	**96.3%**	96.4%	96.7%	96.9%	96.7%
Western Canada	**87.9%**	84.9%	81.9%	79.9%	80.1%
Atlantic Canada	**98.2%**	97.3%	96.9%	97.2%	97.5%
Total	**93.4%**	92.1%	90.9%	90.2%	90.2%

SUITES, AMR, AND OCCUPANCY BY REGION

		AMR ($)			Occupancy (%)		
	Multi-Residential Suites	Q4 2022	Q4 2021	Change (%)	Q4 2022	Q4 2021	Change (bps)
Northern Canada							
Northwest Territories	1,310	**1,799**	1,779	1.1%	**91.6%**	92.9%	(130)
Nunavut	1,176	**2,748**	2,717	1.1%	**99.7%**	99.5%	20
Total Northern Canada	2,486	**2,273**	2,238	1.6%	**96.3%**	96.7%	(40)
Western Canada							
Alberta	3,559	**1,044**	1,032	1.2%	**88.9%**	79.8%	910
British Columbia	1,379	**960**	941	2.0%	**81.7%**	77.6%	410
Saskatchewan	323	**1,331**	1,293	2.9%	**98.2%**	90.9%	730
Total Western Canada	5,261	**1,046**	1,029	1.7%	**87.9%**	80.1%	780
Atlantic Canada							
Newfoundland and Labrador	1,875	**903**	862	4.8%	**97.8%**	96.7%	110
New Brunswick	1,338	**884**	843	4.9%	**98.6%**	98.5%	10
Québec	161	**762**	744	2.4%	**99.8%**	98.8%	100
Total Atlantic Canada	3,374	**888**	848	4.7%	**98.2%**	97.5%	70
Total	11,121	**1,278**	1,272	0.5%	**93.4%**	90.2%	320

NORTHERN CANADA OPERATIONS

AMR of $2,273 as at December 31, 2022 was higher than $2,238 as at December 31, 2021, underpinned by the stable government-centric economy and long-term lease arrangements with government departments and agencies.

Occupancy decreased by 40 bps to 96.3% in the fourth quarter of 2022, compared to 96.7% in the fourth quarter of 2021 due to delays in suite renovations, driven by labour and supply constraints.

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars)	2022	2021	Change	2022	2021	Change
Revenue	**16,306**	16,344	(0.2%)	**65,018**	64,424	0.9%
Operating expenses	**6,803**	5,998	13.4%	**24,752**	22,228	11.4%
NOI	**9,503**	10,346	(8.1%)	**40,266**	42,196	(4.6%)
NOI margin (%)	**58.3%**	63.3%	(5.0%)	**61.9%**	65.5%	(3.6%)

For the three months and year ended December 31, 2022, NOI decreased by 8.1% and 4.6% and NOI margin decreased by 5.0% and 3.6%, 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 were partially offset by higher AMR.

WESTERN CANADA OPERATIONS

AMR of $1,046 as at December 31, 2022 was higher than $1,029 as at December 31, 2021 driven by a strengthening economy in Alberta. AMR was actively managed with increasing occupancy and reduced lease incentive offerings to maximize revenue.

Occupancy of 87.9% for the three months ended December 31, 2022 represented an increase of 780 bps compared to 80.1% in the year ended December 31, 2021, which was attributable to a 910-bps increase in occupancy in Alberta, driven largely by Grande Prairie, Fort McMurray, and Lloydminster, which experienced occupancy gains in each quarter of 2022.

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	**14,892**	13,430	10.9%	**56,530**	53,592	5.5%
Operating expenses	**7,317**	6,565	11.5%	**28,513**	26,138	9.1%
NOI	**7,575**	6,865	10.3%	**28,017**	27,454	2.1%
NOI margin (%)	**50.9%**	51.1%	(0.2%)	**49.6%**	51.2%	(1.6%)

For the three months and year ended December 31, 2022, NOI increased by 10.3% and 2.1%, respectively, as higher revenue more than offset an increase in operating expenses. Higher revenue was driven by the aforementioned 780 bps increase in occupancy, combined with higher AMR. The increase in operating expenses was primarily attributable to higher utilities expense.

For the three months and year ended December 31, 2022, NOI margin decreased by 0.2% and 1.6% compared to the comparative periods in 2021 as higher revenues driven by a 780-bps improvement in occupancy was offset by the aforementioned increases in operating expenses.

ATLANTIC CANADA OPERATIONS

AMR was $888 as at December 31, 2022, an increase of 4.7% compared to $848 as at December 31, 2021. The increase in AMR was driven by a strengthening economy in New Brunswick.

Occupancy of 98.2% for the three months ended December 31, 2022 represented an increase of 70 bps compared to 97.5% in the fourth 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 in 2021, which was converted from an execusuite to a residential property.

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	**9,046**	8,591	5.3%	**35,326**	33,241	6.3%
Operating expenses	**3,896**	3,717	4.8%	**15,180**	14,797	2.6%
NOI	**5,150**	4,874	5.7%	**20,146**	18,444	9.2%
NOI margin (%)	**56.9%**	56.7%	0.2%	**57.0%**	55.5%	1.5%

NOI increased by 5.7% and 9.2% for the three months and year ended December 31, 2022, respectively, versus the comparative periods in 2021. The increase in NOI was primarily attributable to higher AMR in Newfoundland and Labrador and New Brunswick. Occupancy in St. John's, NL positively impacted NOI as a previously repositioned property achieved stabilized occupancy in 2022.

For the three months and year ended December 31, 2022, NOI margin increased by 0.2% and 1.5%, respectively, driven by the aforementioned increases in revenue.

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 December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	**10,725**	10,059	6.6%	**41,336**	40,868	1.1%
Operating expenses	**4,608**	4,226	9.0%	**17,257**	16,293	5.9%
NOI	**6,117**	5,833	4.9%	**24,079**	24,575	(2.0%)
NOI margin (%)	**57.0%**	58.0%	(1.0%)	**58.3%**	60.1%	(1.8%)

For the three months ended December 31, 2022, NOI increased by 4.9% from the comparative period in the prior year as higher revenue from increased occupancy in the execusuite segment more than offset inflationary pressures on operating expenses. For the year ended December 31, 2022, NOI decreased by 2.0%, driven by higher utilities expense.

For the three months and year ended December 31, 2022, NOI margin decreased by 1.0% and 1.8%, respectively, from the comparative periods in the prior year, as a result of higher utilities.

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 December 31					
	Average Rent ($/sq. ft.)			Occupancy (%)		
	2022	**2021**	**Change (%)**	**2022**	**2021**	**Change (bps)**
Northern Canada	**27.19**	27.15	0.1%	**95.4 %**	95.2%	20
Western Canada	**15.11**	15.02	0.6%	**72.2 %**	71.1%	110
Atlantic Canada	**18.41**	18.87	(2.4%)	**88.1 %**	92.1%	(400)
	24.42	24.46	(0.2%)	**91.1 %**	91.7%	(60)

	Year Ended December 31					
	Average Rent ($/sq. ft.)			Occupancy (%)		
	2022	**2021**	**Change (%)**	**2022**	**2021**	**Change (bps)**
Northern Canada	**27.13**	26.75	1.4%	**95.5 %**	96.1%	(60)
Western Canada	**15.08**	15.09	(0.1%)	**71.3 %**	70.9%	40
Atlantic Canada	**18.60**	18.94	(1.8%)	**89.6 %**	92.2%	(260)
	24.42	24.22	0.8%	**91.4 %**	92.2%	(80)

For the three months and year ended December 31, 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 months and year ended December 31, 2022, occupancy decreased by 60 bps and 80 bps, respectively, versus the comparative periods in the prior year, driven by recently vacated space in Atlantic Canada and Northern Canada.

Approximately 23.1% of Northview's leased commercial space is maturing in the remainder of 2023. 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 and year ended December 31, 2022, of 53.0% and 59.0%, respectively, were higher than 47.2% and 52.9% 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 December 31			Year Ended December 31		
(thousands of dollars)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Distributions to Unitholders	**11,287**	11,287	—%	**45,150**	45,150	—%
Financing costs	**15,912**	8,999	76.8%	**48,839**	34,641	41.0%
Administration	**1,475**	1,402	5.2%	**6,922**	6,847	1.1%
Management fees	**1,650**	1,672	(1.3%)	**6,592**	6,682	(1.3%)
Depreciation and amortization	**826**	842	(1.9%)	**3,377**	3,400	(0.7%)
Equity income from joint ventures	**(1,007)**	(471)	113.8%	**(1,960)**	(1,316)	48.9%
Fair value (gain) loss on investment properties	**(26,926)**	22,392	n/a	**(67,235)**	37,776	n/a
Loss (gain) on disposition of assets	**—**	—	—%	**12**	(36)	n/a
Transaction costs	**—**	—	—%	**—**	866	(100.0%)
Total	**3,217**	46,123	(93.0%)	**41,697**	134,010	(68.9%)

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 $45.2 million for the three months and year ended December 31, 2022, respectively, were consistent with the three months and year ended December 31, 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 of debt assumed on acquisition, and other income. For the three months and year ended December 31, 2022, financing costs increased by 77% and 41%, respectively, versus the comparative periods in the prior year. The increase in financing costs was primarily driven by higher interest expense on the credit facility attributable to a rapidly escalating interest rate environment. The floating rate on Northview’s credit facility nearly doubled from 4.09% in the fourth quarter of 2021 to 8.08% in the fourth quarter of 2022.

ADMINISTRATION EXPENSE

Administration expense of $1.5 million in the fourth quarter of 2022 increased by 5% from the fourth quarter of 2021 due to higher compensation expenses in the current period. For the year ended December 31, 2022, administration expense was consistent with the year ended December 31, 2021.

MANAGEMENT FEES

For the three months and year ended December 31, 2022, management fees owing to Starlight Group (as defined herein) of $1.7 million and $6.6 million, respectively, were incurred, consistent with the three months and year ended December 31, 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 year ended December 31, 2022, the fair value gain on investment properties related primarily to Northern Canada and Atlantic Canada due to a reduction in capitalization rates and higher projected stabilized NOI. For the year ended December 31, 2021, the fair value loss on investment properties related mainly to capital expenditures and challenging economic conditions impacting operating results in resource-based markets in Western Canada partially offset by a capitalization rate reduction in Atlantic Canada.

TRANSACTION COSTS

No transaction costs were incurred for the three months and year ended December 31, 2022. For the year ended December 31, 2021, transaction costs of $0.9 million were incurred relating to 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 December 31		Year Ended December 31	
(thousands of dollars, except as indicated)	**2022**	2021	**2022**	2021
Net and comprehensive income (loss)	**25,128**	(18,205)	**70,811**	(21,341)
Adjustments:				
Distributions to Unitholders	**11,287**	11,287	**45,150**	45,150
Depreciation	**751**	766	**3,040**	3,067
Fair value (gain) loss on investment properties	**(26,926)**	22,392	**(67,235)**	37,776
Transaction costs	**—**	—	**—**	866
Other[1]	**(735)**	(138)	**(606)**	(132)
FFO[2]	**9,505**	16,102	**51,160**	65,386
Maintenance capex reserve – multi-residential	**(2,963)**	(2,747)	**(11,852)**	(10,988)
Maintenance capex reserve – commercial	**(236)**	(52)	**(946)**	(208)
AFFO[2]	**6,306**	13,303	**38,362**	54,190
FFO per Unit ($/Unit)[2]	**0.26**	0.45	**1.42**	1.82
FFO payout ratio – trailing twelve months[2]	**88.3%**	69.1%	**88.3%**	69.1%
AFFO per Unit ($/Unit)[2]	**0.18**	0.37	**1.07**	1.51
AFFO payout ratio – trailing twelve months[2]	**117.7%**	83.3%	**117.7%**	83.3%
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".

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 judgement. 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 – Capital Expenditures – Maintenance Capex Reserve - Multi-Residential and Commercial". Detailed information on actual capital expenditures by category is provided in "Other Consolidated Results – Capital Expenditures".

FFO

For the three months ended December 31, 2022, FFO of $9.5 million ($0.26 per Unit) was lower than $16.1 million ($0.45 per Unit) for the comparative quarter of 2021. The decrease in FFO was attributable to higher financing costs partially offset by higher NOI.

For the year ended December 31, 2022, FFO of $51.2 million ($1.42 per Unit) was lower than $65.4 million ($1.82 per Unit) for the year ended December 31, 2021. The decrease in FFO was primarily attributable to an increase in financing and utility costs.

For the year ended December 31, 2022, the FFO payout ratio of 88.3% was higher than 69.1% for the year ended December 31, 2021. The increase in the FFO payout ratio was due to the decrease in FFO.

AFFO

For the three months ended December 31, 2022, AFFO of $6.3 million ($0.18 per Unit) was lower than $13.3 million ($0.37 per Unit) for the comparative quarter of 2021. The decrease in AFFO was attributable to higher financing costs partially offset by higher NOI.

For the year ended December 31, 2022, AFFO of $38.4 million ($1.07 per Unit) was lower than $54.2 million ($1.51 per Unit) for the year ended December 31, 2021. The decrease in AFFO was primarily attributable to an increase in financing and utility costs.

For the year ended December 31, 2022, the AFFO payout ratio of 117.7% was higher than 83.3% for the year ended December 31, 2021. The increase in the AFFO payout ratio was due to the decrease in AFFO.

CAPITAL EXPENDITURES

	Three Months Ended December 31			Year Ended December 31		
(thousands of dollars, except as indicated)	**2022**	2021	Change	**2022**	2021	Change
Suite renovations	**2,741**	2,707	1.3%	**9,857**	9,777	0.8%
Building and common areas	**1,094**	2,218	(50.7%)	**4,810**	5,649	(14.9%)
Boilers and mechanical	**1,337**	1,052	27.1%	**3,217**	3,205	0.4%
Appliances	**207**	1,428	(85.5%)	**831**	2,860	(70.9%)
Other	**513**	383	33.9%	**1,421**	1,085	31.0%
Total capex – multi-residential	**5,892**	7,788	(24.3%)	**20,136**	22,576	(10.8%)
Average number of multi-residential suites	**11,111**	11,111	—%	**11,111**	11,111	—%
Capex per multi-residential suite ($/suite)	**530**	701	(24.3%)	**1,812**	2,032	(10.8%)
Total capex – multi-residential	**5,892**	7,788	(24.3%)	**20,136**	22,576	(10.8%)
Total capex – commercial	**269**	174	54.6%	**601**	735	(18.2%)
Total capex	**6,161**	7,962	(22.6%)	**20,737**	23,311	(11.0%)

Capital expenditures of $6.2 million and $20.7 million were incurred during the three months and year ended December 31, 2022, respectively, compared to $8.0 million and $23.3 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. Capital expenditures in each year included approximately $1.0 million related to energy initiatives, such as the installation of solar panels and energy-efficient lighting.

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 year ended December 31, 2022, management has determined the annualized multi-residential maintenance capex reserve to be $1,067 per multi-residential suite (year ended December 31, 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 year ended December 31, 2022, management determined the annualized commercial maintenance capex reserve to be $0.91 per sq. ft. (year ended December 31, 2021 – $0.20 per sq. ft.).

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 and year ended December 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)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	**50,969**	49,703	48,899	48,639	48,424	48,172	47,681	47,848
Net and comprehensive income (loss)	**25,128**	52,707	(3,759)	(3,265)	(18,205)	839	(2,692)	(1,283)
Net and comprehensive income (loss) ($/Unit)	**0.70**	1.47	(0.10)	(0.09)	(0.51)	0.02	(0.07)	(0.04)
NOI	**28,345**	30,904	28,628	24,631	27,918	30,189	27,621	26,941
FFO(1)	**9,505**	14,553	14,552	12,550	16,102	18,479	15,635	15,170
FFO per Unit ($/Unit)(1)	**0.26**	0.41	0.41	0.35	0.45	0.51	0.44	0.42
FFO payout ratio – trailing twelve months(1)	**88.3%**	78.2%	73.2%	71.9%	69.1%	70.7%	75.2%	77.1%

(1) 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".

Northview's operations are affected by seasonality and operating performance in one quarter may not be reflective of operating performance of another quarter. 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. See "Utility Cost Risk". Additionally, Northview determines the fair value of investment properties each reporting period. Any resulting fair value adjustment may have a significant impact on net and comprehensive income (loss).

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 December 31, 2022, Northview had a working capital deficiency of $781.3 million (December 31, 2021 – $759.8 million), of which $288.4 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, 2022 and 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, 2023 and October 30, 2022, respectively.

During the year ended December 31, 2022, the maturity of the credit facility was extended to October 30, 2023. Northview is currently in negotiations with its lenders regarding amendments to the credit facility, which seek to extend the current maturity date among other items. In addition, if needed, Northview may take additional steps to continue to manage its liquidity, including any combination of reducing or suspending distributions, reducing capital expenditures, divesting non-core investment properties and assets, or obtaining new debt, equity, or other forms of financing. Refer to “Risk Factors - Liquidity Risk”.

As at December 31, 2022, Northview had undrawn capacity of $26.4 million on its credit facility (December 31, 2021 – $25.4 million). As market conditions permit, Northview may also use 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.

Northview has a history of generating positive cash flows provided by operating activities. However, it has also operated with a historic working capital deficiency, primarily resulting from a significant portion of its mortgages maturing in any given year. Northview has managed this working capital deficiency through mortgage renewals, extensions or refinancing as a normal part of its business activities. As at December 31, 2022, the working capital deficiency was $781.3 million, including $503.5 million relating to its credit facility.

Northview’s ability to generate positive cash flows provided by operating activities, its access to the levers to manage cash outflows, and its access to alternative sources of capital, if necessary, as described above, result in an expectation that Northview will be able to meet its obligations as they come due for the foreseeable future.

One of the investment objectives of Northview is to effect a Recapitalization Event (as defined herein) between 2023 – 2025, which Northview anticipates will improve its financial position. Refer to “Recapitalization Event”.

MORTGAGES

During the three months ended December 31, 2022, Northview completed $21.6 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 4.08% and an average term to maturity of 5.4 years. During the three months ended December 31, 2021, there was no new mortgage financing, excluding short-term financing, for multi-residential properties. During the year ended December 31, 2022, Northview completed $112.8 million of mortgage financing, excluding short-term financing, for multi-residential properties with a weighted average interest rate of 3.91% and an average term to maturity of 5.1 years. During the year ended December 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.

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

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2023	24,489	258,379	282,868	33.5%	4.76%
2024	18,342	130,467	148,809	17.6%	2.86%
2025	11,690	150,996	162,686	19.3%	3.06%
2026	6,025	56,949	62,974	7.5%	2.36%
2027	3,658	105,278	108,936	12.9%	4.06%
Thereafter	3,371	74,113	77,484	9.2%	3.01%
Total	**67,575**	**776,182**	**843,757**	**100.0%**	**3.63%**

CREDIT FACILITY

As at December 31, 2022, Northview had in place a credit facility with a total credit limit of $529.9 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, an additional $75.0 million facility (the “Tranche B-3 Term Facility”), and 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 December 31, 2022		As at December 31, 2021	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Tranche A-1 Facility	**315,651**	**315,651**	381,596	381,596
Tranche A-2 Facility	**87,251**	**87,251**	105,481	105,481
Tranche B Facility	**32,000**	**22,600**	32,000	6,600
Tranche B-2 Revolving Facility	**20,000**	**20,000**	20,000	20,000
Tranche B-3 Term Facility	**75,000**	**58,000**	—	—
Total	**529,902**	**503,502**	539,077	513,677

The Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities. 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 year ended December 31, 2022, total repayments of $84.2 million reduced the credit limit on the Tranche A-1 Facility and Tranche A-2 Facility.

For the three months and year ended December 31, 2022, Northview completed repayments of $14.2 million and $84.2 million, respectively, and borrowings of $23.0 million and $74.0 million, respectively, on the credit facility.

FINANCIAL COVENANTS

As at December 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 1.40**
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 year ended December 31, 2022, Northview was in compliance with all financial covenants. Refer to “Capital Management” in the 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. Refer to the 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 66.4% as at December 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 December 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.

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

		As at December 31, 2022	As at December 31, 2021
Credit facility		**503,502**	513,677
Mortgages payable		**843,757**	787,602
Less: Cash and cash equivalents		**(26,486)**	(11,312)
Total debt	A	**1,320,773**	1,289,967
Investment properties		**1,862,078**	1,774,678
Property, plant and equipment		**32,043**	35,000
Accumulated depreciation		**7,312**	3,947
Portfolio premium		**89,000**	89,000
Gross book value	B	**1,990,433**	1,902,625
Debt to gross book value	A/B	**66.4%**	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 December 31, 2022	As at December 31, 2021
Class A	**7,182**	7,711
Class C	**24,479**	24,510
Class F	**2,810**	2,266
Total Units issued	**34,471**	34,487
Total Units potentially issuable upon conversion[1]	**1,446**	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 February 28, 2023, Northview's issued Units were as follows:

(number of Units in thousands)	As at February 28, 2023
Class A	**7,137**
Class C	**24,479**
Class F	**2,854**
Total Units issued	**34,470**

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 December 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)	**843,757**	900,146	305,728	337,811	182,169	74,438
Credit facility	**503,502**	503,502	503,502	—	—	—
Trade and other payables[(1)]	**30,402**	30,402	30,402	—	—	—
Distributions payable	**3,763**	3,763	3,763	—	—	—
Total	**1,381,424**	**1,437,813**	**843,395**	**337,811**	**182,169**	**74,438**

(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 declared as approved by the Trustees. For the three months and years ended December 31, 2022 and 2021, Northview declared monthly cash distributions representing a weighted average of $0.1091 per Unit, resulting in total distributions declared of $11.3 million and $45.2 million, respectively.

Distributions declared to Unitholders were as follows:

	Three Months Ended December 31		Year Ended December 31	
	2022	**2021**	**2022**	**2021**
Class A	**2,450**	2,418	**10,011**	9,281
Class C	**8,118**	8,133	**32,491**	32,654
Class F	**719**	736	**2,648**	3,215
Total	**11,287**	11,287	**45,150**	45,150

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

		Three Months Ended December 31		Year Ended December 31	
(thousands of dollars)		**2022**	2021	**2022**	2021
Distributions paid to Unitholders	**A**	**11,287**	11,287	**45,150**	45,150
Cash flows provided by operating activities	**B**	**9,665**	18,318	**41,030**	57,531
Distribution payout ratio (%)	**A/B**	**116.8%**	61.6%	**110.0%**	78.5%
(Deficiency) excess of cash flows provided by operating activities over cash distributions paid	**B-A**	**(1,622)**	7,031	**(4,120)**	12,381

For the three months and years ended December 31, 2022 and 2021, distributions declared to Unitholders were $11.3 million and $45.2 million, respectively. For the three months and year ended December 31, 2022, this represented 116.8% and 110.0%, respectively, of cash flows provided by operating activities (for the three months and year ended December 31, 2021 – 61.6% and 78.5%, respectively). Cash flows provided by operating activities decreased for the three months and year ended December 31, 2022 relative to the comparative periods in the prior year due to increased financing costs. Distributions declared exceeded cash flows provided by operating activities for both the three months and year ended December 31, 2022.

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 and distributions declared so that cash flows provided by operating activities 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

Starlight Group Property Holdings Inc. and its affiliates ("Starlight Group") and KingSett Capital Inc. and its affiliates ("KingSett") have significant influence over Northview by virtue of Unit holdings and representation on Northview's Board of Trustees by Daniel Drimmer and Rob Kumer, respectively. Additionally, an affiliate of Starlight Group, Starlight Investments CDN AM Group LP, provides asset management services to Northview.

Transactions with these entities consisted of:

- Northview paid an asset management fee equal to 0.35% of gross asset value per annum (calculated and payable on a monthly basis), included as "expenses" in the table below. This asset management fee was incurred pursuant to a Management Agreement with Starlight Group entered into on November 2, 2020, whereby Starlight Group provides management services to Northview, including the services of the Chief Executive Officer and Chief Financial Officer.

- Northview received a fee equal to 3.50% of revenue less bad debt earned on certain properties, included as "other income" in the table below. This fee was earned in exchange for providing property management services for certain properties located in Montreal and owned by an entity owned by Starlight Group and KingSett, pursuant to a property management agreement with an entity owned by Starlight Group and KingSett entered into on November 2, 2020. This agreement was terminated effective December 31, 2021.

Additional commitments with these entities consist of:

- Northview holds commitments to provide for carried interest to Starlight Group if certain minimum return thresholds are met, as described in the final long form prospectus dated September 29, 2020. See the financial statements for further discussion.

- Northview is party to the Investor Rights Agreement, pursuant to which KingSett has the right to nominate one individual to the Board so long as KingSett maintains a 5% or more interest in Northview's issued Units.

- The Declaration of Trust grants Starlight Group, so long as it is the owner of the Manager (as defined herein), the right to nominate one individual to the Board.

KEY MANAGEMENT PERSONNEL

The compensation of key management personnel consisted of short-term employee benefits and is included within "Operating expenses" and "Administration" within the consolidated statements of net and comprehensive income (loss) depending on the function of the individual. Key management personnel excludes the Chief Executive Officer and Chief Financial Officer as these services are provided by Starlight Group as discussed in "Entities with Significant Influence".

JOINT VENTURES

Inuvik Capital Suites Zheh Gwizu' Limited Partnership ("ICS") and Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") is each a joint venture in which Northview has a 50% interest. For the years ended December 31, 2022 and 2021, Northview provided management services to each of ICP and ICS.

FINANCIAL INFORMATION

The following table outlines transactions with related parties:

	Entities with Significant Influence	Key Management Personnel	Joint Ventures	Total
Year Ended December 31, 2022				
Revenue	**—**	**—**	**416**	**416**
Expenses	**6,592**	**1,158**	**59**	**7,809**
Year Ended December 31, 2021				
Revenue	—	—	361	361
Other income	639	—	—	639
Expenses	6,682	1,384	61	8,127

The following table outlines outstanding balances with related parties:

	Entities with Significant Influence	Joint Ventures	Total
As at December 31, 2022			
Accounts receivable	**—**	**36**	**36**
Accounts payable	**646**	**—**	**646**
As at December 31, 2021			
Accounts receivable	2,470	103	2,573
Accounts payable	556	4	560

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. Described below are certain risks that could materially affect Northview and the value of the Units. 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 below 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.

RISKS RELATED TO THE FUND

An investment in Units is an investment in real estate in secondary markets through Northview's indirect interest in its subsidiaries and the properties, directly or indirectly, acquired by it. Investment in real estate is subject to numerous risks, including the factors listed below and other events and risk factors which are beyond the control of Northview.

GENERAL REAL ESTATE OWNERSHIP RISK

All real property investments are subject to a degree of risk and uncertainty including general economic conditions, local real estate markets, and various other factors. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The properties generate revenue through rental payments made by tenants. The ability to rent vacant suites in the properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be re-leased on economically favourable terms, the properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, and distributable cash will be adversely affected.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs, and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity may limit Northview's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Northview were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the properties or less than what could be expected to be realized under normal circumstances. Northview may, in the future, be exposed to a general decline of demand by tenants for space in properties. As well, certain leases of the properties held by Northview or its subsidiaries may have early termination provisions which, if exercised, would reduce the average lease term.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by Northview due to internal and external limitations on its ability to charge these new market-based rents in the short-term.

FINANCING RISKS

As at December 31, 2022, Northview had outstanding mortgages of approximately $843.8 million (December 31, 2021 – $787.6 million) and approximately $503.5 million (December 31, 2021 – $513.7 million) drawn on its credit facility. A portion of the cash flow generated by Northview's properties is required for principal and interest payments on such debt and there can be no assurance that Northview will continue to generate sufficient cash flow from operations to meet required payments. The future development of Northview's business may require additional financing. Northview's liquidity is subject to macroeconomic, financial, competitive, and other factors that are beyond Northview's control, including increasing interest rates and inflationary pressures. If Northview is unable to meet interest or principal repayments, it could be required to attempt a renegotiation of such payments with its lenders or obtain additional debt or other financing. The failure of Northview to make or successfully renegotiate interest or principal repayments or obtain additional debt or other financing, or if such financing is available, not being available on terms acceptable to Northview, could materially adversely affect Northview's financial condition and results of operations and decrease or eliminate the amount of cash available for distributions to Unitholders.

Northview is subject to the risks associated with debt financing, including the risk that the existing mortgages secured by the certain properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In order to minimize this risk, Northview will attempt to appropriately structure the timing of the renewal of significant tenant leases on the properties in relation to the time at which mortgages on such properties become due for refinancing. The borrowing capacity of the operating facilities is based on the asset values and debt serviceability of the assets pledged. As such, weakness in financial performance of certain properties may have an adverse effect on debt serviceability and overall asset value thereby reducing the borrowing capacity.

LIQUIDITY RISK

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 managing mortgage and loan maturities. 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. If needed, Northview may take additional steps to manage liquidity including any combination of reducing or suspending distributions, reducing capital expenditures, divesting certain investment properties and assets, or obtaining new debt, equity, or other forms of financing.

INTEREST RATE RISK

As interest rates increase, the amount Northview pays to service debt increases. Northview is exposed to fluctuations in Canadian interest rates as it maintains a portion of its debt capacity in its floating rate credit facility, and regularly executes mortgage financing at prevailing market rates. Northview may not be able to renew mortgage loans or its credit facility terms with interest rates at the same rate to those currently in place. Northview utilizes both fixed and floating rate debt. This may have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders.

Management mitigates interest rate risk by utilizing fixed rate mortgages, ensuring access to a number of sources of funding, and staggering debt maturities. As at December 31, 2022 and December 31, 2021, substantially all of Northview's mortgages were subject to fixed interest rates.

GLOBAL RECESSION RISK

Northview is subject to risks involving the economy in general, including recessions, inflation, deflation or stagflation, unemployment and geopolitical events such as the conflict between Russia and Ukraine. Global inflation, exacerbated by supply chain issues and other macroeconomic conditions and geopolitical uncertainties, may keep central banks aggressive in their attempts to mitigate pricing pressures. With heightened interest rates and market sentiment deteriorating, the risk of a global recession is increasing. These market conditions and further volatility or illiquidity in financial markets, or economic conditions generally, could adversely affect Northview's ability to generate revenues, thereby reducing its operating income and earnings. In weak economic environments, Northview's ability to maintain occupancy rates could be reduced, and Northview's tenants may be unable to make their rental payments and meet their other obligations to Northview, which could have a material and adverse effect on Northview. In addition, fluctuations in interest rates or other financial market volatility may restrict the availability of financing for future prospective purchasers of Northview's investments and could potentially reduce the value of such investments.

In particular, Northview is subject to risks involving the regional and local economies in the markets in which its properties are located, including economic downturns of a regional or local nature and a rise in regional or local unemployment, which could adversely affect Northview's occupancy rates and the ability of Northview's tenants to make their rental payments and meet their other obligations to Northview. Such conditions could have a material and adverse effect on Northview.

A significant component of Northview's ability to successfully operate relates to certain external factors that are beyond Northview's control, particularly inflation, interest rates, and capital markets conditions. It is possible that capitalization rates within the Canadian multi-residential and commercial industries could increase in the future due to external market factors, which tend to put downward pressure on the market values of publicly traded real estate entities.

INFLATION RISK

Inflation has been at the highest levels seen in decades in Canada, which impacts on Northview, as well as the general economic and business environment in which Northview operates. Global and domestic inflationary pressures, external supply constraints, competitive labour markets, together with the imposition by central banks of higher interest rates, may put pressure on Northview's financing and labour costs as well as tenants' ability to pay rent in full or on a timely basis. If inflation at elevated levels persists and interest rates continue to climb, an economic contraction could be possible. Higher inflation and the prospect of moderated economic growth also negatively impact the markets in which Northview seeks capital, and in turn might impact Northview's ability to obtain capital in the future on favourable terms, or at all. There can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of Northview and its tenants. If Northview's operating costs were to become subject to significant inflationary pressures, it may negatively influence its operations and Northview may not be able to offset these higher operating costs by increasing rent from its tenants. This may have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders.

UTILITY COST RISK

Utility cost risk is the potential financial loss Northview may experience as a result of higher resource prices or lack of supply. Northview is exposed to utility cost risk from the fluctuation in retail prices for fuel oil, natural gas, and electricity, which are the primary utilities used to heat its properties. The exposure to utility cost risk is higher in the multi-residential rental and execusuite portfolios. For leases in commercial property, Northview provides for recovery of operating costs from tenants, including utilities. Due to the locations of a portion of Northview's portfolio, the exposure to utility price fluctuations is more pronounced in the first and last fiscal quarters of the year. Northview manages its exposure to utility cost risk through a number of measures, including energy-efficient appliances, fixtures, and windows. Northview may also utilize fixed price hedges to manage exposure to utility cost risk, where available.

Heating oil and wood pellets are the primary sources of fuel for heating properties located in Nunavut and Yellowknife, Northwest Territories.

Natural gas is the main source of fuel for heating properties located in Alberta; parts of British Columbia; New Brunswick; Saskatchewan; and Inuvik, Northwest Territories. Natural gas prices in Alberta and British Columbia are not subject to regulated price control. Northview uses fixed price hedges to manage the exposure to the utility cost risk in Alberta.

Electricity is the primary source for heating properties located in Newfoundland and Labrador, as well as parts of British Columbia. In Newfoundland and Labrador and British Columbia, electricity is purchased from the provincially-regulated utilities.

A 10% change in the combined average price of utilities (electricity, water, fuel oil, wood pellets, and natural gas) would impact Northview's net and comprehensive income (loss) by approximately $2.8 million for the year ended December 31, 2022 (December 31, 2021 – approximately $2.4 million).

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Northview's credit risk primarily arises from the possibility that residents may not be able to fulfill their lease commitments. Given Northview's collection history and the nature of these tenants, credit risk is assessed as low.

Accounts receivable consists mainly of resident receivables across the geographic areas in which Northview operates. There are no significant exposures to single residents with the exception of the Governments of Canada and Nunavut, which lease a large number of residential suites and commercial space in the Northwest Territories and Nunavut.

Northview mitigates credit risk through conducting thorough credit checks on prospective residents, requiring rental payments on the first of the month, obtaining security deposits approximating one month's rent from residents where legislation permits, and geographic diversification of its portfolio. Northview records an estimate of expected lifetime credit losses for receivables from past and current tenants as an allowance.

CATASTROPHIC EVENTS, INTERNATIONAL CONFLICT, NATURAL DISASTERS, SEVERE WEATHER AND DISEASE

Northview's business may be negatively impacted to varying degrees by a number of events which are beyond its control, including tornadoes, earthquakes, fires, floods, ice storms, cyber-attacks, unauthorized access, energy blackouts, pandemics, outbreaks of infectious disease, such as COVID-19, other public health crises affecting the markets where Northview operates, terrorist attacks, acts of war, or other natural or manmade catastrophes. As such, there can be no assurance that in the event of such a catastrophe that Northview's operations and ability to carry on business will not be disrupted. The occurrence of such events may not release Northview from performing its obligations to third parties. A catastrophic event, or fear associated therewith, could increase investment costs to repair or replace damaged properties, increase future property insurance costs and negatively impact tenant demand, which could have a negative impact on Northview's ability to conduct its business and increase its costs. In addition, liquidity and volatility, credit and insurance availability and market and financial conditions generally could change at any time as a result. While Northview will seek to maintain insurance for loss of revenue resulting from the occurrence of certain natural disasters, insurance for certain natural disasters may not be available, and any of these events in isolation or in combination, could have a material negative impact on Northview's financial condition and results of operations, decrease the amount of cash available for distribution to Unitholders.

Northview may be exposed to the impact of events caused by climate change, including an increase in the frequency and severity of the natural disasters and serious weather conditions outlined above. Furthermore, as a real estate property owner and manager, Northview faces the risk that its properties will be subject to government initiatives and reforms aimed at countering climate change, such as a reduction in greenhouse gas emissions. Northview may require operational changes and/or incur financial costs to comply with any such reforms. Any failure to adhere and adapt to climate change could result in fines or adversely affect Northview's reputation, operations, or financial performance.

International conflict and geopolitical tensions, including Russia's invasion on Ukraine, have led to increased uncertainty and volatility. The extent and duration of such conflict and related international response is difficult to predict and may have adverse and unforeseen impacts to Northview.

PUBLIC HEALTH CRISIS AND DISEASE OUTBREAKS

Public health crises, including the COVID-19 pandemic, or relating to any other virus, flu, epidemic, pandemic, or any other similar disease or illness (each a "Health Crisis"), could materially adversely impact Northview's and its tenants' businesses, and thereby the ability of tenants to meet their payment obligations, by disrupting supply chains and transactional activities and negatively impacting local, national, or global economies. A Health Crisis could further result in: a general or acute decline in economic activity in the regions in which Northview holds assets; increased unemployment, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures; supply shortages; increased government regulation; and the quarantine or contamination of one or more of Northview's properties. Contagion in a property or market in which Northview operates could negatively impact its occupancy, reputation, or attractiveness. All of these occurrences may have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders. Furthermore, increased government regulation relating to a Health Crisis could result in legislation or regulations that may restrict Northview's ability to enforce material provisions under its leases, including in respect of the collection of rent or other payment obligations, the ability of Northview to raise rent, or the ability of Northview to evict tenants for non-payment of rent, among other potential adverse impacts, that could have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders.

CO-INVESTMENT/JOINT VENTURES

Northview may invest in, or be a participant in, directly or indirectly, joint ventures and partnerships with third parties in respect of the properties. A joint venture or partnership involves certain additional risks, including:

- the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with Northview's or take actions contrary to the instructions, requests, policies, or objectives of the board of trustees of Northview (the "Board") or Starlight Investment CDN AM Group LP (the "Manager") with respect to the properties;
- the co-venturer/partner may have control over all of the day to day and fundamental decisions relating to a property;

- the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency, or other laws, which could result in additional financial demands to maintain and operate such properties or repay the co-venturers'/partners' share of property debt guaranteed by Northview or its subsidiaries or for which Northview or its subsidiaries will be liable and/or result in Northview suffering or incurring delays, expenses, and other problems associated with obtaining court approval of joint venture or partnership decisions;
- the risk that such co-venturers/partners may, through their activities on behalf of or in the name of the ventures or partnerships, expose or subject Northview or its subsidiaries to liability; and
- the need to obtain co-venturers'/partners' consents with respect to certain major decisions or inability to have any decision-making authority, including the decision to distribute cash generated from such properties or to refinance or sell a property.

In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to certain requirements, such as rights of first refusal, rights of first offer, or drag-along rights, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may inhibit Northview's ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on a desired basis.

Additionally, drag-along rights may be triggered at a time when Northview may not wish to sell its interest in a property, but Northview may be forced to do so at a time when it would not otherwise be in its best interest.

SUBSTITUTIONS FOR RESIDENTIAL RENTAL SUITES

Demand for rental suites in the properties is impacted by, and inversely related to, the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. In 2022, a rapid increase in interest rates by central banks globally, including the Bank of Canada, resulted in an increase in interest rates offered by financial institutions for financing home ownership. If the interest rates offered by financial institutions for home ownership financing lower, demand for rental suites may be adversely affected. A reduction in the demand for rental suites may have a material adverse effect on Northview's ability to lease suites in the properties and on the rents charged.

GOVERNMENT REGULATIONS

Certain provinces and territories in Canada have enacted residential tenancy legislation which imposes, among other things, rent control guidelines that limit Northview's ability to raise rental rates at the properties. Limits on Northview's ability to raise rental rates at the properties may adversely affect Northview's ability to increase income from the properties.

In addition to limiting Northview's ability to raise rental rates, residential tenancy legislation in such provinces may provide certain rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation may also prescribe procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective judicial or administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation may provide tenants with the right to bring certain claims to the respective judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing, and maintenance standards. As a result, Northview may, in the future, incur capital expenditures which may not be fully recoverable from tenants.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of Northview to maintain the historical level of earnings of the properties.

CHANGES IN APPLICABLE LAWS

Northview's operations must comply with numerous federal, provincial, territorial and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Non-compliance with laws could expose Northview to liability. Lower revenue growth or significant unanticipated expenditures may result from Northview's need to comply with changes in Applicable Laws, including:

- laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions, or
- other governmental rules and regulations or enforcement policies affecting the development, use and operation of Northview's properties, including changes to building codes and fire and life-safety codes.

ENVIRONMENTAL MATTERS AND CLIMATE CHANGE RISK

Northview is subject to various other requirements (including federal, provincial, territorial, and municipal laws, as applicable) relating to environmental matters. Such requirements provide that Northview could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic, or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic, or other regulated substances that may be present at or under its properties, including lead-based paint, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides, and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials. Additional liability may be incurred by Northview with respect to the release of such substances from Northview's properties to properties owned by third parties, including properties adjacent to Northview's properties or with respect to the exposure of persons to regulated substances.

The failure to remove or otherwise address such substances may materially adversely affect Northview's ability to sell such property, maximize the value of such property, or borrow using such property as collateral security, and could potentially result in claims or other proceedings against Northview. It is Northview's operating policy to obtain or be entitled to rely on an environmental site assessment prior to acquiring a property (other than the properties included in the acquisition completed on November 2, 2020 ("the Acquisition"). Northview did not obtain environmental site assessments for the properties included in the Acquisition. Where an environmental site assessment warrants further investigation, it is Northview's operating policy to conduct further environmental assessments. Although such environmental assessments provide Northview with some level of assurance about the condition of the properties, Northview may become subject to liability for undetected contamination or other environmental conditions of its properties against which it cannot have insurance, or against which Northview may elect not to have insurance where insurance premium costs are considered to be disproportionate to the assessed risk, which could have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders.

Northview will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, Northview does not believe that costs relating to environmental matters will have a material adverse effect on Northview's business, financial condition, or results of operations. However, environmental laws and other requirements can change and Northview may become subject to more stringent environmental laws and other requirements in the future. In addition, Northview may become subject to transition risks as a result of the process of shifting to a low-carbon economy, influenced by new and emerging climate-related public policies and regulations, technologies, stakeholder expectations, and legal developments. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues, or an increase in the costs required to address a currently known condition may have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders. As Northview did not obtain updated environmental site assessments of the properties included in the Acquisition, there may be undisclosed liabilities associated with such properties.

UNINSURED LOSSES

Northview or its subsidiaries will arrange for comprehensive insurance, including fire, liability, and extended coverage, of the type and in the amounts customarily obtained for properties similar to those to be owned by Northview or its subsidiaries and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases, certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable.

Should such a disaster occur with respect to any of the properties, Northview could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of such properties.

RISK RELATED TO INSURANCE RENEWALS

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When Northview's or its subsidiaries' current insurance policies expire, Northview or its subsidiaries may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Even if Northview is able to renew its policies at levels and with limitations consistent with its current policies, Northview cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. In order to partially mitigate the substantial increase in insurance costs in recent years, Northview may determine to gradually increase deductible and self-insured retention amounts. If Northview or its subsidiaries are unable to obtain adequate insurance on their properties for certain risks, it could cause Northview or its subsidiaries to be in default under specific covenants on certain of their respective indebtedness or other contractual commitments that they have which require Northview or its subsidiaries to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if Northview or its subsidiaries were unable to obtain adequate insurance, and their properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on Northview's business, cash flows, financial condition and results of operations.

COMPETITION FOR REAL PROPERTY INVESTMENTS OR TENANTS

Northview will compete for suitable real property investments with individuals, corporations, real estate investment trusts, and similar vehicles and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future real property investments or tenants similar to those sought by Northview. Such competition could have an impact on Northview's ability to lease suites in the properties and on the rents charged. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

HOLDING ENTITY STRUCTURE

As a holding entity, Northview's ability to meet its obligations, including payment of interest, other operating expenses, and distributions, and to complete current or desirable future enhancement opportunities or acquisitions generally depends on the receipt by Northview of dividends, distributions, and/or interest payments from its subsidiaries as the principal source of cash flow to pay such expenses and to pay distributions on the Units. As a result, Northview's cash flows and ability to pay distributions, including on the Units, are dependent upon the earnings of its subsidiaries and the distribution of those earnings and other funds by its subsidiaries to it. The payment of interest, dividends, and/or distributions by certain of Northview's subsidiaries may be subject to restrictions set out in relevant tax or corporate laws and regulations, constating documents, or other governing provisions, which may require that certain subsidiaries remain solvent following payment of any such interest, dividends, and/or distributions. Substantially all of Northview's business is currently conducted through its subsidiaries, and Northview expects this to continue.

STRUCTURAL SUBORDINATION OF UNITS

In the event of bankruptcy, liquidation, or reorganization of Northview Canadian HY Properties LP, Northview Canadian HY Holdings LP (together, the "Partnerships"), or any of their subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of the Partnerships, and their subsidiaries before any assets are made available for distribution to Northview or Unitholders. Therefore, the Units are effectively subordinated to the debt and other obligations of the Partnerships and their subsidiaries. The Partnerships and their subsidiaries generate all of Northview's cash available for distribution and hold substantially all of Northview's assets.

FLUCTUATIONS IN CAPITALIZATION RATES

As interest rates fluctuate in the lending market, generally capitalization rates will as well, which affects the underlying value of real estate. As such, when interest rates rise, generally capitalization rates could be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

RELIANCE ON THE MANAGER, TRUSTEES, AND EXPERTISE OF OPERATIONAL TEAM OF NORTHVIEW

Unitholders will, in large part, be relying on the expertise of the Manager, its principle, Daniel Drimmer, certain of its executives, as well as the Trustees and Northview's operational team. In particular, Unitholders will have to rely on the discretion and ability of the Manager in determining the composition of the portfolio of properties, and in negotiating the pricing and other terms of the agreements leading to the Recapitalization Event or any alternative liquidity event, as applicable. The loss of the services of key personnel could have an adverse effect on Northview, which Northview intends to mitigate through succession planning. The ability of the Manager to successfully implement Northview's investment strategy will depend in large part on the continued employment of the executive team. If the Manager loses the services of the executive team, the business, financial condition, and results of operations of Northview may be materially adversely affected.

A RECAPITALIZATION EVENT MAY NOT OCCUR

The Manager intends to complete a Recapitalization Event by approximately 2023, which may be extended by up to two one-year extension options. However, there can be no assurances that Northview will be able to complete such a Recapitalization Event on terms satisfactory to the Trustees, if at all, or that Unitholders will approve such a Recapitalization Event. In addition, notwithstanding Northview's intention to complete a Recapitalization Event as described herein, intervening circumstances may result in Northview being the subject of an alternative liquidity event.

DISTRIBUTIONS MAY BE REDUCED OR SUSPENDED

Although Northview intends to distribute its available cash to Unitholders, such cash distributions may be reduced or suspended. The ability of Northview to pay Unitholders distributions will depend on the ability of Northview to manage distributions relative to cash flows provided by operating activities, obligations under its credit facility and other debt, and capital expenditure requirements. The minimum return is payable prior to payment of any amounts pursuant to the carried interest, but is not guaranteed and may not be paid on a current basis in each year or at all. As a result, the cash distributions payable to Unitholders may not be paid on a current basis in each year or at all. The return on an investment in the Units is not comparable to the return on an investment in a fixed income security. Cash distributions, including a return of a Unitholder's original investment, are not guaranteed and their recovery by an investor is at risk and the anticipated return on investment is based upon many performance assumptions. It is important for purchasers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of distributions to Unitholders.

PAYMENT OF THE MINIMUM RETURN AND CARRIED INTEREST

The amounts calculated as being distributable to Unitholders pursuant to the carried interest are not the same as the amounts that will be distributed to Unitholders pursuant to the Declaration of Trust. It is possible that the persons entitled to the carried interest will receive amounts even if one or more classes of Units have not received the minimum return.

REVENUE SHORTFALLS

Revenues from the properties may not increase sufficiently to meet increases in operating expenses or debt service payments under any mortgages or to fund changes in the variable rates of interest charged in respect of such loans.

FIXED COSTS AND INCREASED EXPENSES

The failure to maintain stable or increasing average rental rates combined with acceptable occupancy levels would likely have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If Northview is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. Northview is also subject to utility and property tax risk relating to increased costs that Northview may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation.

Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that Northview cannot charge back to the tenant may have a material adverse effect on Northview's business, cash flows, financial condition, results of operations and ability to make distributions to Unitholders. The timing and amount of capital expenditures by Northview will affect the amount of cash available for distributions to Unitholders. Distributions may be reduced, or even eliminated, at times when Northview deems it necessary to make significant capital or other expenditures.

TRUST UNITHOLDER LIABILITY

Recourse for any liability of Northview is intended to be limited to the assets of Northview. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an "annuitant") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of Northview or of the Trustees.

The Trustees intend to cause Northview's operations to be conducted in such a way as to minimize any such risk, including by obtaining appropriate insurance and, where feasible, attempting to have a material written contract or commitment of Northview contain an express disavowal of liability against the Unitholders.

In conducting its affairs, Northview owns and will be acquiring real property investments, subject to existing contractual obligations, including obligations under mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations under mortgages on the properties and other acquired properties, and material contracts, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, Northview may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by Northview, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of Northview where the liability is not disavowed as described above.

RELIANCE ON ASSUMPTIONS

Northview's investment objectives and strategy have been formulated based on the Manager's analysis and expectations regarding recent economic developments in the secondary markets and the future status of the Canadian real estate markets generally. Such analysis may be incorrect and such expectations may not be realized, in which case Unitholders can expect the annualized pre-tax distribution yield per Unit to be less than 10.5% on gross proceeds of the Offering across all Unit classes.

POTENTIAL CONFLICT OF INTEREST

Northview may be subject to various conflicts of interest because certain affiliates, and their respective directors, officers, and associates, as well as the Trustees, the executive officers, and the Manager, are engaged in a wide range of real estate and other business activities. The Trustees may, from time to time, in their individual capacities, deal with parties with whom Northview may be dealing. The interests of these persons could conflict with those of Northview. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. Conflicts may also exist as certain Trustees will be nominated by the retained interest holders. There can be no assurance that the provisions of the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in favour of Northview.

SAME MANAGEMENT GROUP FOR VARIOUS ENTITIES

While the Manager is providing certain specified services to Northview, the services of the Manager as manager of Northview are not exclusive to Northview. The Manager or any of its affiliates and associates may, at any time, engage in the promotion, management, or administration of other investment portfolios and realty trusts in similar asset classes to those in which Northview invests. Accordingly, the Manager may face conflicts of interest in performing its services to Northview. While the Manager owes fiduciary, legal and financial duties to Northview and its Unitholders, these duties may from time to time conflict with the duties owed to the Manager's other real estate joint ventures and funds.

DEGREE OF LEVERAGE

Northview's degree of leverage could have important consequences to Unitholders. For example, the degree of leverage could affect Northview's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general fund purposes, making Northview more vulnerable to a downturn in business or the economy in general. Under the Declaration of Trust, total indebtedness of Northview can be no more than 70% of Gross Book Value, which may mean the appraised value of the properties inclusive of any portfolio premium for the purposes of this determination.

LITIGATION AT THE PROPERTY LEVEL

The acquisition, ownership, and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by Northview or its subsidiaries in relation to activities that took place prior to Northview's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of Northview's efforts to maximize sale proceeds. Similarly, successful buyers may later sue Northview under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

GENERAL LITIGATION RISK

In the normal course of Northview's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions in relation to personal injuries, property damage, property taxes, land rights, the environment, and contract disputes. The outcome with respect to outstanding, pending, or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to Northview and as a result, could have a material adverse effect of Northview's assets, liabilities, business, financial condition, and results of operations. Even if Northview prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from Northview's business operations, which could have a material adverse effect on Northview's business, cash flows, financial condition, results of operations, and ability to make distributions to Unitholders.

ASSET CLASS DIVERSIFICATION

Northview may make a relatively limited number of real estate investments and Northview's investments may not be widely diversified by asset class. A majority of Northview's investments will be in multi-residential real estate properties. A lack of asset class diversification increases risk because residential real estate, including multi-residential real estate, is subject to its own set of risks, such as adverse housing pattern changes and uses, increased real estate taxes, vacancies, rent controls, rising operating costs, and changes in mortgage rates.

GEOGRAPHIC DIVERSIFICATION OF NORTHVIEW'S PORTFOLIO

Northview's portfolio is a geographically diversified portfolio comprising income-producing multi-residential suites, commercial real estate, and execusuites located in the secondary markets. As such, Northview is susceptible to local economic conditions, other regulations, the supply of and demand for multi-residential suites, commercial real estate and execusuites, and natural disasters in these areas. If there is a downturn in the local economies, an oversupply of or decrease in demand for multi-residential suites, commercial real estate and execusuites in these markets or natural disasters in these geographical areas, Northview's business could be materially adversely affected to a greater extent than if it owned a more geographically diversified real estate portfolio. An important part of Northview's business plan is based on the belief that property values for multi-residential suites, commercial real estate, and execusuites in the markets in which it operates will continue to improve over the next several years. However, the markets in which Northview operates could experience economic downturns in the future. There can be no assurance as to the extent property values in these markets will improve, if at all. If these markets experience economic downturn in the future, the value of Northview's properties could decline, and its ability to execute its business plan may be adversely affected, which could adversely affect Northview's financial condition and operating results.

EXPOSURE TO THE NATURAL RESOURCE SECTOR

Multi-residential operations in natural resource-based markets, primarily in Western Canada, which represented 31.7% and 31.2% of NOI for the multi-residential segment for the years ended December 31, 2022 and 2021, respectively, are impacted by natural resource pricing and activity. Improvements in these markets is expected to occur when natural resource prices improve to levels where economic activity increases and results in higher demand for multi-residential rentals, or when other industries contribute to an increase in economic activity. Continued pressure or weakness in the natural resource sector may have a material adverse impact on Northview's financial performance.

NATURE OF THE INVESTMENT

The Units represent a fractional interest in Northview and do not represent a direct investment in Northview's assets and should not be viewed by investors as direct securities of Northview's assets. A holder of a Unit of Northview does not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of such act or any other legislation. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of Northview equivalent to the *Business Corporations Act* (Ontario) or the Canada Business Corporations Act which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, Northview may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain. Furthermore, Northview is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

POTENTIAL UNDISCLOSED LIABILITIES ASSOCIATED WITH ACQUISITIONS

Northview has acquired and may acquire properties that may be subject to existing liabilities, some of which may be unknown at the time of the acquisition or which Northview may fail to uncover in its due diligence. Unknown liabilities might include liabilities for claims by tenants, vendors, or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), tax liabilities, accrued but unpaid liabilities incurred in the ordinary course of business, and cleanup and remediation of undisclosed environmental conditions. While in some instances Northview may indirectly have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, Northview may not have recourse to the vendor of the properties for any of these liabilities.

CYBER SECURITY RISK

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including Northview. Cyber attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use, or disrupting business operations. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of Northview's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data, or steal confidential information. As Northview's reliance on technology has increased, so have the risks posed to its systems. Northview's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation, damage to Northview's business relationships with its tenants, disclosure of confidential information regarding its tenants, employees and third parties with whom Northview interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, and litigation. Northview has implemented processes, procedures, and controls to mitigate these risks, including cyber security awareness training, however there is no guarantee that its financial results will not be negatively impacted by such an incident.

RISKS RELATED TO REDEMPTIONS

USE OF AVAILABLE CASH

The payment in cash by Northview of the redemption price of Units will reduce the amount of cash available to Northview for the payment of distributions to Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

PAYMENT OF REDEMPTION PRICE IN KIND

In the event that the total amount payable by Northview in respect of the redemption of Units for a particular calendar quarter exceeds $100,000, the redemption of Units may be paid and satisfied by way of an *in specie* distribution of property of Northview, and/or unsecured subordinated notes of Northview, as determined by the Trustees in its discretion, to the redeeming Unitholder. Such property is not expected to be liquid and may not be a qualified investment for trusts governed by Plans, means, collectively, RRSPs, RRIFs, RESPs, DPSPs, RDSPs, and TFSAs. Adverse tax consequences generally may apply to a Unitholder, or Plan, and/or the annuitant, holder, subscriber, or beneficiary thereunder or thereof, as a result of the redemption of Units held in a trust governed by a Plan. Accordingly, investors that propose to invest in Units through Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

RISKS RELATED TO CANADIAN INCOME TAXES

CHANGES IN TAX LAWS

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, or the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) will not be changed in a manner that adversely affects Northview or Unitholders, including with respect to Northview’s qualification as a “mutual fund trust” and the special taxation regime's (the “SIFT Rules’”) inapplicability to a trust for a particular taxation year if the trust qualifies as a Tax REIT for the year (the “REIT Exemption”). Any such change could increase the amount of tax payable by Northview or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of distributions.

On November 3, 2022, the Minister of Finance released revised proposals to amend the Tax Act (the “EIFEL Proposals”) that are intended, where applicable, to limit the deductibility of interest and other financing-related expenses by an entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity’s tax EBITDA. The EIFEL Proposals and their application are highly complex, and there can be no assurances that the EIFEL Proposals, if enacted as proposed, will not have adverse consequences to Northview or its Unitholders. In particular, if these rules were to apply to restrict deductions otherwise available to Northview or otherwise increase Northview’s income for purposes of the Tax Act, the taxable component of distributions paid by Northview to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units. The EIFEL Proposals are proposed to be effective for taxation years beginning on or after October 1, 2023.

MUTUAL FUND TRUST STATUS

Northview intends to comply with the requirements under the Tax Act such that it will qualify at all times as a “mutual fund trust” for purposes of the Tax Act, however no assurances can be given in this regard. Should Northview cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Certain Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents, except in limited circumstances. There is no way of rectifying such a loss of mutual fund trust status such that if, at any time, Northview were to lose mutual fund trust status in this manner, Northview would permanently cease to be a mutual fund trust. Northview may also cease to qualify as a “mutual fund trust” for purposes of the Tax Act if a sufficient number of Unitholders were to redeem their Units.

RESTRICTIONS ON NON-RESIDENTIAL OWNERSHIP

In order to comply with the limitations on ownership by non-residents, the Declaration of Trust includes restrictions on the ownership of Units intended to limit the number of Units held by non-residents, such that non-residents of Canada for purposes of the Tax Act, partnerships that are not “Canadian partnerships” (as defined in the Tax Act) or any combination of the foregoing may not own Units representing more than 49% of the fair market value of all Units. The restrictions on the issuance of Units by Northview to non-residents may negatively affect Northview’s ability to raise financing for future acquisitions or operations. In addition, the non-resident ownership restrictions could negatively impact the liquidity of the Units and the market price at which Units can be sold.

SIFT RULES

Although, as of the date hereof, management expects that Northview will be able to meet the requirements of the REIT Exemption throughout 2023 and subsequent taxation years, and that each Partnership will qualify as an "excluded subsidiary entity" (as defined in the Tax Act) at all relevant times, there can be no assurance that Northview and the Partnerships will be able to qualify for the REIT Exemption and as "excluded subsidiary entities", respectively, in order for Northview, the Partnerships, and Unitholders not to be subject to the tax imposed by the SIFT Rules in 2023 or future years.

In the event that the SIFT Rules were to apply to Northview or a Partnership, the impact to a Unitholder would depend, among other factors, on the particular circumstances of the holder, on the amount of the "non-portfolio earnings" (as defined in the Tax Act) of Northview or Partnership, as applicable, and, in the case of Northview, on the amount of income distributed which would not be deductible by Northview in computing its income in a particular year and what portions of Northview's distributions constitute "non-portfolio earnings" (as defined in the Tax Act), other income and returns of capital.

If the SIFT Rules were to apply to Northview or a Partnership, the SIFT Rules may have an adverse impact on Northview and the Unitholders, on the value of the Units, and on the ability of Northview to undertake financings and acquisitions; and the distributable cash of Northview may be materially reduced. The effect of the SIFT Rules on the market for the Units is uncertain.

QUALIFYING DISPOSITION

Northview has taken the position that its indirect acquisition of a 100% interest in the initial portfolio as part of the Acquisition constituted a "qualifying disposition" within the meaning of the Tax Act. However, no advance tax ruling from the CRA will be obtained in this regard and there is limited guidance regarding the relevant rules in the Tax Act. In addition, there is a risk that Northview may be subject to successor liability under the Tax Act in respect of certain tax liabilities of Northview Apartment REIT. Should the acquisition of the initial portfolio from the Acquisition not constitute a qualifying disposition, or should any such successor liability arise, there may be materially adverse effects on Northview or the value of the Units.

TAXABLE INCOME EXCEEDING CASH DISTRIBUTIONS

Whether or not a Fund pays cash distributions in a particular year, it is expected that Northview will make sufficient distributions (in the form of additional Units if cash distributions are not paid) to ensure that Northview is not subject to non-refundable tax under Part I of the Tax Act for the year. Accordingly, Unitholders may be subject to tax under the Tax Act on their share of Northview's income regardless of whether cash distributions are paid.

NON-RESIDENT HOLDERS

The Tax Act may impose additional withholding or other taxes on distributions made by Northview to Unitholders who are non-residents. Such taxes may reduce the after-tax return received by a non-resident from an investment in Units. Such taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time.

LOSS RESTRICTION EVENT

Pursuant to rules in the Tax Act, if Northview experiences a "loss restriction event" (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of undistributed net income and net realized capital gains, if any, at such time to Unitholders to the extent necessary so that Northview is not liable for non-refundable tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, Northview will be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of Northview, each as defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a trust is a beneficiary of the trust whose beneficial interests in the income or capital of the trust, as the case may be, together with the beneficial interests in the income or capital of the trust, as the case may be, of persons and partnerships with whom such beneficiary is affiliated for the purposes of the Tax Act, represent greater than 50% of the fair market value of all the interests in the income or capital of the trust, as the case may be.

ADDITIONAL RISKS RELATED TO THE UNITS

VOLATILE MARKET PRICE FOR THE UNITS

The market price for Class A Units on the Toronto Stock Exchange may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Northview's control, including the following: (i) actual or anticipated fluctuations in Northview's quarterly results of operations; (ii) changes in the economic performance or market valuations of other issuers that investors deem comparable to Northview; (iii) addition or sudden departure of the Trustees, the Chief Executive Officer or Chief Financial Officer as provided by the Manager and other key personnel; (iv) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Northview or its competitors; (v) news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in Northview's industry or target markets; and (vi) changes in liquidity, volatility, credit availability and market and financial condition as a result of catastrophic events, natural disasters, severe weather, outbreak of an infectious disease, a pandemic or a similar health threat such as the COVID-19 virus pandemic, or fear of any of the foregoing.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of public entities and that have, in several cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if Northview's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of Northview's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Units. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, Northview's operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

MARKET FOR SECURITIES AND PRICES

Northview is an unincorporated investment trust and its Class A Units are listed on the TSX. There can be no assurance that an active trading market in the Class A Units will be sustained. A publicly traded real estate investment trust does not necessarily trade at the values determined solely by reference to the underlying value of its real estate assets. Instead, the Class A Units may trade at a premium or a discount to such values. A number of factors may influence the market price of the Class A Units, including general market conditions, fluctuations in the markets for securities, short-term supply and demand factors for real estate investment trusts, and numerous other factors. There can be no assurance that upon conversion of Class C and Class F Units, an active market in the Class A Units will be sustained.

APPRAISALS

Northview may, from time to time, engage appraisers to provide independent estimates of the fair market value range in respect of the properties. Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. Furthermore, a publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Class A Units may trade at a premium or a discount to values implied by any appraisal(s) of the properties.

LIMITED CONTROL

Unitholders have limited control over changes in Northview's policies and operations, which increases the uncertainty and risks of an investment in Northview. The Board determines major policies, including policies regarding financing, growth, debt capitalization, and distributions. The Board may amend or revise these and other policies without a vote of Unitholders. Under Northview's organizational documents, Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in Northview. In addition, the Declaration of Trust and the investor rights agreement (the "Investor Rights Agreement") dated December 29, 2020, as amended and restated by and among Northview, the Manager, KingSett Real Estate Growth LP No. 7, KingSett Canadian Real Estate Income Fund LP and AIMCo Realty Investors LP grant certain nomination rights to Starlight Group and KingSett, respectively.

GAINS AND LOSSES ON CAPITAL ACCOUNT

The tax treatment of gains and losses realized by Northview will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. Northview generally will treat gains (or losses) on the disposition of its properties as capital gains (or capital losses). Designations with respect to Northview's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If any transactions of Northview are determined not to be on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such determination by the CRA may result in Northview being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution.

FINANCIAL REPORTING AND OTHER PUBLIC COMPANY REQUIREMENTS

Northview is subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which any class of Units are listed, including National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings. These reporting and other obligations place significant demands on Northview's management, administrative, operational and accounting resources. In order to meet such requirements, Northview has established systems, implemented financial and management controls, reporting systems and procedures and retained accounting and finance personnel. If Northview is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause Northview to fail to meet its reporting obligations or result in material misstatements in its financial statements. If Northview cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in Northview's reported financial information, which could result in a lower trading price of Class A Units.

Management does not expect that Northview's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgements in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS as issued by the International Accounting Standards Board requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgements 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 judgements in applying accounting policies. Actual results may differ from these estimates.

ESTIMATES

FAIR VALUE OF INVESTMENT PROPERTIES

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 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 value.

Components of projected stabilized NOI that could be impacted by the increased economic uncertainty include market rents, occupancy rates, and operating expenses such as utilities and bad debt expenses. As at December 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 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 regions with limited trading activity. Changes in the value of the investment properties impact net and comprehensive income (loss).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are calculated to recognize the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of useful lives are based on data and information from various sources including industry practice and company-specific history. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

The componentization of Northview's property, plant, and equipment, namely buildings, is based on management's judgement of what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation and amortization.

IMPAIRMENT

Assessment of impairment is based on management's judgement of whether there are internal and external factors that would indicate that an asset or CGU is impaired. The determination of CGUs is also based on management's judgement and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how management monitors and makes decisions about Northview's operations.

JUDGEMENTS

PURCHASE OF INVESTMENT PROPERTIES

Northview reviews its purchases of investment properties to determine whether the purchase is a business combination as IFRS requires differing treatment of property acquisitions depending on whether the purchase meets the definition of a business combination. Judgement is involved in determining whether a purchase forms part of a business combination or an asset acquisition. Should the purchase form part of a business combination, closing costs, such as appraisal and legal fees, are expensed as incurred and earnings are affected. If the purchase is an asset acquisition, these costs are capitalized as part of the cost of the assets acquired and earnings are not immediately affected.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 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 December 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.

As at December 31, 2022, management conducted an evaluation of the design and operating effectiveness of Northview's DC&P under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's DC&P were effective as at December 31, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at December 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.

As at December 31, 2022, management conducted an evaluation of the design and operating effectiveness of Northview's ICFR under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's ICFR was effective as at December 31, 2022. 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 all errors and fraud.

During the fourth 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.