# NORTHVIEW FUND ANNOUNCES 2022 FINANCIAL RESULTS, INCLUDING STRONG OCCUPANCY GAINS OFFSETTING INFLATIONARY COST PRESSURES ENABLING NOI GROWTH

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Calgary, Alberta – **March 29, 2023** – Northview Fund ("Northview" or the "Fund") (NHF.UN – TSX), today announced financial results for the three months and year ended December 31, 2022.

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

"We delivered NOI growth in 2022 as strong occupancy gains in the multi-residential portfolio outpaced the impact of inflationary pressures in operating expenses experienced across the portfolio. Occupancy improved by 320 bps during the year, including impressive improvement in Western Canada of 780 bps," commented Mr. Todd Cook, Chief Executive Officer of Northview. "In the current high interest rate environment, our team remains fully engaged on executing the mortgage refinance program, which enabled us to repay $84.2 million of floating rate credit facility debt in 2022."

## Q4 2022 HIGHLIGHTS

- 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(1) 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 experienced higher revenue, due to increases in both occupancy and AMR(1), 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.

- Net and comprehensive income was $25.1 million in Q4 2022, compared to net and comprehensive loss of $18.2 million in the fourth quarter of 2021. The change primarily related to a fair value gain on investment properties, which was driven by higher projected stabilized NOI in Northern and Atlantic Canada.

- Occupancy for the multi-residential portfolio of 93.4% in the fourth quarter of 2022 represented an improvement of 320 bps compared to the same period in 2021, driven by a 780-bps increase in Western Canada. The occupancy improvement in Western Canada was achieved while increasing AMR through the reduction of lease incentives.

- Funds from operations ("FFO")(2) was $9.5 million for the fourth quarter of 2022, resulting in FFO per Unit(2) of $0.26, compared to $16.1 million and $0.45, respectively, for Q4 2021. The decrease in FFO was mainly related to a $6.9 million increase in financing costs. The increase in financing costs was primarily attributable to higher interest rates on the credit facility as the floating rate nearly doubled from 4.09% in Q4 2021 to 8.08% in Q4 2022.

- In the fourth quarter of 2022, $21.6 million of mortgage financing, excluding short-term financing, for multi-residential properties was completed at a weighted average interest rate of 4.08% and average term to maturity of 5.4 years.

(1) See "Non-GAAP and Other Financial Measures" section of this news release.

(2) Non-GAAP financial measure or non-GAAP ratio. See "Non-GAAP and Other Financial Measures" section of this news release.

## 2022 ANNUAL HIGHLIGHTS

- NOI was $112.5 million in 2022 compared to $112.7 million for 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. NOI margin of 56.8% for 2022 represented a 180-bps decline relative to 58.6% for 2021 driven by higher operating expenses.

- Net and comprehensive income for the year ended December 31, 2022 was $70.8 million compared to net and comprehensive loss of $21.3 million for 2021 which was driven by a fair value gain on investment properties primarily in Northern Canada and Atlantic Canada.

- 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 related to an increase in financing costs due to higher interest rates on the credit facility as well as higher utility costs. This resulted in an FFO payout ratio[(2)] of 88.3% compared to 69.1% in 2021.

- Debt to gross book value[(1)] was 66.4% as at December 31, 2022, a decrease of 140 bps from 67.8% as at December 31, 2021, driven primarily by the fair value gain on investment properties recognized in the year.

- During 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.

- Credit facility repayments of $84.2 million and borrowings of $74.0 million were completed for the year ended December 31, 2022. 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.

(1) See “Non-GAAP and Other Financial Measures” section of this news release.

(2) Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures” section of this news release.

## FINANCIAL CONDITIONS AND OPERATING RESULTS

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

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| Revenue | **198,210** | 192,125 |
| NOI | **112,508** | 112,669 |
| NOI margin | **56.8%** | 58.6% |
| | | |
| Cash flows provided by operating activities | **41,030** | 57,531 |
| Distributions declared to Unitholders | **45,150** | 45,150 |
| Monthly distributions declared per Unit – weighted average ($/Unit) | **0.1091** | 0.1091 |
| Class A Unit ($/Unit) | **0.1048** | 0.1048 |
| Class C Unit ($/Unit) | **0.1106** | 0.1106 |
| Class F Unit ($/Unit) | **0.1081** | 0.1081 |
| FFO payout ratio – trailing twelve months[2] | **88.3%** | 69.1% |
| AFFO payout ratio – trailing twelve months[2] | **117.7%** | 83.3% |
| | | |
| Net and comprehensive income (loss) | **70,811** | (21,341) |
| Net and comprehensive income (loss) per Unit ($/Unit) | **1.97** | (0.59) |
| FFO[2] | **51,160** | 65,386 |
| FFO per Unit ($/Unit)[2] | **1.42** | 1.82 |
| AFFO[2] | **38,362** | 54,190 |
| AFFO per Unit ($/Unit)[2] | **1.07** | 1.51 |

(1) See “Non-GAAP and Other Financial Measures” section of this news release.

(2) Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures” section of this news release.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Certain measures in this earnings release do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and may, therefore, be considered non-GAAP financial measures, non-GAAP ratios, or other measures and may not be comparable to similar measures presented by other issuers. These measures are provided to enhance the readers' overall understanding of our current financial condition and financial performance. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a more consistent basis for comparison between periods. These measures include widely accepted measures of performance for Canadian real estate investment trusts; however, the measures are not defined by GAAP. In addition, these measures are subject to the interpretation of definitions by the preparers of financial statements and may not be applied consistently between real estate entities. These measures include:

- **Non-GAAP Financial Measures**: Adjusted funds from operations ("AFFO") and funds from operations ("FFO")
- **Non-GAAP Ratios**: AFFO payout ratio, AFFO per Unit, FFO payout ratio, FFO per Unit
- **Capital Management Measures**: Debt to gross book value
- **Other Key Performance Indicators**: AMR, occupancy, Units outstanding

For information on the most directly comparable GAAP measures, composition of the measures, a description of how Northview uses these measures, and an explanation of how these measures provide useful information to investors, refer to the "Non-GAAP and Other Financial Measures" section of Northview's Management Discussion and Analysis as at and for the years ended December 31, 2022 and 2021, available on Northview's profile on SEDAR at www.sedar.com, which is incorporated by reference into this news release.

### NON-GAAP RECONCILIATION

The following table reconciles FFO and AFFO from net and comprehensive income (loss), the most directly comparable GAAP measure as presented in the audited consolidated annual 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 | **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 | **6,306** | 13,303 | **38,362** | 54,190 |
| FFO per Unit ($/Unit) | **0.26** | 0.45 | **1.42** | 1.82 |
| FFO payout ratio – trailing twelve months | **88.3%** | 69.1% | **88.3%** | 69.1% |
| AFFO per Unit ($/Unit) | **0.18** | 0.37 | **1.07** | 1.51 |
| AFFO payout ratio – trailing twelve months | **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.

## FINANCIAL INFORMATION

Northview's audited consolidated annual financial statements, the notes thereto, and Management's Discussion and Analysis for the years ended December 31, 2022 and 2021, can be found on Northview's website at www.northviewfund.com and SEDAR at www.sedar.com.

## ABOUT NORTHVIEW FUND

Northview is a closed-end fund established pursuant to a declaration of trust under the laws of the Province of Ontario for the primary purpose of indirectly acquiring, owning, and operating a portfolio of income-producing rental properties in secondary markets within Canada.

## CAUTIONARY AND FORWARD-LOOKING INFORMATION

Certain information contained in this news release may constitute forward-looking information within the meaning of applicable securities laws relating to the business and financial outlook of Northview. Statements that reflect Northview's current objectives, plans, goals, and strategies are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking information. In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements related to the recapitalization event, future maintenance expenditures, financing and the availability of financing, future economic conditions, liquidity and capital resources, market trends, future operating efficiencies, tenant incentives, and occupancy levels. Such statements involve significant risks and uncertainties and are not meant to provide guarantees of future performance or results. These cautionary statements qualify all of the statements and information contained in this news release incorporating forward-looking information.

Forward-looking information is made as of March 29, 2023 and is based on information available to management as of that date. Management believes that the expectations reflected in forward-looking information is based upon information and reasonable assumptions available at the time they are made; however, management can give no assurance that the actual results will be consistent with this forward-looking information. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking information include, but are not limited to, general economic conditions; the 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.

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.

*To learn more about Northview, visit www.northviewfund.com or contact:*


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