

NORTHVIEW FUND ANNOUNCES Q2 2023 FINANCIAL RESULTS, INCLUDING STRONG OCCUPANCY GAINS AND NOI GROWTH OF 7.1 PERCENT



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Calgary, Alberta – **August 9, 2023** – Northview Fund (“Northview” or the “Fund”) (NHF.UN – TSX), today announced financial results for the three and six months ended June 30, 2023.

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

“We are pleased to announce NOI growth of 7.1% in the second quarter results, which was driven by the multi-residential segment as well as the commercial and executive segment,” noted Mr. Todd Cook, Chief Executive Officer of Northview. “We also look forward to the expected completion of the Fund’s Recapitalization Event, which will lead our transformation into Northview Residential REIT. The acquisitions of the three high-quality property portfolios, strengthening Northview’s balance sheet, will provide the REIT additional financial flexibility and help to drive Unitholder value in the years to come.”

Q2 2023 HIGHLIGHTS

- On June 12, 2023, Northview announced a recapitalization transaction of three portfolios and its intention to transform into Northview Residential REIT (the “Recapitalization Event”). On August 4, 2023, Unitholders approved the Recapitalization Event, the closing of which remains subject to customary closing conditions, including the receipt of certain third-party consents.
- Net operating income (“NOI”) and NOI margin⁽¹⁾ increased by 7.1% and 0.9%, respectively, from the second quarter of 2022 as increased revenues, driven by higher occupancy⁽¹⁾ and average monthly rent (“AMR”) ⁽¹⁾, exceeded higher operating expenses in both the multi-residential and the commercial and executive segments.
- In the multi-residential segment, NOI growth of 7.4% from the second quarter of 2022 was driven by increases in occupancy and AMR in Western Canada and Atlantic Canada resulting in NOI growth of 20.7% and 13.5%, respectively, for these regions. This NOI growth was partially offset by lower NOI in Northern Canada due to higher maintenance expenses.
- Occupancy for the multi-residential segment increased for the fifth consecutive quarter. Multi-residential segment occupancy of 94.1% represented an increase of 320 basis points (“bps”) from the second quarter of 2022 and an increase of 40 bps from the previous quarter. Compared to the second quarter of 2022, the increase in occupancy was due to a 780-bps increase in Western Canada and a 130-bps increase in Atlantic Canada.
- Funds from operations (“FFO”) ⁽²⁾ was \$11.4 million compared to \$14.6 million for the three months ended June 30, 2022 resulting in an FFO per Unit ⁽²⁾ of \$0.32 compared to \$0.41 for the comparative period. The decreases in FFO and FFO per Unit were attributable to higher financing costs, which more than offset growth in NOI.
- Net and comprehensive loss of \$3.1 million was lower than \$3.8 million for the three months ended June 30, 2022 as strong NOI results and lower distributions to Unitholders outpaced higher financing costs compared to the second quarter of 2022.

⁽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.

- In June 2023, Northview adjusted its distribution to \$0.625 from \$1.26 per Class A Unit per annum (with proportionately equivalent changes to the distributions per Class C Unit and Class F Unit). The current level of distributions is expected to allow for stable monthly cash distributions to Unitholders.
- In Q2 2023, \$72.1 million of mortgage financing, excluding short-term financing, for multi-residential properties was completed at a weighted average interest rate of 4.13% and average term to maturity of 9.28 years.

2023 YEAR-TO-DATE HIGHLIGHTS

- NOI of \$57.5 million in 2023 was higher than \$53.3 million for 2022 as higher revenue more than offset higher operating expenses. The 8.0% increase was driven by the multi-residential segment due to a 320-bps increase in occupancy compared to the six months ended June 30, 2022 and higher AMR across all regions.
- 2023 FFO of \$18.5 million (\$0.52 per Unit) was lower than \$27.1 million (\$0.75 per Unit) for the six months ended June 30, 2022 as higher financing costs due to higher interest rates on the credit facility were partially offset by higher NOI resulting in an FFO payout ratio⁽²⁾ of 101.6% compared to 73.2% in 2022.
- Net and comprehensive loss for the six months ended June 30, 2023 of \$12.5 million was higher than \$7.0 million for 2022. The increase in net and comprehensive loss was driven by increased financing costs, partially offset by NOI growth.
- Debt to gross book value⁽¹⁾ was 67.8% as at June 30, 2023, an increase of 140 bps from 66.4% as at December 31, 2022, as a result of higher debt.
- During the six months ended June 30, 2023, Northview completed \$215.2 million of mortgage financing with a weighted average interest rate of 4.16% and an average term to maturity of 6.60 years.
- Credit facility repayments of \$98.1 million and borrowings of \$23.9 million were completed for the six months ended June 30, 2023. 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.

(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.

RECAPITALIZATION EVENT

- On June 12, 2023, Northview announced its Recapitalization Event, including the acquisitions of three portfolios for \$742 million and its intention to transform into Northview Residential REIT. The purchase price is expected to be satisfied through a combination of the issuance of units at an issue price of \$15.06 per Unit, exchangeable or redeemable units of certain subsidiaries of Northview at a value of \$15.06 per unit, the assumption of in-place mortgage debt, and credit facility borrowings.
- In connection with the Recapitalization Event, Northview intends to amend its Declaration of Trust to align Northview with typical open-ended real estate investment trusts and to facilitate the aforementioned acquisitions.
- Upon close of the Recapitalization Event, Northview expects to execute amendments to the existing credit facility which include, among other matters, an extension of the maturity date of October 30, 2023 to December 31, 2024 and a revised threshold for the debt service coverage ratio of 1.20 from 1.40. In addition to the amendments to its existing credit facility, Northview expects an additional \$60.0 million credit facility.
- In accordance with its terms, the management agreement dated November 2, 2020, by and among Starlight Investments CDN AM Group LP and Northview, will terminate upon completion of the Recapitalization Event.
- Northview received a no-action letter from the Competition Bureau and on August 4, 2023, Unitholders approved the Recapitalization Event. The closing of the Recapitalization Event remains subject to customary closing conditions, including the receipt of certain third-party consents.

For additional information, see also the Notice of Annual and Special Meeting of Unitholders and Management Information Circular dated June 30, 2023 at www.northviewfund.com and on SEDAR+ at www.sedarplus.ca.

(1) 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 June 30, 2023	As at December 31, 2022
Total assets	1,950,301	1,954,529
Total liabilities, excluding net assets attributable to Unitholders	1,396,873	1,388,497
Total liabilities, net assets attributable to Unitholders	1,949,149	1,953,366
Total non-current liabilities, excluding net assets attributable to Unitholders	682,751	562,433
Mortgages payable	929,864	850,830
Debt to gross book value ⁽¹⁾	67.8%	66.4%
Weighted average mortgage interest rate	3.65%	3.63%
Weighted average term to maturity (years)	3.4	2.5
Weighted average capitalization rate	7.18%	7.18%
Multi-residential occupancy ⁽¹⁾	94.1%	93.4%
AMR (\$) ⁽¹⁾	1,299	1,278
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

	Six Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Revenue	51,578	48,899	103,205	97,538
NOI	30,656	28,628	57,545	53,259
NOI margin ⁽¹⁾	59.4%	58.5%	55.8%	54.6%
Cash flows provided by operating activities	10,873	15,315	13,500	21,922
Distributions declared to Unitholders	9,395	11,288	20,683	22,576
Distributions declared per Unit (\$/Unit)				
Class A Unit	0.2616	0.3143	0.5759	0.6286
Class C Unit	0.2761	0.3317	0.6078	0.6634
Class F Unit	0.2699	0.3242	0.5941	0.6484
FFO payout ratio – trailing twelve months ⁽²⁾	101.6%	73.2%	101.6%	73.2%
AFFO payout ratio – trailing twelve months ⁽²⁾	140.6%	90.9%	140.6%	90.9%
Net and comprehensive loss	(3,100)	(3,759)	(12,521)	(7,024)
Net and comprehensive loss per Unit (\$/Unit)	(0.09)	(0.10)	(0.35)	(0.20)
FFO ⁽²⁾	11,435	14,552	18,517	27,102
FFO per Unit (\$/Unit) ⁽²⁾	0.32	0.41	0.52	0.75
AFFO ⁽²⁾	8,732	11,353	13,111	20,703
AFFO per Unit (\$/Unit) ⁽²⁾	0.24	0.32	0.37	0.58

(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, NOI margin, 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 three and six months ended June 30, 2023 and 2022, available on Northview’s profile on SEDAR+ at www.sedarplus.ca, which is incorporated by reference into this news release.

NON-GAAP RECONCILIATION

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

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars, except as indicated)	2023	2022	2023	2022
Net and comprehensive loss	(3,100)	(3,759)	(12,521)	(7,024)
Adjustments:				
Distributions to Unitholders	9,395	11,288	20,683	22,576
Depreciation	769	770	1,539	1,538
Fair value loss on investment properties	4,309	6,215	8,687	9,940
Other ⁽¹⁾	62	38	129	72
FFO	11,435	14,552	18,517	27,102
Maintenance capex reserve – multi-residential	(2,537)	(2,963)	(5,074)	(5,926)
Maintenance capex reserve – commercial	(166)	(236)	(332)	(473)
AFFO	8,732	11,353	13,111	20,703
FFO per Unit (\$/Unit)	0.32	0.41	0.52	0.75
FFO payout ratio – trailing twelve months	101.6%	73.2%	101.6%	73.2%
AFFO per Unit (\$/Unit)	0.24	0.32	0.37	0.58
AFFO payout ratio – trailing twelve months	140.6%	90.9%	140.6%	90.9%
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, and fair value adjustments for non-controlling interest and equity investments.

FINANCIAL INFORMATION

Northview's unaudited condensed consolidated interim financial statements, the notes thereto, and Management's Discussion and Analysis for the three and six months ended June 30, 2023 and 2022, can be found on Northview's website at www.northviewfund.com and on SEDAR+ at www.sedarplus.ca.

ABOUT NORTHVIEW FUND

Northview is a closed-end fund, as no further Units will be issued in its current structure, 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 constitutes forward-looking information within the meaning of applicable securities laws. Statements that reflect Northview's 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 and timing thereof or expected impacts therefrom, future maintenance expenditures, financing and the availability of financing and the terms thereof (including Northview's ability to amend its credit facility), 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 news release incorporating forward-looking information.

Forward-looking information is made as of August 9, 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 reasonable assumptions; 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 the risks identified in Northview's Management's Discussion and Analysis for the three and six months ended June 30, 2023 and 2022 and Northview's Management's Discussion and Analysis for the years ended December 31, 2022 and 2021, general economic conditions; the availability of a new competitive supply of real estate which may become available through construction; Northview's ability to maintain distributions at their current level; Northview's ability to maintain occupancy and the timely lease or re-lease of multi-residential suites, executives, and commercial space at current market rates; compliance with financial covenants and negotiations on the credit facility; 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; risks associated with the Recapitalization Event, including the ability to complete such transaction; 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.

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

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