

Northview Residential REIT, Newly Transformed \$2.7 Billion REIT, Reports Strong 2023 Results, Including Multi-Residential Same Door NOI Growth of 7.8% and Western Canada Occupancy Gains of 390 bps



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Calgary, Alberta – **February 27, 2024** – Northview Residential REIT (“Northview” or the “REIT”) (NRR.UN – TSX), today announced financial results for the three months and year ended December 31, 2023.

“2023 was a successful year for Northview with strong same door NOI growth and completion of the Recapitalization Event in August,” noted Mr. Todd Cook, President and Chief Executive Officer of Northview. “Same door NOI growth was driven by improved performance in the Western Canada portfolio with NOI growth of 22% where both occupancy and monthly rents increased throughout the year.”

“The Recapitalization Event included the acquisition of properties consisting of 3,301 multi-residential suites and 119,643 commercial square feet for \$742 million, in addition to reducing total leverage, converting into a traditional REIT and internalizing management. With our diversified portfolio, strengthened balance sheet and improved distribution payout ratio, Northview is well positioned to continue to provide value and stable distributions to Unitholders,” concluded Mr. Cook.

2023 ANNUAL HIGHLIGHTS

- Total net operating income (“NOI”) increased \$19.4 million or 17.3% for the year ended December 31, 2023 due to the impact of the new acquisitions and same door NOI⁽¹⁾ growth. The acquisitions contributed \$13.1 million of NOI and the results were consistent with management’s expectations.
- Same door NOI of \$118.5 million in 2023 was higher than \$112.5 million for 2022 driven by higher revenue in Western Canada and Atlantic Canada. This was partially offset by lower revenue in Northern Canada due to wildfire evacuations in Yellowknife, NT and higher operating costs.
- During 2023, Northview decreased its credit facilities balance by 30.3% as Northview continued to focus on repaying borrowings on the credit facilities and repaid \$246.2 million through the use of net proceeds from mortgage financing. To further mitigate Northview’s exposure to floating interest rates, Northview also completed \$485.8 million of mortgage financing with a weighted average interest rate of 4.33% average term to maturity of 7.3 years.
- Northview decreased its debt to gross book value⁽¹⁾ by 440 bps to 65.1% as at December 31, 2023 from 69.5% as at December 31, 2022 driven by lower leverage ratios from the acquired portfolios.
- Northview’s total assets grew to \$2.7 billion following completion of the previously announced Recapitalization Event in August 2023, which included the acquisition of three high-quality portfolios consisting of 3,301 multi-residential suites and a transformation into Northview Residential REIT, an open-ended real estate investment trust. This provides further geographic diversification, a strong foundation for future growth opportunities through a strengthened balance sheet, and enhances Northview’s ability to broaden and deepen its access to capital.

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

- Funds from operations (“FFO”)⁽²⁾ for 2023 of \$45.4 million was lower than \$51.2 million for the year ended December 31, 2022 as higher financing costs exceeded NOI growth. FFO per basic and diluted Unit⁽²⁾ of \$1.73 and \$1.67 were lower than \$2.49 and \$2.49, respectively, for the comparative period due to lower FFO and additional Units issued for the Recapitalization Event.
- Net and comprehensive income of \$163.2 million for 2023 was higher than \$70.8 million for 2022 driven by a higher fair value gain on investment properties and NOI as well as the reclassification on distributions expense, partially offset by Recapitalization Event costs and higher financing costs.

Q4 2023 HIGHLIGHTS

- Total NOI increased \$11.0 million or 38.9% from the fourth quarter of 2022 mainly due to the new acquisitions contributing NOI of \$9.4 million, along with multi-residential same door NOI growth of 7.8%. Significant same door occupancy⁽¹⁾ gains of 390 basis points (“bps”) in Western Canada led to an increase in multi-residential same door occupancy of 120 bps to 94.6% from the fourth quarter of 2022. Average monthly rent (“AMR”)⁽¹⁾ gains were most prominent in Western Canada and Atlantic Canada also contributing to same door NOI growth. Northview’s properties have reached stabilized occupancy allowing for increased focus on AMR management.
- FFO of \$14.4 million was higher compared to \$9.5 million for the three months ended December 31, 2022 due to higher NOI, reflecting the first full quarter of operating results from the acquisitions, partially offset by higher financing costs. FFO per basic and diluted Unit of \$0.40 and \$0.34 were lower than \$0.46 and \$0.46, respectively, for the comparative period due to additional Units issued for the Recapitalization Event.
- For the three months ended December 31, 2023, distributions declared to Unitholders⁽¹⁾ of \$9.9 million, represented 68.6% of FFO in the fourth quarter of 2023.
- Net and comprehensive income of \$20.2 million was lower than \$25.1 million from the fourth quarter of 2022 due to lower fair value gains on investment properties, a fair value loss on Exchangeable Units, and higher financing cost, which was partially offset by NOI growth and reclassification on distributions expense.

(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, 2023	As at December 31, 2022	As at December 31, 2021
Total assets	2,748,450	1,954,529	1,853,096
Total liabilities, excluding net assets attributable to Unitholders	1,918,398	1,388,497	1,357,746
Credit facilities	348,576	503,502	513,677
Mortgages payable	1,378,394	850,830	808,842
Debt to gross book value ⁽¹⁾	65.1%	69.5%	71.1%
Weighted average mortgage interest rate	3.80%	3.63%	2.87%
Weighted average term to maturity (years)	4.7	2.5	2.7
Weighted average capitalization rate	6.41%	7.18%	7.44%
Multi-residential occupancy ⁽¹⁾	94.7%	93.4%	90.2%
AMR (\$) ⁽¹⁾	1,313	1,278	1,272
Number of multi-residential suites	14,422	11,121	11,121
Number of executives	200	200	200
Commercial sq. ft.	1,251,373	1,131,730	1,131,730
Number of Units outstanding ⁽¹⁾	36,056	20,524	20,524
	Year Ended December 31		
	2023	2022	2021
Revenue	228,472	198,210	192,125
NOI	131,948	112,508	112,669
NOI margin ⁽¹⁾	57.8%	56.8%	58.6%
Cash flows provided by operating activities	44,316	41,030	57,531
Distributions declared to Unitholders ⁽¹⁾	38,546	45,150	45,150
Distributions declared per Unit (\$/Unit)			
Class A Unit	1.5547	2.2000	2.2000
Class C Unit	1.6155	2.3218	2.3218
Class F Unit	1.5894	2.2695	2.2695
FFO payout ratio ⁽²⁾⁽³⁾	84.9%	88.3%	69.1%
AFFO payout ratio ⁽²⁾⁽³⁾	115.5%	117.7%	83.3%
Net and comprehensive income	163,168	70,811	(21,341)
Per basic Unit (\$/Unit)	6.23	3.45	(1.04)
Per diluted Unit (\$/Unit)	5.98	3.45	(1.04)
FFO ⁽²⁾	45,422	51,160	65,386
Per basic Unit (\$/Unit) ⁽²⁾	1.73	2.49	3.19
Per diluted Unit (\$/Unit) ⁽²⁾	1.67	2.49	3.19
AFFO ⁽²⁾	33,371	38,362	54,190
Per basic Unit (\$/Unit) ⁽²⁾	1.27	1.87	2.64
Per diluted Unit (\$/Unit) ⁽²⁾	1.22	1.87	2.64
Weighted average number of Units – basic (000's) ⁽¹⁾	26,184	20,524	20,524
Weighted average number of Units – diluted (000's) ⁽¹⁾	27,275	20,524	20,524

(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.

(3) Calculated for the period from January 1, 2023 to December 31, 2023.

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 Northview’s 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; and FFO per Unit
- **Capital Management Measures:** Distributions declared to Unitholders and debt to gross book value
- **Other Key Performance Indicators:** AMR; NOI margin; occupancy; number of Units outstanding; same door revenue, expenses, net operating income, occupancy, and AMR; weighted average number of Units – basic; weighted average number of Units – diluted

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, 2023 and 2022, available on Northview’s profile on SEDAR+ at www.sedarplus.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, the most directly comparable GAAP measure as presented in the audited consolidated annual financial statements:

(thousands of dollars, except as indicated)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Net and comprehensive income	20,213	25,128	163,168	70,811
Adjustments:				
Distributions	929	11,287	23,902	45,150
Depreciation	732	751	3,007	3,040
Fair value gain on investment properties	(17,733)	(26,926)	(177,555)	(67,235)
Fair value loss on Exchangeable Units	8,289	—	3,200	—
Accretion on Redeemable Units	2,229	—	3,183	—
Recapitalization Event costs	450	—	27,050	—
Other ⁽¹⁾	(734)	(735)	(533)	(606)
FFO	14,375	9,505	45,422	51,160
Maintenance capex reserve – multi-residential	(3,178)	(2,963)	(11,355)	(11,852)
Maintenance capex reserve – commercial	(183)	(236)	(696)	(946)
AFFO	11,014	6,306	33,371	38,362
FFO				
FFO per Unit – basic (\$/Unit)	0.40	0.46	1.73	2.49
FFO per Unit – diluted (\$/Unit)	0.34	0.46	1.67	2.49
FFO payout ratio ⁽²⁾	84.9%	88.3%	84.9%	88.3%
AFFO				
AFFO per Unit – basic (\$/Unit)	0.31	0.31	1.27	1.87
AFFO per Unit – diluted (\$/Unit)	0.26	0.31	1.22	1.87
AFFO payout ratio ⁽²⁾	115.5%	117.7%	115.5%	117.7%
Weighted average number of Units				
Basic ('000s)	36,056	20,524	26,184	20,524
Diluted ('000s)	42,125	20,524	27,275	20,524

FINANCIAL INFORMATION

Northview's audited consolidated annual financial statements, the notes thereto, and Management's Discussion and Analysis for the years ended December 31, 2023 and 2022, can be found on Northview's website at www.rentnorthview.com and on SEDAR+ at www.sedarplus.com.

All amounts in this news release are in thousands of Canadian dollars unless otherwise indicated. In August 2023, Northview's units were consolidated on a 1.75 to 1.00 basis. All references to the number of units and per unit amounts in this news release have been restated and are reflected on a post-consolidation basis.

ABOUT NORTHVIEW RESIDENTIAL REIT

Northview is a publicly-traded real estate investment trust 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.

(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.

(2) Calculated for the period from January 1, 2023 to December 31, 2023.

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, future maintenance expenditures, financing and the availability of financing and the terms thereof, the replacement of floating-rate debt with fixed-rate debt, the intention to sell select assets, the use of proceeds from any such sales, 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 February 27, 2024 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 years ended December 31, 2023 and 2022 and those discussed in Northview's other materials filed with the Canadian securities regulatory authorities from time to time, 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; 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; 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, including those outlined in Note 2 of Northview's annual audited financial statements for the year ended December 31, 2023, 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 February 27, 2024.

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

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