



Management's Discussion and Analysis of Financial Results
For the years ended December 31, 2016 and 2015

ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 9, 2017, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the Northview Apartment REIT ("Northview" or the "REIT") audited consolidated financial statements and notes thereto for the years ended December 31, 2016, and 2015. The consolidated 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 the following MD&A are in Canadian Dollars unless otherwise stated. Additional information relating to Northview, including periodic quarterly and annual reports and Annual Information Forms, filed with the Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com.

Cautionary statement regarding forward-looking information

Certain information contained in this MD&A may constitute forward-looking statements within the meaning of securities laws relating to the business and financial outlook of Northview. Statements which 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 statements. 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 statements in this MD&A include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, 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 statements are made as of March 9, 2017, and are based on information available to management as of that date. Management believes that the expectations reflected in forward-looking statements 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 these forward-looking statements. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements 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 residential, executive and hotel units and commercial space at current market rates, tenant defaults, changes in interest rates, 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 be not 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. This statement also qualifies any predictions made regarding Northview's future funds from operations ("FFO"), debt to gross book value, coverage ratios, and FFO payout ratio.

Except as specifically required by applicable Canadian law, Northview assumes no obligation to update or revise publicly any forward-looking statements to reflect new events or circumstances that may arise after March 9, 2017.

Non-GAAP and additional GAAP 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 measures. These measures are provided to enhance the reader's overall understanding of Northview's current financial condition. They are included to provide investors and management with an alternative method for assessing Northview's operating results in a manner that is focused on the performance of Northview's 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 IFRS. In addition, the definitions of these measures are subject to interpretation by the preparers of financial statements and may not be applied consistently between real estate entities.

Please refer to definitions of non-GAAP and additional GAAP measures, including net operating income ("NOI"), FFO, debt to gross book value, debt service coverage, and interest coverage in this MD&A.

The following MD&A is for the financial results of Northview for the years ended December 31, 2016 and 2015. Units in the MD&A refer to the publicly traded Northview Trust Units ("Trust Units") and the Limited Partnership Class B units ("Class B LP Units"). Unitholders in the MD&A refer to the Northview unitholders ("Trust Unitholders") and the Class B LP unitholders ("Class B LP Unitholders").

BUSINESS OVERVIEW

Northview is one of Canada's largest publicly traded multi-family REITs with a portfolio of approximately 24,000 quality residential suites in more than 60 markets across eight provinces and two territories. Northview's portfolio includes investments in markets characterized by expanding populations, growing economies, high occupancy levels, and generally rising rents, which provides Northview the means to deliver stable and growing profitability and distributions to unitholders of Northview ("Unitholders") over time. Northview currently trades on the TSX under the symbol: NVU.UN.

On October 30, 2015, through a plan of arrangement, Northern Property Real Estate Investment Trust ("NPR") acquired all of the assets and properties of True North Apartment Real Estate Investment Trust ("TN" or "True North") in exchange for NPR trust units and NPR special voting units. In addition, NPR acquired seven apartment properties held by Starlight Investments Ltd. ("SL" or "Starlight") and 26 apartment properties from a joint venture between affiliates of SL and affiliates of the Public Sector Pension Investment Board ("PSP"), collectively the "Transaction". Upon completion of the Transaction, NPR changed its name to Northview Apartment Real Estate Investment Trust.

Northview's strategy is based on the following:

- **Portfolio diversification:** Northview's portfolio is diversified across more than 60 Canadian rental markets located in eight provinces and two territories.
- **Organic growth:** Northview's high quality portfolio includes investments in stable markets characterized by expanding populations, growing economies, high occupancy levels, and rising rents which enable same door NOI growth.
- **Growth through acquisitions:** Northview invests in strong and growing markets across the country where it has established operations and market knowledge. Northview also has a strategic relationship with Starlight that may be considered for future acquisitions.
- **Growth through development:** Northview has in-house development capabilities that enable it to develop high quality multi-family rental properties that generate returns that are 100 to 200 basis points higher than acquiring existing properties. Northview has 49 acres of land held for development in Northern and Western Canada along with opportunities in Ontario that are being assessed for future developments.

2016 HIGHLIGHTS

The following are highlights of Northview's results for the year ended December 31, 2016:

- Multi-family residential portfolio occupancy of 90.4% in the fourth quarter of 2016 and 90.7% for the year ended December 31, 2016.
- Achieved fair value increase on investment properties in 2016 of \$54 million including \$46 million in Ontario and \$9 million for newly developed properties in Alberta.
- Northview significantly reduced leverage in the second half of 2016, reducing debt to gross book value by 270 basis points through an equity offering and non-core asset dispositions. Debt to gross book value, excluding convertible debentures, as at December 31, 2016, was 57.5% compared to 60.2% as at June 30, 2016.
- Interest and debt service coverage ratios remain strong at 2.98 and 1.70, respectively, for the year ended December 31, 2016.
- Successful equity offering of \$74.8 million closed on October 31, 2016, accelerating management's strategy to reduce leverage.
- Diluted FFO per unit of \$2.21 for the year ended December 31, 2016, or \$2.14, excluding Non-recurring Items (defined on page 8 of this MD&A), compared to \$2.34 for the same period in 2015. Diluted FFO payout ratio of 74.1% for 2016, or 76.7%, excluding Non-recurring Items.

PROGRESS MADE AGAINST 2016 STRATEGIC PRIORITIES

1. Value Creation Initiatives (“VCIs”)

Execution of the VCIs in 2016 were consistent with management’s expectations heading into the year. Excluding property management internalization, annualized NOI increase from VCIs was \$2.8 million, which supported a fair value increase of approximately \$46 million in Ontario.

VCIs included:

- (i) **High-end renovation program:** 268 units were completed under this program, result in an annualized NOI increase of \$0.6 million in 2016.
- (ii) **Below market rents:** Excluding the other VCIs and guideline increase, management achieved an \$11 increase in average monthly rents, with annualized NOI increase of \$1.7 million.
- (iii) **Sub-metering program:** 3,471 units had sub-metering installed and 1,497 units had enrolled in the program as at December 31, 2016. A total of 333 units enrolled in 2016, driving an annualized NOI increase of \$0.2 million for the year.
- (iv) **Above guideline increases:** The increase of average monthly rent of the 2,851 units approved for above guideline increases in 2016 was approximately 4%, including a guideline increase of 2% in Ontario, which produced an annualized NOI increase of \$0.3 million.
- (v) **Property management internalization:** Northview internalized the management of approximately 7,600 units in Ontario, resulting in annualized NOI increase of \$2.1 million in 2016.

2. Disposition of Non-Core Assets

Northview completed \$48.6 million of non-core asset sales in 2016 and \$23.4 million to date in 2017, with a further \$16.3 million in dispositions currently under contract. In total, these sales reduced debt to gross book value by 100 basis points. Proceeds were used for leverage reduction and in support of VCIs.

3. Restructure Credit Facilities

Northview consolidated its operating facilities into a new \$150 million facility and implemented a new \$30 million credit facility in 2016. As of December 31, 2016, the borrowing capacities under these facilities were \$108.4 million and \$21.7 million respectively.

4. Maintain Current Conservative Distribution Levels

Northview’s long term target for annual FFO payout ratio is approximately 70%. For the year ended December 31, 2016, fully diluted payout ratio was 74.1%, or 76.7% excluding Non-recurring Items. Northview’s distribution is sustainable long term.

2017 OUTLOOK

The portfolios acquired in the Transaction are performing as expected and producing top line revenue growth. Northview’s Northern, Central and Atlantic Canada markets are expected to continue to provide positive organic growth, which partially offset the negative impact that low natural resource prices continue to have on many of the REIT’s Western Canada markets.

The continued execution of Northview’s VCIs in 2017 will continue to contribute positive NOI growth. The VCIs will continue to support the REIT’s organic growth in earnings and asset values, contributing to the longer term goal of reducing debt to gross book value to 50% to 55%.

The economic outlook remains uncertain for Western Canada as the economic decline continues to negatively impact properties in these markets. It is uncertain when natural resource prices will recover to levels where economic activity increases sufficiently to improve demand for rental accommodations. Northview will continue to invest in our portfolio to optimize its performance and be ready for when demand turns around.

2017 STRATEGIC PRIORITIES

1. Organic Growth

Northview will continue to focus on improving occupancy, monthly rents and operating expense management, which would drive increases in same door NOI. Continued execution of the VCIs in 2017 is expected to contribute to organic growth.

2. Managing Leverage

The REIT's long-term target for debt to gross book value is 50% to 55%. With the significant reduction in leverage achieved in 2016, leverage reduction for the near to mid-term will be achieved through improvements in asset values driven by the successful execution of the VCIs and developments.

3. Capital Deployment in Support of External Growth

With significant progress on leverage reduction achieved in 2016 through the successful equity offering and asset sales, management will focus on organic growth, capital recycling and external growth opportunities through developments and limited acquisitions. Proceeds from sale of non-core assets will be deployed in support of growth through developments and selected acquisitions in Northview's stronger markets, primarily in Ontario. Northview will continue to utilize its existing land investments for developments, in addition to recycling selected investments in land to expand the in-house development program to Ontario.

2016 RESULTS

Select financial information

(thousands of dollars, except per unit amounts)	2016	2015	2014
Total revenue	332,455	217,578	187,841
NOI	185,529	126,699	109,607
NOI margin	55.8%	58.2%	58.4%
Net and comprehensive income	77,475	31,852	74,264
FFO – diluted	119,276	83,054	75,450
FFO per Trust Unit – diluted	\$2.21	\$2.34	\$2.37
FFO payout ratio – diluted	74.1%	69.0%	67.1%
Excluding Non-recurring Items:			
FFO – diluted ⁽ⁱ⁾	115,331	83,054	75,450
FFO per Trust Unit – diluted	\$2.14	\$2.34	\$2.37
FFO payout ratio – diluted	76.7%	69.0%	67.1%
Weighted average number of Trust Units outstanding - diluted (000's)	53,962	35,458	31,900
Distributions declared to Trust Unitholders	88,403	57,312	50,615
Distributions declared per Trust Unit	\$1.63	\$1.63	\$1.59

(i) Non-recurring Items for the year ended December 31, 2016, include \$7.1 million of insurance proceeds received in the year, partially offset by \$1.6 million of lost revenue and \$1.6 million of incremental costs relating to the Fort McMurray wildfires, a decrease to diluted FFO of \$3.9 million.

For the year ended December 31, 2016, basic FFO, basic FFO per Trust Unit, basic FFO payout ratio, and basic weighted average number of units outstanding (000's) were \$117.9 million, \$2.23, 73.4%, and 52,810, respectively.

Select information

(thousands of dollars, except per unit amounts)	2016	2015	2014
Total assets	3,185,672	3,132,617	1,666,171
Total liabilities	2,032,452	2,083,511	829,190
Total non-current liabilities	1,708,411	1,390,392	606,543
Mortgages payable	1,661,532	1,359,889	734,553
Debt to gross book value (excluding convertible debentures)	57.5%	59.2%	48.6%
Interest coverage ratio (times)	2.98	3.31	3.70
Debt service coverage ratio (times)	1.70	1.86	2.10
Weighted average mortgage interest rate	3.23%	3.33%	3.67%
Weighted average term to maturity (years)	5.0	5.0	5.0
Weighted average capitalization rate	6.67%	6.83%	7.97%
Occupancy	90.7%	90.3%	91.6%
Number of residential units	24,513	24,621	10,910
Commercial square feet (rounded to nearest thousand)	1,135,000	1,143,000	1,142,000

Portfolio Summary (including joint ventures at 100%) – December 31, 2016

Regions	Multi-family	Execusuites & Hotel	% Portfolio	Total Residential (units)	Commercial (sq. ft.)
Ontario	7,754	-	32%	7,754	-
Western Canada	7,502	-	30%	7,502	136,000
Atlantic Canada	4,152	142	18%	4,294	225,000
Northern Canada	2,401	277	11%	2,678	771,000
Quebec	2,285	-	9%	2,285	3,000
Total	24,094	419	100%	24,513	1,135,000

Portfolio reconciliation (including joint ventures at 100%) – December 31, 2016

(Commercial square footage rounded to the nearest thousand)					
	Multi-family	Execusuites & Hotel	Total Residential (units)	Commercial (sq. ft.)	
Balance, December 31, 2015	24,202	419	24,621	1,143,000	
Developments completed	411	-	411	-	
Dispositions	(519)	-	(519)	(8,000)	
Balance, December 31, 2016	24,094	419	24,513	1,135,000	

Development activity

Development activity is focused in areas with high asking prices for existing properties and long-term potential for high occupancy and rent increases. New developments tend to be in existing markets where Northview leverages its local presence and knowledge of the region. This enables Northview to generate returns 100 to 200 basis points higher than acquiring existing apartments. Northview's in-house development expertise provides the flexibility to adjust development activities as market conditions change. In 2017, management is evaluating the disposal of selected land investments in Western Canada with potential redeployment of proceeds to acquire land for development in stronger markets, particularly Ontario. Management continues to evaluate development opportunities in Ontario and to date has identified an opportunity where approximately 100 new units can be developed on an existing site.

The development consisting of 140 units in Airdrie, AB, was completed in March 2016, has reached stabilized occupancy. Total development costs were \$26.1 million with expectations for a stabilized Cap Rate between 7.0% and 7.5%. The fair value of this property increased by \$2.2 million or 8% from development cost as at December 31, 2016.

Northview's first Calgary, AB, development consists of three buildings with 261 total units. Leasing is underway for all three buildings and occupancy has reached 33% which is in line with expectations. Total development costs were consistent with budget at \$46.3 million with expectations for a stabilized Cap Rate between 7.0% and 7.5%. The fair value of this property has increased by \$7.1 million or 15% from development cost as at December 31, 2016.

During the fourth quarter of 2016, Northview continued the development of the 36 units in Cambridge Bay, NU, with occupancy to commence in the second quarter of 2017. Total costs are estimated to be \$10.5 million with an expected Cap Rate between 10.0% and 10.5%. Through January 2017, 26 units were pre-leased.

For the year ended December 31, 2016, 4 acres of land were purchased for a total of \$5.6 million. Northview holds 49 acres of land for potential future development, primarily in Western Canada, which would allow for the development of approximately 1,800 units.

FFO calculation

	Three months ended December 31			Year ended December 31		
(thousands of dollars, except per unit amounts)	2016	2015	Change	2016	2015	Change
Net and comprehensive income from operations	43,968	21,153	108%	77,475	31,852	143%
Adjustments:						
Non-controlling interests	(139)	(160)	(13%)	(190)	(154)	23%
Depreciation of property, plant and equipment	1,051	1,242	(15%)	4,179	3,951	6%
Amortization of other long term assets	11	148	(93%)	307	594	(48%)
Amortization of tenant inducements	107	118	(9%)	459	476	(4%)
Loss on sale of property, plant and equipment	164	307	(47%)	722	762	(5%)
(Increase) decrease in fair value	(20,630)	14,907	(238%)	10,268	55,103	(81%)
Bargain purchase gain	-	(50,893)	(100%)	-	(50,893)	(100%)
Business combination transaction costs	43	35,277	(100%)	14,579	38,959	(63%)
Class B LP Unit distributions recorded as interest	2,368	2,130	11%	9,822	2,213	344%
Fair value adjustments for non-controlling interest and equity investments	115	142	(19%)	331	(30)	n/a
FFO basic	27,058	24,371	11%	117,952	82,833	42%
Add: Interest on 2019 Debentures	313	221	42%	1,324	221	499%
FFO diluted	27,371	24,592	11%	119,276	83,054	44%
FFO per Trust Unit – diluted	\$0.49	\$0.53	(8%)	\$2.21	\$2.34	(6%)
FFO payout ratio – diluted	84.7%	75.2%	10%	74.1%	69.0%	5%
Weighted average number of units outstanding:						
Basic (000's)	54,565	45,540	16%	52,810	35,234	50%
Effect of dilution:						
LTIP units	2	83	(98%)	3	59	(95%)
LTI units	167	-	n/a	160	-	n/a
Deferred units	30	6	400%	23	1	n/a
2019 Debentures	966	651	48%	966	164	489%
Diluted (000's)	55,730	46,280	17%	53,962	35,458	52%
Distributions declared to Trust Unitholders	23,188	18,493	23%	88,403	57,312	51%
Distributions declared per Trust Unit	\$0.41	\$0.41	n/a	\$1.63	\$1.63	n/a

Northview measures its performance by using industry accepted non-GAAP performance metrics such as FFO, which has been calculated in accordance with the Real Property Association of Canada's ("RealPAC's") White Paper. The IFRS measurement most comparable to FFO is net income for which a reconciliation is provided in this MD&A.

For the year ended December 31, 2016, Northview received insurance proceeds of \$7.1 million for the Fort McMurray, AB wildfires, the 2015 fire in Yellowknife, NT and a property in Fort McMurray, AB. Additionally, Northview incurred \$1.6 million of revenue loss and \$1.6 million of incremental costs relating to the Fort McMurray wildfires for the year ended December 31, 2016. These items have been defined as "Non-recurring Items", as they are not considered normal operating conditions, and management has presented specific performance metrics excluding Non-recurring Items where appropriate in this MD&A.

Excluding Non-recurring Items, basic FFO and diluted FFO for the three months ended December 31, 2016 were \$26.7 million and \$27.0 million, respectively, increases of 9% and 10%, compared to \$24.4 million and \$24.6 million for the same periods of 2015, primarily due to the growth in Northview's portfolio from the Transaction. On a per unit basis, excluding Non-recurring Items, basic FFO and diluted FFO for Q4 2016 were \$0.49 and \$0.48, respectively, compared to \$0.54 and \$0.53 for the same periods of 2015.

Basic FFO and diluted FFO for the year ended December 31, 2016, were \$114.0 million and \$115.3 million, respectively excluding Non-recurring Items, increases of 38% and 39%, compared to \$82.8 million and \$83.1 million for the same periods of 2015, primarily due to the growth in Northview's portfolio from the Transaction. On a per unit basis, excluding Non-recurring Items, basic FFO and diluted FFO for the year ended December 31, 2016, were \$2.16 and \$2.14, respectively, compared to \$2.35 and \$2.34 for the same periods of 2015.

The decrease in FFO on a per unit basis in the quarter and the year was driven primarily by lower operating performance in natural resource based markets, dilution from the equity offering completed in October 2016 and higher interest expense from additional mortgages.

Basic FFO payout ratio and diluted FFO payout ratio for the three months ended December 31, 2016, were 85.1% and 85.9%, respectively excluding Non-recurring Items, compared to 75.9% and 75.2% for the same period of 2015. For the year ended December 31, 2016, basic FFO payout ratio and diluted FFO payout ratio were 75.9% and 76.7%, respectively excluding Non-recurring Items, compared to 69.2% and 69.0% for the same period of 2015. The increase in FFO payout ratio in 2016 was mainly due to weak operating conditions in resource based markets, the recent equity offering and asset sales completed in 2016.

2016 OPERATING RESULTS

The following section provides a comparison of the financial results for the three months and year ended December 31, 2016, with the same period of 2015. Operations include residential, commercial, executives and hotel business segments.

Management presents geographical segment reporting for Ontario, Western Canada, Atlantic Canada, Northern Canada, and Quebec. The Ontario and Quebec regions include only the operations of properties located in those respective provinces. The Western Canada segment includes the operations of properties located in Alberta, British Columbia, and Saskatchewan. The Northern Canada segment includes the operations of properties located in the Northwest Territories and Nunavut. The Atlantic Canada segment includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Nova Scotia.

Rental revenue

(thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Multi-family residential	69,986	59,389	18%	286,498	172,361	66%
Executives and hotel	2,843	2,837	-	12,683	11,932	6%
Commercial	8,700	8,509	2%	33,274	33,285	-
Total	81,529	70,735	15%	332,455	217,578	53%

Rental revenue in the multi-family business segment increased by 18% and 66% for the three months and year ended December 31, 2016, respectively, compared to the same periods of 2015. The increase was due to the completion of the Transaction on October 30, 2015, and the contribution from developments and VCI's completed in 2016. Rental revenues in the executives and hotel, and commercial business segments for the three months and year ended December 31, 2016, were consistent with the same periods of 2015.

Operating expenses

(thousands of dollars)	Three months ended December 31				Year ended December 31			
	2016	% of Total Operating Expense	2015	% of Total Operating Expense	2016	% of Total Operating Expense	2015	% of Total Operating Expense
Operating expenses								
Utilities	10,158	27%	8,466	27%	38,999	27%	23,312	26%
Property taxes	8,011	21%	6,356	20%	32,664	22%	15,976	18%
Salaries and benefits	5,121	14%	4,067	13%	20,980	14%	13,085	14%
Maintenance	4,273	11%	4,769	15%	12,958	9%	11,806	13%
Cleaning	1,706	5%	1,626	5%	6,091	4%	6,232	7%
Other expenses	8,257	22%	6,098	20%	35,234	24%	20,468	22%
Total	37,526	100%	31,382	100%	146,926	100%	90,879	100%

The increase in operating expenses for the three months and year ended December 31, 2016, compared to the same periods of 2015, is due to the completion of the Transaction on October 30, 2015. For the year ended December 31, 2016, property taxes as a percentage of total operating costs increased to 22%, from 18% for the same period of 2015. The increase was mainly due to property tax rates being higher in the Ontario portfolio acquired in the Transaction.

Net operating income

Northview uses NOI as a key indicator to measure the financial performance of a region or business segment. NOI is an additional GAAP measure. Refer to the audited consolidated statements of net and comprehensive income for NOI calculation.

NOI by business segment

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Multi-family residential	37,844	33,263	14%	159,250	100,884	58%
Execusuites and hotel	1,128	1,236	(9%)	5,826	5,300	10%
Commercial	5,031	4,854	4%	20,453	20,515	-
Total	44,003	39,353	12%	185,529	126,699	46%

Multi-family NOI increased 14% and 58% for the three months and year ended December 31, 2016, respectively, primarily driven by the increased portfolio from the Transaction, compared to the same periods of 2015.

NOI by region

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Ontario	12,068	7,844	54%	48,856	7,844	523%
Western Canada	10,708	11,104	(4%)	43,639	46,157	(5%)
Atlantic Canada	5,695	5,083	12%	23,592	16,070	47%
Northern Canada	13,247	13,872	(5%)	59,857	54,604	10%
Quebec	2,285	1,450	58%	9,585	2,024	374%
Total	44,003	39,353	12%	185,529	126,699	46%

The portfolios acquired in the Transaction contributed revenue, operating expense, and NOI of \$34.6 million, \$17.3 million, and \$17.3 million, respectively, for the fourth quarter of 2016. For the year ended December 31, 2016, the portfolios acquired in the Transaction contributed revenue, operating expense, and NOI of \$139.9 million, \$68.1 million, and \$71.8 million, respectively.

Same door operating performance

Same door operating performance is calculated as the percentage change in NOI for the current quarter, compared to the same period of the prior year, for properties owned by Northview for both the current and previous reporting periods. For the purpose of this discussion, properties that were owned by Northview on or before January 1, 2015, are included in the calculation. Accordingly, no properties acquired as part of the Transaction have been included. Same door NOI for the three months ended December 31, 2016, decreased \$1.6 million or 5.7% compared to the same period of 2015, led by a 23.1% decrease in Alberta due to lower occupancy and rental rates resulting from current economic conditions in the region. Same door results for the second, third and fourth quarters of 2016 exclude Non-recurring items.

Same door NOI quarterly change by business segment

Business Segment	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015	Q1 2016	Q2 2016*	Q3 2016*	Q4 2016*	2016*
Multi-family	(1.1%)	(2.6%)	(5.0%)	(4.4%)	(3.3%)	(3.5%)	(12.4%)	(8.6%)	(6.2%)	(7.9%)
Execusuites and Hotel	(6.8%)	30.1%	1.5%	4.1%	6.5%	39.5%	(11.9%)	22.0%	(8.7%)	9.9%
Commercial	12.1%	14.1%	(8.9%)	0.8%	4.6%	2.3%	(3.9%)	0.2%	3.6%	(0.3%)
Total	0.9%	1.2%	(5.3%)	(3.1%)	(1.6%)	(0.8%)	(11.0%)	(5.4%)	(5.7%)	(5.9%)

*Represents same door NOI excluding Non-recurring Items. Including Non-recurring Items, Q4 2016 multi-family and total same door NOI decreased 4.4% and 4.3%, respectively, compared to the same period of 2015; for the year ended December 31, 2016, multi-family and total same door NOI decreased 3.3% and 2.4%, respectively, compared to the same period of 2015.

The same door NOI for the multi-family business segment for the three months and year ended December 31, 2016, decreased by 6.2% and 7.9%, respectively, compared to the same periods of 2015. The decline in same door NOI in the multi-family business segment is due to weak economic conditions and resulting vacancy in resource based markets. Reduction to market rents and lease incentives were utilized in response to the declines in occupancy in these markets. The diversity in the portfolios acquired in the Transaction has partially reduced the impact of natural resource based markets on NOI.

The same door NOI for the execusuites and hotel business segment in the fourth quarter of 2016 decreased by 8.7% compared to the same period of 2015. The decline in same door NOI is mainly due to lower occupancy throughout the portfolio and higher operating expenses in the hotel property in Iqaluit, NU during the fourth quarter of 2016. The same door NOI for the year ended December 31, 2016 increased 9.9% compared to the same period of 2015. The increase in same door NOI is mainly due to higher average occupancy in 2016 than in 2015.

The same door NOI for the commercial business segment for the three months ended December 31, 2016, increased by 3.6%, compared to the same period of 2015. The same door NOI for the year ended December 31, 2016, decreased by 0.3%, compared to the same period of 2015. Same door NOI for the commercial business segment in the current year is consistent with prior year.

VCIs

In addition to broadening portfolio diversification, a key driver of the Transaction completed in 2015 was Northview's enhanced ability to organically grow FFO. Management has identified several areas that will drive FFO growth over the next three to five years:

- (i) **Execute high-end renovation program:** Management identified properties suitable for significant renovations to increase rental rates. These renovations involve extensive upgrades to many of the properties' common areas and high-end suite improvements, including enhanced landscaping and complete bathroom and kitchen renovations. The target for post renovation increase in rents is approximately \$200 to \$300 per month and provides a return of 15% to 20% on the additional capital invested.
- (ii) **Address below market rents:** At the time of the Transaction, monthly average market rents in the portfolios acquired were on average \$32 below market rents. Management is in the process of converting these rents to market levels on turnover, with the completion of standard renovations.
- (iii) **Sub-metering program:** The sub-metering program in Ontario provides individual electricity meters for each suite, which allows tenants to pay their electricity bill directly. On tenant turnover, this reduces the utility costs to the landlord, which results in estimated average monthly savings of \$40 per suite. Northview does not incur any cost related to the sub-metering program as the installation cost of sub-metering is incurred by the third-party energy providers and it is not reimbursed by Northview.
- (iv) **Above guideline increases:** The significant capital that was previously invested in the assets acquired in the Transaction has enabled management to submit applications to the Ontario Landlord and Tenant Board to increase rents by more than the regulated annual increase.
- (v) **Property management internalization:** Northview has a history of successfully managing its own properties directly. Management is currently assessing the options for internalizing the remaining externally managed properties that were acquired in the Transaction. These properties are located in Nova Scotia, New Brunswick, Quebec, and Ontario and management expects that some of the remaining properties to be internalized by the fourth quarter of 2017.

The progress made on the VCIs in 2016 was on target with management's expectations. The following summarizes the progress made in 2016.

VCIs (thousands of dollars, except unit amounts)	Initial Five-Year Target		2016 Progress		Comments
	Units	Annualized NOI Increase	Units Completed	Annualized NOI Increase	
High-end renovation program	1,754	5,800	268	614	The program is achieving an rate of return of approximately 15%, with average monthly rent increase of approximately \$200.
Below market rents	n/a	5,200	n/a	1,644	Excluding the other VCIs and guideline increases, management has achieved an \$11 increase in average monthly rents, or \$22 increase in average monthly rent including guideline increases.
Sub-metering program	5,221	2,500	333	181	As of December 31, 2016, 3,471 units have installed sub-metering and 1,497 units have enrolled.
Above guideline increases	n/a	800	n/a	312	In 2016, the increase of average monthly rent of the 2,851 units is approximately 4%, including the guideline increase of 2% in Ontario.
Total		14,300		2,751	
Assumed capitalization rate		5.5%		5.5%	
Estimated value creation		260,000		50,000	

Northview internalized the management of approximately 7,600 units in Ontario with annualized NOI increase of \$2.1 million in 2016. The internalization of the remaining 5,086 units in Nova Scotia, New Brunswick, Quebec, and Ontario is being evaluated for completion in the fourth quarter of 2017.

Multi-family operations

Occupancy by region

	Q4 2015	2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
Ontario	96.2%	96.2%	95.9%	95.9%	96.2%	96.1%	96.0%
Western Canada	84.3%	84.8%	81.9%	81.3%*	82.1%	81.3%	81.6%
Atlantic Canada	93.1%	93.1%	92.9%	93.5%	93.0%	92.0%	92.8%
Northern Canada	96.5%	95.8%	94.6%	95.3%	94.9%	93.9%	94.7%
Quebec	90.6%	92.5%	90.7%	91.4%	91.4%	92.5%	91.4%
Overall	91.5%	90.3%	90.7%	90.8%	91.1%	90.4%	90.7%

*Western Canada occupancy for Q2 2016 has been adjusted to exclude the impact of the mandatory evacuation of Fort McMurray, AB, due to the wildfires.

Occupancy is a measure used by management to evaluate the performance of its properties on a comparable basis.

Ontario operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Southwestern	-	-	-	95.1%	94.8%	94.5%	95.5%	95.6%	4,313
Eastern	-	-	-	97.6%	96.8%	97.1%	96.3%	96.4%	1,685
Toronto and Area	-	-	-	97.3%	97.5%	97.7%	97.6%	96.8%	1,756
Ontario	-	-	-	96.2%	95.9%	95.9%	96.2%	96.1%	
Total number of units	-	-	-	8,235	8,235	8,235	7,786	7,754	7,754

Occupancy for the Ontario region was 96.1% for the three months ended December 31, 2016, compared with 96.2% in Q3, 2016 and in the same period of 2015. The Ontario portfolio continues to deliver high occupancy and average monthly rent increases. Occupancy is temporarily impacted by the high-end renovation program, which requires units to be vacant for 30 days to complete the upgrades. During the three months ended December 31, 2016, 59 high-end renovation units were completed.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	23,369	16,089	45%	95,076	16,089	491%
Operating expenses	(11,301)	(8,245)	37%	(46,220)	(8,245)	461%
Net operating income	12,068	7,844	54%	48,856	7,844	523%
Net operating income margin	51.6%	48.8%	6%	51.4%	48.8%	5%

Revenues for the three months and year ended December 31, 2016, were \$23.4 million and \$95.1 million, respectively, compared to \$16.1 million for the same periods of 2015. Operating expenses for the three months and year ended December 31, 2016, were \$11.3 million and \$46.2 million, respectively, compared to \$8.2 million for the same periods of 2015.

NOI for the three months and year ended December 31, 2016, were \$12.1 million and \$48.9 million, respectively, compared to \$7.8 million for the same periods of 2015. The increase in revenues, operating expenses and NOI for the three months and year ended December 31, 2016, compared to the same periods of 2015, was due to only two months of operations for the Ontario region included in the three months and year ended December 31, 2015.

NOI margins for the three months and the year ended December 31, 2016, were 51.6% and 51.4%, respectively, compared to 48.8% for the same periods of 2015. The increase in NOI margin was largely attributable to the cost savings from internalization.

Western Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Alberta	84.5%	85.2%	83.3%	81.8%	78.5%	77.5%	80.0%	77.8%	4,306
British Columbia	86.6%	82.3%	84.4%	87.0%	86.4%	85.5%	83.5%	86.2%	2,767
Saskatchewan	92.2%	92.4%	94.2%	94.5%	90.9%	95.1%	94.0%	90.6%	429
Western Canada	85.8%	84.7%	84.5%	84.3%	81.9%	81.3%	82.1%	81.3%	
Total number of units	6,089	6,207	6,317	7,101	7,241	7,241	7,241	7,502	7,502

Occupancy for the Western Canada region was 81.3% for the three months ended December 31, 2016, compared to 82.1% in Q3, 2016 and 84.3% in the same period of 2015. The decrease in occupancy is largely attributed to the lower demand for rental accommodation in Lloydminster, AB, a resource based market and Saskatchewan. Management expects the weakness in the Western Canada region to continue in light of the economic decline in Western Canada resource based markets, and is actively managing to maintain current occupancy levels through lease incentives and reduced market rents.

The occupancy in Fort McMurray, AB, has improved by 3.7% to 80.1% since the third quarter of 2016. Dawson Creek and Chetwynd, BC, have also seen improvements as a result of a recent increase in natural gas and mining operations in the region. The recently completed Airdrie, AB, development has continued to experience strong demand and reached stabilized occupancy. Occupancy in the Calgary, AB, development commenced in the fourth quarter of 2016, and leasing to date has been in line with expectation.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	18,910	18,674	1%	76,585	75,683	1%
Operating expenses	(8,414)	(7,207)	17%	(33,828)	(30,916)	9%
Net operating income	10,496	11,467	(8%)	42,757	44,767	(4%)
Net operating income margin	55.5%	61.4%	(10%)	55.8%	59.2%	(6%)

Revenues for the three months and year ended December 31, 2016, were \$18.9 million and \$76.6 million, respectively, compared to \$18.7 million and \$75.7 million for the same periods of 2015. Excluding the impact of Non-recurring Items, revenue for the quarter was \$18.5 million, and \$74.7 million for the year ended December 31, 2016. When excluding Non-recurring Items, revenue for the fourth quarter of 2016 was consistent with revenue for the same period of 2015, and revenue for the year ended December 31, 2016 decreased \$1.0 million, compared to revenue for the same period of 2015. The decrease was mainly due to lower rental revenue levels in the resource based markets in Alberta and northern British Columbia. These decreases were partially offset by the southern Alberta portfolio that was acquired in the Transaction, along with the newly developed properties in Alberta.

Operating expenses for the three months and the year ended December 31, 2016, were \$8.4 million and \$33.8 million, respectively, compared to \$7.2 million and \$30.9 million for the same periods of 2015. Excluding the impact of Non-recurring Items, operating expenses for the quarter was \$8.4 million and \$32.2 million for the year ended December 31, 2016. While the total number of units in Western Canada in 2016 increased 6% from the fourth quarter of 2015, through the management of controllable costs, operating expenses for the year ended December 31, 2016 increased by only 4% compared to the same period of 2015 when excluding Non-recurring Items.

For the fourth quarter of 2016, revenues, operating expenses, and NOI for the portfolios acquired in the Transaction were \$1.8 million, \$1.1 million, and \$0.7 million, respectively. For the year ended December 31, 2016, revenues, operating expenses, and NOI for the portfolios acquired in the Transaction were \$7.4 million, \$4.0 million, and \$3.4 million, respectively.

Excluding Non-recurring Items, NOI for the three months and the year ended December 31, 2016, were \$10.1 million and \$42.5 million, respectively, compared to \$11.5 million and \$44.8 million for the same periods of 2015.

Excluding Non-recurring Items, NOI margin for the three months ended December 31, 2016, was 54.6%, compared to 61.4% in the same period of 2015, and NOI margin for the year ended December 31, 2016, was 56.8%, compared to 59.2% in the same period of 2015. The decrease in NOI and NOI margins is due to declining revenues in resource dependent markets in Alberta and northern British Columbia.

Atlantic Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Newfoundland and Labrador	94.4%	93.7%	91.3%	90.7%	89.9%	90.5%	89.3%	88.1%	1,728
Nova Scotia	-	-	-	97.1%	96.7%	96.5%	96.5%	94.9%	1,286
New Brunswick	-	-	-	95.0%	94.3%	95.5%	95.4%	95.9%	1,138
Atlantic Canada	94.4%	93.7%	91.3%	93.1%	92.9%	93.5%	93.0%	92.0%	
Total number of units	1,728	1,728	1,728	4,179	4,179	4,151	4,151	4,152	4,152

Occupancy for the Atlantic Canada region was 92.0% for the three months ended December 31, 2016, compared to 93.0% in Q3, 2016 and 93.1% in the same period of 2015. The rental market in St. John's, NL, has softened due to local economic weakness and new supply following the recent completion of approximately 500 purpose built student housing and multifamily units. Occupancy in St. John's, NL, was 91.5% for the three months ended December 31, 2016, compared to 94.3% in Q3, 2016. Management expects the weakness in the St. Johns, NL, market to continue in light of new supply and current market conditions, and is actively managing to maintain current occupancy levels, through lease incentives and an active lease renewal program. The higher occupancy in the Nova Scotia and New Brunswick portfolios acquired in the Transaction have increased the stability of the Atlantic Canada region.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	8,932	7,512	19%	36,055	20,095	79%
Operating expenses	(4,440)	(3,684)	21%	(17,666)	(9,093)	94%
Net operating income	4,492	3,828	17%	18,389	11,002	67%
Net operating income margin	50.3%	51.0%	(1%)	51.0%	54.7%	(7%)

Revenues for the three months and year ended December 31, 2016, were \$9.0 million and \$36.1 million, respectively, compared to \$7.5 million and \$20.1 million for the same periods of 2015. The increase in revenue for the three months and year ended December 31, 2016, is due to the portfolios acquired in the Transaction, which contributed \$5.0 million and \$19.9 million in each period, respectively. The additional revenue from the portfolios acquired in the Transaction was partially offset by a decrease in rental revenue in Newfoundland and Labrador.

Operating expenses for the three months and year ended December 31, 2016, were \$4.5 million and \$17.7 million, respectively, compared to \$3.7 million and \$9.1 million during the same periods of 2015. The increase is due to the portfolios acquired in the Transaction, where expenses were \$2.7 million and \$10.4 million in each period, respectively.

NOI for the three months and year ended December 31, 2016, were \$4.5 million and \$18.4 million, respectively, compared to \$3.8 million and \$11.0 million during the same periods of 2015. The increase in the three months and year ended December 31, 2016, is due to the portfolios acquired in the Transaction, which contributed \$2.3 million and \$9.5 million in each period, respectively.

The NOI margin for the three months ended December 31, 2016, was 50.3%, compared to 51.0% in the same period of 2015. NOI margin for the year ended December 31, 2016, was 51.0%, compared to 54.7% in the same period of 2015. The decrease in NOI margins is due to the Nova Scotia and New Brunswick portfolios acquired in the Transaction operating at lower margins than Newfoundland and Labrador.

Northern Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Northwest Territories	88.8%	93.8%	96.2%	94.9%	91.7%	93.6%	92.6%	91.2%	1,309
Nunavut	96.4%	97.9%	98.3%	97.7%	96.8%	96.6%	96.6%	95.9%	1,092
Northern Canada	93.1%	96.1%	97.4%	96.5%	94.6%	95.3%	94.9%	93.9%	
Total number of units	2,425	2,425	2,423	2,402	2,402	2,402	2,402	2,401	2,401

Occupancy for the Northern Canada region was 93.9% for the three months ended December 31, 2016, compared to 94.9% in Q3, 2016 and 96.5% in the same period of 2015. The decrease in occupancy for the three months ended December 31, 2016, was mainly due to the occupancy decrease in Yellowknife, NT, and Inuvik, NT. The Yellowknife, NT, market has been negatively affected by a reduction in corporate and construction leases. Further, in Inuvik, NT, leasing has slowed due to local infrastructure projects being completed, which has negatively affected the market. Nunavut continues to be a strong performing market with high market rents and occupancy of 95.9% in Q4, 2016.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	14,057	13,961	1%	60,089	56,401	7%
Operating expenses	(5,554)	(4,656)	19%	(20,426)	(21,071)	(3%)
Net operating income	8,503	9,305	(9%)	39,663	35,330	12%
Net operating margin	60.5%	66.6%	(9%)	66.0%	62.6%	5%

Revenues for the three months ended December 31, 2016, were \$14.0 million, consistent with the same period of 2015. Revenues were \$60.1 million for the year ended December 31, 2016, compared to \$56.4 million for the same period of 2015. When excluding the impact of \$3.6 million of Non-recurring Items of insurance proceeds received in the first quarter of 2016, which related to a Yellowknife, NT, property destroyed by a fire in the second quarter of 2015, revenues for the year ended December 31, 2016, were \$56.5 million, consistent with the same period of 2015.

Operating expenses for the three months ended December 31, 2016, were \$5.6 million, compared to \$4.7 million for the same period of 2015. The increase in the three months ended December 31, 2016, was mainly due to higher utility usage as a result of colder weather conditions, compared to the same period of 2015. Operating expenses were \$20.4 million for the year ended December 31, 2016, compared to \$21.1 million in same period of 2015. The decrease in operating expenses for the year ended December 31, 2016, compared to the same period of 2015 is due to utility savings from lower average rates and usage on an annual basis.

NOI for the three months ended December 31, 2016, was \$8.5 million, compared to \$9.3 million for the same period of 2015. The decrease in the three months ended December 31, 2016, was mainly due to higher utility expenses as a result of colder weather conditions, compared to the same period of 2015. NOI was \$39.7 million for the year ended December 31, 2016, compared to \$35.3 million for the same period of 2015. The increase in NOI for the year ended December 31, 2016, compared to the same period of 2015 is due to a combination of insurance proceeds and utility cost savings.

NOI margin for the three months ended December 31, 2016, was 60.5%, compared to 66.6% for the same period of 2015. The decrease in NOI margins for the three months ended December 31, 2016, was mainly due to higher utility expenses as a result of colder weather conditions, compared to the same period of 2015. NOI margin for the year ended December 31, 2016, when excluding insurance proceeds of \$3.6 million, was 63.8% compared to 62.6% for the year ended December 31, 2015. The increase in NOI margin is due to cost savings and maintaining revenue levels.

Quebec operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Montreal	-	-	-	89.7%	90.2%	91.0%	90.9%	92.1%	2,124
Sept-Iles	99.6%	99.0%	99.3%	99.4%	97.8%	98.1%	98.4%	97.6%	161
Québec	99.6%	99.0%	99.3%	90.6%	90.7%	91.4%	91.4%	92.5%	
Total number of units	161	161	161	2,285	2,285	2,285	2,285	2,285	2,285

Occupancy for the Quebec region was 92.5% for the three months ended December 31, 2016, compared to 91.4% in Q3, 2016 and 90.6% in the same period of 2015. Occupancy in the Montreal, QC, portfolio increased to 92.1% in Q4, 2016, from 90.9% in Q3, 2016 and 89.7% in the same period of 2015. The improvement in Montreal, QC, occupancy is a result of improved occupancy at a large complex in St. Laurent. Vacancy at this property improved by 400 basis points in Q4, 2016 compared to Q4, 2015. Sept-Iles, QC, continues to be a strong performing market for Northview with occupancy of 97.6% in Q4, 2016.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	4,718	3,176	49%	18,694	4,175	348%
Operating expenses	(2,433)	(1,726)	41%	(9,109)	(2,151)	323%
Net operating income	2,285	1,450	58%	9,585	2,024	374%
Net operating income margin	48.4%	45.7%	6%	51.3%	48.5%	6%

Revenues for the three months and year ended December 31, 2016, were \$4.7 million and \$18.7 million, respectively, compared to \$3.2 million and \$4.2 million in the same periods of 2015. The increase was due to the portfolio acquired in the Transaction, which contributed \$4.4 million and \$17.4 million in the three months and year ended December 31, 2016, respectively.

Operating expenses in the three months and year ended December 31, 2016, were \$2.4 million and \$9.1 million, respectively, compared to \$1.7 million and \$2.2 million in the same periods of 2015. The increase was due to the portfolio acquired in the Transaction, which incurred \$2.2 million and \$8.2 million in the three months and year ended December 31, 2016, respectively. Expenses are consistent with management's expectations for the year.

NOI for the three months and year ended December 31, 2016, were \$2.3 million and \$9.6 million, respectively, compared to \$1.5 million and \$2.0 million during the same periods of 2015. The increase was due to the portfolios acquired in the Transaction, which contributed \$2.2 million and \$9.2 million in each period, respectively.

The NOI margin for the three months and year ended December 31, 2016, were 48.4% and 51.3%, respectively, compared to 45.7% and 48.5% in the same periods of 2015. The increase in NOI margin in the current year is due to cost savings and higher revenue, as a result of improved occupancy in the region.

Commercial operations

Commercial Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	8,700	8,509	2%	33,274	33,285	-
Operating expenses	(3,669)	(3,655)	-	(12,821)	(12,770)	-
Net operating income	5,031	4,854	4%	20,453	20,515	-

Northview's commercial properties are located primarily in regions where Northview also has multi-family operations. Commercial properties consist of office, warehouse, retail, and mixed-use buildings, which are largely leased to federal or territorial governments and other quality commercial tenants under long-term leases. NOI for the three months and year ended December 31, 2016, were \$5.0 million and \$20.5 million, respectively, compared to \$4.9 million and \$20.5 million during the same periods of 2015. NOI in the current year is consistent with prior year.

Commercial portfolio summary (including joint ventures at 100%) – December 31

Region	Commercial sq. ft.		\$ Average Rent/sq. ft.			
			Three months ended December 31		Year ended December 31	
	2016	2015	2016	2015	2016	2015
Atlantic Canada	225,000	225,000	18.87	17.86	18.84	17.86
Northern Canada	771,000	779,000	23.96	24.56	23.98	24.56
Quebec	3,000	3,000	21.95	21.89	21.95	21.89
Western Canada	136,000	136,000	12.20	14.88	13.22	14.88
Total / Average	1,135,000	1,143,000	22.97	21.94	21.69	21.94

Commercial occupancy was 95.5% for the year ended December 31, 2016, compared to 96.7% for the same period of 2015. There was approximately 169,000 square feet of commercial space with leases renewing in 2016, of which approximately 120,000 square feet has been renewed as of December 31, 2016. The increase in vacancy was mainly due to a lease expiring on a warehouse in Ft. Nelson, BC during the fourth quarter of 2016.

For the three months and year ended December 31, 2016, the average rents per square foot were \$22.97 and \$21.69, respectively, compared to \$21.94 for the same periods of 2015. The increase in the average rent per square foot in the Atlantic Canada and Quebec regions was due to lease renewals and new leases. The decrease in the average rent per square foot in the Northern Canada and Western Canada regions was due to the sale of a property in Inuvik, NT in 2016, and the sale of a warehouse in Redcliff, AB in 2015, respectively.

Northview has 96,000 commercial square feet maturing in 2017.

Execusuites and hotel operations

Execusuites Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue	2,843	2,837	-	12,683	11,932	6%
Operating expenses	(1,715)	(1,601)	7%	(6,857)	(6,632)	3%
Net operating income	1,128	1,236	(9%)	5,826	5,300	10%

Northview operates five execusuite and hotel properties: one in Yellowknife, NT; two in Iqaluit, NU; one in St. John's, NL; and a 50% joint venture in Inuvik, NT. The execusuite properties consist of four apartment style properties, which are rented for both short and long-term stays. The hotel property, located in Iqaluit, NU, is a full service hotel with food and beverage operations that are leased to an independent operator.

For the three months ended December 31, 2016, the execusuites and hotel operated at an average occupancy of 52.0%, compared to 52.2% for the same period of 2015. For the year ended December 31, 2016, the execusuites and hotel operated at an occupancy of 57.3%, compared to 52.2% for the same period of 2015.

NOI for the three months and year ended December 31, 2016, were \$1.1 million and \$5.8 million, respectively, compared to \$1.2 million and \$5.3 million during the same periods of 2015. The decline in NOI during the fourth quarter of 2016 is mainly due to lower occupancy throughout the portfolio and higher operating expenses in the hotel property in Iqaluit, NU. The increase in NOI for the year ended December 31, 2016 is mainly due to higher revenue from renovated suites returning to inventory at the execsuite property in St. John's, NL, and higher occupancy in the properties in Yellowknife, NT, and Iqaluit, NU.

Other expenses (income)

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Financing costs	16,961	14,501	17%	68,552	37,957	81%
Administration	2,533	2,899	(13%)	9,830	8,999	9%
Depreciation and amortization	1,180	1,408	(16%)	4,967	5,030	(1%)
Loss on sale of property, plant and equipment	164	307	(47%)	722	762	(5%)
Equity income from joint ventures	(216)	(206)	5%	(864)	(1,070)	(19%)
Bargain purchase gain	-	(50,893)	n/a	-	(50,893)	n/a
Business combination transaction costs	43	35,277	(100%)	14,579	38,959	(63%)
Unrealized fair value changes	(20,630)	14,907	(238%)	10,268	55,103	(81%)
Total	35	18,200	(100%)	108,054	94,847	14%

Financing costs

Financing costs consist of mortgage interest, deferred financing costs, interest expense on credit facilities, interest expense on Class B LP Units, and other interest expense. Financing costs were \$17.0 million and \$68.6 million for the three months and year ended December 31, 2016, respectively, an increase of 17% and 81% from the same periods of 2015. The increase was a result of the \$350 million Bridge Facility used to fund part of the Transaction and additional mortgages assumed. Higher debt balances were partially offset by the decrease in the weighted average interest rate to 3.23% at December 31, 2016, from 3.33% at December 31, 2015.

Administration

Administration expense for the three months ended December 31, 2016 was \$2.5 million, a decrease of 13% compared to the same period of 2015. Administration expense for the year ended December 31, 2016 was \$9.8 million, an increase of 9% compared to the same period of 2015. The increase was mainly due to additional staff and related costs retained as part of the Transaction, an increase in professional fees and bank charges, which were partially offset by lower variable incentive compensation costs.

Business combination transaction costs

The costs recorded for business combinations for the three months and year ended December 31, 2016, were costs incurred in the current year related to the completion of the Transaction on October 30, 2015.

Unrealized fair value changes

	Three months ended December 31			Twelve months ended December 31		
(thousands of dollars)	2016	2015	Change	2016	2015	Change
Expense (income)						
Unrealized fair value change to investment properties	(21,860)	1,183	n/a	(47,779)	8,391	(669%)
Sustaining CAPEX	12,999	21,462	(39%)	44,551	54,910	(19%)
Interest rate swap	(904)	234	(486%)	(16)	234	(107%)
2019 Debentures	(253)	(460)	(45%)	575	(460)	(225%)
Unit based payments	(87)	(166)	(48%)	302	(351)	(186%)
Class B LP Units	(10,525)	(7,346)	43%	12,635	(7,621)	(266%)
Net unrealized fair value decrease (increase)	(20,630)	14,907	(238%)	10,268	55,103	(81%)

Management monitors certain trigger events that could indicate a change in an investment property's fair market value, such as a change in market conditions, added competition through new supply, sustained changes in market occupancy or rental rates, recent transactions, independent appraisals, or a long-term change in a property's NOI.

During 2016, Northview achieved a fair value increase on investment properties of \$54 million including \$46 million in Ontario and \$9 million for the newly developed properties in Alberta. Of the total \$54 million fair value increase achieved in 2016, the unrealized fair value increase was \$48 million. In addition, there was a fair value increase in Atlantic Canada, Northern Canada, and Quebec of \$34 million, offset by a fair value decrease in resource based markets of \$35 million. These fair value increases reflect the positive operating conditions in Ontario and Northview's ability to add value through its development projects.

The decrease in sustaining CAPEX for the three months and year ended December 31, 2016, when compared to the same periods of 2015, is mainly due to the completion of the "Street to Suite" capital program in 2015.

Class B LP Units are marked to market each reporting period, which is equal to the trading price of Northview Trust Units, with the change in value being recorded to unrealized fair value gain or loss.

Capital improvements and sustaining CAPEX

	Three months ended December 31		Year ended December 31	
(thousands of dollars, except per unit amounts)	2016	2015	2016	2015
Capital improvements	506	330	5,700	3,783
Sustaining CAPEX	12,999	21,462	44,551	54,910
Total	13,505	21,792	50,251	58,693
Number of multi-family units	24,094	24,202	24,094	24,202
Sustaining CAPEX per multi-family unit	540	887	1,849	2,269

Capital improvements are expenditures associated with extending the economic life or improving the operating efficiency of the properties, other than ordinary repairs and maintenance. The high-end renovation program currently underway in the portfolios acquired in the Transaction is considered to be capital improvements, as the units are being upgraded with amenities exceeding their original condition and the program enhanced the earnings of the units.

Sustaining CAPEX represents ongoing expenditures required to maintain the operating efficiency of Northview's portfolio. These include expenditures to maintain common areas, HVAC systems, building envelopes, investments in boilers, expenditures to reduce energy consumption, and to refurbish units on resident turnover. Northview's focus on maintaining the quality of its multi-family buildings through its "Street to Suite" program was completed in 2015. Of the total \$54.9 million Sustaining CAPEX for the year ended December 31, 2015, \$23.8 million was related to the "Street to Suite" program. Sustaining CAPEX per unit for the three months and year ended December 31, 2016, decreased compared to the same periods of 2015. The decrease is mainly due to the completion of "Street to Suite" program in 2015. Sustaining CAPEX incurred in Ontario tends to be more expensive on a per unit basis due to the higher cost of materials and labour.

Tax status

Northview is a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust ("DOT"), distributions to Unitholders are declared at the discretion of the Board of Trustees ("Trustees"). Pursuant to the DOT, the Trustees may, at their sole discretion, determine distributions or designate that all taxable income earned, including the taxable part of net realized capital gains, be distributed to Trust Unitholders and will deduct such distributions and designations for income tax purposes.

The Income Tax Act (Canada) ("Tax Act") contains rules (the "SIFT Rules") that impose tax on certain mutual fund trusts and their trust unitholders at rates that approximate corporate and dividend income tax rates. The SIFT Rules do not apply to any mutual fund trust that qualifies as a "real estate investment trust" (a "Tax REIT") as defined in the Tax Act (the "Tax REIT Exemption"). A REIT must hold less than 10% of non-qualifying assets and earn less than 10% of non-qualifying revenue to keep its status as a Tax REIT. As of December 31, 2016, the REIT met all the requirements related to the qualification of the REIT 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

The table below summarizes Northview's financial results for the last eight fiscal quarters:

(thousands of dollars, except per unit amounts)								
	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	81,529	83,507	81,112	86,307	70,735	48,621	49,401	48,821
NOI	44,003	50,213	44,330	46,979	39,353	30,965	30,041	26,340
Distributions to Trust Unit holders	23,188	21,267	21,275	21,276	18,493	12,940	12,940	12,940
Distributions per Trust Unit	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
FFO – basic ⁽ⁱ⁾	27,058	33,896	26,987	30,007	24,371	21,561	20,327	16,574
FFO per Trust Unit – basic	\$0.50	\$0.65	\$0.52	\$0.57	\$0.54	\$0.68	\$0.64	\$0.52
FFO payout ratio – basic	83.9%	62.7%	78.8%	70.9%	75.9%	60.0%	63.7%	78.1%
FFO – diluted ⁽ⁱ⁾	27,371	34,229	27,335	30,337	24,592	21,561	20,327	16,574
FFO per Trust Unit – diluted	\$0.49	\$0.64	\$0.51	\$0.57	\$0.53	\$0.68	\$0.64	\$0.52
FFO payout ratio – diluted	84.7%	63.5%	79.6%	71.7%	75.2%	60.0%	63.7%	78.1%

(i) Q1 2016, Q2 2016, Q3 2016 and Q4 2016 include Non-recurring Items.

Northview's quarterly financial results have a seasonal component resulting from higher utility costs in the first and fourth quarters of each year.

NOI, basic FFO and diluted FFO for the three months ended December 31, 2016, were \$44.0 million, \$27.1 million and \$27.4 million, increased by 12%, 11% and 11%, respectively, compared to the same periods of 2015. The increases were primarily due to the growth in Northview's portfolio from the Transaction.

On a per unit basis, basic FFO and diluted FFO for three months ended December 31, 2016, were \$0.50 and \$0.49, respectively, compared to \$0.54 and \$0.53 for the same periods of 2015. The decrease in FFO on a per unit basis in the quarter was driven primarily by lower operating performance in natural resource based markets, dilution from the equity offering completed in October 2016 and higher interest expense from additional mortgages.

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 flow from operations, operating facilities, construction financing, mortgage debt secured by investment properties, and equity issuances.

At December 31, 2016, Northview had a working capital deficiency of \$253 million. In the normal course of operations, a certain portion of Northview's borrowings under mortgages and credit facilities will be considered a current liability prior to being replaced with longer-term financing. Of the total deficiency of \$253 million, \$161 million related to the current portion of mortgages payable, of which \$126 million is expected to be refinanced with long-term mortgages and \$35 million is funded from cash flow from operations; \$50 million was the borrowing amount from construction financing, which is expected to be replaced by long-term mortgages upon the completion of the construction projects; \$18 million was the borrowing amount from an operating facility, which is expected to be replaced by a new operating facility upon maturity. The balance of the working capital deficiency is \$24 million, which will be funded by cash flow from operations in 2017.

Liquidity risk is the risk that Northview is not able to meet its financial obligations as they fall due or can do so only at excessive cost. Northview manages liquidity risk by managing mortgage and loan maturities. Mortgage maturities normally enable replacement financing with excess capital available for other purposes. Changes in property NOI impact the borrowing base calculation. Adverse economic conditions may result in a decrease to the borrowing base which would reduce the amount of liquidity available to Northview. Cash flow projections are completed on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, investment activities and distributions to Trust Unitholders.

Northview's long-term target for FFO payout ratio is 70%, which allows the ability to maintain distributions long term. Northview's current FFO payout ratio is temporarily higher than target due to weak operating conditions in resource based markets, the recent equity offering and asset sales completed in 2016. The long-term target for debt to gross book value is between 50% to 55%. With significant progress on leverage reduction achieved in 2016 through the successful equity offering and asset sales, management will focus on organic growth, capital recycling and external growth opportunities through developments and limited acquisitions.

The total net proceeds of the equity offering completed on October 31, 2016 was approximately \$71.1 million. Northview stated to use the net proceeds of the equity offering prior to the over-allotment option for the following purpose: (i) \$54 million for leverage reduction, including the repayment of Credit Facilities, (ii) \$5 million for VCI's, (iii) \$3 million for ongoing development and acquisition opportunities, and (iv) if any, the remainder for working capital requirements.

Northview used the net proceeds of the equity offering to repay credit facilities in 2016. In 2017, Northview will use a portion of the net proceeds for VCI's and development opportunities.

Contractual obligations

Contractual obligations at December 31, 2016:

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,661,532	1,918,758	213,537	1,084,217	621,004
Credit facilities	133,842	133,842	68,013	65,829	-
Trade and other payables	68,106	68,106	68,106	-	-
Distributions and Class B LP interest payable	7,571	7,571	7,571	-	-
Liabilities related to asset held for sale	18,008	18,008	18,008	-	-
Convertible debentures	23,460	23,460	-	23,460	-
Derivative instruments	1,499	1,499	1,499	-	-
Unit based payments	1,733	1,733	-	1,733	-

Contractual obligations at December 31, 2015:

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,359,889	1,558,717	202,098	826,730	529,889
Credit facilities	483,743	483,743	483,743	-	-
Trade and other payables	70,467	70,467	70,467	-	-
Distributions and Class B LP interest payable	7,089	7,089	7,089	-	-
Convertible debentures	22,885	22,885	-	22,885	-
Derivative instruments	1,515	1,515	-	1,515	-
Unit based payments	788	788	-	788	-

Mortgages

During the three months ended December 31, 2016, Northview completed \$32.0 million in mortgage refinancing with a weighted average interest rate of 2.50% and an average term to maturity of 6.1 years. For the year ended December 31, 2016, Northview completed \$501.5 million in mortgage refinancing with a weighted average interest rate of 2.97% and an average term to maturity of 7.2 years. The proceeds from the mortgage financings were used to repay existing mortgages, construction financing, operating facilities, and to fund development and capital improvement activity.

Northview monitors interest rates to identify opportunities for the reduction of its weighted average interest rate. Northview's weighted average interest rate on mortgage debt at December 31, 2016, decreased to 3.23%, compared to 3.33% at December 31, 2015. At December 31, 2016, the weighted average term to maturity was 5.0 years, compared to 5.0 years at December 31, 2015.

Northview utilizes Canada Mortgage and Housing Corporation ("CMHC") insured mortgage lender financing to obtain loans of up to 75% of CMHC's assessed value of a multi-family property. Northview can obtain a lower borrowing cost on properties financed using insured mortgage lender financing after including the cost of the insurance when compared to conventional financing.

The following table outlines Northview's mortgages payable maturity schedule as at December 31, 2016, for the next ten years and thereafter.

(thousands of dollars)	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2017	47,411	126,020	173,431	10.2%	3.85%
2018	45,706	162,811	208,517	12.3%	3.94%
2019	41,337	175,864	217,201	12.8%	3.29%
2020	36,353	174,622	210,975	12.5%	2.73%
2021	27,632	281,179	308,811	18.3%	3.48%
2022	22,332	52,122	74,454	4.4 %	2.98%
2023	20,261	93,591	113,852	6.7%	3.11%
2024	16,780	67,241	84,021	5.0%	3.18%
2025	11,461	153,415	164,876	9.8%	3.04%
2026	3,783	129,907	133,690	7.9%	2.46%
Thereafter	2,427	-	2,427	0.1%	3.20%
	275,483	1,416,772	1,692,255	100.0%	3.23%

Credit facilities

Borrowings under credit facilities	December 31, 2016	December 31, 2015
Operating facilities ⁽ⁱ⁾	73,200	88,450
Construction financing ⁽ⁱⁱ⁾	50,013	39,289
Land financing ⁽ⁱⁱⁱ⁾	10,629	6,004
Bridge facility ^(iv)	-	350,000
Total	133,842	483,743
Current	68,013	483,743
Non-current	65,829	-
Total	133,842	483,743

- (i) Effective September 30, 2016, Northview consolidated the \$75.0 million and \$45.0 million operating facilities into a new \$150.0 million facility. At December 31, 2016, Northview had three operating facilities with credit limits of \$150.0 million, \$23.0 million, and \$30.0 million, respectively, a total of \$203.0 million (December 31, 2015 – \$135.0 million) for acquisition, development, and operating purposes.

The \$150.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 12, 2018. As of December 31, 2016, the maximum borrowing capacity was \$108.4 million based on the investment properties pledged. At December 31, 2016, \$55.2 million had been drawn. Specific investment properties with a fair value of \$281.5 million have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants. Northview also has \$4.1 million (December 31, 2015 – \$5.5 million) in Letters of Credit ("LOC") outstanding as security for construction projects and mortgage holdbacks which reduces the amount available.

The \$23.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of July 22, 2017. As of December 31, 2016, the maximum borrowing capacity was \$23.0 million (December 31, 2015 – \$15.0 million) based on the investment properties pledged. At December 31, 2016, \$18.0 million had been drawn (December 31, 2015 – \$7.0 million). Specific investment properties with a fair value of \$38.3 million (December 31, 2015 – \$34.5 million) have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants.

The \$30.0 million facility bears interest at prime plus 1.15% or Bankers' Acceptance plus 2.40% with a maturity date of May 31, 2017. As of December 31, 2016, the maximum borrowing capacity was \$21.7 million (December 31, 2015 – \$nil) based on the investment properties pledged. At December 31, 2016, \$nil million had been drawn (December 31, 2015 – \$nil). Specific investment properties with a fair value of \$42.7 million (December 31, 2015 – \$nil) have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants.

- (ii) At December 31, 2016, Northview had three construction financing loans outstanding relating to the developments in Calgary, AB; Cambridge Bay, NU; and Bonnyville, AB. Interest rates range from prime plus 0.50% to 1.00% or Banker's Acceptance plus 2.00% to 2.20%. Maturity dates range from May 31, 2017, to December 31, 2017.
- (iii) The land financing relates to land held for development and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00% with a maturity date of December 31, 2018. Financing is secured by five parcels of land held for development.
- (iv) Northview entered into two bridge facilities for a total of \$350.0 million to fund the Transaction on October 30, 2015. The first bridge facility was a two-year senior secured non-revolving term loan facility bearing interest at prime plus 0.7% or Bankers' Acceptance plus 1.95% for the amount of \$325.0 million with a maturity date of October 30, 2017. The second bridge facility was a six-month term, with a six-month extension subject to lender approval, senior secured non-revolving equity bridge facility bearing interest at prime plus 1.25% or Bankers' Acceptance plus 2.50% for the amount of \$25.0 million with a maturity date of April 30, 2016. During the first quarter of 2016, the two bridge facilities were repaid in full.

Capital management

Management monitors Northview's capital structure on an ongoing basis to determine the appropriate level of mortgages payable to be placed on specific properties at the time of acquisition or when existing debt matures. Northview follows guidelines which are set out in the DOT. Consistent with others in the industry, Northview monitors capital on the basis of debt to gross book value ratio. The DOT provides for a maximum debt to gross book value ratio of 70%. Debt to gross book value as at December 31, 2016 was 57.5% compared to 59.2% as at December 31, 2015.

Interest coverage for December 31, 2016, was 2.98 compared to 3.31 for the year ended December 31, 2015. Debt service coverage for December 31, 2016, was 1.70 compared to 1.86 for the year ended December 31, 2015. Interest coverage and debt service coverage ratios are calculated based on the most recently completed four fiscal quarters. Both ratios declined as a result of a reduction in NOI in resource based markets.

Northview's credit facilities contain certain financial covenants. The principal financial covenants are debt to gross book value, debt service coverage, and interest coverage. The debt to gross book value ratio covenant maximum threshold is 70%. The interest coverage ratio and debt service coverage ratio covenant minimum thresholds are at least 1.90 and 1.50, respectively. As at December 31, 2016, Northview is in compliance with all financial covenants.

The following debt to gross book value, interest coverage, and debt service coverage excludes the 2019 Debentures and interest expense on the 2019 Debentures:

Debt to gross book value

(thousands of dollars)	December 31, 2016	December 31, 2015
Cash	(4,148)	(4,487)
Credit facilities	133,842	483,743
Mortgages payable	1,692,255	1,357,215
Debt	1,821,949	1,836,471
Investment properties	3,059,825	3,025,468
Property, plant and equipment	40,282	55,510
Properties held for sale	39,873	-
Accumulated depreciation	22,493	22,156
Accumulated depreciation on properties held for sale	4,074	-
Gross book value	3,166,547	3,103,134
Debt to gross book value	57.5%	59.2%

Interest and debt service coverage

(thousands of dollars)	Year ended December 31, 2016	Year ended December 31, 2015
Income before income taxes	77,475	31,852
Depreciation and amortization	4,967	5,030
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
Interest expense to Class B LP Unitholders	9,822	2,213
Bargain purchase gain	-	(50,893)
Business combination transaction costs	14,579	38,959
Unrealized fair value changes	10,268	55,103
Adjusted earnings	176,158	117,829
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
Total interest expense excluding interest expense to Class B LP Unitholders	59,047	35,565
Principal repayments	44,590	27,757
Debt service payments	103,637	63,322
Interest coverage	2.98	3.31
Debt service coverage	1.70	1.86

EQUITY

Northview's issued and outstanding Trust Units, along with Trust Units potentially issuable, are as follows:

(number of units)	December 31, 2016	December 31, 2015
Issued and outstanding		
Trust Units	49,942,379	44,410,640
Class B LP Units	5,814,664	7,809,539
	55,757,043	52,220,179
Trust Units potentially issuable		
LTIP units	2,370	2,980
LTI units	146,179	72,910
Deferred units	31,843	10,026
2019 Debentures	966,386	966,386
Total Trust Units potentially issuable	1,146,778	1,052,302
Total outstanding and potentially issuable Trust Units	56,903,821	53,272,481

During the year ended December 31, 2016, 1,994,875 Class B LP Units and special voting units of Northview ("Special Voting Units") (December 31, 2015 – nil), subject to conversion in accordance with their terms, were exchanged for Trust Units, with a fair value of \$33.1 million, of which 1,910,853 Class B LP Units and Special Voting Units, subject to conversion in accordance with their terms, were exchanged for Trust Units, with a fair value of \$31.3 million by a Trustee, a related party. The exchange of Class B LP Units and Special Voting Units to Trust Units does not affect the Trustee's total ownership.

Normal Course Issuer Bid ("NCIB")

On May 27, 2016, the TSX approved Northview's notice of intention to renew the NCIB for its Trust Units. Northview's NCIB will be made in accordance with the policies of the TSX. Northview may purchase Trust Units during the period from June 1, 2016 to May 31, 2017, or an earlier date should Northview complete its maximum purchases. Northview will pay the market price at the time of acquisition for any Trust Units in accordance with the rules and policies of the TSX and applicable securities laws. Purchases under the NCIB will be funded out of Northview's working capital. Northview is not obligated to make any purchases pursuant to the NCIB. Northview is authorized to purchase, in a 12 month period, up to 3,852,249 Trust Units, representing 10% of its public float as at May 26, 2016, through the facilities of the TSX and other Canadian trading platforms. On any trading day, Northview will not purchase more than 32,646 Trust Units, which is equal to 25% of Northview's average daily trading volume on the TSX for the most recently completed six calendar months preceding May 27, 2016, the date of acceptance of the NCIB by the TSX, except where such purchases are made in accordance with the block purchase exemptions under the TSX rules.

During the year ended December 31, 2016, Northview did not purchase any Trust Units under its NCIB.

Distributions to Trust and Class B LP Unitholders

Pursuant to the DOT, Unitholders are entitled to receive distributions made on each distribution date as approved by the Trustees. During the year ended December 31, 2016, Northview declared monthly cash distributions of \$0.1358 per Unit, totaling \$88.4 million (December 31, 2015 – \$57.3 million). The 2016 increase in distributions relates to the additional units issued in the Transaction and the equity offering completed in October 2016. The Class B LP Units are treated as a financial liability for accounting purposes, and distributions on the Class B LP Units are recorded as a financing cost.

For the three months ended December 31, 2016, total distributions of \$23.2 million were paid to Trust Unitholders from \$26.3 million of cash flow from operations in the same period. For the year ended December 31, 2016, total distributions of \$88.4 million were paid to Trust Unitholders from \$97.7 million of cash flow from operations in the same period. In any given financial period, total distributions may differ from cash flow from operations, primarily due to the short-term fluctuations in non-cash working capital and the temporary fluctuations of earnings. Temporary deficiencies in operating cash flow may be funded by revolving operating facilities, construction financing, mortgage debt secured by investment properties, equity issuances, and asset sales. If Northview were unable to raise additional funds or renew existing maturing debt on acceptable terms, then capital expenditures and acquisition or development activities may be reduced, or asset sales increased. Management expects cash flow from operations to continue to exceed distributions paid in future years.

RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of operations and are made on terms equivalent to those used in arm's length transactions.

Northview has engaged Starlight to perform certain services, as outlined below. Starlight is a related party as it is controlled by a Trustee and significant Unitholder of Northview. Pursuant to the Transitional Services Agreement dated October 30, 2015, Starlight is to provide transitional services of an asset management nature for a monthly fee equal to 0.125% of the sum of: (i) the agreed upon allocated values of the properties acquired from True North and its affiliates in connection with the Transaction; (ii) the third party appraised values of the private portfolio acquired by Northview in connection with the Transaction; (iii) the purchase price of new sourced properties; (iv) the third party appraised values of added properties; and (v) the cost of any capital expenditures incurred by Northview or any of its affiliates in respect of the properties since the closing date of the Transaction. This agreement is for a term of three years ending October 30, 2018, with Northview having the option to exclude the New Brunswick and Nova Scotia properties from the agreement after October 30, 2017. At Northview's option, the term may be renewed for two additional one year terms. On October 31, 2016, Northview provided notice to Starlight terminating asset management services for the properties located in New Brunswick and Nova Scotia, effective October 31, 2017.

For year ended December 31, 2016, the costs of these services aggregated to \$1.9 million. Of this amount, \$1.5 million has been capitalized, while the remaining \$0.4 million has been recognized as administration expenses in the consolidated statements of net and comprehensive income. Balance outstanding and payable to Northview from Starlight as at December 31, 2016, is \$0.4 million and is included in accounts receivable in the consolidated statements of financial position. Balance outstanding and payable to Starlight from Northview as at December 31, 2016, is \$0.2 million and is included in trade and other payables in the consolidated statements of financial position.

During the period, revenue from associates related to management fees and maintenance service fees received from Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") and Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS"), and receipt of services from associates related to rent paid by Northview to ICP, were as follows:

(thousands of dollars)	Transactions for the three months ended December 31		Transactions for the years ended December 31		Balance Outstanding as at December 31	
	2016	2015	2016	2015	2016	2015
Revenue from associates	93	141	370	379	7	118
Receipt of services from associates	13	13	53	53	32	1

During the third quarter of 2016, Northview sold two properties to Starlight for a total cash proceeds of \$15.5 million. The properties were sold at a value consistent with the internal assessment of the fair value of the properties. Fair value was calculated using expected net operating income of that property divided by the market capitalization rate at the time of the valuation. This internal assessment of fair value is consistent with Northview's method and policy when assessing fair value of properties for period end reporting and third party sales.

During the year ended December 31, 2016, 1,910,853 Class B LP and Special Voting Units, subject to conversion in accordance with their terms, were exchanged for Trust Units with a fair value of \$31.3 million by a Trustee, a related party. Exchange of Class B LP Units to Trust Units does not affect the Trustee's total ownership.

CRITICAL ACCOUNTING POLICIES, ESTIMATES and JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated each period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, differ from the actual results. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities and management's most critical judgments in applying accounting policies. Actual results may differ from these estimates.

Estimates

(i) 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 Cap Rates and NOI. A change to either of these inputs could significantly alter the fair value of an investment property.

(ii) Depreciation and amortization

Depreciation and amortization are calculated to write off 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 periodically for any change to estimates and assumptions.

(iii) Accrued liabilities

Northview must estimate accrued liabilities when invoices have not been received in order to ensure all expenditures have been recognized. If future expenditures differ from estimates, future income would be affected. Accrued liabilities, including an estimate of any applicable taxes, are included in Trade and other payables.

(iv) Capital adequacy

Northview prepares estimated cash flow projections on a regular basis to ensure there will be adequate liquidity to maintain operating, capital and investment activities and uses these estimates to assess capital adequacy. Management reviews the current financial results and the annual business plan in determining appropriate capital adequacy and uses this to determine distribution levels. Changes in these estimates affect distributions to the Unitholders and Northview's cost of capital.

(v) Income taxes

Under current tax legislation, a real estate investment trust is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders during the year. Northview is a real estate investment trust if it meets prescribed conditions under the Tax Act relating to the nature of its assets and revenue (the "REIT Conditions"). Northview has reviewed the REIT Conditions and has assessed their interpretation and application to Northview's assets and revenue, and it has determined that it qualifies as a real estate investment trust.

Northview expects to qualify as a real estate investment trust under the Tax Act. Should it no longer qualify, it would not be able to flow-through its taxable income to Unitholders and would be subject to tax.

Judgments

(i) Purchase of investment properties

Northview reviews its purchases of investment property to determine whether or not the purchase is part of a business combination, as IFRS requires differing treatment of property acquisitions depending on whether or not the purchase is part of a business combination. Judgment is involved in determining whether or not 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 immediately and earnings are affected. If the purchase is an asset acquisition, these costs form part of the purchase price and earnings are not immediately affected.

(ii) Fair value of investment properties

While investment properties are recorded at fair value on a quarterly basis, not every property is independently appraised every year. Significant judgment is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties affect income.

(iii) Financial instrument

Northview's accounting policies and risk management relating to financial instrument are described in note 2 (j) and note 18 to the consolidated financial statements for the years ended December 31, 2016, and 2015. Critical judgments inherent in these policies related to applying the criteria set out in IAS 39 to designate financial instruments into categories, and determine the identification of embedded derivatives, if any.

(iv) Componentization

The componentization of Northview's property, plant and equipment, namely buildings, are based on management's judgment 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.

(v) Impairment

Assessment of impairment is based on management's judgment of whether there are sufficient internal and external factors that would indicate that an asset or Cash Generating Unit ("CGU") is impaired. The determination of CGUs is also based on management's judgment 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.

(vi) Classification of ICP and ICS as joint ventures

The ownership of ICS is for the purpose of investing in an income producing execusuite property in Inuvik, NT, and the ownership of ICP is for the purpose of investing in a portfolio of commercial and mixed-use income producing properties in Inuvik, NT. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, ICP and ICS are classified as joint ventures.

New accounting standards and interpretations

Northview has applied the following new and revised IFRS issued by the International Accounting Standards Board ("IASB") that is mandatorily effective for an accounting period that begins on January 1, 2016.

New Standard	Description	Previous Standard	Impact of Application
Amendments to IFRS 11 – Joint Arrangement: Accounting for Acquisitions of Interests	The amendments to IFRS 11 require an acquirer of an interest in a joint operation in which the activity constitutes a business combination as defined in IFRS 3 – Business Combinations to apply the relevant principles on accounting for business combinations in IFRS 3 and other standards.	No direct replacement.	No material recognition or measurement impact on the consolidated financial statements.

Recent accounting pronouncements

The IASB has issued the following standards that have not been applied in preparing the audited consolidated financial statements as their effective dates fall within annual periods subsequent to the current reporting period.

Proposed Standard	Description	Possible Impact	Effective Date
IFRS 15 – Revenue from Contracts with Customers	Introduces a principle to report information about nature, timing, and uncertainty of revenue from contracts with customers in a single, comprehensive revenue recognition model.	Northview is in the process of assessing the impact of IFRS 15 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 9 – Financial Instruments	The IASB has undertaken a three-phase project to replace IAS 39 with IFRS 9. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value; and introduces a new hedge accounting model. The standard was finalized in July 2014.	Northview is in the process of assessing the impact of IFRS 9 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	Effective date for annual periods beginning on or after January 1, 2018.
IAS 40 – Investment Properties	During December 2016, the IASB issued an amendment to IAS 40 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.	Northview is in the process of assessing the impact of amendment to IAS 40 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 16 – Leases	The IASB issued IFRS 16 – Leases, which provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	Northview is in the process of assessing the impact of IFRS 16 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview will determine the potential impact on the consolidated financial statement.	Effective date for annual periods beginning on or after January 1, 2019.

Management continues to evaluate the potential qualitative and quantitative impact of these new standards on Northview's financial statement measurements and disclosures. Northview is not early adopting these standards.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

As at December 31, 2016, 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, 2016, 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, 2016.

Internal control over financial reporting

As at December 31, 2016, 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, 2016, 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, 2016. 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 2016, there were no changes in Northview's ICFR that have materially affected, or are reasonably likely to materially affect, Northview's ICFR.

SUBSEQUENT EVENTS

Between January 1, 2017, and March 9, 2017, Northview disposed of four non-core properties with a fair value of \$23.4 million.

Between January 1, 2017, and March 9, 2017, Northview completed new financing and renewals of \$7.4 million with interest rates between 2.50% and 3.60% and terms to maturity of approximately 1 to 10 years. Proceeds were used to pay down existing debt and credit facilities.

NON-GAAP AND ADDITIONAL GAAP MEASURES

The following non-GAAP and additional GAAP measures are used to monitor Northview's financial performance. All non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Net operating income: NOI is calculated by deducting the direct operating costs of maintaining and operating investment properties from the revenue which they generate. The most significant direct operating costs affecting NOI are: utilities, property taxes, insurance, cleaning, and repairs and maintenance. Refer to the audited consolidated statements of net and comprehensive income for NOI calculation.

Same door NOI: measured as the annual change in NOI from properties that have been owned by Northview for both the current and prior year reporting periods.

Funds from operations: FFO is calculated as prescribed by RealPAC's White Paper. FFO measures operating performance by adjusting net and comprehensive income.

FFO payout ratio: calculated as distributions declared during the period divided by FFO for the same period.

Debt: the sum of credit facilities and mortgages payable less cash (bank indebtedness).

Gross book value: the book value of the assets of Northview and its consolidated subsidiaries.

Debt to gross book value: calculated as debt as a percentage of gross book value and is a measure of leverage.

Interest coverage: calculated as net income before interest divided by total interest expense.

Debt service coverage: calculated as net income before interest divided by the debt service payments.