



Management's Discussion and Analysis of Financial Results
For the three and nine months ended September 30, 2018 and 2017

ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated November 6, 2018, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the Northview Apartment Real Estate Investment Trust ("Northview") unaudited condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2018 and 2017, and the audited consolidated financial statements and notes thereto for the years ended December 31, 2017, and 2016. The audited 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 November 6, 2018, 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 multi-family, executive 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"), adjusted funds from operations ("AFFO"), FFO and AFFO payout ratio, debt to gross book value, and coverage ratios.

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 November 6, 2018.

NON-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 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. 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 and may not be applied consistently.

The following MD&A is for the financial results of Northview for the three and nine months ended September 30, 2018, and 2017. 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”).

This MD&A uses certain non-GAAP measures that exclude Non-recurring Items on a consistently applied basis to enhance GAAP measures. Please see page 35 for definition and cautionary language for these measures.

BUSINESS OVERVIEW

Northview is one of Canada's largest publicly traded multi-family real estate investment trusts (“REITs”) with a portfolio of approximately 26,000 residential units, and 1.2 million square feet (“sq. ft.”) of commercial space in over 60 markets across eight provinces and two territories. Northview currently trades on the Toronto Stock Exchange (“TSX”) under the symbol: NVU.UN.

Northview's strategy and objectives are based on the following:

- **Portfolio diversification:** Northview has a well-diversified multi-family portfolio across Canada. This portfolio allows for stable returns and distributions, with flexibility for growth opportunities.
- **Organic growth:** Northview's high quality portfolio includes properties in stable markets characterized by expanding populations and growing economies. Northview will seek to increase same door net operating income (“NOI”) by improving occupancy and average monthly rent (“AMR”) combined with operating efficiencies to reduce expenses.
- **Growth through acquisitions:** Northview invests in strong markets across the country where it has an established operations platform and market knowledge. Northview has a strategic relationship with Starlight Group Property Holdings Inc. and affiliates (“Starlight”) that may generate future acquisition opportunities.
- **Growth through development:** In-house development expertise enables Northview to focus on areas with high values for existing properties and execute developments with a target of 100 to 200 basis points (“bps”) better than market capitalization rate (“Cap Rate”) contributing to higher net asset value upon completion.

2018 THIRD QUARTER HIGHLIGHTS

- Diluted FFO per unit of \$0.58 for the third quarter of 2018, compared to \$0.59 for the same period of 2017, excluding Non-recurring Items.
- Same door NOI increase of 3.6%, including 4.0% increase for multi-family business segment for the third quarter of 2018.
- Overall NOI margin of 62.5% in the third quarter of 2018, an improvement of 90 bps from the same period of 2017.
- Multi-family portfolio occupancy of 93.5% in the third quarter of 2018, an improvement of 20 bps from the second quarter of 2018, and the same period of 2017.
- Annualized NOI increase from Value Creation Initiatives (“VCIs”) related to the 2015 Transaction was \$1.3 million for the third quarter of 2018, bringing the cumulative progress to \$10.0 million since November 1, 2015.
- Total net fair value increase of \$28.5 million on investment properties in the third quarter of 2018, including \$22.0 million net fair value increase in Ontario resulting from higher NOI and Cap Rate reduction.
- Debt to gross book value decreased by 50 bps from the prior quarter to 54.6% at September 30, 2018, primarily as a result of fair value increase of investment properties.
- Cash flow from operating activities was \$40.9 million for the third quarter of 2018.

2018 THIRD QUARTER REVIEW

FINANCIAL HIGHLIGHTS

Diluted FFO per unit was \$0.58 for the third quarter of 2018, compared to \$0.59 for the same period of 2017, excluding Non-recurring Items. Same door NOI growth, and NOI contributions from acquisitions and newly developed properties increased FFO. These increases were offset by the equity issued to fund growth and the disposition of non-core assets. While the recent equity offering and the disposition of a non-core portfolio in Chetwynd, BC, will have some dilutive impact on the short-term FFO per unit, these transactions are expected to provide better opportunities for long-term FFO and net asset value growth. The net proceeds from the disposition and equity offering have improved the balance sheet, which has positioned Northview to continue its strategic growth.

Debt to gross book value decreased by 50 bps from the prior quarter to 54.6% at September 30, 2018, primarily as a result of fair value increase of investment properties. Interest and debt service coverage ratios remain strong at, 3.00 and 1.64, respectively, for the twelve months ended September 30, 2018.

During the third quarter, Northview completed \$78.4 million of mortgage refinancing, excluding short-term financing, for multi-family properties with a weighted average interest rate of 3.30% and an average term to maturity of 8.5 years.

OPERATIONAL HIGHLIGHTS

During the third quarter of 2018, Northview achieved total same door NOI increase of 3.6%, including multi-family same door NOI increase of 4.0%. All multi-family regions achieved a same door NOI increase. AMR for all multi-family regions increased in the third quarter of 2018, compared to the second quarter of 2018, and the same period of 2017, due to overall improved economic conditions and the successful execution of the VCIs in Ontario. Occupancy in Northern Canada and Ontario remains strong at 97.1% and 96.7%, respectively. Western Canada occupancy was 86.6% in the third quarter of 2018, a 70 bps increase compared to the second quarter of 2018. The increase is due to improvements in Calgary, AB, and some of the resource based markets in northern Alberta and northeastern British Columbia.

Overall NOI margin increased by 90 bps and 110 bps for the three and nine months ended September 30, 2018, compared to the same periods in 2017. The increase in NOI margin was due to contributions from new acquisitions and developments, which generated higher margins than the rest of the portfolio, combined with improvements in revenue from higher AMR and increased occupancy, and effective management of controllable operating expense, facilitated by property management internalization. Compared to the previous quarter, NOI margin increased by 320 bps, as a result of total revenue increasing by 4.6%, lower utilities expenses, and the successful reduction of maintenance expense in Atlantic Canada and Quebec.

Progress continues on VCIs with an annualized increase in NOI of \$1.3 million in the third quarter of 2018, compared to \$1.1 million for the second quarter of 2018. The increase is attributable to a higher number of units completed under the high-end renovation program. The high-end renovation program achieved an average rate of return of 26.6% for the nine months ended September 30, 2018. The cumulative progress since November 1, 2015, for VCIs is a \$10.0 million annualized increase in NOI, which is 70% of the initial five-year target of \$14.3 million set in 2015.

The transitional service agreement with Starlight ended as of October 30, 2018. This change is expected to positively impact operations and will not result in any incremental costs. In addition, the entire portfolio is now internally managed, which has resulted in annualized savings of approximately \$2.9 million, and reduced the number of third party managed units by 12,800 units since 2016.

As part of the acquisitions completed in December 2017, and June 2018, an additional 1,100 units have been identified as suitable for the high-end renovation program. These units are not included in VCI progress related to the Transaction.

Management plans to complete approximately 650 units in total under the high-end renovation program in 2018.

STRATEGIC EXTERNAL GROWTH

External Growth Through Acquisitions

Acquisitions during the nine months ended September 30, 2018 (thousands of dollars, except units)

Property Type	Location	Units	Date	Cost
Multi-family/Commercial/Land	Ontario	510	Q1, Q2 2018	132,912
Multi-family/Commercial/Land	Western Canada	137	Q1, Q2 2018	28,688
Multi-family/Commercial	Atlantic Canada	131	Q2, Q3 2018	31,209
Commercial	Northern Canada	-	Q2 2018	5,212
Total		778		198,021

During the nine months ended September 30, 2018, Northview completed the acquisition of a portfolio of 623 units for \$155.2 million in Ontario and Nova Scotia. In addition to this major acquisition, Northview acquired mixed-use, commercial properties, and land for development for \$42.8 million.

During the third quarter of 2018, Northview completed the disposition of a non-core portfolio located in Chetwynd, BC, for \$12.3 million.

Of the total \$403.3 million acquisitions completed since December 2017, 69% is within Ontario, and 60% provides NOI growth opportunities for Northview. The opportunities include high-end renovations, increasing rents below market rates and operating efficiencies. These high quality acquisitions further increase geographic diversification and quality of the portfolio, and support Northview's strategy of growing its portfolio in strong and growing markets.

Northview has demonstrated the value of the strategic relationship with Starlight, which has enabled it to complete acquisitions in markets such as Ontario, where competition for multi-family portfolios is high and limited opportunities arise for portfolios with meaningful scale. Relating to assets acquired through the Starlight relationship in December 2017, AMR has increased by 3.8%, and a \$17.4 million or 9% net fair value increase has been recorded in the third quarter of 2018.

External Growth Through Developments

Northview completed a development of 132 units in Regina, SK, in the first quarter of 2018. The property reached stabilized occupancy of 95% in the third quarter.

Northview completed a development consisting of 30 multi-family units and approximately 11,000 sq. ft. of commercial space in Iqaluit, NU, in the first quarter of 2018. The 30 multi-family units were all leased in the second quarter.

Northview completed a development consisting of 140 units and 40 staff housing beds in Canmore, AB, in the third quarter of 2018. The property is 50% leased, which is in line with expectations. Northview recorded a net fair value increase of \$5.5 million or 20% on completion of the development in the third quarter.

Projects completed during the nine months ended September 30, 2018 (thousands of dollars, except units)

Property Type	Location	Initial Occupancy	Total Cost Incurred	Expected Stabilized Cap Rate	Net Fair Value Increase
Multi-family	Regina, SK	Q1 2018	22,300	7.0% to 7.5%	5,800
Multi-family/Commercial	Iqaluit, NU	Q1 2018	9,400	9.0% to 9.5%	1,300
Multi-family	Canmore, AB	Q3 2018	27,900	7.0% to 7.5%	5,500
Total			59,600		12,600

The Calgary, AB, development is the second phase of the successful Vista project. The development commenced in the second quarter of 2018.

Project under development at September 30, 2018 (thousands of dollars except units)

Property Type	Location	Units	Expected Occupancy	Estimated Total Cost	Total Cost Incurred	Expected Stabilized Cap Rate
Multi-family	Calgary, AB	158	Q2 2019	30,000	9,900	6.0% to 6.5%
Total		158		30,000	9,900	

Developments in Kitchener, ON and Nanaimo, BC are in the advanced planning stage and expected to commence in early 2019.

OUTLOOK

Ontario is expected to continue to generate strong organic growth driven by tight supply conditions, high occupancy and the continued execution of the VCI program. Northern Canada is expected to achieve stable growth driven by long-term leases with primarily government tenants. Quebec is expected to generate growth in same door NOI driven by both higher AMR and cost savings from the recent property management internalization. Atlantic Canada is expected to maintain a similar level of same door NOI.

Mixed economic conditions remain in Western Canada, which have resulted in occupancy fluctuations in 2017 and 2018. The uncertain outlook for the resource sector including development activity, regional commodity prices, gross domestic product, and employment rate is expected to continue to impact future occupancy. The southern regions of Alberta and British Columbia are expected to remain strong. The recently announced liquefied natural gas (“LNG”) project in northern British Columbia is expected to have a positive long-term economic impact in certain resource based markets.

Northview will continue to pursue growth by both acquisition and development of high quality properties in its strong markets. The acquisitions in Ontario, Nova Scotia, and British Columbia in 2018, and planned developments will improve the overall quality of the portfolio, and will provide opportunities for future organic growth and increases to net asset value. The Canmore, AB, development was completed in the third quarter of 2018, with strong leasing demand. Developments in Kitchener, ON and Nanaimo, BC are expected to commence in early 2019, and further support Northview’s strategic goal of expanding in-house development expertise to its strong markets.

2018 THIRD QUARTER RESULTS

Select financial information

(thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Total revenue	93,019	83,345	269,927	246,307
Total NOI	58,136	51,316	158,418	141,907
NOI margin	62.5%	61.6%	58.7%	57.6%
Same door NOI increase	3.6%	6.8%	4.1%	3.6%
Cash flow from operating activities	40,901	21,220	99,166	60,115
Distributions declared to Trust and Class B LP Unitholders – basic	25,842	22,719	73,745	68,153
Distributions declared to Trust and Class B LP Unitholders – diluted	26,295	23,227	74,467	69,629
Distributions declared per Unit – basic and diluted	\$0.41	\$0.41	\$1.22	\$1.22
Net and comprehensive income	67,875	23,757	127,888	147,424
Net and comprehensive income per unit – basic	\$1.07	\$0.43	\$2.14	\$2.64
Net and comprehensive income per unit – diluted ⁽ⁱⁱ⁾	\$1.05	\$0.42	\$2.10	\$2.59
Measurement excluding Non-recurring Items⁽ⁱⁱⁱ⁾:				
FFO – diluted ⁽ⁱ⁾	37,198	33,608	98,506	89,460
FFO per unit – diluted ^{(i), (ii)}	\$0.58	\$0.59	\$1.61	\$1.57

(i) FFO and FFO per unit are not defined by GAAP. They do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Please see page 35 for Non-GAAP Measures.

(ii) The calculation of weighted average number of units outstanding for net and comprehensive income per unit – diluted and FFO per unit – diluted includes the convertible debentures for the three and nine months ended September 30, 2018, and 2017, because convertible debentures are dilutive.

(iii) Please see page 35 for definition of Non-recurring Items.

Select information

(thousands of dollars)	September 30, 2018	December 31, 2017
Total assets	3,915,194	3,573,416
Total liabilities	2,413,973	2,259,417
Total non-current liabilities	1,756,462	1,815,672
Mortgages payable	1,910,922	1,786,156
Debt to gross book value (excluding convertible debentures)	54.6%	56.4%
Interest coverage ratio (times)	3.00	3.05
Debt service coverage ratio (times)	1.64	1.63
Weighted average mortgage interest rate	3.20%	3.20%
Weighted average term to maturity (years)	4.3	4.6
Weighted average Cap Rate	6.09%	6.24%
Occupancy	93.5%	92.4%
Number of multi-family units	26,058	25,188
Number of executive units	344	344
Commercial sq. ft.	1,215,000	1,172,000

2018 THIRD QUARTER OPERATING RESULTS

The following section provides a comparison of the operating results for the three and nine months ended September 30, 2018, with the same periods of 2017. Operations include multi-family, and commercial and executives 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 Atlantic Canada segment includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Nova Scotia. The Northern Canada segment includes the operations of properties located in the Northwest Territories and Nunavut.

REVENUE BY BUSINESS SEGMENT

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Multi-family	81,732	72,562	12.6%	237,302	213,091	11.4%
Commercial and executives	11,287	10,783	4.7%	32,625	33,216	(1.8%)
Total	93,019	83,345	11.6%	269,927	246,307	9.6%

Revenue in the multi-family business segment for the three and nine months ended September 30, 2018, was \$81.7 million and \$237.3 million, respectively. The increase in revenue for the three and nine months ended September 30, 2018, compared to the same periods of 2017, was primarily due to contributions from acquisitions and newly developed properties, higher AMR and occupancy, partially offset by non-core assets sales since the third quarter of 2017.

Revenue in the commercial and executives business segment for the three and nine months ended September 30, 2018, was \$11.3 million and \$32.6 million, respectively. Revenue increased for the three months ended September 30, 2018, compared to the same period of 2017, mainly due to the acquisitions of commercial and mixed-use properties since the third quarter of 2017, and higher occupancy at the executives properties.

Revenue decreased for the nine months ended September 30, 2018, compared to the same period of 2017. The decrease was due to the disposition of a hotel in Iqaluit, NU, in the third quarter of 2017, and lower occupancy in the commercial portfolio, partially offset by the contributions from the acquisitions of commercial and mixed-use properties since the third quarter of 2017, and higher occupancy at the executives properties.

OPERATING EXPENSES BY BUSINESS SEGMENT

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Multi-family	30,510	27,925	9.3%	97,609	90,618	7.7%
Commercial and executives	4,373	4,104	6.6%	13,900	13,782	0.9%
Total	34,883	32,029	8.9%	111,509	104,400	6.8%

OPERATING EXPENSES

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Utilities	7,716	6,964	10.8%	30,506	28,491	7.1%
Property taxes	8,927	7,914	12.8%	25,775	23,951	7.6%
Salaries and benefits	5,078	4,977	2.0%	15,274	14,734	3.7%
Maintenance	6,701	6,000	11.7%	21,076	18,725	12.6%
Cleaning	1,923	1,733	11.0%	5,407	5,132	5.4%
General	4,538	4,441	2.2%	13,471	13,367	0.8%
Total	34,883	32,029	8.9%	111,509	104,400	6.8%

In the fourth quarter of 2017, Northview revised the presentation of operating expenses to provide increased transparency with respect to operational results. The comparative amounts have been restated accordingly to be consistent with the current year presentation. These changes had no impact on total operating expenses.

Total operating expenses for the three and nine months ended September 30, 2018, increased 8.9% and 6.8%, respectively, compared to the same periods of 2017, mainly due to the impact of new acquisitions and developments, partially offset by non-core asset sales since the third quarter of 2017. Same door operating expenses for the three and nine months ended September 30, 2018, increased by 2.0%, compared to the same periods of 2017, mainly due to higher maintenance costs and insurance, partially offset by costs savings realized from the internalization of property management.

Utilities for the three and nine months ended September 30, 2018, increased 10.8% and 7.1%, respectively, compared to the same periods of 2017, due to the impact of new acquisitions and developments. On a same door basis, utilities for the three and nine months ended September 30, 2018, decreased by 0.6% and increased by 0.8%, respectively, compared to the same periods of 2017.

Property taxes for the three and nine months ended September 30, 2018, increased 12.8% and 7.6%, respectively, compared to the same periods of 2017, due to the impact of new acquisitions and developments. On a same door basis, property taxes for the nine months ended September 30, 2018, compared to the same period of 2017, increased by 0.6%.

Salaries and benefits for the three and nine months ended September 30, 2018, increased 2.0% and 3.7%, respectively, compared to the same periods of 2017. On a same door basis, salaries and benefits for the nine months ended September 30, 2018, increased by 3.1% compared to the same period of 2017, due to general salary increases, and increased staffing levels to further develop the internal property management infrastructure.

Maintenance for the three and nine months ended September 30, 2018, increased 11.7% and 12.6%, respectively, compared to the same periods of 2017. On a same door basis, maintenance for the three and nine months ended September 30, 2018, increased 4.9% and 7.1%, respectively, compared to the same periods of 2017. In the current quarter, management established an internal maintenance team in Atlantic Canada and Quebec, which resulted in the decrease in maintenance costs compared to the first half of 2018.

NET OPERATING INCOME

Northview uses NOI and same door NOI as key indicators to measure financial performance. Same door NOI is a key measurement of Northview's ability to generate NOI based on the same properties, excluding the impact of acquisitions, dispositions, and developments.

NOI by business segment

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Multi-family	51,222	44,637	14.8%	139,693	122,473	14.1%
Commercial and executives	6,914	6,679	3.5%	18,725	19,434	(3.6%)
Total	58,136	51,316	13.3%	158,418	141,907	11.6%
NOI margin %	62.5%	61.6%	90 bps	58.7%	57.6%	110 bps

NOI margin increased by 90 bps and 110 bps for the three and nine months ended September 30, 2018, compared to the same periods in 2017. The increase in NOI margin was due to contributions from new acquisitions and developments, which generated higher margins than the rest of the portfolio, combined with improvements in revenue from higher AMR and increased occupancy, and effective management of controllable operating expense, facilitated by property management internalization.

Same door NOI by business segment

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Multi-family	44,101	42,397	4.0%	123,573	117,961	4.8%
Commercial and executives	6,603	6,564	0.6%	18,168	18,205	(0.2%)
Total	50,704	48,961	3.6%	141,741	136,166	4.1%

NOI by business segment

(thousands of dollars)	Three months ended September 30, 2018		Nine months ended September 30, 2018	
	Multi-family	Commercial and Executives	Multi-family	Commercial and Executives
	Ontario	17,546	84	46,408
Western Canada	13,487	20	37,805	(29)
Atlantic Canada	6,099	1,755	16,144	4,281
Northern Canada	10,589	5,038	30,277	14,208
Quebec	3,501	17	9,059	46
Total	51,222	6,914	139,693	18,725

NOI by business segment

(thousands of dollars)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Multi-family	Commercial and Executives	Multi-family	Commercial and Executives
	Ontario	13,732	-	37,739
Western Canada	12,584	36	34,500	129
Atlantic Canada	5,336	1,722	14,154	4,368
Northern Canada	10,128	4,921	28,624	14,937
Quebec	2,857	-	7,456	-
Total	44,637	6,679	122,473	19,434

NOI by region

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Ontario	17,630	13,732	28.4%	46,627	37,739	23.6%
Western Canada	13,507	12,620	7.0%	37,776	34,629	9.1%
Atlantic Canada	7,854	7,058	11.3%	20,425	18,522	10.3%
Northern Canada	15,627	15,049	3.8%	44,485	43,561	2.1%
Quebec	3,518	2,857	23.1%	9,105	7,456	22.1%
Total	58,136	51,316	13.3%	158,418	141,907	11.6%

Portfolio summary – September 30, 2018 (including joint ventures at 100%)

Regions	Multi-family units	Execusuites units	Commercial (sq. ft.)
Ontario	8,845	-	22,000
Western Canada	7,632	-	145,000
Atlantic Canada	4,646	145	245,000
Northern Canada	2,450	199	799,000
Quebec	2,485	-	4,000
Total	26,058	344	1,215,000

Portfolio change – September 30, 2018 (including joint ventures at 100%)

	Multi-family units	Execusuites units	Commercial (sq. ft.)
December 31, 2017	25,188	344	1,172,000
Additions	778	-	32,000
Dispositions	(216)	-	-
Developments	310	-	11,000
Re-measurement	(2)	-	-
September 30, 2018	26,058	344	1,215,000

MULTI-FAMILY OPERATIONS**Same door NOI, AMR, and occupancy by region**

AMR is the average monthly rent of occupied units on September 30, 2018, and 2017. Occupancy is a measure used by management to evaluate the performance of its properties on a comparable basis. The occupancy presented in this MD&A is financial occupancy for each period, excluding recently completed developments which have not reached stabilized occupancy.

Same door NOI % change

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Ontario	7.8%	5.8%	15.4%	4.3%	13.0%
Western Canada	0.4%	2.4%	4.1%	11.1%	9.6%
Atlantic Canada	2.5%	0.2%	(0.8%)	4.2%	0.8%
Northern Canada	2.2%	4.2%	3.9%	5.6%	3.4%
Quebec	10.4%	7.5%	6.5%	11.4%	5.5%
Overall	4.0%	4.0%	6.9%	6.8%	7.7%

AMR (\$)

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Ontario	1,078	1,050	1,034	1,018	1,011
Western Canada	1,013	1,005	995	998	990
Atlantic Canada	799	787	780	764	758
Northern Canada	2,132	2,111	2,092	2,089	2,088
Quebec	765	753	750	741	737
Overall	1,082	1,068	1,050	1,049	1,041

Occupancy

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Ontario	96.7%	97.1%	96.9%	97.1%	96.8%
Western Canada	86.6%	85.9%	86.1%	86.5%	87.6%
Atlantic Canada	95.8%	94.5%	94.8%	94.6%	94.4%
Northern Canada	97.1%	97.1%	96.1%	96.1%	95.4%
Quebec	92.2%	95.1%	95.7%	94.2%	94.0%
Overall	93.5%	93.3%	93.3%	93.3%	93.3%

Multi-family units, AMR, and occupancy by region

	Multi-family Units	AMR (\$)			Occupancy		
		Q3 2018	Q3 2017	Change (%)	Q3 2018	Q3 2017	Change (bps)
Southwestern	5,064	1,018	940	8.3%	95.8%	95.7%	10
Eastern	1,773	1,089	1,051	3.6%	97.4%	98.0%	(60)
Toronto and area	2,008	1,214	1,145	6.0%	98.1%	98.0%	10
Ontario	8,845	1,078	1,011	6.6%	96.7%	96.8%	(10)
Alberta	4,430	1,077	1,045	3.1%	85.3%	86.2%	(90)
British Columbia	2,639	915	892	2.6%	87.8%	89.0%	(120)
Saskatchewan	563	969	1,009	(4.0%)	94.7%	94.7%	0
Western Canada	7,632	1,013	990	2.3%	86.6%	87.6%	(100)
Newfoundland and Labrador	1,728	818	813	0.6%	93.0%	90.4%	260
Nova Scotia	1,469	812	689	17.9%	97.0%	97.6%	(60)
New Brunswick	1,449	766	758	1.1%	98.4%	97.2%	120
Atlantic Canada	4,646	799	758	5.4%	95.8%	94.4%	140
Northwest Territories	1,309	1,711	1,645	4.0%	93.6%	92.4%	120
Nunavut	1,141	2,591	2,570	0.8%	99.7%	97.6%	210
Northern Canada	2,450	2,132	2,088	2.1%	97.1%	95.4%	170
Quebec	2,485	765	737	3.8%	92.2%	94.0%	(180)
Total	26,058	1,082	1,041	3.9%	93.5%	93.3%	20

VALUE CREATION INITIATIVES PROGRAM DESCRIPTION

In addition to portfolio diversification, a key driver of the Transaction completed in 2015 was Northview's enhanced ability to organically grow FFO in strong markets.

- (i) **High-end renovation program:** Management identified properties suitable for substantive renovations to increase rental rates. These renovations involve upgrades to the properties' common areas including high-end suite improvements with complete bathroom and kitchen renovations. The target for post renovation increase in rents is approximately \$200 to \$300 per month and a return of 15% to 20% on the additional capital invested.
- (ii) **Address below market rents:** At the time of the Transaction, average monthly rents in the portfolios acquired were on average \$32 below market rents. Management has converted 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 was estimated in 2015 as an average monthly savings of \$40 per suite. The current estimate for monthly savings is \$55 per suite which is reflected in progress since Q2 2017. Northview has not incurred costs related to the sub-metering program as the installation cost of sub-metering is incurred by the third-party energy providers.
- (iv) **Above guideline increases:** The significant capital that was invested in the assets prior to the Transaction in 2015 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. Effective the end of the first quarter of 2018, the management of all properties, that were previously third party managed, were internalized.

VCI PROGRESS ON UNITS ACQUIRED IN THE TRANSACTION

VCI Program (thousands of dollars)	Annualized NOI Increase			
	2020 Target	2018 YTD Progress	Q3 2018	Cumulative Progress
High-end renovation	5,800	1,582	621	3,731
Below market rents	5,200	1,460	651	5,200
Sub-metering	2,500	77	25	494
Above guideline increases	800	45	-	551
Total	14,300	3,164	1,297	9,976
2015 Cap Rate	5.5%	5.5%	5.5%	5.5%
Estimated value creation	260,000	58,000	24,000	181,000

Overall progress on the VCIs in the third quarter of 2018 was on target with management's expectations. Estimated value creation is based on the 5.5% Cap Rate in place at the time of the Transaction. The Cap Rate in Ontario has declined approximately 110 bps, which has increased the cumulative progress since November 1, 2015 of \$181 million, by approximately \$45 million.

180 high-end renovation units relating to the Transaction were completed during the third quarter of 2018 with an AMR increase of approximately \$288 per unit. For the nine months ended September 30, 2018, 450 units were completed. Capital expenditures on the program for the three and nine months ended September 30, 2018, were \$3.5 million and \$7.5 million, respectively. The program achieved an average rate of return of 26.6% for the nine months ended September 30, 2018, and 21.7% inception to date, exceeding the target rate of return of 15% to 20%.

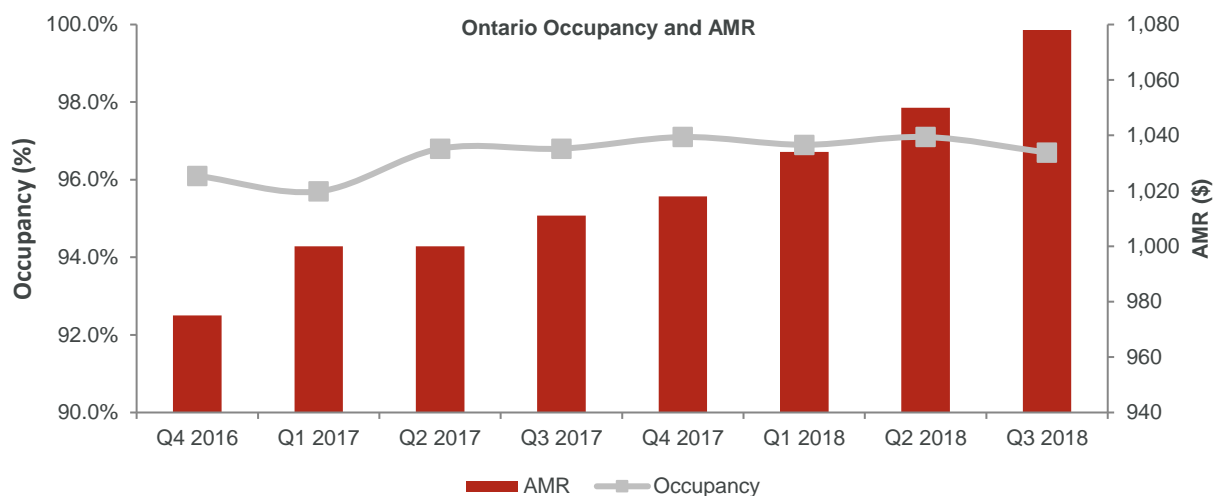
The below market rents program generated \$0.7 million annualized NOI increase in the current quarter, compared to \$0.6 million in the second quarter of 2018. Northview has successfully completed the below market rents program.

Progress on above guideline increases is in line with expectations. Sub-metering is progressing slower than anticipated as a result of lower than expected suite turnover.

As part of the acquisitions completed in December 2017, and June 2018, management has identified an additional 1,100 units as suitable for the high-end renovation program. In 2018, 74 units have been completed with capital expenditures of \$1.1 million, which is not reflected in the table above. The progress is on track and has generated similar level of return, compared to the high-end renovation program related to the Transaction.

In addition, the entire portfolio is internally managed following the completion of property management internalization in Quebec during the first quarter of 2018, which has resulted in annualized savings of approximately \$2.9 million.

ONTARIO OPERATIONS



AMR was \$1,078 as at September 30, 2018, compared to \$1,011 as at September 30, 2017. The increase in AMR was due to the impact of acquisitions, and the successful execution of the VCIs and strong market conditions.

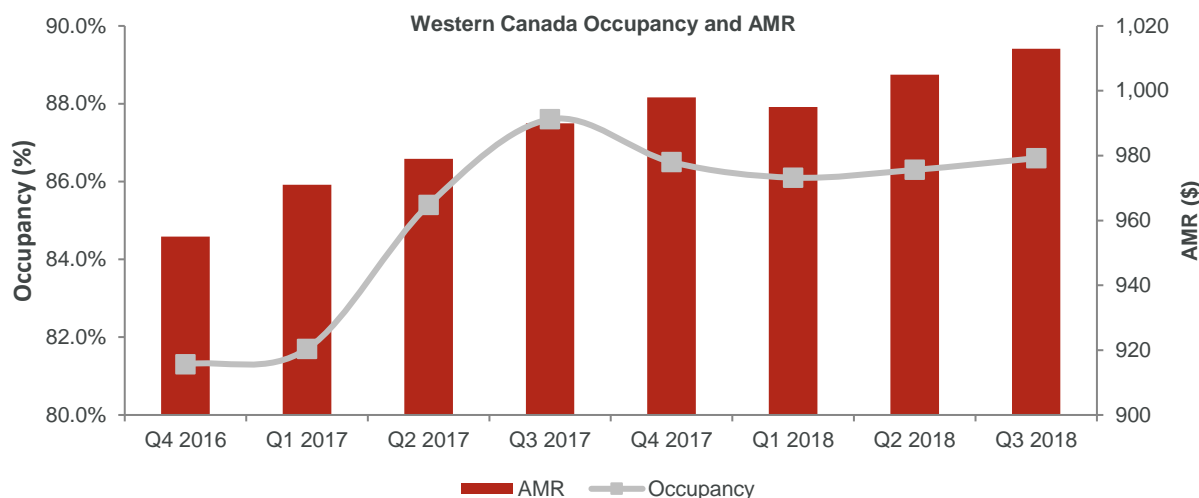
Overall, Ontario continues to experience strong occupancy of 96.7% for the third quarter of 2018, compared to 96.8% in the third quarter of 2017.

Ontario (thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	29,152	23,829	22.3%	82,439	70,335	17.2%
Operating expenses	(11,606)	(10,097)	14.9%	(36,031)	(32,596)	10.5%
NOI	17,546	13,732	27.8%	46,408	37,739	23.0%
NOI margin %	60.2%	57.6%	260 bps	56.3%	53.7%	260 bps
Same door NOI	14,257	13,225	7.8%	39,715	36,330	9.3%

NOI increased \$3.8 million or 27.8%, and \$8.7 million or 23.0%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. Both revenue and operating expenses increased from the same periods of 2017, mainly due to the acquisitions completed since the third quarter of 2017, partially offset by non-core asset sales.

Same door NOI increased 7.8% and 9.3% for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in same door NOI for the third quarter of 2018 was due to higher AMR, while operating expenses remained flat. For the nine months ended September 30, 2018, the increase in same door NOI was attributable to the same factors as the third quarter of 2018, and the electricity cost savings in the first half of 2018.

Western Canada operations



AMR was \$1,013 as at September 30, 2018, compared to \$990 as at September 30, 2017. The increase in AMR was attributable to higher AMR in Alberta and British Columbia, partially offset by lower AMR in Saskatchewan. In Alberta, the increase in AMR was due to improved market conditions in some regions and increased market rents compared to the same period of 2017. In British Columbia, the increase in AMR from the same period of 2017 was due to increased market rents and contributions from new acquisitions. In Saskatchewan, the decrease in AMR from the same period of 2017, and from the previous quarter, was due to increased incentives to maintain occupancy levels in a soft economic environment.

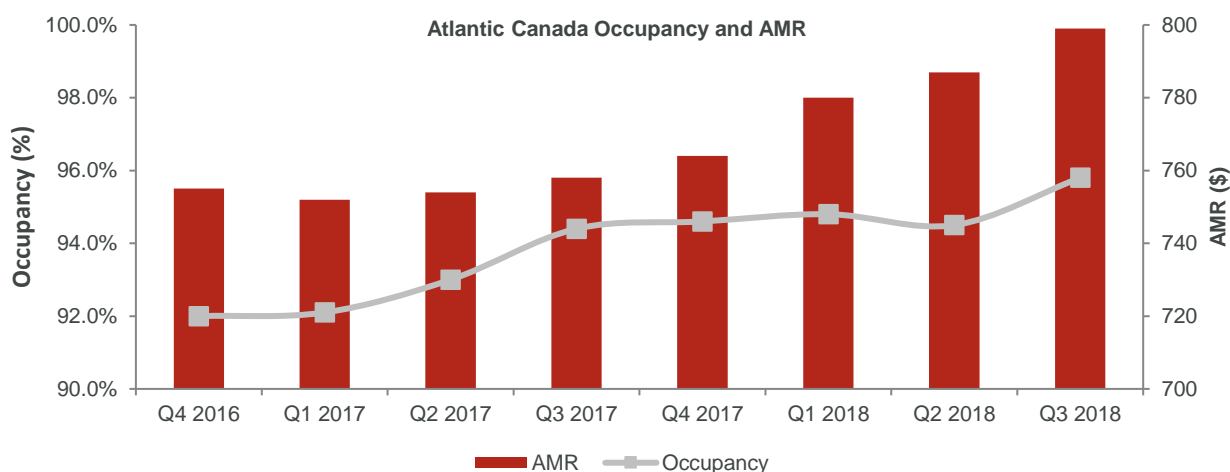
Occupancy was 86.6% for the third quarter of 2018, compared to 87.6% for the same period of 2017. In Alberta, the decrease in occupancy was due to the recent completion of energy infrastructure projects in select resource-based markets. In British Columbia, overall occupancy decreased in the third quarter compared to the same period of 2017. Southern British Columbia continued to experience high occupancy, while occupancy in northeastern British Columbia decreased due to recent new supply. In Saskatchewan, occupancy for the third quarter of 2018 was consistent with the same period of 2017. Overall, occupancy in Western Canada for the third quarter of 2018 increased compared to the previous quarter, with occupancy improvements occurring throughout the region, including Saskatchewan where occupancy increased 80 bps.

Western Canada (thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	21,154	19,892	6.3%	62,235	57,958	7.4%
Operating expenses	(7,667)	(7,308)	4.9%	(24,430)	(23,458)	4.1%
NOI	13,487	12,584	7.2%	37,805	34,500	9.6%
NOI margin %	63.8%	63.3%	50 bps	60.7%	59.5%	120 bps
Same door NOI	11,424	11,384	0.4%	32,624	32,081	1.7%

NOI increased \$0.9 million or 7.2%, and \$3.3 million or 9.6%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. Both revenue and operating expenses increased from the same periods of 2017, mainly due to new acquisitions and developments that occurred since the third quarter of 2017.

Same door NOI for the three and nine months ended September 30, 2018, increased 0.4% and 1.7%, respectively, compared to the same periods of 2017. Same door NOI increased due to higher revenue from increased AMR, largely offset by lower occupancy, while operating expenses remained relatively flat.

ATLANTIC CANADA OPERATIONS



AMR was \$799 as at September 30, 2018, compared to \$758 as at September 30, 2017. AMR increased throughout the region compared to the same period of 2017. In Newfoundland and Labrador, the increase in AMR compared to the same period of 2017, was due to improved economic conditions in the region. AMR decreased compared to the second quarter of 2018, due to increased incentives in St. John's, NL, to manage vacancy. For the third quarter of 2018, occupancy in St. John's, NL, increased 140 bps to 95.9%, compared to 94.5% for the second quarter of 2018. In Nova Scotia, the increase in AMR compared to the same period of 2017, was due to the acquisitions completed in the fourth quarter of 2017 and the second quarter of 2018, and improving economic conditions. In New Brunswick, the increase in AMR from the same period of 2017 was due to improved market conditions and increased market rents.

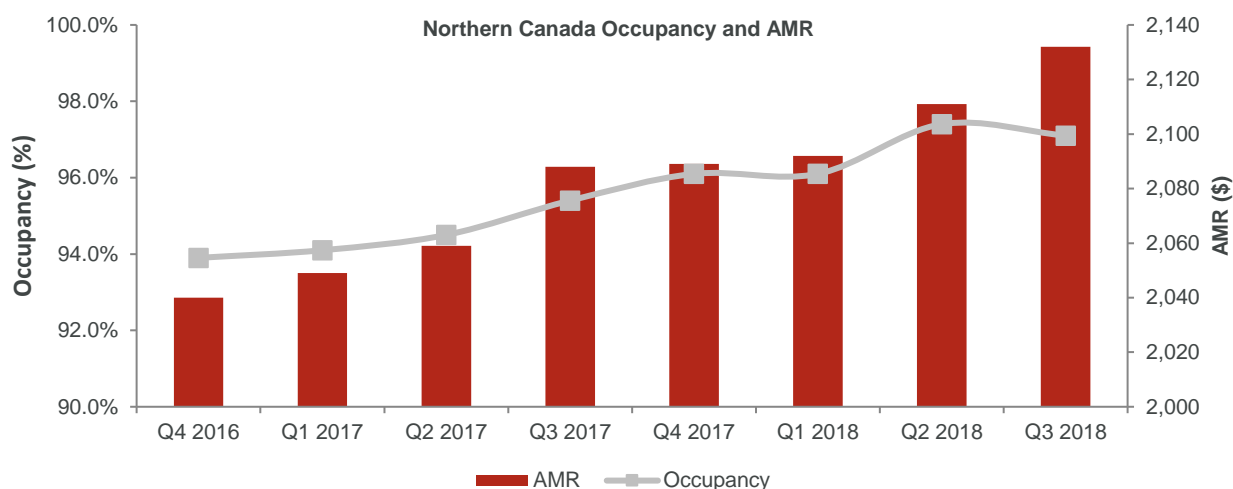
Occupancy in Atlantic Canada was 95.8% for the third quarter of 2018, compared to 94.4% for the same period of 2017. The increase was due to improved economic conditions, which led to higher market rents and increased occupancy. In Nova Scotia, occupancy decreased in the third quarter of 2018, compared to the same period of 2017, mainly due to a fire that affected 80 units at a property in Dartmouth, NS. In New Brunswick, occupancy increased for the third quarter of 2018, compared to the same period of 2017, due to improved economic conditions and the internalization of property management.

Atlantic Canada (thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	10,609	9,557	11.0%	30,866	27,295	13.1%
Operating expenses	(4,510)	(4,221)	6.8%	(14,722)	(13,141)	12.0%
NOI	6,099	5,336	14.3%	16,144	14,154	14.1%
NOI margin %	57.5%	55.8%	170 bps	52.3%	51.9%	40 bps
Same door NOI	5,180	5,056	2.5%	13,962	13,862	0.7%

NOI increased \$0.8 million or 14.3%, and \$2.0 million or 14.1%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. Both revenue and operating expenses increased from the same periods of 2017, due to the acquisitions completed since the third quarter of 2017.

Same door NOI increased 2.5% and 0.7% for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in same door NOI for the third quarter of 2018 was due to higher AMR, increased occupancy, and costs savings from internalization. For the nine months ended September 30, 2018, the increase in same door NOI was attributable to the same factors as the third quarter of 2018; however, higher maintenance costs in the first half of 2018, when Northview was in the process of establishing an internal maintenance team to reduce the use of external contractors and manage costs, resulted in a lower increase.

Northern Canada operations



AMR was \$2,132 as at September 30, 2018, compared to \$2,088 as at September 30, 2017. The increase in AMR was due to rent increases upon the renewal of leases. AMR increased throughout the region, including Inuvik, NT, where market rents had been reduced in 2017 to manage occupancy levels in a soft economic environment.

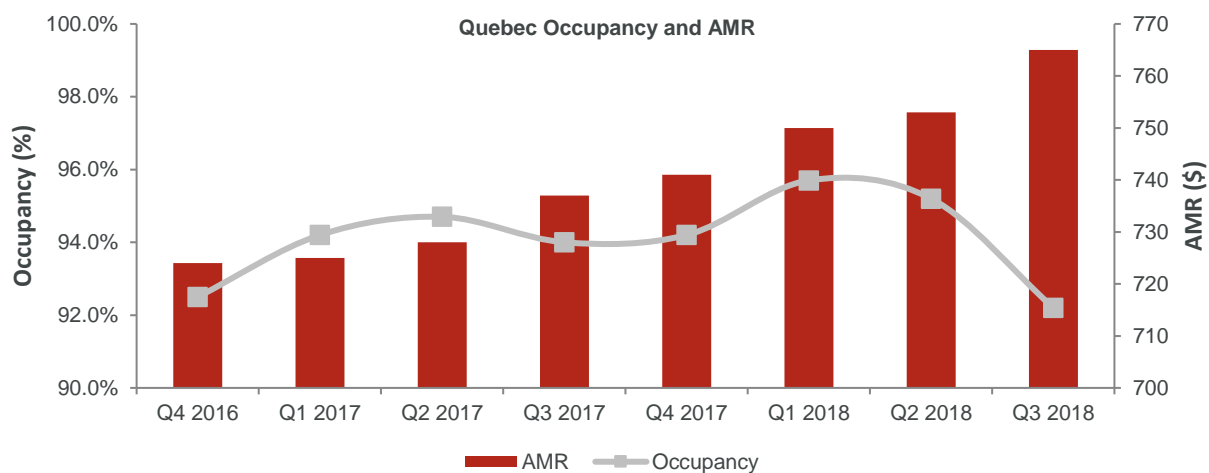
Occupancy was 97.1% for the third quarter of 2018, compared to 95.4% for the same period of 2017. In Nunavut, occupancy increased throughout the region in the third quarter of 2018 compared to the same period of 2017, due to a strong economy. In the Northwest Territories, occupancy increased for the third quarter of 2018, compared to the same period of 2017, due to an increase in corporate leases. The decrease in occupancy compared to the second quarter of 2018 is due to lower occupancy in Yellowknife, NT, where recent new supply and the completion of a large infrastructure project has impacted occupancy levels.

Northern Canada (thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	15,494	14,411	7.5%	45,425	42,921	5.8%
Operating expenses	(4,905)	(4,283)	14.5%	(15,148)	(14,297)	6.0%
NOI	10,589	10,128	4.6%	30,277	28,624	5.8%
NOI margin %	68.3%	70.3%	(200 bps)	66.7%	66.7%	0 bps
Same door NOI	10,087	9,875	2.2%	29,194	28,231	3.4%

NOI increased \$0.5 million or 4.6%, and \$1.7 million or 5.8%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in NOI was attributable to higher AMR, increased occupancy in the region, and contribution from the new developments. In Cambridge Bay, NU, and Iqaluit, NU, all the newly developed units were leased by the end of the second quarter of 2018.

Same door NOI increased 2.2% and 3.4% for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in same door NOI for the third quarter of 2018 was due to higher AMR and increased occupancy, partially offset by higher utilities and maintenance. For the nine months ended September 30, 2018, the increase in same door NOI was attributable to the same factors as the third quarter of 2018; however, lower maintenance costs in the first half of 2018 resulted in a higher increase.

Quebec operations



AMR was \$765 as at September 30, 2018, compared to \$737 as at September 30, 2017. The increase in AMR was due to higher market rent and strong market conditions, as well as contributions from the acquisitions completed in the fourth quarter of 2017.

Occupancy was 92.2% for the third quarter of 2018, compared to 94.0% for the same period of 2017. The decrease in occupancy was due to units taken out of inventory for renovations.

Quebec (thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	5,323	4,873	9.2%	16,337	14,582	12.0%
Operating expenses	(1,822)	(2,016)	(9.6%)	(7,278)	(7,126)	2.1%
NOI	3,501	2,857	22.5%	9,059	7,456	21.5%
NOI margin %	65.8%	58.6%	720 bps	55.5%	51.1%	440 bps
Same door NOI	3,153	2,857	10.4%	8,078	7,457	8.3%

NOI increased \$0.6 million or 22.5%, and \$1.6 million or 21.5%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in NOI is mainly due to the acquisitions completed in the fourth quarter of 2017.

Same door NOI increased 10.4% and 8.3% for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in same door NOI for the third quarter of 2018 was due to higher AMR, costs savings from internalization of property management, and lower natural gas utility costs, partially offset by lower occupancy. For the nine months ended September 30, 2018, the increase in same door NOI was attributable to the same factors as the third quarter of 2018; however, higher maintenance costs in the first half of 2018, when Northview was in the process of establishing an internal maintenance team to reduce the use of external contractors and manage costs, resulted in a lower increase.

COMMERCIAL AND EXECUSUITE OPERATIONS

Northview's commercial properties are located in regions where Northview also has multi-family operations. The commercial portfolio consists of office, warehouse, and mixed-use buildings, which are largely leased to federal or territorial governments and other quality commercial tenants under long-term leases. In addition, Northview operates four execusuite properties in Yellowknife, NT, Iqaluit, NU, St. John's, NL, and a 50% joint venture in Inuvik, NT. The execusuite properties offer apartment-style accommodation and are rented for both short and long-term stays.

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Revenue	11,287	10,783	4.7%	32,625	33,216	(1.8%)
Operating expenses	(4,373)	(4,104)	6.6%	(13,900)	(13,782)	0.9%
NOI	6,914	6,679	3.5%	18,725	19,434	(3.6%)
NOI margin %	61.3%	61.9%	(60 bps)	57.4%	58.5%	(110 bps)
Same door NOI	6,603	6,564	0.6%	18,168	18,205	(0.2%)

NOI increased 3.5% for the three months ended September 30, 2018, compared to the same period of 2017, mainly due to the acquisitions of commercial and mixed use properties since the third quarter of 2017, and higher occupancy across the execusuites market. NOI decreased 3.6% for the nine months ended September 30, 2018, compared to the same period of 2017. The decrease was due to the disposition of a hotel located in Iqaluit, NU, in the third quarter of 2017, and lower occupancy in the commercial portfolio, offset by the positive contributions attributable to the same factors as the third quarter of 2018.

Same door NOI increased 0.6%, and decreased 0.2%, for the three and nine months ended September 30, 2018, respectfully, compared to the same periods of 2017.

For the execusuite operations, same door NOI increased \$0.2 million or 15.3%, and \$0.7 million or 20.2%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increases were attributable to higher occupancy across all of the execusuites market. On a same door basis, execusuites operated at an average occupancy of 76.9% for the third quarter of 2018, compared to 67.1% for the same period of 2017. The increase in occupancy was due to less supply in Iqaluit, NU, and improved occupancy in Yellowknife, NT, and St. John's, NL.

For the commercial operations, same door NOI decreased \$0.2 million or 4.0%, and \$0.7 million or 4.9%, for the three and nine months ended September 30, 2018, respectively, compared to the same periods of 2017.

Commercial summary

Three months ended September 30

	\$ Average Rent			Occupancy		
	2018	2017	Change (%)	2018	2017	Change (bps)
Atlantic Canada	18.79	18.93	(0.7%)	93.6%	94.7%	(110)
Northern Canada	25.82	23.97	7.7%	89.7%	95.0%	(530)
Ontario	17.51	-	n/a	100.0%	-	n/a
Quebec	16.25	15.70	3.5%	100.0%	100.0%	-
Western Canada	12.95	12.75	1.6%	69.0%	72.7%	(370)
Total / Average	23.04	22.03	4.6%	88.2%	92.2%	(400)

The average rent per square foot was \$23.04 for the third quarter of 2018, compared to \$22.03 for the same period of 2017. The increase in the average rent per square foot compared to the same period of 2017 was attributable to Northern Canada, which had scheduled rent increases for existing leases and rent increases upon renewal of leases. In Atlantic Canada, the decrease in the average rent per square foot was due to increased vacancy and continued softer market conditions.

Commercial occupancy was 88.2% for the third quarter of 2018, compared to 92.2% for the same period of 2017. The decrease in occupancy was mainly related to 25,000 sq. ft. that became vacant in the fourth quarter of 2017 at a property in Iqaluit, NU, and increased vacancy for properties in Medicine Hat, AB, and Nanaimo, BC, in Western Canada.

Northview has 83,000 commercial sq. ft. maturing in 2018, of which 38,400 sq. ft. has been renewed as of September 30, 2018.

OTHER EXPENSE (INCOME)

(thousands of dollars)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Financing costs	20,347	16,900	20%	57,786	50,390	15%
Administration	4,194	3,858	9%	12,566	11,000	14%
Depreciation and amortization	1,236	1,338	(8%)	3,874	3,692	5%
Loss on disposition	496	230	116%	558	890	(37%)
Equity income from joint ventures	(312)	(291)	7%	(830)	(554)	50%
Fair value (gain) loss	(33,327)	5,524	(703%)	(40,701)	(70,519)	(42%)
Proceeds on insurance settlement	(2,373)	-	100%	(2,723)	(416)	555%
Total	(9,739)	27,559	(135%)	30,530	(5,517)	653%

Financing costs consist of mortgage interest, amortization of deferred financing costs and fair value of debt, credit facilities interest expense, Class B LP Units interest expense, and other interest expense. Financing costs for the third quarter of 2018, increased by 20% compared to the same period in 2017. The increase was due to higher mortgage interest as a result of properties acquired since the third quarter of 2017, higher credit facilities interest expense driven by higher interest rate, and higher Class B LP Units interest expense related to the additional Class B LP Units issued.

Administration expense for the third quarter of 2018, increased 9% compared to the same period in 2017. The increase was due to salary and incentive compensation expense. Salary expense increase in the third quarter of 2018 was related to general corporate salary increases, and the incentive compensation expense increase, was as a result of improved operating results and the impact of the increase in Northview Trust Unit price on variable compensation.

FAIR VALUE (GAIN) LOSS

	Three months ended September 30			Nine months ended September 30		
(thousands of dollars)	2018	2017	Change	2018	2017	Change
Investment properties	(28,472)	(3,073)	827%	(45,553)	(85,173)	(47%)
Interest rate swap	-	31	(100%)	-	(239)	100%
2019 Debentures	(462)	251	(284%)	296	918	(68%)
Unit based payments	251	174	44%	532	195	173%
Class B LP Units	(4,644)	8,141	(157%)	4,024	13,780	(71%)
Total	(33,327)	5,524	(703%)	(40,701)	(70,519)	(42%)

Northview reports fair value change of investment properties on a net basis after deducting capital expenditures. In the third quarter of 2018, the net fair value increase of investment properties was primarily in Ontario and driven by the assets acquired in the fourth quarter of 2017, as a result of increase in NOI and Cap Rate reduction.

Class B LP Units are treated as a financial liability for accounting purposes, which is equal to the trading price of Trust Units, with the change in value being recorded to fair value gain or loss. For the three months ended September 30, 2018, the \$4.6 million fair value gain resulted from a decrease in Northview Trust Unit price from the prior quarter of \$26.28 to \$25.64.

FFO

Northview measures its operating performance by using industry accepted non-GAAP performance measures such as FFO, and calculates FFO in accordance with the Real Property Association of Canada (“REALpac”) definition. FFO is not defined by IFRS and does not have a standard meaning under IFRS; therefore, it may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to FFO is net and comprehensive income, for which a reconciliation is provided as follows:

(thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net and comprehensive income	67,875	23,757	127,888	147,424
Adjustments:				
Depreciation of property, plant and equipment	1,099	1,223	3,484	3,343
Loss on disposition	496	230	558	890
Fair value (gain) loss	(33,327)	5,524	(40,701)	(70,519)
Class B LP Unit distributions recorded as interest	2,957	2,369	8,481	7,107
Other ⁽ⁱ⁾	196	168	611	638
FFO basic	39,296	33,271	100,321	88,883
Interest on 2019 Debentures	275	337	908	993
FFO diluted	39,571	33,608	101,229	89,876
FFO per unit – basic	\$0.62	\$0.60	\$1.68	\$1.59
FFO per unit – diluted	\$0.61	\$0.59	\$1.66	\$1.58
FFO payout ratio – basic	65.8%	68.3%	73.5%	76.7%
FFO payout ratio – diluted	66.5%	69.1%	73.6%	77.5%
Non-recurring Items:				
Insurance proceeds received	(2,373)	-	(2,723)	(416)
Measurement excluding Non-recurring Items:				
FFO diluted	37,198	33,608	98,506	89,460
FFO per unit – diluted	\$0.58	\$0.59	\$1.61	\$1.57
FFO payout ratio – diluted, trailing 12 month ⁽ⁱⁱ⁾	76.5%	79.7%	76.5%	79.7%
Weighted average number of units outstanding:				
Basic (000's)	63,420	55,767	59,839	55,763
Diluted (000's)	64,544	57,012	61,029	56,982

(i) “Other” is comprised of non-controlling interests, amortization of other long-term assets, amortization of tenant inducements, and fair value adjustments for non-controlling interest and equity investments.

(ii) FFO payout ratio – diluted, trailing 12 month is calculated as total distributions declared to Trust and Class B LP Unitholders – diluted, divided by total diluted FFO, for the 12 months ended September 30, 2018, and 2017.

The increase in FFO for the third quarter of 2018, compared to the same period in 2017, was due to same door NOI growth, NOI contributions from acquisitions and newly developed properties completed, partially offset by non-core asset sales since the third quarter of 2017.

Diluted FFO per unit was \$0.58 for the third quarter of 2018, compared to \$0.59 for the same period of 2017, excluding Non-recurring Items. Same door NOI growth, and NOI contributions from acquisitions and newly developed properties increased FFO. These increases were offset by the equity issued to fund growth and the disposition of non-core assets.

ADJUSTED FUNDS FROM OPERATIONS

Northview calculates AFFO as a recurring economic earnings measure, in accordance with the REALpac's definition.

In February 2017, REALpac issued the White Paper on FFO and AFFO for IFRS, to provide guidance and develop consistency within the industry on the definition of FFO and AFFO. REALpac also updated its guidance on categorizing value-enhancing capital expenditures ("value-enhancing capex") and maintenance capital expenditures ("maintenance capex") to be used in calculating AFFO.

Management believes the categorization of capital expenditures between value enhancing and maintenance is subject to significant judgment. Northview has elected to use an estimated reserve amount per unit for the multi-family business segment, and an estimated reserve amount per square foot for the commercial business segment.

In 2017, actual maintenance capex were \$848 per multi-family unit and \$0.30 per commercial square foot, compared to the maintenance capex reserve amounts of \$880 per multi-family unit and \$0.70 per commercial square foot, respectively. Actual maintenance capex for multi-family was consistent with budget in 2017.

The 2018 maintenance capex reserve amount is calculated as the average of 2018 budget, 2017 actual, and 2016 actual maintenance capex on per unit or per square foot basis. The three year average is used to calculate the 2018 reserve amounts because capital expenditures can vary significantly in a single year based on the timing of projects. Management used 2016 and future years in the calculation of the reserve amounts because of the Transaction completed in October 2015. Beginning in 2019, management will use the average of 2018 actual, 2017 actual, and 2016 actual maintenance capex to calculate the maintenance capex reserve amounts.

Although the timing of actual capital expenditures in 2018 may vary, Northview will deduct this 2018 reserve equally throughout the year in the calculation of AFFO. Detailed information on actual capital expenditures by category is provided in the "capital expenditures on investment properties" section of this MD&A.

MAINTENANCE CAPEX RESERVE – MULTI-FAMILY AND COMMERCIAL

(thousands of dollars, except per unit and per square foot amounts)

	2018 Budget	2017 Actual	2016 Actual
Total capital expenditures – multi-family	63,604	51,131	49,943
Value-enhancing capex – multi-family			
Building	(11,349)	(4,513)	(3,516)
Suite improvements	(24,418)	(26,072)	(24,391)
Total	(35,767)	(30,585)	(27,907)
Maintenance capex – multi-family	27,837	20,546	22,036
Maintenance capex % of total capital expenditures	44%	40%	44%
Average number of multi-family units	25,188	24,222	24,247
Maintenance capex per multi-family unit	1,105	848	909
Three year average	954		
Maintenance capex – commercial	1,032	345	308
Average number of commercial sq. ft.	1,172,000	1,142,400	1,138,200
Maintenance capex per commercial square foot	0.88	0.30	0.27
Three year average	0.48		

Capital expenditures include value-enhancing capex and maintenance capex. Value enhancing capex are expected to increase the NOI or value of the properties and are discretionary in nature. Value-enhancing capex include building and suite improvements that enhance revenue or improve the financial operating efficiency of Northview's portfolio. Building includes building and common area upgrades. Suite improvements include the high-end renovation program and renovations that exceed basic replacement and minor repairs on turnover.

Maintenance capex focus on maintaining the existing condition and financial operating efficiency of the properties. Maintenance capex include routine suite renovations, and replacement of boilers and mechanical systems. Management has estimated the maintenance capex reserve to be \$954 per multi-family unit on an annual basis for 2018. The increase from the prior year is attributable to additional maintenance capital expenditures budgeted in 2018 for lender undertakings.

For the commercial business segment, value-enhancing capex are typically recoverable capital expenditures, and maintenance capex are typically non-recoverable capital expenditures. Management has estimated the maintenance capex reserve to be \$0.48 per square foot for the commercial business segment on an annual basis for 2018.

RECONCILIATION OF FFO TO AFFO

(thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
FFO basic	39,296	33,271	100,321	88,883
FFO diluted	39,571	33,608	101,229	89,876
Maintenance capex reserve – multi-family ⁽ⁱ⁾	(6,058)	(5,281)	(18,173)	(15,827)
Maintenance capex reserve – commercial ⁽ⁱⁱ⁾	(142)	(199)	(426)	(596)
AFFO – basic	33,096	27,791	81,722	72,460
AFFO – diluted	33,371	28,128	82,630	73,453
AFFO per unit – basic	\$0.52	\$0.50	\$1.37	\$1.30
AFFO per unit – diluted	\$0.52	\$0.49	\$1.35	\$1.29
AFFO payout ratio – basic	78.1%	81.7%	90.2%	94.1%
AFFO payout ratio – diluted	78.8%	82.6%	90.1%	94.8%
Measurement excluding Non-recurring Items:				
FFO diluted	37,198	33,608	98,506	89,460
AFFO – diluted	30,998	28,128	79,907	73,037
AFFO per unit – diluted	\$0.48	\$0.49	\$1.31	\$1.28
AFFO payout ratio – diluted, trailing 12 month ⁽ⁱⁱⁱ⁾	94.1%	98.2%	94.1%	98.2%

(i) Maintenance capex for multi-family for the three months ended September 30, 2018, is calculated as \$238.5 (25% of \$954) times the average number of multi-family units of 25,398. Maintenance capex for multi-family for the nine months ended September 30, 2018, is calculated as \$715.5 (75% of \$954) times the average number of multi-family units of 25,398.

(ii) Maintenance capex for commercial for the three months ended September 30, 2018, is calculated as \$0.12 (25% of \$0.48) times the average number of sq. ft. of 1,184,000. Maintenance capex for commercial for the nine months ended September 30, 2018, is calculated as \$0.36 (75% of \$0.48) times the average number of sq. ft. of 1,184,000.

(iii) AFFO payout ratio – diluted, trailing 12 month is calculated as total distributions declared to Trust and Class B LP Unitholders – diluted, divided by total diluted AFFO, for the 12 months ended September 30, 2018.

CAPITAL EXPENDITURES ON INVESTMENT PROPERTIES

(thousands of dollars, except per unit amounts)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change
Building and common areas	2,185	2,622	(17%)	5,187	5,208	0%
Suite renovations	7,712	6,368	21%	21,064	20,945	1%
High-end renovation program	3,967	2,756	44%	8,616	5,342	61%
Appliances	696	476	46%	1,651	1,466	13%
Boilers and mechanical	992	1,075	(8%)	2,991	2,480	21%
Other	2,975	750	297%	5,638	2,353	140%
Total capex – multi-family	18,527	14,047	32%	45,147	37,794	19%
Multi-family units – 12 month average	25,398	24,006	6%	25,398	23,981	6%
Capex per multi-family unit	729	585	25%	1,778	1,576	13%
Total capex – multi-family	18,527	14,047	32%	45,147	37,794	19%
Total capex – commercial	(19)	403	(105%)	100	796	(87%)
Total capex	18,508	14,450	28%	45,247	38,590	17%

For the three and nine months ended September 30, 2018, \$11.7 million and \$29.7 million were invested in suite renovations and the high-end renovation program, respectively, compared to \$9.1 million and \$26.3 million for the same periods in 2017. Northview continues to focus on enhancing revenue and improving the operating efficiency of the portfolio to maximize occupancy and NOI.

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. Northview will deduct such distributions and designations for income tax purposes.

The Canadian Income Tax Act (“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 September 30, 2018, Northview met all the requirements to be qualified as a Tax REIT.

The Tax REIT Exemption does not apply to incorporated subsidiaries of Northview, which are therefore subject to Canadian income taxes. Northview does not currently hold any income producing property or operation 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)	2018				2017			2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	93,019	88,904	88,004	85,192	83,345	82,013	80,949	81,529
NOI	58,136	52,754	47,528	47,857	51,316	48,253	42,338	44,003
Net and comprehensive income (loss)	67,875	36,960	23,053	64,943	23,757	123,737	(71)	43,968
FFO – diluted	39,571	32,640	29,019	29,637	33,608	31,232	25,036	27,371
FFO per unit – diluted	\$0.61	\$0.55	\$0.49	\$0.51	\$0.59	\$0.55	\$0.44	\$0.49
FFO payout ratio – diluted	66.5%	73.8%	82.9%	78.3%	69.1%	74.4%	92.6%	84.7%

The summary of quarterly results includes the effects of the adoption of new accounting standards, as discussed in the “new accounting standards and interpretations” section of this MD&A, for the first, second and third quarters of 2018, and had no effect on the results of the preceding five quarters on the adoption of these new accounting standards.

Northview's quarterly financial results have a seasonal component resulting from higher utility costs in the first and fourth quarters of each year. Diluted FFO was \$39.6 million for the three months ended September 30, 2018, compared to \$33.6 million for the same period in 2017. The increase in FFO was due to same door NOI growth, NOI contributions from acquisitions and newly developed properties, partially offset by non-core asset sales since the third quarter of 2017.

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 operating activities, operating facilities, construction financing, mortgage debt secured by investment properties, and equity issuances.

As at September 30, 2018, Northview had a working capital deficiency of \$582.1 million. In the normal course of business, a portion of Northview's borrowings under mortgages and credit facilities with a maturity date less than one year will be considered current liabilities prior to being replaced with longer-term financing. Of the total deficiency, \$342.0 million relating to the current portion of mortgages payable is expected to be refinanced with long-term mortgages. The majority of the current portion of credit facilities of \$206.7 million is expected to be addressed through the extension of the maturity date of credit facilities and replaced with long-term mortgages upon the completion of the construction projects.

Liquidity risk is the risk that Northview is not able to meet its financial obligations as they become due or can only do so at excessive cost. Northview manages liquidity risk by balancing the maturity profile of mortgages and credit facilities. Mortgage maturities normally enable replacement financing with funds available for other purposes. Northview also utilizes Canada Mortgage and Housing Corporation (“CMHC”) insured mortgage lender financing to obtain loans up to 75% of CMHC's assessed value of a multi-family property to reduce re-financing risk. Changes in property NOI impact the borrowing base calculation, which determines the availability under the operating facility. Adverse economic conditions may result in a decrease in NOI, and therefore the borrowing base, which would reduce the amount of liquidity available to Northview. Cash flow projections are updated on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, investment activities, and distributions to Unitholders.

Management's long-term target for FFO payout ratio is 70%. This target allows Northview the ability to maintain distributions long term at current levels of FFO. For the twelve months ended September 30, 2018, Northview's diluted FFO payout ratio of 76.5%, excluding Non-recurring Items, is higher than target due to reduced NOI in resource-based markets.

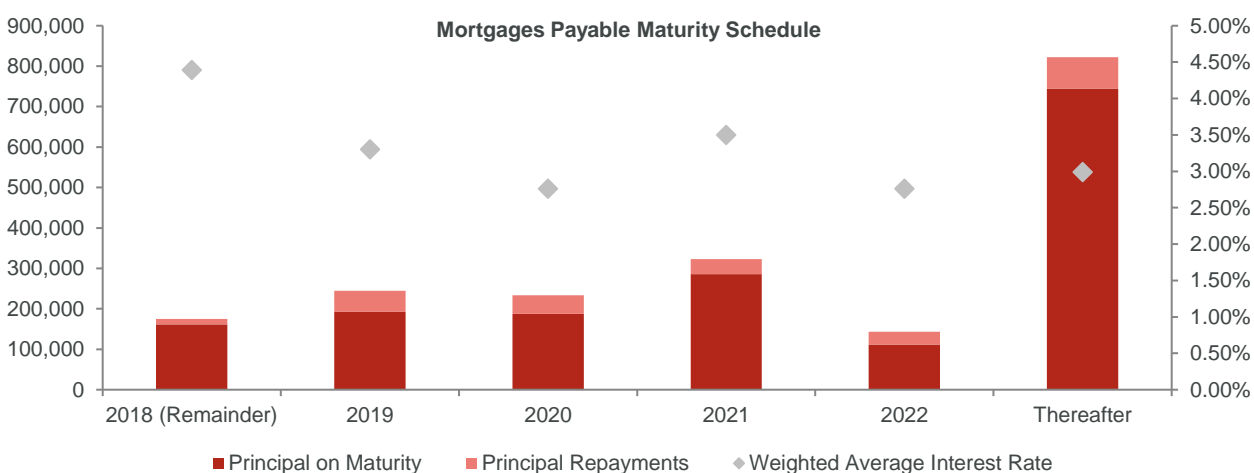
The DOT provides for a maximum debt to gross book value ratio of 70%. Northview's debt to gross book value was 54.6% as at September 30, 2018 and in compliance with DOT. The long-term target for debt to gross book value ratio is 50% to 55%. Leverage reduction in the near to mid-term will be achieved through asset value increases driven by same door NOI growth and successful execution of the VCIs.

The total net proceeds of the equity offering completed on June 25, 2018, were approximately \$121.0 million. Northview used the net proceeds of the equity offering as outlined in the prospectus for the following purposes: (i) approximately \$87 million to fund a portion of the acquisition, (ii) the remainder to repay a portion of the credit facilities which were drawn on to fund its development program.

MORTGAGES

During the three months ended September 30, 2018, Northview completed \$78.4 million of mortgage refinancing, excluding short-term financing, for multi-family properties with a weighted average interest rate of 3.30% and an average term to maturity of 8.5 years. Northview utilizes CMHC insured mortgage lender financing to obtain loans up to 75% of CMHC's assessed value of a multi-family property. Northview incurs lower borrowing costs on properties financed using insured mortgage lender financing, including the cost of the insurance, when compared to conventional financing.

The following table outlines Northview's mortgage maturity schedule and weighted average interest rate as at September 30, 2018, for the next five years, and thereafter:



CREDIT FACILITIES

Borrowings under credit facilities	September 30, 2018	December 31, 2017
Operating facilities ⁽ⁱ⁾	150,700	143,700
Construction financing ⁽ⁱⁱ⁾	43,887	51,715
Land financing ⁽ⁱⁱⁱ⁾	12,100	5,828
Total	206,687	201,243
<hr/>		
Current	206,687	89,543
Non-current	-	111,700
Total	206,687	201,243

- (i) At September 30, 2018, Northview had three operating facilities with total credit limits of \$203.0 million (December 31, 2017 – \$203.0 million). The maximum borrowing capacity at September 30, 2018, is \$177.5 million (December 31, 2017 – \$172.2 million). Specific investment properties with total fair value of \$422.1 million (December 31, 2017 – \$421.5 million) have been pledged as collateral security for the operating facility. Northview also has \$3.4 million (December 31, 2017 – \$5.3 million) in Letters of Credit (“LOC”) outstanding as security for construction projects and mortgage holdbacks. The LOC reduces the amount available under the \$150.0 million operating facility.

OPERATING FACILITIES

(thousands of dollars)	Maturity Date	Credit Limit	Maximum Borrowing Capacity	September 30, 2018 Amounts Drawn	December 31, 2017 Amounts Drawn
\$150 million operating facility					
(Interest at prime plus 0.75% or Banker’s Acceptance plus 2.00%):	May 12, 2019	150,000	141,765	127,700	111,700
\$23 million operating facility					
(Interest at prime plus 0.75% or Banker’s Acceptance plus 2.00%):	February 22, 2019	23,000	23,000	23,000	23,000
\$30 million operating facility					
(Interest at prime plus 1.15% or Banker’s Acceptance plus 2.40%):	May 31, 2019	30,000	12,711	-	9,000
Total		203,000	177,476	150,700	143,700

- (ii) At September 30, 2018, Northview had three construction financing loans outstanding relating to the developments in Cambridge Bay, NU, Regina, SK, and Canmore, AB. Interest rates range from prime plus 0.70% to 1.00% or Banker’s Acceptance plus 1.85% to 2.20%. Maturity dates range from September 30, 2018, to June 27, 2020.
- (iii) The land financing relates to land held for development and bears interest at prime plus 0.50% or Banker’s Acceptance plus 2.00%. Maturity dates range from December 31, 2018, to June 6, 2020. Financing is secured by five parcels of land held for development.

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 and during the nine months ended September 30, 2018, Northview was in compliance with all financial covenants.

EQUITY

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

(number of units)	September 30, 2018	December 31, 2017
Units issued and outstanding		
Trust Units	56,177,260	51,141,771
Class B LP Units	7,257,133	6,684,615
Total Units issued and outstanding	63,434,393	57,826,386
Trust Units potentially issuable		
Long-term incentive and deferred units	326,650	284,538
2019 Debentures	783,067	966,344
Total Trust Units potentially issuable	1,109,717	1,250,882
Total Units issued and outstanding and Trust Units potentially issuable	64,544,110	59,077,268

During the nine months ended September 30, 2018, 48,222 potentially issuable long-term incentive ("LTI") performance units were granted, 24,798 LTI performance units were cancelled, and 10,628 LTI performance units vested; 40,872 LTI restricted units were granted, 13,594 LTI restricted units vested, 2,749 LTI restricted units were cancelled and 13,633 deferred units ("DUs") were granted and 8,846 DUs settled. 2019 Debentures with \$4.4 million face value were redeemed for 183,272 Trust Units at a conversion price of \$23.80 per Trust Unit.

CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS AT SEPTEMBER 30, 2018

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 - 5 years	Over 5 years
Mortgages payable	1,910,922	2,150,914	406,994	1,109,568	634,352
Credit facilities	206,687	206,687	206,687	-	-
Trade and other payables	75,647	75,647	75,647	-	-
Distributions and Class B LP interest payable	8,613	8,613	8,613	-	-
Convertible debentures	20,128	20,128	20,128	-	-
Unit based payments	5,903	5,903	4,440	1,463	-
Total	2,227,900	2,467,892	722,509	1,111,031	634,352

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 three months ended September 30, 2018, Northview declared monthly cash distributions of \$0.1358 per Unit, totaling \$25.8 million (September 30, 2017 – \$22.7 million). The 2018 increase in distributions relates to the units issued to the vendors for the acquisitions completed in the fourth quarter of 2017, and the second quarter of 2018. 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.

DISTRIBUTIONS DECLARED AND CASH FLOW FROM OPERATING ACTIVITIES

(thousands of dollars)	Three months ended September 30, 2018	Nine months ended September 30, 2018	Twelve months ended December 31, 2017
Distributions declared:			
Trust Unitholders – basic	22,885	65,264	81,562
Class B LP Unitholders – basic	2,957	8,481	9,594
Total distributions declared	25,842	73,745	91,156
Cash flow from operating activities	40,901	99,166	91,411
Distribution payout ratio	63.2%	74.4%	99.7%

For the three months ended September 30, 2018, \$25.8 million basic distribution declared to Unitholders was paid to Unitholders from \$40.9 million of cash flow from operating activities. For the nine months ended September 30, 2018, \$73.7 million basic distribution declared to Unitholders was paid to Unitholders from \$99.2 million of cash flow from operating activities. For the year ended December 31, 2017, \$91.2 million basic distribution declared to Unitholders was paid from \$91.4 million of cash flow from operating activities. Distributions paid to Class B LP Unitholders were classified as interest expense and deducted from cash flow from operating activities. In any given financial period, total distributions may be greater than cash flow from operating activities, primarily due to the short-term fluctuations in non-cash working capital and the temporary fluctuations in cash flow. 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 operating activities 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 arm's length transactions.

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 Northview transitional services of an asset management nature. For the nine months ended September 30, 2018, the costs of these services aggregated to \$1.5 million (September 30, 2017 – \$1.1 million). Of this amount, \$1.1 million (September 30, 2017 – \$0.9 million) has been capitalized, while the remaining \$0.4 million (September 30, 2017 – \$0.2 million) has been recognized as administration expenses in the condensed consolidated statements of net and comprehensive income. The balance outstanding and payable to Northview from Starlight as at September 30, 2018, is \$nil (December 31, 2017 – \$0.2 million) and is included in accounts receivable in the condensed consolidated statements of financial position. The balance outstanding and payable to Starlight from Northview as at September 30, 2018 is \$0.2 million (December 31, 2017 – \$0.2 million) and is included in trade and other payables in the condensed consolidated statements of financial position. The transitional service agreement ended as of October 30, 2018.

Pursuant to the income supplement agreement dated November 15, 2017, Starlight is to provide Northview an annual payment of \$0.2 million, for a period of ten years, effective January 2018 to December 2027, to pay down the net effective ground rent under the ground lease for a property in Toronto, ON acquired by Northview during the fourth quarter of 2017. The pro-rated amount for the nine months ended September 30, 2018 has been recognized as a reduction of operating expenses in the condensed consolidated statements of net and comprehensive income.

During the nine months ended September 2018, Northview purchased a portfolio of six properties from Starlight for a total purchase price of \$151.8 million excluding closing costs. The properties were purchased at a value consistent with an independent third-party assessment of the fair value of the properties. Fair value was calculated using the expected net operating income of that property divided by the market capitalization rate at the time of the valuation. In addition, Northview issued 572,518 Class B LP Units and Special Voting Units, subject to conversion in accordance with their terms, to Starlight with a fair value of \$15.0 million. The transactions were unanimously approved by the independent Trustees of Northview.

Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") and Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS") are related parties as Northview has a 50% interest in ICP and a 50% interest in ICS. For the three and nine months ended September 30, 2018, revenue from ICP and ICS related to management fees was \$0.1 million and \$0.3 million, respectively (September 30, 2017 – \$0.2 million and \$0.2 million, respectively). The balance outstanding and payable to Northview from ICP and ICS related to management fees is \$0.1 million (September 30, 2017 – \$0.1 million) and is included in accounts receivable in the condensed consolidated statements of financial position. The balance outstanding and payable to ICP and ICS from Northview as at September 30, 2018, is \$nil (September 30, 2017 – \$nil) and is included in trade and other payables in the condensed consolidated statements of financial position.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, using accounting policies consistent 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 reporting period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, differ from the actual results. For the three and nine months ended September 30, 2018, the significant changes in accounting policies, estimates, and judgments, as compared to those disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2017, were disclosed in Notes 2, 3 and 4 to the condensed consolidated financial statements for the three and nine months ended September 30, 2018.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

On January 1, 2018, Northview adopted the following significant new accounting standards that were previously issued by the International Accounting Standards Board (“IASB”): IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.

The description of the new standards, the new accounting policies adopted, and the impact on Northview’s consolidated financial statements were disclosed in Notes 2, 3 and 4 to the condensed consolidated financial statements for the three and nine months ended September 30, 2018.

New Standard	Description	Methods of Adoption	Impact of Adoption
IFRS 15	Introduces a principle to report information about the nature, timing, and uncertainty of revenue from contracts with customers in a single, comprehensive revenue recognition model based on the concept of control.	Permitted: modified retrospective (no restatement of prior periods) and full retrospective (with restatement of prior periods) Selected: modified retrospective	Northview was required to revise its accounting policies for revenue in scope of IFRS 15, including the treatment of contract acquisition costs and operating costs recoveries. There was no material impact of these changes on the recognition and measurement of revenue; however, additional disclosures were required. Further disclosures required by IFRS 15 will be provided in the annual consolidated financial statements for the year ending December 31, 2018. There was no material impact on Northview’s business as a result of adopting this standard.
IFRS 9	Replaces the current classification and measurement model 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.	Permitted: retrospective application (with or without restatement of prior period financial results) Selected: retrospective without restatement of prior periods	Northview has revised its methodology for calculating the effect of expected credit losses (“ECL”) arising from financial assets including tenant receivables. The new methodology takes into account expectations about future conditions and events over the expected life of the assets, including both past experience and certain management forecasts, when material. This resulted in an increase to the allowance for credit losses of approximately \$1.8 million as of January 1, 2018. There was no material effect of this standard on Northview’s operating results or cash flows for the three and nine months ended September 30, 2018. Northview has developed new business leading indicators for credit losses on the basis of the above ECL methodologies. Northview will monitor these indicators to assess any changes in business practices that may be appropriate in response to emerging customer loss experience.

Northview plans to adopt IFRS 16 “Leases” on January 1, 2019. The relevant information is summarized below.

New Standard	Description	Methods of Adoption	Impact of Adoption
IFRS 16	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.	Permitted: modified retrospective (no restatement of prior periods) and full retrospective (with restatement of prior periods) Expected to be selected: modified retrospective	Management is assessing the potential impact of IFRS 16 on Northview’s consolidated financial statements and business. Northview has investment properties located on lands in Ontario and Northern Canada that are leased. The lease payments are currently expensed through the statement of net and comprehensive income. Under IFRS 16 Northview expects to record an asset and liability pertaining to the land leases and related financing costs. Management plans to complete the evaluation during the fourth quarter of 2018 and adopt the standard on its effective date January 1, 2019.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As at September 30, 2018, 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 interim 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at September 30, 2018, 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. 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 third quarter of 2018, there were no changes in Northview’s ICFR that have materially affected, or are reasonably likely to materially affect, Northview’s ICFR.

TRANSACTION

On October 30, 2015, Northern Property Real Estate Investment Trust (“NPR”) acquired all of the assets and properties of True North Apartment Real Estate Investment Trust (“True North”). In addition, NPR acquired apartment properties held by Starlight and a joint venture between affiliates of Starlight and affiliates of the Public Sector Pension Investment Board (“PSP”), collectively the “Transaction”.

NON-RECURRING ITEMS

During the three and nine months ended September 30, 2018, Northview received insurance proceeds of \$2.4 million and \$2.7 million, respectively, relating to a fire in Lethbridge, AB. During the three and nine months ended September 30, 2017, Northview received insurance proceeds of nil and \$0.4 million, respectively, relating to the Fort McMurray, AB, wildfires. During the year ended December 31, 2017, Northview received total insurance proceeds of \$0.9 million relating to the wildfires in Fort McMurray, AB, and the fire in Lethbridge, AB. During the year ended December 31, 2016, Northview received total insurance proceeds of \$7.1 million for the wildfires in Fort McMurray, AB, the 2015 fire in Yellowknife, NT, and a property in Fort McMurray, AB. In addition, Northview had \$1.6 million of lost revenue and \$1.6 million of incremental costs relating to the wildfires in Fort McMurray, AB. These items have been defined as “Non-recurring Items”, as they are not considered normal operating conditions, and management has presented some performance metrics adjusting for Non-recurring Items where appropriate in this MD&A.

NON-GAAP MEASURES

The following non-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. These measures 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.

Funds from operations: FFO measures operating performance and is calculated in accordance with Realpac’s definition. FFO - basic is calculated by adjusting net and comprehensive income (loss) for depreciation of property, plant and equipment excluding depreciation of items (i.e. computer and auto) that are not uniquely significant to the real estate industry, gain or loss on disposition, fair value gain or loss, Class B LP Unit distributions recorded as interest, and other applicable items. FFO – diluted is calculated as FFO – basic plus the interest on 2019 debentures. The most comparable GAAP measure to FFO is net and comprehensive income (loss), for which a reconciliation is provided in this MD&A.

Adjusted funds from operations: AFFO is defined as a recurring economic earnings measure and calculated in accordance with Realpac’s definition. AFFO – basic is calculated as FFO – basic less maintenance capex. AFFO – diluted is calculated as FFO – diluted less maintenance capex. The most comparable GAAP measure to AFFO is net and comprehensive income (loss). A reconciliation between FFO and AFFO and the calculation of maintenance capex are provided in this MD&A.

FFO payout ratio: FFO payout ratio – basic is calculated as distributions declared to Trust and Class B LP Unitholders – basic divided by FFO – basic. FFO payout ratio – diluted is calculated as distributions declared to Trust and Class B LP Unitholders – diluted divided by FFO – diluted.

AFFO payout ratio: AFFO payout ratio – basic is calculated as distributions declared to Trust and Class B LP Unitholders – basic divided by AFFO – basic. AFFO payout ratio – diluted is calculated as distributions declared to Trust and Class B LP Unitholders – diluted divided by AFFO – diluted.

OTHER FINANCIAL MEASURES

Average monthly rent: calculated as net rent, included in revenue divided by the number of occupied units as at the period end date.

Average rent per square foot: calculated as annualized total base rent for the quarter, divided by average total occupied square footage for the quarter for commercial operations.

Cap Rate: calculated as NOI divided by the fair value or sales price of the asset. It is a measure of rate of return on the real estate investment.

Debt: the sum of credit facilities and mortgages payable, including liabilities related to assets held for sale, less cash.

Gross book value: the sum of investment properties, property, plant and equipment before accumulated depreciation, and assets held for sale before accumulated depreciation.

Debt to gross book value: calculated as debt as a percentage of gross book value. Refer to the condensed consolidated financial statements for the detailed calculation.

Debt service coverage: calculated as net income before tax, interest, depreciation and amortization, business combination transaction costs, and fair value gain or loss, divided by the sum of total interest expense and principal mortgage repayments. Refer to the condensed consolidated financial statements for the calculation.

Distribution payout ratio: calculated as distributions declared to Trust and Class B LP Unitholders – basic divided by cash flow from operating activities.

Estimated value creation: calculated as annualized NOI increase from VCI's, divided by 5.5% capitalization rate in place at the time of the Transaction.

Interest coverage: calculated as net income before tax, interest, depreciation and amortization, business combination transaction costs, and fair value gain or loss, divided by total interest expense. Refer to the condensed consolidated financial statements for the calculation.

Occupancy: a measure used by management to evaluate the performance of its properties on a comparable basis, and the occupancy presented in this MD&A is financial occupancy for each period, excluding recently completed developments, which have not reached stabilized occupancy.

Same door NOI: measured as NOI from stabilized properties owned by Northview for both the current reporting period and on or before the first day of the previous annual reporting period. For calculating same door NOI in this MD&A, stabilized properties owned and in operation by Northview for both the current reporting period and on or before January 1, 2017, are included in the calculation.