Northview™

APARTMENT REIT

Management's Discussion and Analysis of Financial Results
For the years ended December 31, 2018 and 2017

ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated February 27, 2019, 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") audited consolidated financial statements and notes thereto for the years ended December 31, 2018, and 2017. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is intended to provide readers with management's assessment of the performance of Northview, as well as its financial position and future prospects. All amounts in the following MD&A are in Canadian Dollars unless otherwise stated. Additional information relating to Northview, including periodic quarterly and annual reports and annual information forms, filed with the Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking statements are made as of February 27, 2019, 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, execusuite units, and commercial space at current market rates, tenant defaults, changes in interest rates, Northview's qualification as a real estate investment trust ("REIT"), changes in operating costs, governmental regulations and taxation, fluctuations in commodity prices, and the availability of financing. Additional risks and uncertainties not presently known to Northview, or those risks and uncertainties that Northview currently believes to 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 February 27, 2019.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and are, therefore, considered non-GAAP measures. These measures are provided to enhance the reader's understanding of Northview's current financial condition. They are included to provide investors and management with an alternative method for assessing Northview's operating results in a manner that is focused on the performance of Northview's ongoing operations and to provide a more consistent basis for comparison between periods. These measures include widely accepted measures of performance for Canadian REITs; 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 years ended December 31, 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"). Each time a Class B LP Unit is issued, a special voting unit of Northview ("Special Voting Unit") is simultaneously issued, which together have an equivalent economic value to, and can be exchanged for, Trust 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, additional GAAP and other measures that exclude Non-recurring Items on a consistently applied basis to enhance GAAP measures. See page 37 for definitions and cautionary language for these measures.

BUSINESS OVERVIEW

Northview is one of Canada's largest publicly traded multi-family REITs with a portfolio of approximately 27,000 residential units, and 1.2 million square feet (sq. ft.) of commercial space in more than 60 markets across eight provinces and two territories. Northview's Trust Units currently trade on the Toronto Stock Exchange 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 property portfolio is located in a number of markets with expanding populations and growing economies. Northview will seek to increase same door net operating income ("NOI") by improving occupancy, average monthly rent ("AMR"), and operating efficiencies to reduce expenses.
- **Growth through acquisitions:** Northview acquires properties in strong markets across the country including where it has an established operating 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 expertise and a diversified portfolio enable Northview to target developments in strong markets with planned yields of 100 to 200 basis points ("bps") higher than market capitalization rate ("Cap Rate") contributing to net asset value growth.

HIGHLIGHTS

- Diluted FFO per unit of $2.11 for the year ended December 31, 2018, compared to $2.08 for the same period of 2017, both excluding Non-recurring Items (as defined on page 37)
- Same door NOI increase of 4.5%, including a 5.0% increase for the multi-family business segment for the year ended December 31, 2018
- NOI margin of 58.3% for the year ended December 31, 2018, an improvement of 110 bps compared to the same period of 2017
- Multi-family portfolio occupancy of 93.9% in the fourth quarter of 2018, 40 bps higher than the third quarter of 2018 and an improvement of 60 bps from the same period of 2017
- Annualized NOI increase from Value Creation Initiatives ("VCIs") related to the 2015 Transaction (as defined on page 33) was $3.7 million for 2018, bringing the cumulative progress to $10.5 million since November 1, 2015
- Total net fair value increase on investment properties of $167.3 million for the year ended December 31, 2018, including $126.5 million net fair value increase in Ontario resulting from higher NOI and reduction in Cap Rates
- Debt to gross book value was 53.8% as at December 31, 2018, a reduction of 260 bps from December 31, 2017, primarily as a result of the equity offering completed in June 2018 and fair value increases on investment properties
- Cash flow from operating activities was $139.1 million for the year ended December 31, 2018, a $47.7 million increase compared to the same period of 2017
- Net and comprehensive income was $289.6 million for the year ended December 31, 2018, a $77.3 million increase compared to the same period of 2017, primarily as a result of the fair value increases on investment properties

2018 REVIEW

FINANCIAL HIGHLIGHTS

Diluted FFO per unit was $2.11 for the year ended December 31, 2018, compared to $2.08 for the same period of 2017, both excluding Non-recurring Items. Same door NOI growth and NOI contributions from acquisitions and newly developed properties increased FFO per unit. These increases were partially offset by the equity issued to fund growth and the disposition of non-core assets.

Debt to gross book value was 53.8% as at December 31, 2018, a decrease of 260 bps and 370 bps from December 31, 2017, and December 31, 2016, respectively. This improvement was primarily the result of fair value increases on investment properties and the equity offering completed in June 2018. Interest and debt service coverage ratios remain strong at 2.96 and 1.64, respectively, for the year ended December 31, 2018.

During the year ended December 31, 2018, Northview completed $431.3 million of mortgage financing, excluding short-term financing, for multi-family properties. The mortgage financing was at a weighted average interest rate of 3.20% and an average term to maturity of 8.2 years.

In February 2019, Northview secured a commitment for a $200 million operating facility with a three-year term to replace the existing $150 million and $23 million operating facilities. The new $200 million operating facility offers improved borrowing capacity and reduced interest rates, compared to the existing operating facilities. The new facility is expected to close during the second quarter of 2019.

OPERATIONAL HIGHLIGHTS

During the year ended December 31, 2018, Northview achieved a total same door NOI increase of 4.5%, including a multi-family same door NOI increase of 5.0%. All multi-family regions recorded a same door NOI increase led by Ontario, which achieved an increase of 10.0%. For the fourth quarter of 2018, total same door NOI increase was 4.2%, including multi-family same door NOI increase of 5.1%. Atlantic Canada and Quebec experienced temporary negative same door NOI growth mainly due to higher property tax and utility expenses.

AMR for all multi-family regions increased in the fourth quarter of 2018, compared to the third quarter of 2018, and the same period of 2017. This is due to overall improved economic conditions, the successful execution of the VCIs in Ontario and the acquisition of newer properties with higher average rents.

Occupancy in Ontario and Northern Canada remained strong at 97.0% and 96.8%, respectively, during the fourth quarter of 2018. Western Canada occupancy was 88.2% in the fourth quarter of 2018, a 160 bps increase compared to the third quarter of 2018, and a 170 bps increase compared to the same period of 2017. The occupancy increase in the fourth quarter occurred throughout the portfolio in Western Canada compared to the same period of 2017.

Overall NOI margin increased by 110 bps for the year ended December 31, 2018, compared to the same period of 2017. The increase in NOI margin was due to: (i) acquisitions and recently completed developments, which generated higher margins than the rest of the portfolio; (ii) improvements in revenue from higher AMR and increased occupancy; and (iii) cost savings from the internalization of property management, which was completed in the first quarter of 2018. The transition to an internally managed portfolio was completed in 2018, which resulted in annualized savings of approximately $2.9 million and reduced the number of third party managed units by 12,800 units since 2016.

VALUE CREATION INITIATIVES

VCIs generated an annualized increase in NOI of $3.7 million in 2018, bringing the cumulative progress to $10.5 million, or 73% of the initial five-year target of $14.3 million set in 2015. The Cap Rate in Ontario has declined by approximately 110 bps from the 5.5% in place at the time of the transaction, which has increased the estimated value creation by approximately $48 million. Management completed 573 units in 2018 under the high-end renovation program with a rate of return of 23.0%, which exceeds the initial target of 15-20%. Including the 2018 Acquisitions and the December 2017 acquisition, an additional 1,600 units have the potential for the high-end renovation program. These units are not included in the VCI progress related to the 2015 Transaction.

The 2015 Transaction improved the diversification of the portfolio away from resource based markets and provided Northview significant exposure to the Ontario market. In addition to portfolio diversification and stability of returns, a key driver was the ability to grow NOI in strong markets through VCIs. By 2020, progress on VCIs is expected to reach annualized NOI of approximately $13 million with future progress driven primarily by high-end renovations. At the current Cap Rate for Northview properties in Ontario, the estimated total value creation from VCIs will be $295 million in 2020, exceeding the initial five-year target of $260 million set in 2015.

GROWTH HIGHLIGHTS

In June 2018, Northview acquired a portfolio consisting of 623 units in six apartment properties for $151.8 million excluding closing costs, with a weighted average Cap Rate of 4.5% (the "June 2018 Acquisition"). In connection with the June 2018 Acquisition, Northview closed a $126.5 million equity offering on June 25, 2018. The net proceeds of the equity offering were used to fund a portion of the June 2018 Acquisition, and to repay a portion of the credit facilities which were previously drawn on to fund its development program.

In December 2018, Northview acquired a portfolio consisting of 644 units in six apartment properties for $131.9 million excluding closing costs, with a weighted average Cap Rate of 4.2% (the "December 2018 Acquisition", together with the June 2018 Acquisition, collectively the "2018 Acquisitions"). The 2018 Acquisitions completed the deployment of the equity raised in June 2018, as well as the redeployment of the proceeds from the non-core asset sale in the third quarter of 2018.

In 2018, Northview completed development projects in Regina, SK, Iqaluit, NU, and Canmore, AB, with total net fair value increase of $12.6 million or 21% on completion of the developments.

The acquisitions and developments in 2018 supported the strategic objectives of improving the overall quality of the multi-family portfolio, expanding Northview's presence in Ontario, and generating FFO growth through acquisitions and in-house development in strong markets across the country.

STRATEGIC EXTERNAL GROWTH

Acquisitions

Acquisitions during the year ended December 31, 2018 (thousands of dollars, except units)

Location	Units	Date	Cost
Ontario	1,154	Q1, Q2, Q4 2018	268,557
Western Canada	137	Q1, Q2 2018	28,557
Atlantic Canada	131	Q2, Q3 2018	31,418
Northern Canada (i)	-	Q2 2018	5,212
Total	**1,422**		**333,744**

(i) Northview acquired a commercial property in Northern Canada in the second quarter of 2018.

During the year ended December 31, 2018, Northview completed the 2018 Acquisitions for a total of 1,267 multi-family units for $292.4 million in Ontario and Nova Scotia, including closing costs of $8.7 million. In addition to the 2018 Acquisitions, Northview acquired mixed-use, commercial properties, and land for development for $41.3 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 $540.6 million of acquisitions completed since December 2017, 77% were in Ontario, and 65% provides above average NOI growth opportunities for Northview. These opportunities include operating efficiencies, high-end renovations, and increasing rents when current rents are below market rates. These acquisitions further improve the geographic diversification and quality of the portfolio with the addition of 2,005 multi-family units in Ontario, and support Northview's strategy of increasing its portfolio in strong and growing markets.

Strategic Relationship With Starlight

Northview has a strategic relationship with Starlight, which is controlled by a significant unitholder who is also a Trustee of Northview. Starlight is active in multi-family acquisition and disposition transactions in Canada. As a result of the unitholder relationship and board participation, Northview has demonstrated success to complete off-market acquisition transactions directly with Starlight and portfolio acquisitions coordinated by Starlight.

Since 2016, Northview has acquired a total of $480.5 million of investment properties through this relationship, including $238.2 million acquired directly from Starlight. Investment properties acquired directly from Starlight are related party transactions, subject to enhanced governance procedures including independent third party appraisals, extensive internal evaluation and due diligence, and approval by independent members of the Trustees.

Northview has demonstrated success in adding value to properties acquired pursuant to the strategic relationship with Starlight. Northview has increased AMR by 5.6% and 3.4% for assets acquired in December 2017, and June 2018, respectively. A net fair value increase of $17.4 million or 9% was recorded in the third quarter of 2018 for assets acquired in December 2017.

Northview has an agreement to govern fees payable for acquisitions under the Transactional Fee Agreement (as defined on page 36), which was approved by the Board of Trustees (the "Trustees") on February 27, 2019. The Transactional Fee Agreement has a term of three years and provides for a fee of 1% of the acquisition price on assets sourced, but not controlled by Starlight. No fees are payable on assets acquired directly from Starlight.

Developments

Northview completed the following developments in 2018:

- 132 units in Regina, SK, in the first quarter of 2018. The property reached stabilized occupancy of 95% in the third quarter;

- 30 multi-family units and approximately 11,000 sq. ft. of commercial space in Iqaluit, NU, in the first quarter of 2018. The development is fully leased;

- 140 units and 40 staff housing beds in Canmore, AB, in the third quarter of 2018. The property is currently 85% leased.

Projects completed during the year ended December 31, 2018 (thousands of dollars)

Location	Initial Occupancy	Total Cost Incurred	Expected Stabilized Cap Rate	Net Fair Value Increase
Regina, SK	Q1 2018	22,300	7.0% to 7.5%	5,800
Iqaluit, NU	Q1 2018	9,400	9.0% to 9.5%	1,300
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 December 31, 2018 (thousands of dollars, except units)

Location	Units	Expected Occupancy	Estimated Total Cost	Total Cost Incurred	Expected Stabilized Cap Rate
Calgary, AB	158	Q2 2019	30,000	19,220	6.0% to 6.5%
Total	**158**		**30,000**	**19,220**	

Developments in Kitchener, ON and Nanaimo, BC are in the advanced planning stage and expected to commence during the first half of 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 high-end renovation program. The number of units eligible for the high-end renovation program has been expanded by the acquisitions completed in 2017 and 2018. Northern Canada is expected to achieve stable growth driven by long-term leases primarily with government tenants. Atlantic Canada and Quebec are expected to return to positive same door NOI growth in 2019 after briefly turning negative in the fourth quarter of 2018. 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 in 2019.

Mixed economic conditions remain in Western Canada, which resulted in occupancy fluctuations in 2017 and 2018. The uncertain outlook for the resource sector including regulatory uncertainty, lack of infrastructure, development activity, regional commodity prices, gross domestic product, and employment rate is expected to continue to impact occupancy. In particular, weak economic conditions will continue to impact Fort McMurray, AB. The southern regions of Alberta and British Columbia are expected to remain strong, including Calgary, AB, Lethbridge, AB, and Nanaimo, BC. The recently announced liquefied natural gas project in northern British Columbia is expected to have a positive long-term economic impact in certain resource based markets.

Northview expects to continue to improve geographic diversification and overall asset quality of the portfolio through acquisition and development of high quality properties in its strong markets. Acquisition activity is expected to continue, including accessing opportunities through our strategic relationship with Starlight, although at a moderated pace compared to the last 18 months. The pace of developments in our stronger markets is expected to accelerate as we continue the completion of the second phase of our Calgary project and start new projects in Kitchener, ON and Nanaimo, BC. We continue to source land opportunities in growing areas of Canada that will allow us to continue to create net asset value growth for our Unitholders.

SELECTED ANNUAL INFORMATION

(thousands of dollars, except per unit amounts)	2018	2017	2016
Total revenue	**363,968**	330,999	326,939
Total NOI	**212,126**	189,264	181,583
NOI margin	**58.3%**	57.2%	55.5%
Same door NOI increase (decrease) (i)	**4.5%**	4.3%	(5.9%)
Cash flow from operating activities	**139,073**	91,411	97,710
Distributions declared to Trust and Class B LP Unitholders – basic	**99,772**	91,156	86,541
Distributions declared to Trust and Class B LP Unitholders – diluted	**100,836**	92,838	88,403
Distributions declared per Unit – basic and diluted	**$1.63**	$1.63	$1.63
Net and comprehensive income	**289,629**	212,367	73,529
Net and comprehensive income per unit – basic	**$4.76**	$3.80	$1.39
Net and comprehensive income per unit – diluted (ii)	**$4.67**	$3.72	$1.36
Measurements excluding Non-recurring Items(iv):			
FFO – diluted (i)	**130,660**	118,597	115,331
FFO per unit – diluted (i) (ii)	**$2.11**	$2.08	$2.14
AFFO – diluted (i)	**105,373**	96,481	n/a
AFFO per unit – diluted (i) (iii)	**$1.70**	$1.69	n/a

(i) Same door NOI, FFO, FFO per unit, AFFO, and AFFO 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. See page 37 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 years ended December 31, 2018, 2017, and 2016, because convertible debentures are dilutive.

(iii) AFFO is a disclosure implemented by Northview in the third quarter of 2017. The calculation of weighted average number of units outstanding for AFFO per unit – diluted includes the convertible debentures for the years ended December 31, 2018 and 2017, because convertible debentures are dilutive.

(iv) See page 37 for definition of Non-recurring Items.

SELECTED ANNUAL INFORMATION

(thousands of dollars, except units, and sq. ft.)	**2018**	**2017**	**2016**
Financial Measurements:			
Total assets	**4,177,368**	3,573,416	3,185,672
Total liabilities	**2,536,722**	2,259,417	2,032,452
Total non-current liabilities	**1,913,159**	1,815,672	1,708,411
Mortgages payable	**2,028,666**	1,786,156	1,661,532
Weighted average mortgage interest rate	**3.17%**	3.20%	3.23%
Weighted average term to maturity (years)	**4.8**	4.6	5.0
Weighted average capitalization rate	**5.92%**	6.24%	6.67%
Weighted average number of units outstanding – basic (000's)	**60,841**	55,905	52,810
Weighted average number of units outstanding – diluted (000's)	**61,973**	57,131	53,962
Operational Measurements:			
Occupancy	**93.5%**	92.4%	90.7%
Number of multi-family units	**26,702**	25,188	24,094
Number of execusuites units	**344**	344	419
Commercial sq. ft.	**1,172,000**	1,172,000	1,135,000
Leverage Measurements:			
(measurements including Non-recurring Items)			
Debt to gross book value (excluding convertible debentures)	**53.8%**	56.4%	57.5%
Interest coverage ratio (times)	**2.96**	3.05	2.98
Debt service coverage ratio (times)	**1.64**	1.63	1.70

2018 OPERATING RESULTS

The following section provides a comparison of the operating results for the three months and year ended December 31, 2018, with the same periods of 2017. Operations include multi-family, and commercial and execusuites 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

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Multi-family	**82,990**	74,296	11.7%	**320,292**	287,387	11.4%
Commercial and execusuites	**11,051**	10,396	6.3%	**43,676**	43,612	0.1%
Total	**94,041**	84,692	11.0%	**363,968**	330,999	10.0%

Revenue in the multi-family business segment for the three months and year ended December 31, 2018, was $83.0 million and $320.3 million, respectively. The increase in revenue for the three months and year ended December 31, 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.

Revenue in the commercial and execusuites business segment for the three months and year ended December 31, 2018, was $11.1 million and $43.7 million, respectively. Revenue increased for the three months ended December 31, 2018, compared to the same period of 2017, mainly due to the acquisitions of commercial and mixed-use properties since the fourth quarter of 2017, and higher occupancy at the execusuites properties. Revenue increased for the year ended December 31, 2018, compared to the same period of 2017. The increase was attributable to the same factors as the fourth quarter of 2018, partially offset by the disposition of a hotel in Iqaluit, NU, in the third quarter of 2017 and lower occupancy in the commercial portfolio.

OPERATING EXPENSES BY BUSINESS SEGMENT

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Multi-family	**35,602**	33,024	7.8%	**133,211**	123,642	7.7%
Commercial and execusuites	**4,731**	4,311	9.7%	**18,631**	18,093	3.0%
Total	**40,333**	37,335	8.0%	**151,842**	141,735	7.1%

OPERATING EXPENSES

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Operating expenses						
Utilities	**11,078**	10,220	8.4%	**41,584**	38,708	7.4%
Property taxes	**9,095**	8,290	9.7%	**34,870**	32,241	8.2%
Salaries and benefits	**5,356**	4,387	22.1%	**20,630**	19,122	7.9%
Maintenance	**7,719**	7,639	1.0%	**28,795**	26,364	9.2%
Cleaning	**1,856**	1,733	7.1%	**7,263**	6,864	5.8%
General	**5,229**	5,066	3.2%	**18,700**	18,436	1.4%
Total	**40,333**	37,335	8.0%	**151,842**	141,735	7.1%

Total operating expenses for the three months and year ended December 31, 2018, increased 8.0% and 7.1%, 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. The average number of multi-family units increased by 7% from 2017 to 2018. The increase in operating expenses during 2018 is comparable to the increase in the average number of multi-family units. Same door operating expenses for the three months and year ended December 31, 2018, increased by 1.7% and 1.8%, respectively, compared to the same periods of 2017, mainly due to higher salaries, insurance, and utilities, partially offset by lower maintenance costs and costs savings realized from the internalization of property management.

Utilities for the three months and year ended December 31, 2018, increased 8.4% and 7.4%, respectively, compared to the same periods of 2017, due to new acquisitions and developments. On a same door basis, utilities for the three months and year ended December 31, 2018, increased 3.1% and 0.9%, respectively, compared to the same periods of 2017. Utilities were higher in the fourth quarter of 2018 compared to the same period of 2017 due to higher heating costs.

Property taxes for the three months and year ended December 31, 2018, increased 9.7% and 8.2%, 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 three months and year ended December 31, 2018, increased 1.4% and 1.0%, respectively, compared to the same periods of 2017, due to higher property tax assessments.

Salaries and benefits for the three months and year ended December 31, 2018, increased 22.1% and 7.9%, respectively, compared to the same periods of 2017. On a same door basis, salaries and benefits for the three months and year ended December 31, 2018, increased 17.3% and 6.9%, respectively, compared to the same periods of 2017. These increases are due to general salary increase, incentive compensation expense increase as a result of improved operating results and increased staffing levels to further develop the internal property management infrastructure.

Maintenance for the three months and year ended December 31, 2018, increased 1.0% and 9.2%, respectively, compared to the same periods of 2017. On a same door basis, maintenance for the three months and year ended December 31, 2018, decreased 5.3% and increased 2.9%, respectively, compared to the same periods of 2017. Maintenance costs have decreased in the second half of 2018, compared to the first half of 2018, due to management establishing an internal maintenance team in Atlantic Canada and Quebec to reduce maintenance costs.

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

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Multi-family	**47,388**	41,272	14.8%	**187,081**	163,745	14.3%
Commercial & execusuites	**6,320**	6,085	3.9%	**25,045**	25,519	(1.9%)
Total	**53,708**	47,357	13.4%	**212,126**	189,264	12.1%
NOI margin %	**57.1%**	55.9%	120 bps	**58.3%**	57.2%	110 bps

NOI margin increased by 120 bps and 110 bps for the three months and year ended December 31, 2018, respectively, compared to the same periods of 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. This was combined with improvements in revenue from higher AMR and increased occupancy, and cost savings from the internalization of property management.

Same door NOI by business segment

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Multi-family	**40,259**	38,316	5.1%	**163,022**	155,242	5.0%
Commercial & execusuites	**5,880**	5,976	(1.6%)	**24,203**	23,899	1.3%
Total	**46,139**	44,292	4.2%	**187,225**	179,141	4.5%

NOI by business segment

	Three months ended December 31, 2018		Year ended December 31, 2018	
(thousands of dollars)	**Multi-family**	**Commercial and Execusuites**	**Multi-family**	**Commercial and Execusuites**
Ontario	**16,909**	**38**	**63,317**	**257**
Western Canada	**12,839**	**(30)**	**50,644**	**(59)**
Atlantic Canada	**5,101**	**1,318**	**21,245**	**5,599**
Northern Canada	**9,894**	**4,976**	**40,171**	**19,184**
Quebec	**2,645**	**18**	**11,704**	**64**
Total	**47,388**	**6,320**	**187,081**	**25,045**

NOI by business segment

	Three months ended December 31, 2017		Year ended December 31, 2017	
(thousands of dollars)	**Multi-family**	**Commercial and Execusuites**	**Multi-family**	**Commercial and Execusuites**
Ontario	12,696	27	50,435	27
Western Canada	11,707	(37)	46,206	93
Atlantic Canada	5,120	1,276	19,275	5,643
Northern Canada	9,138	4,819	37,762	19,756
Quebec	2,611	-	10,067	-
Total	**41,272**	**6,085**	**163,745**	**25,519**

NOI by region

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Ontario	**16,947**	12,723	33.2%	**63,574**	50,462	26.0%
Western Canada	**12,809**	11,670	9.8%	**50,585**	46,299	9.3%
Atlantic Canada	**6,419**	6,396	0.4%	**26,844**	24,918	7.7%
Northern Canada	**14,870**	13,957	6.5%	**59,355**	57,518	3.2%
Quebec	**2,663**	2,611	2.0%	**11,768**	10,067	16.9%
Total	**53,708**	47,357	13.4%	**212,126**	189,264	12.1%

Portfolio summary – December 31, 2018 (including joint ventures at 100%)

Regions	Multi-family units	Execusuites units	Commercial (sq. ft.)
Ontario	9,489	-	22,000
Western Canada	7,632	-	145,000
Atlantic Canada	4,646	145	246,000
Northern Canada	2,450	199	755,000
Quebec	2,485	-	4,000
Total	**26,702**	**344**	**1,172,000**

Portfolio change – December 31, 2018 (including joint ventures at 100%)

	Multi-family units	Execusuites units	Commercial (sq. ft.)
December 31, 2017	25,188	344	1,172,000
Additions	1,422	-	32,000
Dispositions	(216)	-	-
Developments	310	-	11,000
Conversion	-	-	(43,000)
Re-measurement	(2)	-	-
December 31, 2018	**26,702**	**344**	**1,172,000**

MULTI-FAMILY OPERATIONS

Same door NOI, AMR, and occupancy by region

AMR is the average monthly rent of occupied units on December 31, 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

	2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Ontario	**10.0%**	**11.9%**	7.8%	5.8%	15.4%
Western Canada	**2.1%**	**3.6%**	0.4%	2.4%	4.1%
Atlantic Canada	**1.0%**	**(3.7%)**	2.5%	0.2%	(0.8%)
Northern Canada	**3.9%**	**5.4%**	2.2%	4.2%	3.9%
Quebec	**4.3%**	**(7.7%)**	10.4%	7.5%	6.5%
Overall	**5.0%**	**5.1%**	4.0%	4.0%	6.9%

AMR

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Ontario	**1,092**	1,078	1,050	1,034	1,018
Western Canada	**1,022**	1,013	1,005	995	998
Atlantic Canada	**798**	792	787	780	764
Northern Canada	**2,137**	2,132	2,111	2,092	2,089
Quebec	**772**	765	753	750	741
Overall	**1,094**	1,082	1,068	1,050	1,049

Occupancy

	2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2017	Q4 2017
Ontario	**96.9%**	**97.0%**	96.7%	97.1%	96.9%	96.6%	97.1%
Western Canada	**86.7%**	**88.2%**	86.6%	85.9%	86.1%	85.3%	86.5%
Atlantic Canada	**95.0%**	**94.9%**	95.8%	94.5%	94.8%	93.5%	94.6%
Northern Canada	**96.8%**	**96.8%**	97.1%	97.1%	96.1%	95.0%	96.1%
Quebec	**93.7%**	**91.7%**	92.2%	95.1%	95.7%	94.3%	94.2%
Overall	**93.5%**	**93.9%**	93.5%	93.3%	93.3%	92.4%	93.3%

Multi-family units, AMR, and occupancy by region

	Multi-family Units	AMR			Occupancy		
		Q4 2018	Q4 2017	Change (%)	Q4 2018	Q4 2017	Change (bps)
Southwestern	5,563	**1,034**	938	10.2%	**96.2%**	96.2%	0
Eastern	1,773	**1,100**	1,060	3.8%	**97.3%**	98.2%	(90)
Toronto and area	2,153	**1,228**	1,160	5.9%	**98.5%**	97.9%	60
Ontario	**9,489**	**1,092**	1,018	7.3%	**97.0%**	97.1%	(10)
Alberta	4,430	**1,085**	1,055	2.8%	**87.0%**	85.7%	130
British Columbia	2,639	**926**	895	3.5%	**89.6%**	86.8%	280
Saskatchewan	563	**968**	1,006	(3.8%)	**93.5%**	92.8%	70
Western Canada	**7,632**	**1,022**	998	2.4%	**88.2%**	86.5%	170
Newfoundland and Labrador	1,728	**828**	827	0.1%	**92.5%**	91.1%	140
Nova Scotia	1,469	**788**	689	14.4%	**95.2%**	96.2%	(100)
New Brunswick	1,449	**774**	759	2.0%	**97.9%**	97.9%	0
Atlantic Canada	**4,646**	**798**	764	4.5%	**94.9%**	94.6%	30
Northwest Territories	1,309	**1,685**	1,653	1.9%	**93.0%**	93.5%	(50)
Nunavut	1,141	**2,610**	2,572	1.5%	**99.7%**	98.0%	170
Northern Canada	**2,450**	**2,137**	2,089	2.3%	**96.8%**	96.1%	70
Quebec	**2,485**	**772**	741	4.2%	**91.7%**	94.2%	(250)
Total	**26,702**	**1,094**	1,049	4.3%	**93.9%**	93.3%	60

VCIs PROGRAM DESCRIPTION

In addition to portfolio diversification, a key driver of the 2015 Transaction 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 2015 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 2015 Transaction has enabled management to submit applications to the Ontario Landlord and Tenant Board to increase rents by more than the regulated annual increase.

(v) **Property management internalization:** Northview has a history of successfully managing its 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

Program		**Annualized NOI Increase**		
(thousands of dollars)	**2020 Target**	**2018**	**Q4 2018**	**Cumulative Progress**
High-end renovation	5,800	2,049	467	4,198
Below market rents	5,200	1,460	n/a	5,200
Sub-metering	2,500	152	75	569
Above guideline increases	800	45	-	551
Total	**14,300**	**3,706**	**542**	**10,518**
2015 capitalization rate	5.5%	5.5%	5.5%	5.5%
Estimated value creation	**260,000**	**67,000**	**10,000**	**191,000**

CUMULATIVE PROGRESS OF VCIs

As of December 31, 2018, cumulative progress of annualized NOI increase from VCIs related to the 2015 Transaction reached $10.5 million, or 73% of the initial five-year target of $14.3 million set in 2015. The Cap Rate in Ontario has declined by approximately 110 bps from the 5.5% in place at the time of the transaction, which has increased the estimated value creation of $191 million by approximately $48 million.

The high-end renovation program achieved a cumulative annualized NOI increase of $4.2 million as of December 31, 2018, and management expects the program to generate a cumulative annualized NOI of $6.7 million by 2020. Below market rents reached the cumulative annualized NOI target of $5.2 million in the third quarter of 2018. The sub-metering program progressed slower than anticipated as a result of lower than expected suite turnover and market factors. The cumulative annualized NOI increase from above guideline increases was $0.6 million, $0.2 million lower than the initial five-year target primarily as a result of dispositions.

Cumulative annualized NOI increase from VCIs related to the 2015 Transaction is expected to be approximately $13 million in 2020. At the current Cap Rate of 4.4% in Ontario as of December 31, 2018, the estimated value creation from VCIs will be $295 million in 2020, exceeding the initial five-year target of $260 million set in 2015.

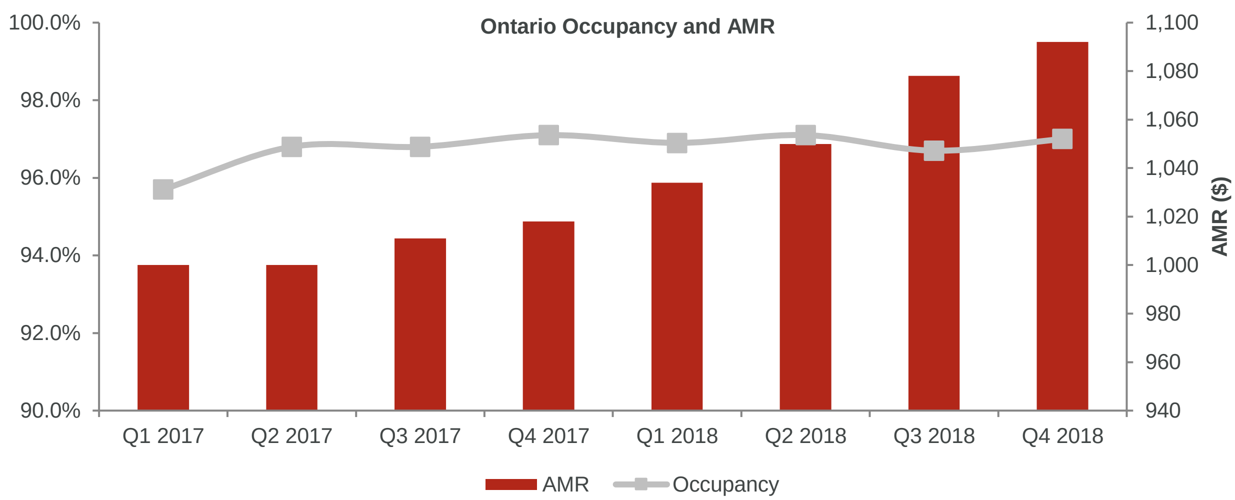
HIGH-END RENOVATION PROGRAM

For the year ended December 31, 2018, 573 high-end renovation units relating to the 2015 Transaction were completed with an AMR increase of approximately $291 per unit. Capital expenditures on the program for the year ended December 31, 2018, were $11.0 million. The program achieved an average rate of return of 23.0% in 2018, which exceeded the initial target of 15-20%.

Including the 2018 Acquisitions and the December 2017 acquisition, an additional 1,600 units have the potential for the high-end renovation program. Of these additional units, 123 units were completed with capital expenditures incurred of $2.1 million in 2018, which is not reflected in the table above. The returns generated are comparable to those being achieved in connection with the 2015 Transaction.

Going forward, Northview will no longer report on 2015 VCIs and focus reporting on initiatives for the entire portfolio. At December 31, 2018, there are approximately 60 buildings and 4,800 units suitable for future high-end renovations. In 2019, Northview plans to spend approximately $10 to $15 million on renovations to units in its high-end renovation program.

ONTARIO OPERATIONS



AMR was $1,092 as at December 31, 2018, compared to $1,018 as at December 31, 2017. The increase in AMR was due to the impact of acquisitions, the successful execution of the VCIs and strong market conditions.

Overall, Ontario continued to experience strong occupancy of 97.0% during the fourth quarter of 2018, compared to 97.1% in the fourth quarter of 2017.

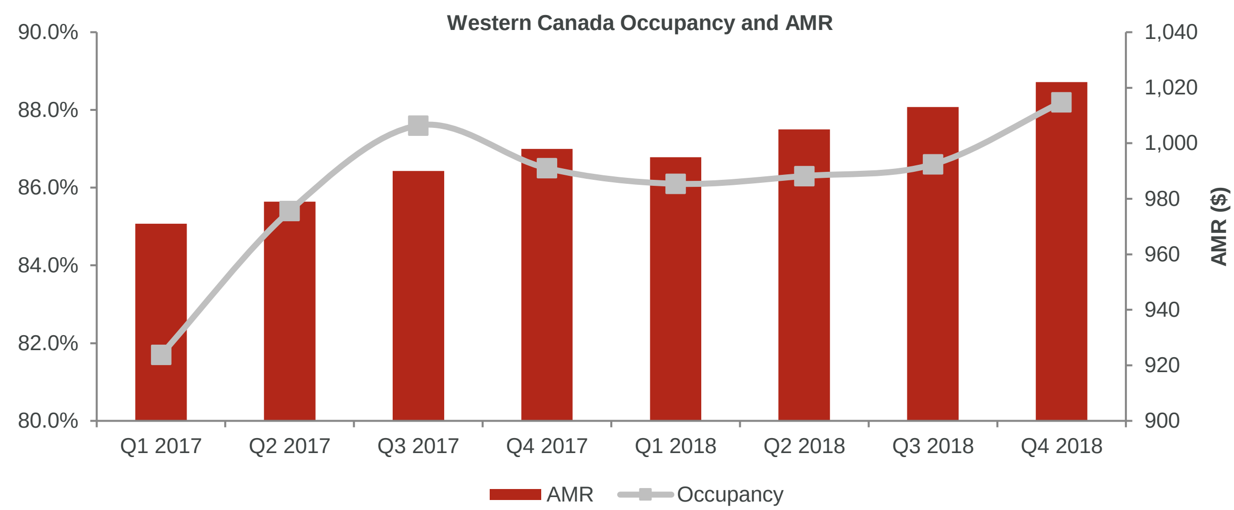
Ontario	**Three months ended December 31**			**Year ended December 31**		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**30,107**	24,659	22.1%	**112,546**	94,994	18.5%
Operating expenses	**(13,198)**	(11,963)	10.3%	**(49,229)**	(44,559)	10.5%
NOI	**16,909**	12,696	33.2%	**63,317**	50,435	25.5%
NOI margin %	**56.2%**	51.5%	470 bps	**56.3%**	53.1%	320 bps
Same door rental revenue	**24,562**	23,312	5.4%	**96,206**	91,456	5.2%
Same door operating expenses	**(11,016)**	(11,210)	(1.7%)	**(42,945)**	(43,024)	(0.2%)
Same door NOI	**13,546**	12,102	11.9%	**53,261**	48,432	10.0%

NOI increased $4.2 million or 33.2%, and $12.9 million or 25.5%, for the three months and year ended December 31, 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 in 2018 and near the end of 2017, partially offset by non-core asset sales.

Same door NOI increased $1.4 million or 11.9% for the three months ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI for the fourth quarter of 2018 was due to higher revenue from increased AMR and lower operating expenses. Operating expenses decreased in the fourth quarter of 2018, compared to the same period of 2017, due to lower utilities and general expenses.

Same door NOI increased $4.8 million or 10.0% for the year ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI was due to higher AMR, while operating expenses remained flat. Lower utilities from electricity cost savings were offset by higher property taxes and general expenses.

WESTERN CANADA OPERATIONS



AMR was $1,022 as at December 31, 2018, compared to $998 as at December 31, 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 most 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 was due to increased incentives to maintain occupancy levels in a soft economic environment.

Occupancy was 88.2% for the fourth quarter of 2018, compared to 86.5% for the same period of 2017. The increase in occupancy was throughout the portfolio in the region, including Saskatchewan where occupancy increased 70 bps. The improved economic conditions combined with higher lease incentives in Western Canada led to increased occupancy. Most of the resource-based markets in Alberta and northeastern British Columbia showed slight improvements, compared to the same period of 2017, particularly the communities of Dawson Creek, Bonnyville, and Lloydminster. Southern British Columbia continued to experience high occupancy.

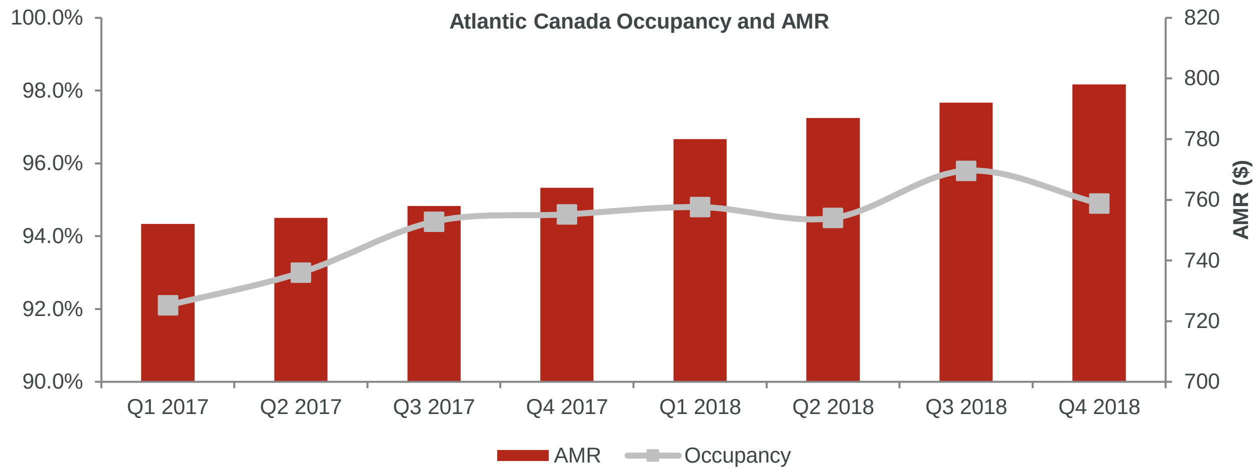
Western Canada	**Three months ended December 31**			**Year ended December 31**		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**21,589**	19,860	8.7%	**83,824**	77,818	7.7%
Operating expenses	**(8,750)**	(8,153)	7.3%	**(33,180)**	(31,612)	5.0%
NOI	**12,839**	11,707	9.7%	**50,644**	46,206	9.6%
NOI margin %	**59.5%**	58.9%	60 bps	**60.4%**	59.4%	100 bps
Same door rental revenue	**18,598**	17,961	3.5%	**72,743**	71,311	2.0%
Same door operating expenses	**(7,827)**	(7,561)	3.5%	**(29,720)**	(29,185)	1.8%
Same door NOI	**10,771**	10,400	3.6%	**43,023**	42,126	2.1%

NOI increased $1.1 million or 9.7%, and $4.4 million or 9.6%, for the three months and year ended December 31, 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 completed in 2018 and near the end of 2017, and new developments.

Same door NOI for the three months ended December 31, 2018, increased $0.4 million or 3.6% compared to the same period of 2017. Same door NOI increased due to higher revenue from increased AMR and occupancy, partially offset by higher lease incentives, salaries, and utilities.

Same door NOI for the year ended December 31, 2018, increased $0.9 million or 2.1% compared to the same period of 2017. Same door NOI for the year increased due to the same factors as in the fourth quarter of 2018.

ATLANTIC CANADA OPERATIONS



AMR was $798 as at December 31, 2018, compared to $764 as at December 31, 2017. In Newfoundland and Labrador, AMR was consistent with the same period of 2017. In Nova Scotia, the increase in AMR compared to the same period of 2017, was due to contributions from new acquisitions, 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 94.9% for the fourth quarter of 2018, compared to 94.6% for the same period of 2017. In Newfoundland and Labrador, improved economic conditions combined with higher lease incentives, led to increased occupancy. In Nova Scotia, occupancy decreased in the fourth quarter of 2018, compared to the same period of 2017, mainly due to a fire that occurred in the second quarter of 2018 affecting 80 units at a property in Dartmouth, NS, which is expected to be reoccupied in the second quarter of 2019. In New Brunswick, occupancy for the fourth quarter of 2018 was consistent with the same period of 2017.

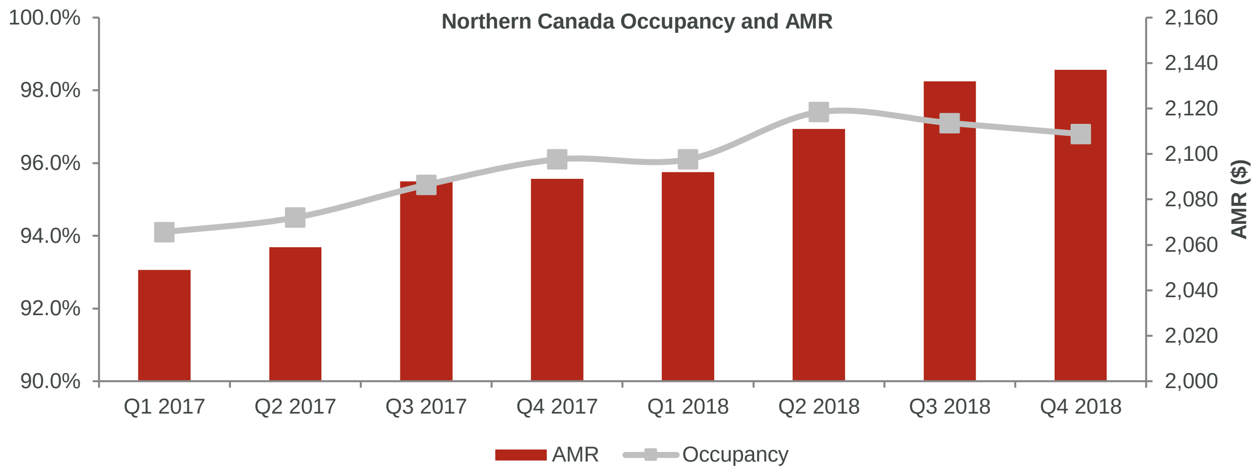
Atlantic Canada	**Three months ended December 31**			**Year ended December 31**		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**10,647**	10,028	6.2%	**41,513**	37,323	11.2%
Operating expenses	**(5,546)**	(4,908)	13.0%	**(20,268)**	(18,048)	12.3%
NOI	**5,101**	5,120	(0.4%)	**21,245**	19,275	10.2%
NOI margin %	**47.9%**	51.1%	(320 bps)	**51.2%**	51.6%	(40 bps)
Same door rental revenue	**8,737**	8,657	0.9%	**34,650**	33,961	2.0%
Same door operating expenses	**(4,551)**	(4,309)	5.6%	**(16,940)**	(16,430)	3.1%
Same door NOI	**4,186**	4,348	(3.7%)	**17,710**	17,531	1.0%

NOI was flat for the fourth quarter of 2018, and increased $2.0 million or 10.2%, for the year ended December 31, 2018, compared to the same periods of 2017. Both revenue and operating expenses increased from the same periods of 2017, due to the acquisitions completed in 2018 and near the end of 2017.

Same door NOI decreased $0.2 million or 3.7% for the three months ended December 31, 2018, compared to the same period of 2017. The decrease in same door NOI was due to higher property taxes, partially offset by higher AMR and increased occupancy. The increase in property taxes was mainly due to tax rebates received in the fourth quarter of 2017 as a result of successful property tax appeals.

Same door NOI increased $0.2 million or 1.0% for the year ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI was due to higher AMR, increased occupancy, and costs savings from internalization, largely offset by higher maintenance costs. Same door NOI for the year ended December 31, 2017, included one-time electricity rebates of $0.1 million. Excluding these one-time rebates, same door NOI growth would be 1.8% for the year ended December 31, 2018, compared to the same period of 2017.

NORTHERN CANADA OPERATIONS



AMR was $2,137 as at December 31, 2018, compared to $2,089 as at December 31, 2017. The increase in AMR was due to rent increases upon the renewal of leases. AMR increased throughout the region, including Inuvik, NT, where rents were reduced in 2017 to manage occupancy levels in a soft economic environment. In Northwest Territories, AMR in Yellowknife decreased from the previous quarter in order to manage occupancy levels where recent new supply and the completion of a large infrastructure project impacted occupancy levels.

Occupancy in Northern Canada was 96.8% for the fourth quarter of 2018, compared to 96.1% for the same period of 2017. In Nunavut, occupancy increased throughout the region in the fourth quarter of 2018 compared to the same period of 2017, due to a strong economy. In the Northwest Territories, the decrease in occupancy in the fourth quarter of 2018 compared to the same period of 2017, was attributable to the softer performance in Yellowknife.

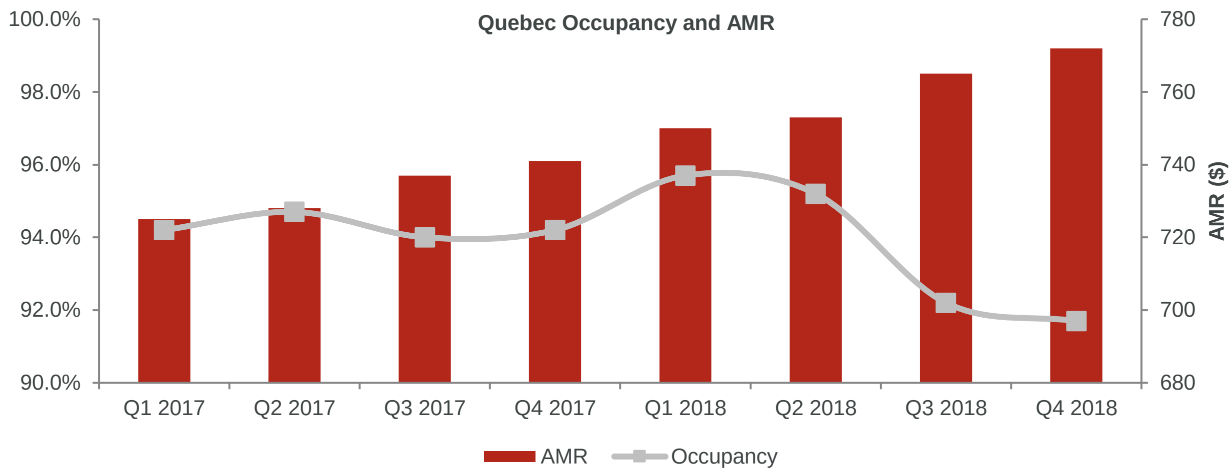
Northern Canada	**Three months ended December 31**			**Year ended December 31**		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**15,218**	14,709	3.5%	**60,643**	57,630	5.2%
Operating expenses	**(5,324)**	(5,571)	(4.4%)	**(20,472)**	(19,868)	3.0%
NOI	**9,894**	9,138	8.3%	**40,171**	37,762	6.4%
NOI margin %	**65.0%**	62.1%	290 bps	**66.2%**	65.5%	70 bps
Same door rental revenue	**14,659**	14,436	1.5%	**58,796**	56,850	3.4%
Same door operating expenses	**(5,252)**	(5,516)	(4.8%)	**(20,195)**	(19,698)	2.5%
Same door NOI	**9,407**	8,920	5.4%	**38,601**	37,152	3.9%

NOI increased $0.8 million or 8.3%, and $2.4 million or 6.4%, for the three months and year ended December 31, 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 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 $0.5 million or 5.4% for the three months ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI was due to higher AMR and lower utilities.

Same door NOI increased $1.5 million or 3.9% for the year ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI was due to higher AMR and increased occupancy, partially offset by higher utilities during the first nine months of the year, and higher salaries.

QUEBEC OPERATIONS



AMR was $772 as at December 31, 2018, compared to $741 as at December 31, 2017. The increase in AMR was due to higher market rent and strong market conditions.

Occupancy was 91.7% for the fourth quarter of 2018, compared to 94.2% for the same period of 2017. The decrease in occupancy was attributable to Montreal due to units taken out of inventory for renovations and an increase in rents to maintain revenue. On a same door basis, total revenue in Montreal increased by 0.5% for the fourth quarter of 2018, compared to the same period of 2017.

Quebec	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**5,429**	5,040	7.7%	**21,766**	19,622	10.9%
Operating expenses	**(2,784)**	(2,429)	14.6%	**(10,062)**	(9,555)	5.3%
NOI	**2,645**	2,611	1.3%	**11,704**	10,067	16.3%
NOI margin %	**48.7%**	51.8%	(310 bps)	**53.8%**	51.3%	250 bps
Same door rental revenue	**4,926**	4,907	0.4%	**19,824**	19,490	1.7%
Same door operating expenses	**(2,577)**	(2,362)	9.1%	**(9,397)**	(9,489)	(1.0%)
Same door NOI	**2,349**	2,545	(7.7%)	**10,427**	10,001	4.3%

NOI increased $0.03 million or 1.3%, and $1.6 million or 16.3%, for the three months and year ended December 31, 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 decreased $0.2 million or 7.7% for the three months ended December 31, 2018, compared to the same period of 2017. The decrease in same door NOI for the fourth quarter of 2018 was due to higher utilities, bad debts, and lower occupancy, partially offset by higher AMR and costs savings from internalization of property management.

Same door NOI increased $0.4 million or 4.3% for the year ended December 31, 2018, compared to the same period of 2017. The increase in same door NOI was due to higher AMR, costs savings from internalization of property management, and lower natural gas utility costs for the first nine months of the year, partially offset by lower occupancy, and higher bad debts.

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.

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenue	**11,051**	10,396	6.3%	**43,676**	43,612	0.1%
Operating expenses	**(4,731)**	(4,311)	9.7%	**(18,631)**	(18,093)	3.0%
NOI	**6,320**	6,085	3.9%	**25,045**	25,519	(1.9%)
NOI margin %	**57.2%**	58.5%	(130 bps)	**57.3%**	58.5%	(120 bps)
Same door rental revenue	**10,471**	10,248	2.2%	**42,220**	40,805	3.5%
Same door operating expenses	**(4,591)**	(4,272)	7.5%	**(18,017)**	(16,906)	6.6%
Same door NOI	**5,880**	5,976	(1.6%)	**24,203**	23,899	1.3%

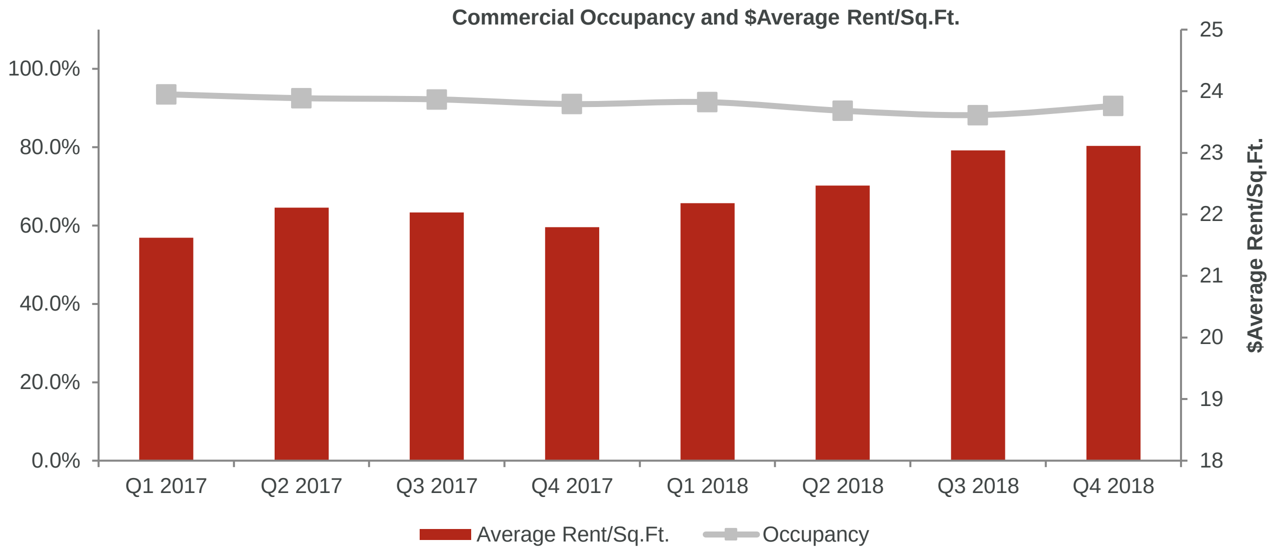
NOI increased 3.9% for the three months ended December 31, 2018, compared to the same period of 2017, mainly due to the acquisitions of commercial and mixed-use properties since the fourth quarter of 2017, and higher occupancy across the execusuites portfolio. NOI decreased 1.9% for the year ended December 31, 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, partially offset by the positive contributions attributable to the same factors as the fourth quarter of 2018.

Same door NOI decreased 1.6%, and increased 1.3%, for the three months and year ended December 31, 2018, respectively, compared to the same periods of 2017.

For the execusuite operations, same door NOI increased 1.9% and 15.9% for the three months and year ended December 31, 2018, respectively, compared to the same periods of 2017. The increases were attributable to higher occupancy across the execusuites portfolio. The execusuites operated at an average occupancy of 58.2% for the fourth quarter of 2018, compared to 52.7% for the same period of 2017.

For the commercial operations, same door NOI decreased 2.3% and 2.1% for the three months and year ended December 31, 2018, respectively, compared to the same periods of 2017.

Commercial portfolio summary (including joint ventures at 100%)



The average rent per square foot was $23.11 for the fourth quarter of 2018, compared to $21.79 for the same period of 2017. The increase in the average rent per square foot compared to the same period of 2017 occurred throughout the commercial portfolio and was mainly attributable to scheduled rent increases for existing leases and rent increases upon the renewal of leases.

Commercial occupancy was 90.5% for the fourth quarter of 2018, compared to 91.0% for the same period of 2017. There was approximately 83,000 sq. ft. of commercial space with leases maturing in 2018, of which approximately 52,000 sq. ft. was renewed, and approximately 23,000 sq. ft. was on a monthly lease as of December 31, 2018. The decrease in occupancy was due to increased vacancy for properties in Medicine Hat, AB, and Nanaimo, BC, in Western Canada.

Northview has 157,000 commercial sq. ft. maturing in 2019.

OTHER EXPENSE (INCOME)

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2018	2017	Change	2018	2017	Change
Financing costs	**20,896**	17,671	18%	**78,682**	68,053	16%
Administration	**4,137**	3,739	11%	**16,703**	14,738	13%
Depreciation and amortization	**1,244**	1,333	(7%)	**5,118**	5,025	2%
Loss on sale of properties	**6**	777	(99%)	**564**	1,668	(66%)
Equity income from joint ventures	**1**	(293)	(100%)	**(829)**	(847)	(2%)
Fair value gain	**(134,317)**	(40,304)	233%	**(175,018)**	(110,824)	58%
Proceeds on insurance settlement	**-**	(500)	(100%)	**(2,723)**	(916)	197%
Total	**(108,033)**	(17,577)	515%	**(77,503)**	(23,103)	235%

Financing costs consist of mortgage interest, amortization of deferred financing costs and fair value of debt, interest expense on credit facilities, interest expense on Class B LP Units, and other interest expense. Financing costs for the three months and year ended December 31, 2018, increased 18% and 16%, respectively, from the same periods of 2017. The increase was due to higher mortgage interest as a result of properties acquired since the fourth quarter of 2017, higher credit facilities interest expense driven by higher interest rates, and higher Class B LP Units interest expense related to the additional Class B LP Units issued.

For the three months and year ended December 31, 2018, administration expense increased 11% and 13%, respectively, compared to the same periods of 2017. The increase was due to salary and incentive compensation expense, and professional fees. Salary expense increase in 2018 was related to general corporate salary increases and a portion of administration costs previously included in NOI related to third party property management. Incentive compensation expense increase in 2018 was due to improved operating results. The increase in professional fees in 2018 was related to third-party consulting services for infrastructure, risk management and tax compliance projects to further facilitate the growth of Northview.

FAIR VALUE (GAIN) LOSS

	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2018	2017	Change	2018	2017	Change
Investment properties	**(121,732)**	(55,535)	119%	**(167,285)**	(140,709)	19%
Interest rate swap	**-**	-	-	**-**	(239)	100%
2019 Debentures	**(891)**	462	(293%)	**(595)**	1,380	(143%)
Unit based payments	**(9)**	202	(105%)	**523**	396	32%
Class B LP Units	**(11,685)**	14,567	(180%)	**(7,661)**	28,348	(127%)
Total	**(134,317)**	(40,304)	233%	**(175,018)**	(110,824)	58%

Northview reports fair value change of investment properties on a net basis after deducting capital expenditures. During the three months and year ended December 31, 2018, the net fair value increase of investment properties was primarily in Ontario, driven by same door NOI increases of 11.9% and 10.0%, respectively, and Cap Rate reduction of approximately 18 bps from December 31, 2017.

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 December 31, 2018, the $11.7 million fair value gain resulted from a decrease in Trust Unit price from $25.64 to $24.48. For the year ended December 31, 2018, the $7.7 million fair value gain resulted from a decrease in Trust Unit price from $24.99 to $24.48.

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:

	Three months ended December 31		Year ended December 31	
(thousands of dollars, except per unit amounts)	**2018**	**2017**	**2018**	**2017**
Net and comprehensive income	**161,741**	64,943	**289,629**	212,367
Adjustments:				
Depreciation of property, plant and equipment	**1,102**	1,226	**4,586**	4,560
Loss on disposition	**6**	777	**564**	1,668
Fair value gain	**(134,317)**	(40,304)	**(175,018)**	(110,824)
Class B LP Unit distributions recorded as interest	**3,133**	2,487	**11,614**	9,594
Other (i)	**220**	178	**832**	826
FFO basic	**31,885**	29,307	**132,207**	118,191
Interest on 2019 Debentures	**268**	330	**1,176**	1,322
FFO diluted	**32,153**	29,637	**133,383**	119,513
FFO per unit – basic	**$0.50**	$0.52	**$2.17**	$2.11
FFO per unit – diluted	**$0.50**	$0.51	**$2.15**	$2.09
FFO payout ratio – basic	**81.6%**	77.5%	**75.5%**	77.1%
FFO payout ratio – diluted	**81.9%**	78.4%	**75.6%**	77.1%
Non-recurring Items:				
Insurance proceeds received	**-**	(500)	**(2,723)**	(916)
Measurement excluding Non-recurring Items:				
FFO diluted	**32,153**	29,137	**130,660**	118,597
FFO per unit – diluted	**$0.50**	$0.51	**$2.11**	$2.08
FFO payout ratio – diluted, trailing 12 month (ii)	**77.2%**	78.3%	**77.2%**	78.3%
Weighted average number of units outstanding:				
Basic (000's)	**63,814**	56,325	**60,841**	55,905
Diluted (000's)	**64,917**	57,572	**61,973**	57,131

(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 December 31, 2018 and 2017.

The increase in FFO for the year ended December 31, 2018, compared to the same period in 2017, was due to same door NOI growth, NOI contributions from acquisitions and newly developed properties, partially offset by non-core asset sales since the fourth quarter of 2017.

Diluted FFO per unit was $2.11 for the year ended December 31, 2018, compared to $2.08 for the same period in 2017, both excluding Non-recurring Items. Same door NOI growth and NOI contributions from acquisitions and newly developed properties increased FFO per unit. These increases were partially offset by the equity issued to fund growth and the disposition of non-core assets.

AFFO

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 2018, actual maintenance capex were $1,122 per multi-family unit, consistent with 2018 budget of $1,105 per multi-family unit. Therefore, management will continue to use the maintenance capex reserve amount of $954 per multi-family unit in the calculation of AFFO for the three months and year ended December 31, 2018.

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 2015 Transaction. Beginning in 2019, management will use the average of actual maintenance capex in 2018, 2017, and 2016 to calculate the maintenance capex reserve amounts.

Although the timing of actual capital expenditures in 2018 may vary, Northview 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 financial operating efficiency. 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 conditions 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 capex 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

	Three months ended December 31		Year ended December 31	
(thousands of dollars, except per unit amounts)	**2018**	**2017**	**2018**	**2017**
FFO basic	**31,885**	29,307	**132,207**	118,191
FFO diluted	**32,153**	29,637	**133,383**	119,513
Maintenance capex reserve – multi-family (i)	**(6,179)**	(5,428)	**(24,715)**	(21,316)
Maintenance capex reserve – commercial (ii)	**(143)**	(202)	**(572)**	(800)
AFFO – basic	**25,563**	23,677	**106,920**	96,075
AFFO – diluted	**25,831**	24,007	**108,096**	97,397
AFFO per unit – basic	**$0.40**	$0.42	**$1.76**	$1.72
AFFO per unit – diluted	**$0.40**	$0.42	**$1.74**	$1.70
AFFO payout ratio – basic	**101.8%**	96.0%	**93.3%**	94.9%
AFFO payout ratio – diluted	**102.0%**	96.8%	**93.3%**	95.3%
Measurement excluding Non-recurring Items:				
FFO diluted	**32,153**	29,137	**130,660**	118,597
AFFO – diluted	**25,831**	23,507	**105,373**	96,481
AFFO per unit – diluted	**$0.40**	$0.41	**$1.70**	$1.69
AFFO payout ratio – diluted, trailing 12 month (iii)	**95.0%**	96.1%	**95.0%**	96.1%

(i) Maintenance capex for multi-family for the three months ended December 31, 2018, is calculated as $238.5 (25% of $954) times the average number of multi-family units of 25,907. Maintenance capex for multi-family for the year ended December 31, 2018, is calculated as $954 times the average number of multi-family units of 25,907.

(ii) Maintenance capex for commercial for the three months ended December 31, 2018, is calculated as $0.12 (25% of $0.48) times the average number of sq. ft. of 1,191,400. Maintenance capex for commercial for the year ended December 31, 2018, is calculated as $0.48 times the average number of sq. ft. of 1,191,400.

(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 December 31, 2018 and 2017.

CAPITAL EXPENDITURES ON INVESTMENT PROPERTIES

	Three months ended December 31			Year ended December 31		
(thousands of dollars, except per unit amounts)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Building and common areas	**7,359**	2,098	251%	**12,546**	7,306	72%
Suite renovations	**4,900**	5,277	(7%)	**25,964**	26,222	(1%)
High-end renovation program	**2,725**	2,813	(3%)	**11,341**	8,330	36%
Appliances	**1,172**	943	24%	**2,823**	2,234	26%
Boilers and mechanical	**2,900**	1,026	183%	**5,891**	3,506	68%
Other	**4,206**	1,180	256%	**9,844**	3,533	179%
Total capex – multi-family	**23,262**	13,337	74%	**68,409**	51,131	34%
Multi-family units – 12 month average	**25,907**	24,673	5%	**25,907**	24,222	7%
Capex per multi-family unit	**898**	541	66%	**2,641**	2,111	25%
Total capex – multi-family	**23,262**	13,337	74%	**68,409**	51,131	34%
Total capex – commercial	**101**	(146)	(169%)	**201**	650	(69%)
Total capex	**23,363**	13,191	77%	**68,610**	51,781	33%

For the year ended December 31, 2018, $26.0 million and $11.3 million were invested in suite renovations and the high-end renovation program, compared to $26.2 million and $8.3 million for the same period of 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 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 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 REIT (a "Tax REIT") as defined in the Tax Act (the "Tax REIT Exemption"). A REIT must hold less than 10% of non-qualifying assets and earn less than 10% of non-qualifying revenue to keep its status as a Tax REIT. As of December 31, 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			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total revenue	**94,041**	93,019	88,904	88,004	84,692	83,345	82,013	80,949
NOI	**53,708**	58,136	52,754	47,528	47,357	51,316	48,253	42,338
Net and comprehensive income (loss)	**161,741**	67,875	36,960	23,053	64,943	23,757	123,737	(71)
FFO – diluted	**32,153**	39,571	32,640	29,019	29,637	33,608	31,232	25,036
FFO per unit – diluted	**$0.50**	$0.61	$0.55	$0.49	$0.51	$0.59	$0.55	$0.44
FFO payout ratio – diluted	**81.9%**	66.5%	73.8%	82.9%	78.3%	69.1%	74.4%	92.6%

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, third and fourth quarters of 2018, and had no effect on the results of the preceding four 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. NOI and FFO for the fourth quarter of 2018 are higher compared to the same period of 2017, due to same door NOI growth, NOI contributions from acquisitions and newly developed properties, partially offset by non-core asset sales. Net and comprehensive income for the fourth quarter of 2018 is higher compared to the same period of 2017, primarily due to fair value increases on investment properties.

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 December 31, 2018, Northview had a working capital deficiency of $578.7 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, $326.8 million is related to the current portion of mortgages payable and expected to be refinanced with long-term mortgages. The majority of the current portion of credit facilities of $176.2 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. In February 2019, Northview secured a commitment for a $200 million operating facility with a three-year term, to replace the existing $150 million and $23 million operating facilities. The new $200 million operating facility offers improved borrowing capacity and reduced interest rates, compared to the existing operating facilities. The new facility is expected to close during the second quarter of 2019.

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.

The current level of distributions are sustainable at the current diluted FFO payout ratio of 77.2% for the year ended December 31, 2018 excluding Non-recurring Items. Northview plans to achieve its target FFO payout ratio of 70% with a combination of organic growth measured by same door NOI increase and the eventual recovery of 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 53.8% as at December 31, 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 $87.0 million to fund a portion of the June 2018 Acquisition, (ii) the remainder to repay a portion of the credit facilities which were drawn on to fund its development program. The table below provides a breakdown of the intended use, the amounts used to date and any variance.

Use of total net proceeds from equity offering as at December 31, 2018 (thousands of dollars)

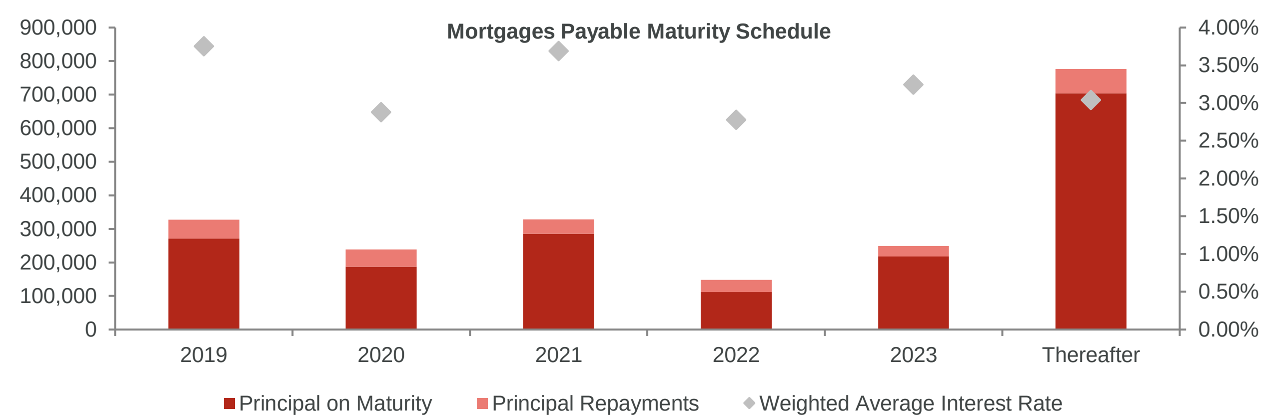
Intended use of proceeds	Allocation	Incurred at December 31, 2018	Variance
Fund a portion of the June 2018 Acquisition	87,000	87,000	-
Repay a portion of the credit facilities drawn on to fund development program	34,000	34,000	-
Total	**121,000**	**121,000**	**-**

MORTGAGES

During the three months ended December 31, 2018, Northview completed $222.0 million of mortgage financing, excluding short-term financing, for multi-family properties with a weighted average interest rate of 3.16% and an average term to maturity of 9.1 years. During the year ended December 31, 2018, Northview completed $431.3 million of mortgage financing, excluding short-term financing, for multi-family properties with a weighted average interest rate of 3.20% and an average term to maturity of 8.2 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 December 31, 2018, for the next five years, and thereafter:



CREDIT FACILITIES

Borrowings under credit facilities	2018	2017
Operating facilities[(i)]	**125,700**	143,700
Construction financing[(ii)]	**38,430**	51,715
Land financing[(iii)]	**12,100**	5,828
Total	**176,230**	201,243

Current	**176,230**	89,543
Non-current	**-**	111,700
Total	**176,230**	201,243

OPERATING FACILITIES

(thousands of dollars)	Maturity Date	Credit Limit	Maximum borrowing capacity	**2018 Amounts Drawn**	2017 Amounts Drawn
$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
$150 million operating facility interest at prime plus 0.75% or banker's acceptance plus 2.00%:	May 12, 2019	150,000	142,892	**102,700**	111,700
$30 million operating facility interest at prime plus 1.15% or banker's acceptance plus 2.40%:	May 31, 2019	30,000	13,340	**-**	9,000
Total		203,000	179,232	**125,700**	143,700

(i) At December 31, 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 December 31, 2018, is $179.2 million (December 31, 2017 – $172.2 million). Specific investment properties with total fair value of $443.4 million (December 31, 2017 - $421.5 million) have been pledged as collateral security for the operating facility. Northview also has $1.9 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.

(ii) At December 31, 2018, Northview had three construction financing loans outstanding relating to the developments in Cambridge Bay, NU; Canmore, AB; and Calgary, AB. Interest rates range from prime plus 0.50% to 1.00% or Banker's Acceptance plus 1.85% to 2.00%. Maturity dates range from May 31, 2019, to October 23, 2020. Northview also has $1.2 million (December 31, 2017 – $nil) LOC outstanding as security for construction projects.

(iii) The land financing relates to land held for development and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00%. Maturity dates range from May 31, 2019 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 calculated in accordance with the terms of the underlying credit facilities agreement. 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 year ended December 31, 2018, Northview was in compliance with all financial covenants.

CAPITAL MANAGEMENT

Management monitors Northview's capital structure on an ongoing basis to determine the appropriate level of mortgages and credit facilities. Consistent with others in the industry, Northview monitors capital on the basis of debt to gross book value ratio, interest and debt service coverage ratios.

Debt to gross book value was 53.8% as at December 31, 2018, which is a reduction of 260 bps from December 31, 2017. In 2018, improvement in leverage ratio was primarily the result of total $167.3 million net fair value increase of investment properties and the equity offering completed in June 2018. Interest and debt service coverage ratios were 2.96 and 1.64, respectively, for the year ended December 31, 2018, which are stable compared to the prior year.

EQUITY

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

(number of units)	December 31, 2018	December 31, 2017
Units issued and outstanding		
Trust Units	**56,211,251**	51,141,771
Class B LP Units	**8,553,429**	6,684,614
Total Units issued and outstanding	**64,764,680**	57,826,385
Trust Units potentially issuable		
Long-term incentive and deferred units	**336,856**	284,538
2019 Debentures	**749,075**	966,344
Total Trust Units potentially issuable	**1,085,931**	1,250,882
Total	**65,850,611**	59,077,267

During the year ended December 31, 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 23,839 deferred units ("DUs") were granted and 8,846 DUs settled. Northview had $23.0 million principal amount of convertible unsecured subordinated debentures at par (the "2019 Debentures") and 2019 Debentures with $5.2 million face value were redeemed for 217,263 Trust Units at a conversion price of $23.80 per Trust Unit.

CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2018

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable – principal and interest	**2,028,666**	**2,339,032**	**381,267**	**1,116,508**	**841,257**
Credit facilities	**176,230**	**176,230**	**176,230**	**-**	**-**
Trade and other payables	**86,722**	**86,722**	**86,722**	**-**	**-**
Distributions and Class B LP interest payable	**8,794**	**8,794**	**8,794**	**-**	**-**
Liabilities related to assets held for sale	**440**	**440**	**440**	**-**	**-**
Convertible debentures	**18,363**	**18,363**	**18,363**	**-**	**-**
Unit based payments	**8,119**	**8,119**	**6,231**	**1,888**	**-**
Total	**2,327,334**	**2,637,700**	**678,047**	**1,118,396**	**841,257**

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2017

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable – principal and interest	1,786,156	2,030,176	319,618	1,018,907	691,651
Credit facilities	201,243	201,243	89,543	111,700	-
Trade and other payables	69,027	69,027	69,027	-	-
Distributions and Class B LP interest payable	7,853	7,853	7,853	-	-
Convertible debentures	24,839	24,839	-	24,839	-
Unit based payments	3,250	3,250	2,586	664	-
Total	2,092,368	2,336,388	488,627	1,156,110	691,651

DISTRIBUTIONS TO UNITHOLDERS

Pursuant to the DOT, Unitholders are entitled to receive distributions made on each distribution date as approved by the Trustees. During the year ended December 31, 2018, Northview declared monthly cash distributions of $0.1358 per Unit, totaling $99.8 million (December 31, 2017 – $91.2 million). The 2018 increase in distributions relates to the equity offering completed in June 2018, and the Class B LP Units issued to vendors to fund the 2018 Acquisitions. 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)	Year ended December 31, 2018	Year ended December 31, 2017
Distributions declared:		
Trust Unitholders – basic	**88,158**	81,562
Class B LP Unitholders – basic	**11,614**	9,594
Basic distributions declared	**99,772**	91,156
Cash flow from operating activities	**139,073**	91,411
Interest expense to Class B LP Units	**11,614**	9,594
Adjusted cash flow from operating activities (i)	**150,687**	101,005
Distribution payout ratio (ii)	**66.2%**	90.2%

(i) Distributions declared to Class B LP Unitholders are recorded as an interest expense and deducted from net and comprehensive income and cash flow from operating activities; therefore, interest expense to Class B LP Units is added back to calculate adjusted cash flow from operating activities for the purpose of comparing total distribution declared with cash flow from operating activities.

(ii) Distribution payout ratio is calculated as total distribution declared divided by adjusted cash flow from operating activities.

For the year ended December 31, 2018, basic distributions declared to Unitholders of $99.8 million were paid from adjusted cash flow from operating activities of $150.7 million. For the year ended December 31, 2017, basic distributions declared to Unitholders of $91.2 million were paid from adjusted cash flow from operating activities of $101.0 million. In any given financial period, basic distributions declared may be greater than adjusted 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, Starlight provided Northview transitional services of an asset management nature. The Transitional Service Agreement ended on October 30, 2018. For the year ended December 31, 2018, the costs of these services aggregated to $1.7 million (December 31, 2017 − $1.8 million). Of this amount, $1.3 million (December 31, 2017 − $1.4 million) has been capitalized, while the remaining $0.4 million (December 31, 2017 − $0.4 million) has been recognized as administration expenses in the consolidated statements of net and comprehensive income. Balance outstanding and payable to Northview from Starlight as at December 31, 2018, is nil (December 31, 2017 − $0.2 million) and is included in accounts receivable in the consolidated statements of financial position. The balance outstanding and payable to Starlight from Northview as at December 31, 2018, is nil (December 31, 2017 − $0.2 million) and is included in trade and other payables in the consolidated statements of financial position.

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 amount for the year ended December 31, 2018 has been recognized as a reduction of operating expenses in the consolidated statements of net and comprehensive income.

During the year ended December 31, 2018, Northview purchased seven properties from Starlight for a total purchase price of $180.0 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 NOI of that property divided by the market Cap Rate at the time of the valuation. In addition, Northview issued 609,555 Class B LP Units and Special Voting Units, subject to conversion in accordance with their terms, to Starlight with a fair value of $16.0 million. In conjunction with these transactions, a fee of $1.0 million was paid to Starlight from Northview on the properties acquired from independent vendors. There are no fees payable to Starlight from Northview on the properties acquired directly from Starlight. The transactions were unanimously approved by the independent Trustees of Northview.

During the year ended December 31, 2017, Northview purchased two properties from Starlight for a total purchase price of $58.2 million. In addition, Northview issued 555,114 Class B LP Units and Special Voting Units, subject to conversion in accordance with their terms, to Starlight with a fair value of $14.0 million. In conjunction with these transactions, a fee of $1.6 million was paid to Starlight from Northview in accordance with the Transitional Service Agreement. 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 year ended December 31, 2018, revenue from ICP and ICS related to management fees was $0.4 million (December 31, 2017 − $0.4 million). The balance outstanding and payable to Northview from ICP and ICS related to management fees is $0.1 million (December 31, 2017 − $0.1 million) and is included in accounts receivable in the consolidated statements of financial position.

2015 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. 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, and NPR changed its name to "Northview Apartment Real Estate Investment Trust" (collectively the "2015 Transaction").

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") 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. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities and management's most critical judgments in applying accounting policies. Actual results may differ from these estimates. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities and management's most critical judgments in applying accounting policies. Actual results may differ from these estimates.

Estimates

(i) Fair value of investment properties

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview's investment properties include Cap Rate and NOI (which is influenced by inflation rates and vacancy rates). A change to any one of these inputs could significantly alter the fair value of an investment property.

(ii) Depreciation and amortization

Depreciation and amortization are calculated to recognize the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of useful lives are based on data and information from various sources including industry practice and company-specific history. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

(iii) Accrued liabilities

Northview must estimate accrued liabilities when invoices have not been received in order to ensure all expenditures have been recognized. If actual expenditures differ from estimates, future income would be affected. Accrued liabilities are included in trade and other payables.

(iv) Capital adequacy

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

Judgments

(i) Purchase of investment properties

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

(ii) Fair value of investment properties

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

(iii) Componentization

The componentization of Northview's PP&E, namely buildings, is based on management's judgment of what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation and amortization.

(iv) Impairment

Assessment of impairment is based on management's judgment of whether there are sufficient internal and external factors that would indicate that an asset or cash generating unit ("CGU") is impaired. The determination of CGUs is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how management monitors and makes decisions about Northview's operations.

(v) Financial instrument

Northview's accounting policies and risk management relating to financial instruments are described in note 2K and note 17 to the consolidated financial statements for the years ended December 31, 2018 and 2017. Critical judgments are inherent in these policies related to applying the criteria set out in IFRS 9, which introduced requirements for classification and measurement, impairment, and hedge accounting.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Northview has applied new and revised IFRSs issued by IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2018. Northview adopted the following new and amended accounting standards on January 1, 2018:

- IFRS 9 – Financial Instruments ("IFRS 9")
- IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")
- Amendments to IFRS 2 – Share Based Payment ("IFRS 2")
- Amendments to IAS 40 – Investment Properties ("IAS 40")
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

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, 4 and 5 to the consolidated financial statements for the year ended December 31, 2018 and 2017.

RECENT ACCOUNTING PRONOUNCEMENTS

Northview plans to adopt the following standards on January 1, 2019. The relevant information is summarized below.

Proposed Standard Description	**Possible Impact**
IFRS 16 – Leases	
The IASB issued IFRS 16 – Leases, which provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019.	Northview has substantially completed its assessment of the impact of IFRS 16 on its consolidated financial statements. Northview has investment properties located on lands in Ontario and Northern Canada that are leased. The leases are currently treated as operating leases with the payments expensed through the statement of net and comprehensive income. Under IFRS 16 Northview will recognizes these leases on the balance sheet. Subject to reaching final conclusions on the appropriate lease term and discount rate, Northview estimates that it will recognize additional lease liabilities ranging from \$10.0 million to \$15.0 million. The corresponding right of use asset is expected to be recorded as an increase to investment properties as these leases meet the definition of investment property under IAS 40.

Amendments to IFRS 3 – Business Combinations

The IASB issued amendments to IFRS 3 – Business Combinations that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group or similar identifiable assets. The standard is effective for annual periods beginning on or after January 1, 2019.

Management is assessing the potential impact of the amendments, however, does not expect them to have a material impact on Northview's consolidated financial statements.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As at December 31, 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 annual filings are being prepared; and (ii) information required to be disclosed by Northview in its annual filings, interim filings, or other reports filed or submitted by Northview under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

As at December 31, 2018, management conducted an evaluation of the design and operating effectiveness of Northview's DC&P under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's DC&P were effective as at December 31, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at December 31, 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.

As at December 31, 2018, management conducted an evaluation of the design and operating effectiveness of Northview's ICFR under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's ICFR was effective as at December 31, 2018. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the control system will prevent all errors and fraud.

During the fourth quarter of 2018, there were no changes in Northview's ICFR that have materially affected, or are reasonably likely to materially affect, Northview's ICFR.

SUBSEQUENT EVENTS

Northview entered into an agreement with Starlight Investments CDN AM Group LP ("Starlight LP") whereby Starlight LP provides certain advisory services relating to the identification of multi-unit residential properties for acquisition as per the transactional fee agreement dated February 27, 2019 (the "Transactional Fee Agreement"). The Transactional Fee Agreement was approved by the Trustees on February 27, 2019.

Northview secured a commitment for a $200 million operating facility with a three-year term, to replace the existing $150 million and $23 million operating facilities expiring in 2019. The commitment was approved by the Trustees on February 27, 2019. The new facility is expected to close during the second quarter of 2019. The maturity date of the $23 million operating facility was extended from February 22, 2019 to May 31, 2019.

From January 1, 2019 to February 27, 2019, convertible debentures with a face value of $3.5 million were converted in exchange for 146,173 Trust Units with a fair value of $3.9 million.

NON-RECURRING ITEMS

During the year ended December 31, 2018, Northview received total insurance proceeds of $2.7 million relating to a fire in Lethbridge, AB. 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 AND ADDITIONAL 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

AMR: calculated as monthly gross rent net of lease incentive divided by the number of occupied units as at the period end date.

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

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

Debt: the sum of credit facilities, and mortgages payable excluding deferred financing cost and fair value adjustment upon assumption, including liabilities related to assets held for sale, net of cash and cash equivalents.

Debt service coverage: calculated as the sum of 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 consolidated financial statements for the calculation.

Debt to gross book value: a percentage calculated as debt divided by gross book value. Refer to the consolidated financial statements for the calculation.

Distribution payout ratio: a percentage calculated as the sum of 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 VCIs, divided by capitalization rate.

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

Interest coverage: calculated as the sum of 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 consolidated financial statements for the calculation.

Occupancy: a percentage 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 based on average monthly rent, 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.