



Management's Discussion and Analysis of Financial Results
For the three months ended March 31, 2017 and 2016

ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated May 9, 2017, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the Northview Apartment REIT ("Northview") unaudited condensed consolidated financial statements and notes thereto for the three months ended March 31, 2017, and 2016, and the audited consolidated financial statements and notes thereto for the years ended December 31, 2016, and 2015. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is intended to provide readers with management's assessment of the performance of Northview, as well as its financial position and future prospects. All amounts in the following MD&A are in Canadian Dollars unless otherwise stated. Additional information relating to Northview, including periodic quarterly and annual reports and Annual Information Forms, filed with the Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com.

Cautionary statement regarding forward-looking information

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

Forward-looking statements are made as of May 9, 2017, and are based on information available to management as of that date. Management believes that the expectations reflected in forward-looking statements are based upon information and reasonable assumptions available at the time they are made; however, management can give no assurance that the actual results will be consistent with these forward-looking statements. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, general economic conditions, the availability of a new competitive supply of real estate which may become available through construction, Northview's ability to maintain occupancy and the timely lease or re-lease of residential, executive and hotel units and commercial space at current market rates, tenant defaults, changes in interest rates, changes in operating costs, governmental regulations and taxation, fluctuations in commodity prices, and the availability of financing. Additional risks and uncertainties not presently known to Northview, or those risks and uncertainties that Northview currently believes to be not material, may also adversely affect Northview. Northview cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance, and results may vary materially from those expected. This statement also qualifies any predictions made regarding Northview's future funds from operations ("FFO"), debt to gross book value, coverage ratios, and FFO payout ratio.

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

Reclassification of prior period presentation

Certain comparative figures have been reclassified or adjusted for consistency with current period presentations. During the first quarter of 2016, Northview received insurance proceeds of \$4.0 million. \$3.6 million was for the 2015 fire in Yellowknife, NT, and \$0.4 million was for a property 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 revenue, net operating income ("NOI"), same door NOI and NOI margin for the multi-family residential business segment and other specific performance metrics excluding Non-recurring Items where appropriate in this MD&A.

Non-GAAP and additional GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and are, therefore, considered non-GAAP measures. These measures are provided to enhance the reader's overall understanding of Northview's current financial condition. They are included to provide investors and management with an alternative method for assessing Northview's operating results in a manner that is focused on the performance of Northview's ongoing operations and to provide a more consistent basis for comparison between periods. These measures include widely accepted measures of performance for Canadian real estate investment trusts; however, the measures are not defined by IFRS. In addition, the definitions of these measures are subject to interpretation by the preparers of financial statements and may not be applied consistently between real estate entities.

The following MD&A is for the financial results of Northview for the three months ended March 31, 2017, and 2016. Units in the MD&A refer to the publicly traded Northview Trust Units ("Trust Units") and the Limited Partnership Class B units ("Class B LP Units"). Unitholders in the MD&A refer to the Northview unitholders ("Trust Unitholders") and the Class B LP unitholders ("Class B LP Unitholders").

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

BUSINESS OVERVIEW

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

Northview's strategy is based on the following:

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

2017 FIRST QUARTER HIGHLIGHTS

The following are highlights of Northview's results for the three months ended March 31, 2017:

- Diluted FFO per unit of \$0.44 and diluted FFO payout ratio of 92.6% for the first quarter of 2017, compared to \$0.49 and 82.6% for the same period of 2016, excluding Non-recurring Items.
- Multi-family residential same door NOI increase of 0.5% in the first quarter of 2017, compared to same door NOI decrease of 3.5% in the same period of 2016, and 7.9% for the year ended December 31, 2016, each excluding Non-recurring Items.
- Multi-family residential portfolio occupancy of 90.6% in the first quarter of 2017, improved from 90.4% in the fourth quarter of 2016.
- Northview has new development plans for 140 units and 40 staff housing beds, in Canmore, AB, 132 units in Regina, SK, and 30 units in Iqaluit, NU.
- Debt to gross book value of 57.8% as at March 31, 2017, compared to 57.5% as at December 31, 2016.
- Completed \$23.4 million of non-core asset sales, with a further \$16.4 million in dispositions currently under contract, which brings the cumulative amount sold, including under contract, to \$88.4 million since January 2016.

2017 STRATEGIC PRIORITIES PROGRESS

1. Organic Growth

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

Northview has achieved success in organic growth with same door NOI growth of 0.5% across the multi-family residential portfolio. Progress continues on VCIs with annualized NOI increase of \$0.6 million in the first quarter of 2017, including \$0.3 million from the high-end renovation program, bringing the cumulative progress to \$3.3 million since November 1, 2015, excluding property management internalization.

2. Managing Leverage

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

Debt to gross book value, excluding convertible debentures, was 57.8% as at March 31, 2017, compared to 57.5% as at December 31, 2016.

3. Capital Deployment in Support of External Growth

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

During the first quarter of 2017, Northview completed \$23.4 million of non-core asset sales, with a further \$16.4 million in dispositions currently under contract. These sales bring the cumulative amount sold and under contract to \$88.4 million since January 2016. Upon the completion of these sales, which were primarily directed to leverage reduction, future non-core asset sales are expected to support capital redeployment and external growth opportunities through developments and selected acquisitions.

OUTLOOK

Northview's Ontario and Atlantic Canada markets are expected to continue to generate organic growth, which partially offsets the negative impact that low natural resource prices continue to have on many of Northview's Western Canada markets. Northview's Northern Canada and Quebec markets remain stable.

In the first quarter of 2017, occupancy in Western Canada slightly increased to 81.7% from 81.3% in the fourth quarter of 2016. The economic outlook remains uncertain for Western Canada as the economic decline continues to negatively impact properties in these markets. The recovery from the 2016 Fort McMurray, AB, wildfires has not yet resulted in a meaningful improvement to occupancy or NOI. Natural resource prices have not yet recovered to levels where economic activity increases sufficiently to improve the demand for rental accommodations. Northview will continue to invest in the portfolio to optimize performance and be well positioned for when demand improves.

Management is focused on the execution of 2017 strategic priorities. Further progress is expected for the balance of 2017, although this NOI increase may be moderated by higher anticipated costs for utilities and property taxes in Toronto and area. The recent changes to rent controls proposed by the government of Ontario expand current rent controls over annual rent increases to existing residents to apply to all properties, including those constructed after 1991. The proposed changes are not expected to have an impact on Northview as all of its properties were constructed prior to 1991 and are subject to the current rent controls.

The new developments in Canmore, AB, Regina, SK, and Iqaluit, NU, will contribute to Northview's organic growth in 2018. Future internalization of the remaining third party managed portfolios in late 2017 will further strengthen Northview's operational platform.

2017 FIRST QUARTER RESULTS

Select financial information

(thousands of dollars, except per unit and per month amounts)	Three months ended	
	March 31, 2017	March 31, 2016
Revenue – total ⁽ⁱ⁾	80,949	82,292
NOI – total ⁽ⁱ⁾	42,338	42,964
Same door NOI change – multi-family ⁽ⁱ⁾	0.5%	(3.5%)
Same door NOI change – total ⁽ⁱ⁾	(0.3%)	(0.8%)
NOI margin ⁽ⁱ⁾	52.3%	52.2%
Average monthly rent	1,029	1,024
FFO – diluted	25,036	30,337
FFO per unit – diluted	\$0.44	\$0.57
FFO payout ratio – diluted	92.6%	71.7%
Excluding Non-recurring Items:		
FFO – diluted	25,036	26,322
FFO per unit – diluted	\$0.44	\$0.49
FFO payout ratio – diluted	92.6%	82.6%
Weighted average number of units outstanding – diluted (000's)	56,925	53,326
Distributions declared to Trust and Class B LP Unitholders – diluted	23,186	21,748
Distributions declared per Trust Unit	\$0.41	\$0.41

(i) Non-recurring Items in the three months ended March 31, 2016, are comprised of insurance proceeds of \$4.0 million, which are excluded from revenue, NOI, same door NOI change, and NOI margin.

Select information

(thousands of dollars, except per unit amounts)	March 31, 2017	December 31, 2016
Total assets	3,167,708	3,185,672
Total liabilities	2,034,889	2,032,452
Total non-current liabilities	1,692,641	1,708,411
Mortgages payable	1,659,183	1,661,532
Debt to gross book value (excluding convertible debentures)	57.8%	57.5%
Interest coverage ratio (times) ⁽ⁱ⁾	2.88	2.98
Debt service coverage ratio (times) ⁽ⁱ⁾	1.62	1.70
Weighted average mortgage interest rate	3.22%	3.23%
Weighted average term to maturity (years)	4.8	5.0
Weighted average capitalization rate	6.68%	6.67%
Occupancy	90.6%	90.7%
Number of residential units	24,236	24,504
Commercial square feet	1,135,000	1,135,000

(i) Non-recurring Items are included in adjusted earnings for the calculation of interest and debt service coverage ratios as at March 31, 2017, and December 31, 2016. For the year ended December 31, 2016, Non-recurring Items include insurance proceeds of \$7.1 million, partially offset by \$1.6 million of lost revenue and \$1.6 million of incremental costs relating to the Fort McMurray, AB, wildfires.

Portfolio summary (including joint ventures at 100%) – March 31, 2017

Regions	Multi-family	Execusuites & Hotel	% Portfolio	Total Residential (units)	Commercial (sq. ft.)
Ontario	7,700	-	32%	7,700	-
Western Canada	7,323	-	30%	7,323	136,000
Atlantic Canada	4,119	142	18%	4,261	225,000
Northern Canada	2,391	277	11%	2,668	771,000
Quebec	2,284	-	9%	2,284	3,000
Total	23,817	419	100%	24,236	1,135,000

Portfolio reconciliation (including joint ventures at 100%) – March 31, 2017

	Multi-family	Execusuites & Hotel	Total Residential (units)	Commercial (sq. ft.)
Balance, December 31, 2016	24,085	419	24,504	1,135,000
Dispositions	(268)	-	(268)	-
Balance, March 31, 2017	23,817	419	24,236	1,135,000

DEVELOPMENT ACTIVITY

Development activity is focused in areas with high asking prices for existing properties and long-term potential for stable and growing returns. Northview's in-house development expertise provides the flexibility to adjust development activities as market conditions change. This enables Northview to generate returns 100 to 200 basis points higher than acquiring existing properties.

Investment properties under development

(thousands of dollars)	March 31, 2017	December 31, 2016
Balance, beginning of period	14,471	38,490
Capital expenditures	2,001	48,123
Interest capitalized	42	843
Transfer to investment properties	-	(72,985)
Total	16,514	14,471

Northview completed the development of 140 units in Airdrie, AB, and 261 units in Calgary, AB, in 2016. Total development costs of approximately \$73 million for these two projects were transferred to investment properties during 2016.

Leasing for Northview's Calgary, AB, development is underway and has reached approximately 75% in May 2017, which is ahead of expectations. Total development costs were consistent with budget at \$46.3 million with expectations for a stabilized Cap Rate between 7.0% and 7.5%.

Northview completed the development of the 36 units in Cambridge Bay, NU, on May 1, 2017. Total costs are estimated to be \$10.5 million with an expected stabilized Cap Rate between 10.0% and 10.5%. As at March 31, 2017, total development costs for Cambridge Bay were \$9.7 million, and approximately 70% of the units were pre-leased.

New Developments

Northview initiated new development plans in Regina, SK, Iqaluit, NU, and Canmore, AB.

The Regina, SK, development consists of 132 units, with construction to commence in the second quarter of 2017. Total development costs are estimated to be \$22.3 million with an expected stabilized Cap Rate between 7.0% and 7.5%.

The developments in Iqaluit, NU, consist of 30 units and 11,400 square feet of commercial space, with construction to commence in the second quarter of 2017. Total development costs are estimated to be \$9.4 million with an expected stabilized Cap Rate between 9.0% and 9.5%.

Northview was successful in its bid on a request for proposal issued by the Town of Canmore to develop rental housing in Canmore, AB. The development will consist of 140 units and 40 staff housing beds, with construction expected to commence in the second quarter of 2017. Total development costs are estimated to be \$23.3 million with an expected stabilized Cap Rate between 7.0% and 7.5%. The economy in Canmore, AB, primarily depends on the tourism industry.

As at March 31, 2017, Northview holds 49 acres of land for potential future development, primarily in Western Canada, which would allow for the development of approximately 1,800 units. Management is evaluating the disposal of selected land investments in Western Canada with expected redeployment of proceeds to acquire land for development in stronger markets, particularly Ontario. Management continues to evaluate development opportunities in Ontario and to date has identified an opportunity where approximately 100 new units can be developed on an existing site.

FFO calculation

	Three months ended March 31		
(thousands of dollars, except per unit amounts)	2017	2016	% Change
Net and comprehensive (loss) income from operations	(71)	4,481	(102%)
Adjustments:			
Non-controlling interests	(32)	(47)	(32%)
Depreciation of property, plant and equipment	1,055	1,157	(9%)
Amortization of other long term assets	10	148	(93%)
Amortization of tenant inducements	139	117	19%
Loss on sale of property, plant and equipment	690	(1)	n/a
Decrease in fair value	20,527	7,351	179%
Business combination transaction costs	-	14,116	(100%)
Class B LP Unit distributions recorded as interest	2,369	2,663	(11%)
Fair value adjustments for non-controlling interest and equity investments	23	22	5%
FFO basic	24,710	30,007	(18%)
Add: Interest on 2019 Debentures	326	330	(1%)
FFO diluted	25,036	30,337	(17%)
Excluding Non-recurring Items:			
Insurance proceeds received	-	(4,015)	(100%)
FFO basic	24,710	25,992	(5%)
FFO diluted	25,036	26,322	(5%)
FFO per unit – basic	\$0.44	\$0.50	(12%)
FFO per unit – diluted	\$0.44	\$0.49	(10%)
FFO payout ratio – basic	91.9%	81.9%	10%
FFO payout ratio – diluted	92.6%	82.6%	10%
Weighted average number of units outstanding:			
Basic (000's)	55,759	52,220	7%
Effect of dilution:			
LTIP, LTI and deferred units	200	140	43%
2019 Debentures	966	966	-
Diluted (000's)	56,925	53,326	7%
Distributions declared to Trust and Class B LP Unitholders – basic	22,716	21,276	7%
Distributions declared to Trust and Class B LP Unitholders – diluted	23,186	21,748	7%
Distributions declared per Trust Unit	\$0.41	\$0.41	-

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

The decrease in FFO on a per unit basis and the increase in FFO payout ratio in the quarter was primarily driven by non-core asset sales, lower operating performance in natural resource based markets, and dilution from the equity offering completed in October 2016.

2017 OPERATING RESULTS

The following section provides a comparison of the financial results for the three months March 31, 2017, with the same period of 2016. Operations include multi-family residential, commercial, executives and hotel business segments.

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

Revenue by business segment

	Three months ended March 31		
	2017	2016	% Change
(thousands of dollars)			
Multi-family residential ⁽ⁱ⁾	69,624	70,668	(1.5%)
Executives and hotel	2,973	3,116	(4.6%)
Commercial	8,352	8,508	(1.8%)
Total	80,949	82,292	(1.6%)

(i) Non-recurring items in the three months ended March 31, 2016, are comprised of insurance proceeds of \$4.0 million, which are excluded from revenue for the multi-family residential business segment.

Revenue in the multi-family business segment was \$69.6 million for the first quarter of 2017, compared to \$70.7 million for the same period of 2016. The decrease was mainly due to non-core asset sales in Ontario since the first quarter of 2016, higher lease incentives and reduced market rents to maintain current occupancy levels in natural resource based markets, partially offset by revenue growth in Ontario.

Revenue in the executives and hotel business segment was \$3.0 million for the first quarter of 2017, a slight decrease from \$3.1 million in the same period of 2016. The decrease in revenue was mainly driven by lower occupancy, and less rooms being available to rent due to the upgrade of 28 units at a hotel in St. John's, NL.

Revenue in the commercial business segment was \$8.4 million for the first quarter of 2017, consistent with the same period of 2016.

Operating expenses

	Three months ended March 31		
	2017	2016	% Change
(thousands of dollars)			
Operating Expenses			
Utilities	12,204	12,069	1.1%
Property Taxes	8,267	8,277	(0.1%)
Salaries and benefits	5,248	5,291	(0.8%)
Maintenance	3,458	3,765	(8.2%)
Cleaning	1,551	1,568	(1.1%)
General	7,883	8,358	(5.7%)
Total	38,611	39,328	(1.8%)

For the three months ended March 31, 2017, total operating expense was \$38.6 million, a 1.8% decrease compared to \$39.3 million for the same period of 2016. The decrease in operating expenses was mainly due to non-core asset dispositions since the first quarter of 2016.

Net operating income

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

NOI and same door NOI by business segment

(thousands of dollars)	NOI			Same door NOI		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Multi-family residential ⁽ⁱ⁾	36,034	36,326	(0.8%)	35,565	35,377	0.5%
Execusuites and hotel	1,332	1,402	(5.0%)	1,332	1,402	(5.0%)
Commercial	4,972	5,236	(5.0%)	4,972	5,236	(5.0%)
Total	42,338	42,964	(1.5%)	41,869	42,015	(0.3%)

(i) Non-recurring Items in the three months ended March 31, 2016, are comprised of insurance proceeds of \$4.0 million, which are excluded from NOI and same door NOI for the multi-family residential business segment.

Multi-family NOI decreased 0.8% in the first quarter of 2017, compared to the same period of 2016. The decrease was primarily driven by non-core asset dispositions in Ontario and lower operating performance in natural resource based markets since the first quarter of 2016.

NOI by region

(thousands of dollars)	Three months ended March 31		
	2017	2016	% Change
Ontario	10,941	11,314	(3.3%)
Western Canada ⁽ⁱ⁾	10,230	10,654	(4.0%)
Atlantic Canada	5,475	5,069	8.0%
Northern Canada ⁽ⁱ⁾	13,577	13,780	(1.5%)
Quebec	2,115	2,147	(1.5%)
Total	42,338	42,964	(1.5%)

(i) Non-recurring Items in the three months ended March 31, 2016, are comprised of insurance proceeds of \$0.4 million and \$3.6 million, which are excluded from NOI for Western Canada and Northern Canada, respectively.

VCI program description

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

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

The progress made on the VCIs in the first quarter of 2017 was on target with management's expectations. Estimated value creation is based on the 5.5% capitalization rate in place at the time of the Transaction. Improvements in these markets has resulted in capitalization rates improving to approximately 5% which has the potential to increase the estimated value creation. On April 1, 2016, Northview internalized the management of approximately 7,600 units in Ontario with annualized NOI increase of \$2.1 million. The internalization of the remaining 5,086 units in Nova Scotia, New Brunswick, Quebec, and Ontario is being evaluated for completion in the fourth quarter of 2017.

VCI progress

Program	Annualized NOI Increase		
	Initial 5-year Target	Cumulative Progress	Q1 2017 Progress
(thousands of dollars)			
High-end renovation	5,800	859	245
Below market rent	5,200	1,783	139
Sub-metering	2,500	215	34
Above guideline increases	800	455	143
Total	14,300	3,312	561
Initial assumed capitalization rate	5.5%	5.5%	5.5%
Estimated value creation	260,000	60,000	10,000

Under the high-end renovation program, 60 units were completed during the first quarter of 2017, of which 51 units have been leased with an average monthly rent increase of approximately \$235. Expenditures on the program during the first quarter were \$1.1 million. The program is achieving the expected rate of return of 15-20%.

Progress on below market rent, sub-metering, and above guideline increases is in line with expectations.

Multi-family operations

Same door NOI, Average monthly rent ("AMR"), and occupancy by region

AMR is the average rent of occupied units on March 31, 2017, and 2016. AMR is calculated by deducting lease incentives from gross rent and then dividing by the number of occupied units as at the quarter end date. Occupancy is for the three months ended March 31, 2017, and 2016. Occupancy is a measure used by management to evaluate the performance of its properties on a comparable basis.

	Same door NOI (thousands of dollars)			AMR			Occupancy		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Ontario	10,947	10,687	2.4%	1,000	952	5.0%	95.7%	95.9%	(0.2%)
Western Canada	9,742	10,141	(3.9%)	971	1,018	(4.6%)	81.7%	81.9%	(0.2%)
Atlantic Canada	4,265	3,839	11.1%	752	755	(0.4%)	92.1%	92.9%	(0.8%)
Northern Canada	8,496	8,562	(0.8%)	2,049	2,022	1.3%	94.1%	94.6%	(0.5%)
Quebec	2,115	2,148	(1.5%)	725	726	(0.1%)	94.2%	90.7%	3.5%
Total	35,565	35,377	0.5%	1,029	1,024	0.5%	90.6%	90.7%	(0.1%)

(i) Non-recurring items in the three months ended March 31, 2016, are comprised of insurance proceeds of \$0.4 million and \$3.6 million, which are excluded from same door NOI for Western Canada and Northern Canada, respectively.

Occupancy by region

	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Ontario	95.7%	96.1%	96.2%	95.9%
Western Canada	81.7%	81.3%	82.1%	81.3% ⁽ⁱ⁾
Atlantic Canada	92.1%	92.0%	93.0%	93.5%
Northern Canada	94.1%	93.9%	94.9%	95.3%
Quebec	94.2%	92.5%	91.4%	91.4%
Overall	90.6%	90.4%	91.1%	90.8%

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

Ontario operations

	AMR			Occupancy		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Southwestern	936	893	4.8%	94.4%	94.8%	(0.4%)
Eastern	1,028	984	4.5%	96.9%	96.8%	0.1%
Toronto and area	1,125	1,069	5.2%	97.2%	97.5%	(0.3%)
Ontario	1,000	952	5.0%	95.7%	95.9%	(0.2%)
Total number of units	7,700	8,235	(6.5%)			

AMR as at March 31, 2017, was \$1,000 compared to \$952 as at March 31, 2016. The increase in AMR was mainly due to the successful execution of the VCIs and strong market conditions.

Occupancy for the Ontario region was 95.7% for the first quarter of 2017, compared to 95.9% in the first quarter of 2016. Overall, Ontario continues to experience high occupancy. Occupancy is temporarily impacted by the high-end renovation program, which requires units to be vacant for 30 days to complete the upgrades.

Ontario			
Three months ended March 31			
(thousands of dollars)	2017	2016	% Change
Revenue	23,173	23,895	(3.0%)
Operating expenses	(12,232)	(12,581)	(2.8%)
NOI	10,941	11,314	(3.3%)
NOI margin %	47.2%	47.3%	(0.1%)
Same door NOI	10,947	10,687	2.4%

For the three months ended March 31, 2017, both revenue and operating expenses decreased from the same period in 2016 due to non-core asset sales that have occurred since the first quarter of 2016. Same door NOI for the first quarter of 2017 was \$10.9 million compared to \$10.7 million for the first quarter of 2016. Included in the same door NOI for the first quarter of 2016 is \$0.2 million of revenue related to one-time headlease income. Excluding this revenue, same door NOI growth would be 4.7%. The increase in same door NOI is mainly attributable to an increase in AMR and cost savings from internalization, partially offset by increases in salaries, higher property taxes, and utilities expenses.

Western Canada operations

	AMR			Occupancy		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Alberta	1,026	1,079	(4.9%)	77.8%	78.5%	(0.7%)
British Columbia	872	904	(3.5%)	88.3%	86.4%	1.9%
Saskatchewan	1,041	1,180	(11.8%)	87.4%	90.9%	(3.5%)
Western Canada	971	1,018	(4.6%)	81.7%	81.9%	(0.2%)
Total number of units	7,323	7,241	1.1%			

AMR as at March 31, 2017, was \$971 compared to \$1,018 as at March 31, 2016. The decrease from prior year is mainly due to higher lease incentives and reduced market rents to maintain occupancy levels in a weak economic environment.

Occupancy for the first quarter of 2017 was 81.7%, a slight decrease from the 81.9% for the first quarter of 2016. During the first quarter of 2017, the resource based markets in the northern Alberta communities of Bonnyville, Fort McMurray, and Grande Prairie and the northeastern British Columbia communities of Chetwynd and Dawson Creek showed improvements, compared to the same period of 2016. These positive gains were offset by lower occupancy in Saskatchewan due to weak economic conditions. Southern British Columbia continues to experience high occupancy, with Abbotsford, Nanaimo, and Prince George having minimal vacancy.

Western Canada			
Three months ended March 31			
(thousands of dollars)	2017	2016⁽ⁱ⁾	% Change
Revenue	18,722	19,139	(2.2%)
Operating expenses	(8,513)	(8,839)	(3.7%)
NOI	10,209	10,300	(0.9%)
NOI margin %	54.5%	53.8%	0.7%
Same door NOI	9,742	10,141	(3.9%)

(i) Non-recurring item in the three months ended March 31, 2016, is comprised of insurance proceeds of \$0.4 million, which is excluded from revenue, NOI, and same door NOI for Western Canada.

NOI for the three months ended March 31, 2017, was \$10.2 million compared to \$10.3 million for the same period in the prior year. The economic decline in Western Canada's resource based markets continues to impact rental revenue levels in Alberta and northeastern British Columbia. This resulted in revenues decreasing from the same period in 2016 due to higher lease incentives and reduced AMR to manage occupancy levels. This decline is partially offset by the NOI contribution from newly developed properties that were completed near the end of 2016 in Alberta. Through management of controllable costs, overall operating expenses decreased by 3.7% in the first quarter of 2017, compared to the same period of 2016.

Performance of the southern British Columbia portfolio remained strong with results consistent with the prior year.

Same door NOI decreased 3.9% and is attributable to the same economic factors previously discussed.

Atlantic Canada operations

	AMR			Occupancy		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Newfoundland and Labrador	831	843	(1.4%)	88.4%	89.9%	(1.5%)
Nova Scotia	685	671	2.1%	95.0%	96.7%	(1.7%)
New Brunswick	718	723	(0.7%)	95.6%	94.3%	1.3%
Atlantic Canada	752	755	(0.4%)	92.1%	92.9%	(0.8%)
Total number of units	4,119	4,179	(1.4%)			

AMR as at March 31, 2017, of \$752 is consistent with prior period of \$755. AMR in Nova Scotia increased 2.0% from the same period of 2016 due to a favorable economy.

Occupancy for the Atlantic Canada region was 92.1% for the first quarter of 2017, compared to 92.9% in the first quarter of 2016. The slight decrease in occupancy for the region was mainly due to the St. John's, NL, market where recent new supply and a weakened local economy have decreased occupancy to 91.7% in the current period from 94.8% in the first quarter of 2016. Northview is actively managing to maintain current occupancy levels, through lease incentives and a proactive lease renewal program.

Atlantic Canada	Three months ended March 31		
(thousands of dollars)	2017	2016	% Change
Revenue	8,840	8,893	(0.6%)
Operating expenses	(4,567)	(4,982)	(8.3%)
NOI	4,273	3,911	9.3%
NOI margin %	48.3%	44.0%	4.3%
Same door NOI	4,265	3,839	11.1%

For the three months ended March 31, 2017, both revenue and operating expenses decreased from the same period in 2016, partly due to dispositions that have occurred since the first quarter of 2016. Excluding the impact of these dispositions, same door NOI for the first quarter of 2017 was \$4.3 million compared to \$3.8 million for the first quarter of 2016. The increase in NOI for the first quarter of 2017 when compared to the same period in 2016 is mainly driven by lower electricity expenses in Newfoundland and lower gas expenses in Nova Scotia due to a decrease in rates.

Northern Canada operations

	AMR			Occupancy		
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Northwest Territories	1,624	1,606	1.1%	91.7%	91.7%	-
Nunavut	2,533	2,498	1.4%	95.9%	96.8%	(0.9%)
Northern Canada	2,049	2,022	1.3%	94.1%	94.6%	(0.5%)
Total number of units	2,391	2,402	(0.5%)			

AMR as at March 31, 2017, was \$2,049 compared to \$2,022 as at March 31, 2016. The slight increase from prior year is due to rent increases upon the renewal of leases.

Occupancy for the three months ended March 31, 2017, and 2016 was 94.1% and 94.6%, respectively. The slight decrease from the same period of 2016 is mainly due to higher than anticipated vacancy in Iqaluit, NU. Northview recently finalized 14 long-term leases in Iqaluit, NU, which is expected to return occupancy to normal levels in the second quarter.

Northern Canada		Three months ended March 31	
(thousands of dollars)	2017	2016 ⁽ⁱ⁾	% Change
Revenue	14,081	14,008	0.5%
Operating expenses	(5,585)	(5,446)	2.6%
NOI	8,496	8,562	(0.8%)
NOI margin %	60.3%	61.1%	(0.8%)
Same door NOI	8,496	8,562	(0.8%)

(i) Non-recurring Item in the three months ended March 31, 2016, is comprised of insurance proceeds of \$3.6 million, which is excluded from revenue, NOI, and same door NOI for Northern Canada.

Same door NOI decreased slightly for the first quarter of 2017, compared to the same period in 2016. Challenges in the mining industry in Yellowknife, NT, and the recent completion of two major infrastructure projects in Inuvik, NT, have impacted the performance in the region, compared to the same period of 2016.

Quebec operations

AMR			Occupancy			
	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change
Quebec	725	726	(0.1%)	94.2%	90.7%	3.5%
Total number of units	2,284	2,285	-			

AMR of \$725 as at March 31, 2017, was consistent with prior period.

Occupancy for the three months ended March 31, 2017, and 2016 was 94.2% and 90.7%, respectively. The increase was due to increased occupancy at the Norgate and Renaissance properties in Montreal, where occupancy increased from 87.5% in the first quarter of 2016 to 93.2% in the first quarter of 2017, due to units that were being renovated during the first quarter of 2016 being completed and returned to inventory.

Quebec		Three months ended March 31	
(thousands of dollars)	2017	2016	% Change
Revenue	4,808	4,636	3.7%
Operating expenses	(2,693)	(2,488)	8.2%
NOI	2,115	2,148	(1.5%)
NOI margin %	44.0%	46.3%	(2.3%)
Same door NOI	2,115	2,148	(1.5%)

NOI for the first quarter of 2017 was \$2.1 million, consistent with the same period of 2016. Higher revenue in Montreal as a result of occupancy increase was offset by higher utility expense.

Execusuites and hotel operations

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

Three months ended March 31			
(thousands of dollars)	2017	2016	% Change
Revenue	2,973	3,116	(4.6%)
Operating expenses	(1,641)	(1,714)	(4.3%)
NOI and same door NOI	1,332	1,402	(5.0%)

NOI for the three months ended March 31, 2017, was \$1.3 million, compared to \$1.4 million during the same period of 2016. The decline in NOI was mainly due to lower occupancy, and 28 rooms offline for upgrade at a hotel in St. John's, NL. For the three months ended March 31, 2017, the execusuites and hotel operated at an average occupancy of 53.2%, compared to 58.7% for the same period of 2016.

Commercial operations

Northview's commercial properties are located primarily in regions where Northview also has multi-family operations. The commercial portfolio consists of office, warehouse, retail, and mixed-use buildings, which are largely leased to federal or territorial governments and other quality commercial tenants under long-term leases.

Three months ended March 31			
(thousands of dollars)	2017	2016	% Change
Revenue	8,352	8,508	(1.8%)
Operating expenses	(3,380)	(3,272)	3.3%
NOI and same door NOI	4,972	5,236	(5.0%)

NOI for the three months ended March 31, 2017, was \$5.0 million, compared to \$5.2 million during the same period of 2016. The decrease in NOI was mainly due to lower occupancy throughout the portfolio.

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

Region	\$ Average Rent/sf		Occupancy	
	2017	2016	2017	2016
Atlantic Canada	19.02	18.81	94.5%	99.1%
Northern Canada	23.98	23.83	94.9%	96.4%
Quebec	21.95	21.95	100.0%	100.0%
Western Canada	13.42	14.05	73.9%	93.5%
Total / Average	23.17	23.30	91.3%	95.5%

For the three months ended March 31, 2017, the average rent per square foot was \$23.17, consistent with the same period of 2016. The decrease in the average rent per square foot in the Western Canada region was due to the warehouse vacancy in Ft. Nelson, BC.

Commercial occupancy was 91.3% for the three months ended March 31, 2017, compared to 95.5% for the same period of 2016. The decrease in occupancy was mainly due to a lease expiring on a warehouse in Ft. Nelson, BC, in the fourth quarter of 2016, which remains vacant.

Northview has 149,000 commercial square feet maturing in 2017, of which 39,000 square feet has been renewed as of March 31, 2017.

Other expenses (income)

	Three months ended March 31		
(thousands of dollars)	2017	2016	% Change
Financing costs	16,949	17,243	(2%)
Administration	3,261	2,664	22%
Depreciation and amortization	1,175	1,430	(18%)
Loss (gain) on sale of property, plant and equipment	690	(1)	n/a
Equity income from joint ventures	(193)	(305)	(37%)
Business combination transaction costs	-	14,116	(100%)
Unrealized fair value changes	20,527	7,351	179%
Total	42,409	42,498	-

Financing costs consist of mortgage interest, deferred financing costs, interest expense on credit facilities, interest expense on Class B LP Units, and other interest expense. Financing costs decreased 1.7% from the same period of 2016 mainly due to lower interest expense on credit facilities, partially offset by higher mortgage interest expense.

Administration expense increased 22.4% compared to the same period of 2016. The increase was mainly due to salary expense and bank charges.

Unrealized fair value changes

	Three months ended March 31		
(thousands of dollars)	2017	2016	% Change
Expense (income)			
Unrealized fair value change to investment properties	-	(8,556)	(100%)
Sustaining CAPEX	9,877	10,362	(5%)
Interest rate swap	70	695	(90%)
2019 Debentures	230	460	(50%)
Unit based payments	117	20	485%
Class B LP Units	10,233	4,370	134%
Net unrealized fair value decrease (increase)	20,527	7,351	179%

Management monitors certain trigger events that could indicate a change in an investment property's fair market value, such as a change in market conditions, added competition through new supply, sustained changes in market occupancy or rental rates, recent transactions, independent appraisals, or a long-term change in a property's NOI. No unrealized fair value change related to investment properties was recorded in the first quarter of 2017.

Class B LP Units are marked to market each reporting period, which is equal to the trading price of Northview Trust Units, with the change in value being recorded to unrealized fair value gain or loss. For the three months ended March 31, 2017, the \$10.2 million unrealized fair value changes on Class B LP Units was the fair value adjustment as at March 31, 2017, from December 31, 2016. For the three months ended March 31, 2016, the \$4.4 million unrealized fair value changes on Class B LP Units was the fair value adjustment as at March 31, 2016, from December 31, 2015.

Capital improvements and sustaining CAPEX

(thousands of dollars, except per unit amounts)	Three months ended March 31		
	2017	2016	Change
Capital improvements	1,073	806	33%
Sustaining CAPEX	9,877	10,362	(5%)
Total investment property improvements	10,950	11,168	(2%)
Number of multi-family units	23,817	24,342	(2%)
Sustaining CAPEX per multi-family unit	415	426	(3%)

Northview invests capital to maintain and improve the operating performance of its properties. For the three months ended March 31, 2017, Northview invested a total of \$11.0 million in its portfolio.

Capital improvements are expenditures associated with extending the economic life or improving the operating efficiency of the properties, other than ordinary repairs and maintenance. The high-end renovation program as part of the VCI is considered a capital improvement, as the units are being upgraded with amenities exceeding their original condition and the program enhances the earnings of the units above what would be received on a typical unit renovation. In the first quarter of 2017, Northview invested \$1.1 million on high-end renovations, a 57% increase compared to \$0.7 million during the same period of 2016.

Sustaining CAPEX represents ongoing expenditures required to maintain the operating efficiency of Northview's portfolio. These include expenditures to maintain common areas, HVAC systems, building envelopes, investments in boilers, expenditures to reduce energy consumption, and to refurbish units on resident turnover. Northview invested \$9.9 million, or \$415 per unit, of sustaining CAPEX for the three months ended March 31, 2017, a 5% decrease compared to \$10.4 million, or \$426 per unit, invested during the same period of 2016.

Tax status

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

The Income Tax Act (Canada) ("Tax Act") contains rules (the "SIFT Rules") that impose tax on certain mutual fund trusts and their trust unitholders at rates that approximate corporate and dividend income tax rates. The SIFT Rules do not apply to any mutual fund trust that qualifies as a "real estate investment trust" (a "Tax REIT") as defined in the Tax Act (the "Tax REIT Exemption"). A REIT must hold less than 10% of non-qualifying assets and earn less than 10% of non-qualifying revenue to keep its status as a Tax REIT. As of March 31, 2017, the REIT met all the requirements related to the qualification of the REIT as a Tax REIT.

The Tax REIT Exemption does not apply to incorporated subsidiaries of Northview, which are therefore subject to Canadian income taxes. Northview does not currently hold any income producing property or operations in taxable incorporated subsidiaries. As such, there is currently no provision for current or deferred income tax expense required in the current reporting period.

SUMMARY OF QUARTERLY RESULTS

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

(thousands of dollars, except per unit amounts)	2017	2016 ⁽ⁱ⁾				2015		
	Q1	Q4 ⁽ⁱ⁾	Q3 ⁽ⁱ⁾	Q2 ⁽ⁱ⁾	Q1 ⁽ⁱ⁾	Q4	Q3	Q2
Total revenue	80,949	81,152	81,467	82,029	82,292	70,735	48,621	49,401
NOI	42,338	43,626	48,173	46,817	42,964	39,353	30,965	30,041
Net (loss) income	(71)	43,591	31,265	(1,792)	466	21,151	(10,206)	6,289
FFO – diluted	25,036	26,994	32,189	26,643	26,332	24,592	21,561	20,327
FFO per Trust Unit – diluted	\$0.44	\$0.48	\$0.60	\$0.50	\$0.49	\$0.53	\$0.68	\$0.64
FFO payout ratio – diluted	92.6%	85.9%	67.6%	81.6%	82.6%	75.2%	60.0%	63.7%

(i) 2016 results exclude Non-recurring Items, which are comprised of insurance proceeds of \$7.1 million, partially offset by \$1.6 million of lost revenue and \$1.6 million of incremental costs relating to the Fort McMurray, AB, wildfires.

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

Diluted FFO for the three months ended March 31, 2017, was \$25.0 million, compared to \$26.3 million in the same period of 2016, excluding Non-recurring Items. The decrease in diluted FFO in the quarter was driven primarily by non-core asset sales, and lower operating performance in natural resource based markets in the current quarter. Diluted FFO per unit for the first quarter of 2017 also decreased compared to the same period of 2016 due to dilution from the equity offering completed in October 2016.

LIQUIDITY AND CAPITAL RESOURCES

Northview's objective for managing liquidity and capital resources is to ensure adequate liquidity for operating, capital, and investment activities as well as distributions to Unitholders. Northview is able to fund its obligations with cash flow from operations, operating facilities, construction financing, mortgage debt secured by investment properties, and equity issuances.

At March 31, 2017, Northview had a working capital deficiency of \$292.6 million. In the normal course of operations, a certain portion of Northview's borrowings under mortgages and credit facilities with a maturity date less than one year will be considered a current liability prior to being replaced with longer-term financing. Of the total deficiency of \$292.6 million, \$190.7 million related to the current portion of mortgages payable which are expected to be refinanced with long-term mortgages. The current portion of credit facilities of \$69.8 million is expected to be replaced by long-term mortgages upon the completion of the construction projects or replacement credit facilities.

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

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

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

Northview used the net proceeds of the equity offering to repay credit facilities in 2016. During the first quarter of 2017, Northview used a portion of the net proceeds for VCIs and development opportunities.

Contractual obligations

Contractual obligations at March 31, 2017:

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,659,183	1,886,894	236,205	1,072,059	578,630
Credit facilities	142,151	142,151	69,822	72,329	-
Trade and other payables	64,566	64,566	64,566	-	-
Distributions and Class B LP interest payable	7,571	7,571	7,571	-	-
Convertible debentures	23,690	23,690	-	23,690	-
Total	1,897,161	2,124,872	378,164	1,168,078	578,630

Mortgages

During the three months ended March 31, 2017, Northview completed \$22.4 million in mortgage refinancing with a weighted average interest rate of 3.12% and an average term to maturity of 7.7 years. Northview utilizes Canada Mortgage and Housing Corporation ("CMHC") insured mortgage lender financing to obtain loans of up to 75% of CMHC's assessed value of a multi-family property. Northview can obtain a lower borrowing cost on properties financed using insured mortgage lender financing after including the cost of the insurance when compared to conventional financing.

The following table outlines Northview's mortgages payable maturity schedule as at March 31, 2017, for the next five years and thereafter.

(thousands of dollars)	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2017 (remainder of year)	35,997	113,280	149,277	8.9%	3.81%
2018	45,885	162,811	208,696	12.4%	3.94%
2019	41,583	171,578	213,161	12.7%	3.28%
2020	36,737	176,867	213,604	12.7%	2.72%
2021	28,049	279,812	307,861	18.3%	3.48%
Thereafter	87,532	499,970	587,502	35.0%	2.92%
Total	275,783	1,404,318	1,680,101	100.0%	3.22%

Capital management

Management monitors Northview's capital structure on an ongoing basis to determine the appropriate level of mortgages payable. Consistent with others in the industry, Northview monitors capital on the basis of debt to gross book value ratio. The DOT provides for a maximum debt to gross book value ratio of 70%.

Debt to gross book value was 57.8% as at March 31, 2017, compared to 57.5% as at December 31, 2016. Interest coverage for March 31, 2017, was 2.88 compared to 2.98 for the year ended December 31, 2016. Debt service coverage for March 31, 2017, was 1.62 compared to 1.70 for the year ended December 31, 2016. Interest coverage and debt service coverage ratios are calculated based on the most recently completed four fiscal quarters. Both ratios declined as a result of a reduction in NOI in resource based markets.

Northview's credit facilities contain certain financial covenants. The principal financial covenants are debt to gross book value, debt service coverage, and interest coverage. The debt to gross book value ratio covenant maximum threshold is 70%. The interest coverage ratio and debt service coverage ratio covenant minimum thresholds are at least 1.90 and 1.50, respectively. As at March 31, 2017, Northview was in compliance with all financial covenants.

EQUITY

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

(number of units)	March 31, 2017	December 31, 2016
Trust Units issued and outstanding		
Trust Units	49,944,749	49,942,379
Class B LP Units	5,814,664	5,814,664
Total Trust Units issued and outstanding	55,759,413	55,757,043
Trust Units potentially issuable		
LTIP, LTI and deferred units	271,838	180,392
2019 Debentures	966,386	966,386
Total Trust Units potentially issuable	1,238,224	1,146,778
Total Trust Units issued and outstanding and potentially issuable	56,997,637	56,903,821

During the three months ended March 31, 2017, 50,261 potentially issuable LTI performance units and 41,540 LTI restricted units were granted, and 2,370 LTIP units were converted into Trust Units.

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

Normal Course Issuer Bid ("NCIB")

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

During the three months ended March 31, 2017, Northview did not purchase any Trust Units under its NCIB.



Distributions to Trust and Class B LP Unitholders

Pursuant to the DOT, Unitholders are entitled to receive distributions made on each distribution date as approved by the Trustees. During the three months ended March 31, 2017, Northview declared monthly cash distributions of \$0.1358 per Unit, totaling \$22.7 million (March 31, 2016 – \$21.3 million). The 2017 increase in distributions relates to the equity offering completed in October 2016. The Class B LP Units are treated as a financial liability for accounting purposes, and distributions on the Class B LP Units are recorded as a financing cost.

For the three months ended March 31, 2017, \$22.7 million distributions were paid to Trust Unitholders from \$17.0 million of cash flow from operations. In any given financial period, total distributions may be greater than cash flow from operations, primarily due to the short-term fluctuations in non-cash working capital and the temporary fluctuations in cash flows. Temporary deficiencies in operating cash flow may be funded by revolving operating facilities, construction financing, mortgage debt secured by investment properties, equity issuances, and asset sales. If Northview were unable to raise additional funds or renew existing maturing debt on acceptable terms, then capital expenditures and acquisition or development activities may be reduced, or asset sales increased. Management expects cash flow from operations to continue to exceed distributions paid in future years.

RELATED PARTY TRANSACTIONS

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

Northview has engaged Starlight to perform certain services. Starlight is a related party as it is controlled by a Trustee and significant Unitholder of Northview. For the three months ended March 31, 2017, the costs of these services aggregated to \$0.5 million (March 31, 2016 – \$0.5 million). Of this amount, \$0.4 million (March 31, 2016 – \$0.4 million) has been capitalized, while the remaining \$0.1 million (March 31, 2016 – \$0.1 million) has been recognized as administration expenses in the condensed consolidated statements of net and comprehensive (loss) income. Balance outstanding and payable to Northview from Starlight as at March 31, 2017, is \$0.2 million (December 31, 2016 – \$0.4 million) and is included in accounts receivable in the condensed consolidated statements of financial position. Balance outstanding and payable to Starlight from Northview as at March 31, 2017, is \$0.2 million (December 31, 2016 – \$0.2 million) and is included in trade and other payables in the condensed consolidated statements of financial position.

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

ICP and ICS are related parties as Northview has a 50% interest in ICP and a 50% interest in ICS. The ownership of ICP is between the Zheh Gwizu' Limited Partnership and NPR Limited Partnership ("NPRLP") for the purpose of investing in a portfolio of commercial and mixed use income producing properties in the Northwest Territories. The ownership of ICS is between the Zheh Gwizu' Limited Partnership and NPR LP for the purpose of investing in an income producing executive property in the Northwest Territories. For the three months ended March 31, 2017, revenue from ICP and ICS related to management fees is \$0.1 million (March 31, 2016 – \$0.1 million).

CRITICAL ACCOUNTING POLICIES, ESTIMATES and JUDGMENTS

The preparation of condensed consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated each reporting period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, differ from the actual results. For the three months ended March 31, 2017, there have been no changes to accounting policies, estimates and judgments from those disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2016.

Accounting standards and interpretations

Northview has applied a revised IFRS issued by the International Accounting Standards Board ("IASB") that is mandatorily effective for an accounting period that begins on January 1, 2017. The description of new standards, amendments to existing standards, and the impact on Northview's consolidated financial statements that will be effective in the future reporting periods were disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2016.

Revised Standard	Description	Previous Standard	Impact of Application
Amendments to IAS 7 – Statement of Cash Flows	The amendments to IAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	No direct replacement.	Additional disclosure for mortgages payable is provided in the notes to the condensed consolidated financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

As at March 31, 2017, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused it to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that (i) material information relating to Northview is made known to the CEO and the CFO by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by Northview in its annual filings, interim filings or other reports filed or submitted by Northview under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal control over financial reporting

As at March 31, 2017, the CEO and the CFO have designed, or caused it to be designed under their supervision, internal control over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of Northview's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design Northview's ICFR is the framework set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the control system will prevent all errors and fraud.

During the first quarter of 2017, there were no changes in Northview's ICFR that have materially affected, or are reasonably likely to materially affect, Northview's ICFR.

SUBSEQUENT EVENTS

Between April 1, 2017, and May 9, 2017, Northview completed new financing and renewals of \$13.9 million with interest rates between 2.39% and 2.53% and terms to maturity of approximately 1 to 10 years. Proceeds were used to pay down existing debt and credit facilities.

NON-GAAP AND ADDITIONAL GAAP MEASURES

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

Average monthly rent: AMR is calculated by deducting lease incentives from gross rent and then dividing by the number of occupied units as at the quarter end date.

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

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

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

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

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

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

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

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

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