Northview™

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2022 and 2021

NORTHVIEW FUND
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(thousands of Canadian dollars)

	Note	As at June 30, 2022	As at December 31, 2021
Assets			
Non-current assets			
Investment properties	3	**1,774,721**	1,774,678
Property, plant and equipment		**33,413**	35,000
Investment in joint ventures		**12,798**	12,743
Other long-term assets		**2,685**	2,950
		1,823,617	1,825,371
Current assets			
Accounts receivable		**5,209**	7,074
Prepaid expenses and other assets		**7,428**	4,296
Restricted cash		**5,327**	5,043
Cash and cash equivalents		**19,671**	11,312
		37,635	27,725
Total assets		**1,861,252**	1,853,096
Liabilities			
Non-current liabilities			
Mortgages payable	4	**576,360**	570,239
Credit facility	5	**407,474**	—
		983,834	570,239
Current liabilities			
Mortgages payable	4	**260,708**	238,603
Credit facility	5	**92,915**	513,677
Trade and other payables		**31,771**	31,464
Distributions payable	6	**3,763**	3,763
		389,157	787,507
Total liabilities, excluding net assets attributable to Unitholders		**1,372,991**	1,357,746
Net assets attributable to Unitholders		**487,320**	494,438
Total liabilities, net assets attributable to Unitholders		**1,860,311**	1,852,184
Equity			
Non-controlling interest		**941**	912
Total equity		**941**	912
Total liabilities, net assets attributable to Unitholders, and equity		**1,861,252**	1,853,096

See accompanying notes to these unaudited condensed consolidated interim financial statements.

NORTHVIEW FUND
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET AND COMPREHENSIVE LOSS
(thousands of Canadian dollars)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2022**	**2021**	**2022**	**2021**
Revenue	**9**	**48,899**	47,681	**97,538**	95,529
Operating expenses		**20,271**	20,060	**44,279**	40,967
Net operating income		**28,628**	27,621	**53,259**	54,562
Other expense (income)					
Distributions to Unitholders	**6**	**11,288**	11,288	**22,576**	22,576
Financing costs	**4, 10**	**10,749**	8,516	**19,780**	17,023
Administration		**1,954**	1,956	**3,564**	3,748
Management fees		**1,650**	1,695	**3,292**	3,345
Depreciation and amortization		**856**	879	**1,711**	1,709
Equity income from joint ventures		**(325)**	(254)	**(580)**	(492)
Fair value loss on investment properties	**3**	**6,215**	6,269	**9,940**	9,798
Gain on disposition of property, plant and equipment		**—**	(36)	**—**	(36)
Transaction costs		**—**	—	**—**	866
		32,387	30,313	**60,283**	58,537
Net and comprehensive loss		**(3,759)**	(2,692)	**(7,024)**	(3,975)
Net and comprehensive (loss) income attributable to:					
Unitholders		**(3,808)**	(2,748)	**(7,118)**	(4,083)
Non-controlling interest		**49**	56	**94**	108
Net and comprehensive loss		**(3,759)**	(2,692)	**(7,024)**	(3,975)

See accompanying notes to these unaudited condensed consolidated interim financial statements.

NORTHVIEW FUND
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(thousands of Canadian dollars)

Six Months Ended June 30, 2022	Note	Class A	Class C	Class F	Total
Balance, beginning of period		**106,151**	**356,103**	**32,184**	**494,438**
Conversions	**6**	**5,154**	**(333)**	**(4,821)**	**—**
Net and comprehensive loss attributable to Unitholders		**(1,595)**	**(5,123)**	**(400)**	**(7,118)**
Balance, end of period		**109,710**	**350,647**	**26,963**	**487,320**

Six Months Ended June 30, 2021	Note	Class A	Class C	Class F	Total
Balance, beginning of period		83,362	375,223	57,217	515,802
Conversions	**6**	24,761	(2,006)	(22,755)	—
Net and comprehensive loss attributable to Unitholders		(877)	(2,954)	(252)	(4,083)
Balance, end of period		107,246	370,263	34,210	511,719

See accompanying notes to these unaudited condensed consolidated interim financial statements.

NORTHVIEW FUND
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(thousands of Canadian dollars)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2022**	**2021**	**2022**	**2021**
Operating activities					
Net and comprehensive loss		**(3,759)**	(2,692)	**(7,024)**	(3,975)
Adjustments:					
Distributions to Unitholders	**6**	**11,288**	11,288	**22,576**	22,576
Depreciation and amortization		**856**	879	**1,711**	1,709
Equity income from joint ventures		**(325)**	(254)	**(580)**	(492)
Fair value loss on investment properties	**3**	**6,215**	6,269	**9,940**	9,798
Gain on disposition of property, plant and equipment		**—**	(36)	**—**	(36)
Amortization of fair value adjustment and deferred financing costs on mortgages payable	**4, 10**	**(1,804)**	(2,136)	**(3,715)**	(4,390)
Changes in non-cash working capital		**2,844**	540	**(986)**	451
Cash flows provided by operating activities		**15,315**	13,858	**21,922**	25,641
Financing activities					
Proceeds from mortgages	**4**	**70,901**	—	**70,901**	—
Repayment of mortgages	**4**	**(28,582)**	(7,691)	**(36,306)**	(15,161)
Payment of deferred financing costs	**4**	**(2,497)**	(15)	**(2,654)**	(15)
(Repayments) borrowings on credit facility, net	**5**	**(25,288)**	15,000	**(13,288)**	15,000
Distributions paid to Unitholders	**6**	**(11,288)**	(11,288)	**(22,576)**	(22,576)
Distributions to non-controlling interest		**(33)**	(11)	**(65)**	(248)
Cash flows provided by (used in) financing activities		**3,213**	(4,005)	**(3,988)**	(23,000)
Investing activities					
Capital expenditures on investment properties	**3**	**(6,238)**	(6,190)	**(9,983)**	(9,733)
Proceeds from sale of assets		**—**	65	**—**	65
Capital expenditures on property, plant and equipment		**(67)**	(53)	**(117)**	(89)
Distributions received from equity investees		**525**	1,397	**525**	1,397
Cash flows used in investing activities		**(5,780)**	(4,781)	**(9,575)**	(8,360)
Net increase (decrease) in cash and cash equivalents		**12,748**	5,072	**8,359**	(5,719)
Cash and cash equivalents, beginning of period		**6,923**	14,546	**11,312**	25,337
Cash and cash equivalents, end of period		**19,671**	19,618	**19,671**	19,618
Supplementary information for cash flows provided by operating activities					
Cash interest paid		**12,729**	10,934	**24,077**	22,044

See accompanying notes to these unaudited condensed consolidated interim financial statements.

1. DESCRIPTION OF THE REPORTING ENTITY

Northview Fund ("Northview") is a closed-end fund, as no further Units will be issued, formed in 2020 pursuant to an initial declaration of trust dated April 14, 2020 and amended and restated on February 15, 2022 (the "Declaration of Trust"). Northview was established under the laws of the province of Ontario. The head and registered office of Northview is located at Suite 200, 6131 6 Street SE, Calgary, Alberta, T2H 1L9. Northview's Class A Units ("Class A Units") trade on the Toronto Stock Exchange ("TSX") under the symbol "NHF.UN".

Northview was formed to acquire, own, and operate, indirectly, a geographically diversified portfolio comprised of income producing multi-residential suites, commercial real estate, and execusuites located primarily in secondary markets in British Columbia, Alberta, Saskatchewan, Québec, New Brunswick, Newfoundland and Labrador, the Northwest Territories, and Nunavut (the "Portfolio").

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation and statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements should be read in conjunction with Northview's audited consolidated financial statements for the year ended December 31, 2021. These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as Northview's audited consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Trustees of Northview (the "Trustees") on August 4, 2022.

B. Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are 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 judgements in applying accounting policies.

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview's investment properties include capitalization rates and projected stabilized net operating income ("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. The COVID-19 pandemic has created uncertain economic outlook, which has resulted in a temporarily higher degree of uncertainty for investment property values.

Components of projected stabilized NOI that could be impacted by the increased economic uncertainty described above include market rents, occupancy rates, and operating expenses such as utilities and bad debt expenses. As at June 30, 2022, management believed that there had not been a material impact to any of these inputs and that the longer-term implications could not be reasonably estimated. The longer-term impact that the increased economic uncertainty may have on capitalization rates and projected stabilized NOI may depend on the duration of the COVID-19 pandemic, the extent and effectiveness of government stimulus and regulations that impact Northview's operations and tenants, unemployment rates, inflation rates, interest rates, and market demand for multi-residential and commercial properties.

While investment properties are recorded at fair value, not every property is independently appraised every year. Significant judgement 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 impact net and comprehensive loss.

(thousands of Canadian dollars, except where indicated)

3. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties:

	As at June 30, 2022	As at December 31, 2021
Investment properties	**1,755,513**	1,755,470
Land held for development	**19,208**	19,208
Balance, end of period	**1,774,721**	1,774,678

The following table reconciles the change in investment properties:

	2022
Balance at January 1	**1,774,678**
Capital expenditures on investment properties	**9,983**
Fair value loss on investment properties	**(9,940)**
Balance at June 30	**1,774,721**

Northview uses the capitalization rate approach to value investment properties, whereby a projected stabilized NOI is divided by the capitalization rate. As at June 30, 2022, capitalization rates ranging from 4.75% to 12.00% were applied to a projected stabilized NOI (December 31, 2021 – 4.75% to 12.00%). The weighted average capitalization rate used to fair value Northview's investment properties as at June 30, 2022 was 7.44% (December 31, 2021 – 7.44%).

A summary of the capitalization rates for both the multi-residential segment and the commercial and execusuite segment used for valuations is outlined in the following table:

	As at June 30, 2022			As at December 31, 2021		
Regions	Minimum	Maximum	Weighted Average	Minimum	Maximum	Weighted Average
Northern Canada	**6.61%**	**12.00%**	**8.90%**	6.61%	12.00%	8.90%
Western Canada	**4.75%**	**11.00%**	**6.96%**	4.75%	11.00%	6.96%
Atlantic Canada	**4.75%**	**8.00%**	**5.78%**	4.75%	8.00%	5.78%
Overall	**4.75%**	**12.00%**	**7.44%**	4.75%	12.00%	7.44%

The following table outlines the impact of a 25-basis point change in capitalization rates on the fair value of investment properties:

	As at June 30, 2022			As at December 31, 2021		
Regions	Weighted Average	Increase	Decrease	Weighted Average	Increase	Decrease
Northern Canada	**8.90%**	**(19,239)**	**20,351**	8.90%	(19,308)	20,424
Western Canada	**6.96%**	**(21,656)**	**23,269**	6.96%	(22,010)	23,651
Atlantic Canada	**5.78%**	**(18,174)**	**19,818**	5.78%	(18,394)	20,058
Overall	**7.44%**	**(59,069)**	**63,438**	7.44%	(59,712)	64,133

The following table outlines the impact of a 250-basis point change in projected stabilized NOI on the fair value of investment properties:

	As at June 30, 2022		As at December 31, 2021	
Regions	Increase	Decrease	Increase	Decrease
Northern Canada	**17,612**	**(17,612)**	17,673	(17,673)
Western Canada	**15,623**	**(15,623)**	15,863	(15,863)
Atlantic Canada	**10,953**	**(10,953)**	11,086	(11,086)
Overall	**44,188**	**(44,188)**	44,622	(44,622)

(thousands of Canadian dollars, except where indicated)

4. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

	As at June 30, 2022	As at December 31, 2021
Mortgages payable	**822,197**	787,602
Fair value adjustment upon assumption	**17,908**	21,697
Deferred financing costs	**(3,037)**	(457)
Balance, end of period	**837,068**	808,842
Current	**260,708**	238,603
Non-current	**576,360**	570,239
Balance, end of period	**837,068**	808,842

As at June 30, 2022, Northview had in place mortgages that bore interest at rates ranging from 0.79% to 6.48% (December 31, 2021 – 0.74% to 6.48%) and had a weighted average rate of 3.02% (December 31, 2021 – 2.87%). The mortgages mature between 2022 and 2030 (December 31, 2021 – 2022 and 2030) and are secured by charges against specific properties. Land and buildings with a carrying value of $1.5 billion (December 31, 2021 – $1.5 billion) have been pledged to secure Northview's mortgages payable.

The fair value of mortgages payable as at June 30, 2022 was approximately $786.6 million (December 31, 2021 – $797.4 million). The fair value is determined by discounting the future cash payments by the current market borrowing rate. The majority of the mortgages on Northview's investment properties are insured by Canada Mortgage and Housing Corporation ("CMHC"). Pursuant to standard mortgage terms, mortgagees have security interest in the specified property. In addition, certain investment properties are cross-securitized, providing the lender with security rights to those properties.

As at June 30, 2022, Northview's mortgage maturity schedule and weighted average interest rate for the twelve-month periods ended June 30 were as follows:

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2023	24,700	229,374	254,074	30.9%	3.03%
2024	19,538	137,895	157,433	19.1%	3.22%
2025	14,405	159,792	174,197	21.2%	3.00%
2026	6,715	60,079	66,794	8.1%	2.59%
2027	3,828	60,821	64,649	7.9%	2.77%
Thereafter	4,357	100,693	105,050	12.8%	3.19%
Total	**73,543**	**748,654**	**822,197**	**100.0%**	**3.02%**

The following table reconciles the change in mortgages payable:

	2022
Balance at January 1	**808,842**
Proceeds from new mortgages	**70,901**
Repayment of mortgages	**(36,306)**
Payment of deferred financing costs	**(2,654)**
Amortization of deferred financing costs	**74**
Amortization of fair value adjustment	**(3,789)**
Balance at June 30	**837,068**

5. CREDIT FACILITY

As at June 30, 2022, Northview had in place a credit facility with a total credit limit of $565.8 million maturing on October 30, 2023 (December 31, 2021 – $539.1 million maturing on October 30, 2022). The credit facility includes multiple tranches that each bore interest at the prime rate plus 2.65% or the Bankers' Acceptance ("BA") rate plus 3.65%.

(thousands of Canadian dollars, except where indicated)

In February 2022, Northview executed an amendment to its credit facility. The amendment provided for a one-year extension to the maturity date of the credit facility to October 30, 2023, included an additional $75.0 million facility (the "Tranche B-3 Term Facility"), and included other administrative amendments to covenants and repayments.

The terms of the credit facility were as follows:

	As at June 30, 2022		As at December 31, 2021	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Tranche A-1 Facility	**343,810**	**343,810**	381,596	381,596
Tranche A-2 Facility	**94,979**	**94,979**	105,481	105,481
Tranche B Facility	**32,000**	**6,600**	32,000	6,600
Tranche B-2 Revolving Facility	**20,000**	**20,000**	20,000	20,000
Tranche B-3 Term Facility	**75,000**	**35,000**	—	—
Total	**565,789**	**500,389**	539,077	513,677

The Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities that were each available by a single prime loan advance on October 30, 2020. The Tranche B Facility is a non-revolving capital expenditure loan facility on which draws may occur no more than once per fiscal quarter in an amount of up to 75% of allowable capital expenditure costs incurred. The Tranche B-2 Revolving Facility is a facility available for general corporate, trust, or operating purposes. The Tranche B-3 Term Facility is a non-revolving facility on which draws may occur no more than once per fiscal quarter for the payment of mortgage principal amortization amounts.

As the Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities, payments on the facilities reduce the credit limit available. For the six months ended June 30, 2022, total repayments of $48.3 million reduced the credit limit on the Tranche A-1 Facility and Tranche A-2 Facility.

As at June 30, 2022 and December 31, 2021, substantially all investment properties have been pledged as collateral security for the operating facility. As at June 30, 2022, Northview had $0.8 million in letters of credit outstanding (December 31, 2021 – $0.1 million). The fair value of the credit facility approximates its carrying value due to the use of short-term borrowing instruments at market rates of interest.

The following table reconciles the change in the credit facility:

	2022
Balance at January 1	**513,677**
Borrowings on credit facility	**35,000**
Repayments on credit facility	**(48,288)**
Balance at June 30	**500,389**

Northview's credit facility includes a calculation of mortgageability amount, based on defined metrics, which calculates a limit on the total amount of debt allowable (the "Mortgageability Amount"). Where debt exceeds this limit, the differential is to be repaid. As at June 30, 2022, Northview's borrowings exceeded the Mortgageability Amount by $92.9 million. Subsequent to June 30, 2022, Northview executed amendments to the credit facility agreement, including a revised Mortgageability Amount calculation. As a result, Northview's debt is within the Mortgageability Amount calculation and no amount is due. As the amendments were executed subsequent to quarter end, the $92.9 million was presented in current liabilities as at June 30, 2022.

Financial covenants

As at June 30, 2022, the credit facility was subject to the following financial covenants:

	Limit
Consolidated debt to aggregate assets	**Not greater than 75%**
Debt service coverage ratio	**Not less than 1.60(1)**
Consolidated tangible net worth	**Not less than $350 million**
Physical occupancy rate	**Not less than 87%**

(1) Subsequent to June 30, 2022, Northview executed amendments to its credit facility agreement, which amended the limit for the debt service coverage ratio to not less than 1.40 for future periods.

The financial covenants include financial measures defined within the credit facility agreement that are not defined under IFRS and cannot be directly derived from the unaudited condensed consolidated interim financial statements. These financial measures are defined under the credit facility agreement as follows:

- Consolidated debt: Includes all debts of the borrower determined in accordance with IFRS, excluding obligations owing under hedge agreements.
- Aggregate assets: Includes the appraised value of multi-residential rental and commercial real property.
- Debt service coverage ratio: Calculated as the ratio of adjusted NOI to debt service for the last four fiscal quarters. Debt service is calculated as the sum of consolidated interest expense and all regularly scheduled principal payments other than balloon, bullet, or similar payments that repay the debt in full.
- Consolidated tangible net worth: Includes stated capital or equivalent amounts in respect of issued and outstanding Units less amounts attributable to outstanding Units that are redeemable prior to the maturity date of the facility, amounts attributable to certain intangible assets, and amounts attributable to the interests of any unitholder in any subsidiary.
- Physical occupancy rate: Calculated as the percentage of the number of suites occupied by one or more tenants paying current rent divided by the total number of suites.

As at and during the six months ended June 30, 2022, Northview was in compliance with all financial covenants. Refer to Note 8 for further discussion of Northview's objectives, policies, and processes for managing capital.

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The following table reconciles the change in Northview's Units:

(thousands of Units)	Class A	Class C	Class F	Total
Balance at January 1, 2022	**7,711**	**24,510**	**2,266**	**34,487**
Units issued on conversion	**375**	**(23)**	**(340)**	**12**
Balance at June 30, 2022	**8,086**	**24,487**	**1,926**	**34,499**

Distributions are determined at the sole discretion of the Trustees and are paid monthly. Distributions declared to Unitholders were as follows:

	Three Months Ended June 30				Six Months Ended June 30			
	2022		2021		2022		2021	
	Monthly $/Unit	Total	Monthly $/Unit	Total	Monthly $/Unit	Total	Monthly $/Unit	Total
Class A	**0.1048**	**2,532**	0.1048	2,299	**0.1048**	**5,015**	0.1048	4,467
Class C	**0.1106**	**8,123**	0.1106	8,176	**0.1106**	**16,252**	0.1106	16,373
Class F	**0.1081**	**633**	0.1081	813	**0.1081**	**1,309**	0.1081	1,736
	0.1091	**11,288**	0.1092	11,288	**0.1091**	**22,576**	0.1092	22,576

Subsequent to the end of the period and prior to the unaudited condensed consolidated interim financial statements being authorized for issue on August 4, 2022, Northview declared monthly distributions totaling $3.8 million.

7. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value measures

As at June 30, 2022, the only recurring fair value measure in these unaudited condensed consolidated interim financial statements relates to Northview's investment properties. For the periods presented, the fair value of investment properties is classified as Level 3 in the fair value hierarchy and there were no transfers between levels.

The following summarizes the significant methods and assumptions used in estimating the fair value of Northview's investment properties, as well as other fair value disclosures in these financial statements.

(thousands of Canadian dollars, except where indicated)

i. Investment properties

Northview determined the fair value of each investment property using the valuation methodology and key assumptions described in Note 2(B). Refer to Note 3 for a reconciliation of the fair value of investment properties for the six months ended June 30, 2022.

ii. Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage or the yield of a comparable mortgage. As at June 30, 2022, the spread rates referenced maturities of up to ten years and ranged from 0.92% to 2.30% (December 31, 2021 – 0.85% to 2.12%), depending on the nature and terms of the respective mortgages.

iii. Liquidity risk

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. Cash flow projections are completed on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, and investment activities.

As at June 30, 2022, Northview had a working capital deficiency of $351.5 million (December 31, 2021 – $759.8 million), of which $260.7 million (December 31, 2021 – $238.6 million) was related to the current portion of mortgages payable and expected to be refinanced with new long-term mortgages and $92.9 million (December 31, 2021 – $513.7 million) related to the current portion of the credit facility. As at June 30, 2022, the current portion of credit facility borrowings consisted of borrowings which were in excess of the Mortgageability Amount as described in Note 5, and were therefore classified as current. Northview was in compliance with all financial covenants as at and during the six months ended June 30, 2022. Subsequent to June 30, 2022, Northview executed amendments on the credit facility agreement, changing the inputs used in the calculation of the Mortgageability Amount so that Northview's borrowings were not in excess of the amended calculation of the Mortgageability Amount. As at December 31, 2021 the current portion of credit facility borrowings consisted of all borrowings on the credit facility, for which the maturity was October 30, 2022. During the six months ended June 30, 2022, the maturity was extended to October 30, 2023.

Contractual maturity for non-derivative financial liabilities as at June 30, 2022 were as follows:

	Carrying Amount	**Contractual Cash Flows**	**Up to 1 year**	**1 – 3 years**	**4 – 5 years**	**Over 5 years**
Mortgages payable (principal and interest)	**822,197**	870,728	270,737	357,143	141,807	101,041
Credit facility	**500,389**	500,389	92,915	407,474	—	—
Trade and other payables[(1)]	**31,771**	31,771	31,771	—	—	—
Distributions payable	**3,763**	3,763	3,763	—	—	—
Total	**1,358,120**	1,406,651	399,186	764,617	141,807	101,041

(1) Security deposits payable are included in trade and other payables.

8. CAPITAL MANAGEMENT

Northview's objectives when managing its capital are to safeguard its assets while maintaining the sustainability of cash distributions. Northview's capital consists of mortgages payable, borrowings on the credit facility, and Units. Northview follows guidelines that are set out in the Declaration of Trust, including a maximum debt to gross book value ratio of 70.0%.

Management monitors Northview's capital structure on an ongoing basis to determine the appropriate level of mortgages payable to be placed on specific properties. In determining the most appropriate debt, consideration is given to cash flow generated from the specific property, interest rate, amortization period, maturity, and debt service ratio. Northview has a credit facility that may be used to fund capital expenditures until specific mortgage debt is placed. In addition, Northview continues to monitor its capital structure and sources of financing, including amendments to the existing credit facility and/or establishing additional credit facilities.

(thousands of Canadian dollars, except where indicated)

The Declaration of Trust provides for a maximum debt to gross book value of 70.0%. As at June 30, 2022, Northview's ratio of debt to gross book value was 68.5% as calculated in the table below (December 31, 2021 – 67.8%), which was in compliance with the Declaration of Trust. The portfolio premium included in the determination of debt to gross book value as at June 30, 2022 was $89.0 million (December 31, 2021 – $89.0 million), which was determined based on an appraisal of the Portfolio obtained for a plan of arrangement in 2020. Northview monitors capital on the basis of debt to gross book value to assess its leverage.

Northview's interest coverage and debt service coverage ratios were 2.61 and 1.46, respectively, for the twelve months ended June 30, 2022 as calculated in the table below (2.84 and 1.54, respectively, for the twelve months ended December 31, 2021). Northview monitors its interest and debt service coverage ratios to assess its ability to service payments on its debt. The debt service coverage ratio includes the impact of principal repayments, excluding one-time lump sum payments at maturity.

The debt service coverage ratio shown below is calculated with reference to adjusted EBITDA, while the debt service coverage ratio used as a financial covenant for the credit facility is calculated with reference to adjusted NOI. As such, the calculation below is not comparable to the annualized debt service coverage ratio minimum of 1.60 required under the credit facility agreement.

The following table calculates Northview's debt to gross book value:

	Note		As at June 30, 2022	As at December 31, 2021
Credit facility	**5**		**500,389**	513,677
Mortgages payable	**4**		**822,197**	787,602
Less: Cash and cash equivalents			**(19,671)**	(11,312)
Total debt		**A**	**1,302,915**	1,289,967
Investment properties	**3**		**1,774,721**	1,774,678
Property, plant and equipment			**33,413**	35,000
Accumulated depreciation			**5,651**	3,947
Portfolio premium			**89,000**	89,000
Gross book value		**B**	**1,902,785**	1,902,625
Debt to gross book value		**A/B**	**68.5%**	67.8%

(thousands of Canadian dollars, except where indicated)

The following table calculates Northview's interest and debt service coverage ratios for the twelve months ended:

	Note		June 30, 2022	December 31, 2021
Net and comprehensive loss			**(24,390)**	(21,341)
Depreciation and amortization			**3,402**	3,400
Mortgage interest	**10**		**22,772**	22,832
Amortization of deferred financing costs and fair value adjustment	**4, 10**		**(7,823)**	(8,498)
Interest expense on the credit facility	**10**		**23,659**	21,348
Distributions to Unitholders	**6**		**45,150**	45,150
Fair value loss on investment properties	**3**		**37,918**	37,776
Gain on disposition of property, plant and equipment			**—**	(36)
Transaction costs			**—**	866
Adjusted EBITDA		**A**	**100,688**	101,497
Mortgage interest	**10**		**22,772**	22,832
Amortization of deferred financing costs and fair value adjustment	**4, 10**		**(7,823)**	(8,498)
Interest expense on the credit facility	**10**		**23,659**	21,348
Interest expense		**B**	**38,608**	35,682
Principal payments on mortgages(1)	**4**		**30,304**	30,042
Debt service		**C**	**68,912**	65,724
Interest coverage ratio		**A/B**	**2.61**	2.84
Debt service coverage ratio		**A/C**	**1.46**	1.54

(1) Principal payments on outstanding mortgages excluding one-time lump sum payments at maturity.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table outlines revenue from contracts with customers and revenue from other sources:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Rental revenue	**33,672**	33,433	**63,447**	64,450
Revenue from contracts with customers				
Commercial common area maintenance services and execusuites	**3,720**	3,323	**7,465**	7,144
Residential service components	**11,151**	10,587	**25,968**	23,270
Other revenue	**356**	338	**658**	665
Revenue	**48,899**	47,681	**97,538**	95,529

10. FINANCING COSTS

The following table outlines financing costs:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Mortgage interest	**5,809**	5,605	**11,391**	11,451
Amortization of deferred financing costs	**54**	16	**74**	36
Amortization of fair value adjustment	**(1,858)**	(2,152)	**(3,789)**	(4,426)
Interest on credit facility	**7,094**	5,284	**12,842**	10,531
Other income	**(350)**	(237)	**(738)**	(569)
Financing costs	**10,749**	8,516	**19,780**	17,023

(thousands of Canadian dollars, except where indicated)

11. SEGMENTED INFORMATION

Management reviews operations by market segment. Northview's multi-residential segment is comprised of apartments, townhomes, and single-family rental suites, for which rental contracts are typically twelve months. The commercial and execusuite segment is comprised of office, industrial, and retail properties primarily in areas where Northview has residential operations, and execusuite properties that offer apartment style accommodation. Commercial lease terms are generally five years and execusuite rental periods range from several days to several months.

The following tables outline Northview's results by segment:

	Multi-Residential	Commercial and Execusuite	Total
Three Months Ended June 30, 2022			
Revenue	**38,832**	**10,067**	**48,899**
Operating expenses	**16,230**	**4,041**	**20,271**
Net operating income	**22,602**	**6,026**	**28,628**
Three Months Ended June 30, 2021			
Revenue	37,753	9,928	47,681
Operating expenses	16,070	3,990	20,060
Net operating income	21,683	5,938	27,621
Six Months Ended June 30, 2022			
Revenue	**77,144**	**20,394**	**97,538**
Operating expenses	**35,447**	**8,832**	**44,279**
Net operating income	**41,697**	**11,562**	**53,259**
Six Months Ended June 30, 2021			
Revenue	75,161	20,368	95,529
Operating expenses	32,717	8,250	40,967
Net operating income	42,444	12,118	54,562

	Multi-Residential	Commercial and Execusuite	Total
As at June 30, 2022			
Total assets	**1,544,247**	**317,005**	**1,861,252**
Investment properties	**1,513,943**	**260,778**	**1,774,721**
Total liabilities, excluding net assets attributable to Unitholders	**1,150,201**	**222,790**	**1,372,991**
As at December 31, 2021			
Total assets	1,536,955	316,141	1,853,096
Investment properties	1,513,900	260,778	1,774,678
Total liabilities, excluding net assets attributable to Unitholders	1,125,094	232,652	1,357,746

12. SUBSEQUENT EVENTS

In July 2022, Northview executed amendments to its credit facility agreement, changing the inputs used in the calculation of the Mortgageability Amount and amending the limit for the debt service coverage ratio, a financial covenant, to 1.40 from 1.60.