Northview™

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

	Note	As at June 30, 2023	As at December 31, 2022
Assets			
Non-current assets			
Investment properties	3	**1,862,122**	1,862,078
Property, plant and equipment		**30,491**	32,043
Investment in joint ventures		**13,430**	13,153
Other long-term assets		**8,269**	2,513
		1,914,312	1,909,787
Current assets			
Accounts receivable		**6,194**	5,546
Prepaid expenses and other assets		**7,818**	7,163
Restricted cash		**5,782**	5,547
Cash and cash equivalents		**16,195**	26,486
		35,989	44,742
Total assets		**1,950,301**	1,954,529
Liabilities			
Non-current liabilities			
Mortgages payable	4	**682,751**	562,433
		682,751	562,433
Current liabilities			
Mortgages payable	4	**247,113**	288,397
Credit facility	5	**429,283**	503,502
Trade and other payables		**35,855**	30,402
Distributions payable	6	**1,871**	3,763
		714,122	826,064
Total liabilities, excluding net assets attributable to Unitholders		**1,396,873**	1,388,497
Net assets attributable to Unitholders		**552,276**	564,869
Total liabilities, net assets attributable to Unitholders		**1,949,149**	1,953,366
Equity			
Non-controlling interest		**1,152**	1,163
Total equity		**1,152**	1,163
Total liabilities, net assets attributable to Unitholders, and equity		**1,950,301**	1,954,529

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	**2023**	**2022**	**2023**	**2022**
Revenue	**9**	**51,578**	48,899	**103,205**	97,538
Operating expenses		**20,922**	20,271	**45,660**	44,279
Net operating income		**30,656**	28,628	**57,545**	53,259
Other expenses (income)					
Distributions to Unitholders	**6**	**9,395**	11,288	**20,683**	22,576
Financing costs	**10**	**16,033**	10,749	**32,465**	19,780
Administration		**1,905**	1,954	**3,923**	3,564
Asset management fees		**1,650**	1,650	**3,300**	3,292
Depreciation and amortization		**821**	856	**1,661**	1,711
Equity income from joint ventures		**(357)**	(325)	**(653)**	(580)
Fair value loss on investment properties	**3**	**4,309**	6,215	**8,687**	9,940
		33,756	32,387	**70,066**	60,283
Net and comprehensive loss		**(3,100)**	(3,759)	**(12,521)**	(7,024)
Net and comprehensive (loss) income attributable to:					
Unitholders		**(3,139)**	(3,808)	**(12,593)**	(7,118)
Non-controlling interest		**39**	49	**72**	94
Net and comprehensive loss		**(3,100)**	(3,759)	**(12,521)**	(7,024)

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, 2023					
	Note	**Class A**	**Class C**	**Class F**	**Total**
Balance, beginning of period		**112,952**	**406,314**	**45,603**	**564,869**
Conversions	**6**	**(14,245)**	**(1,160)**	**15,405**	**—**
Net and comprehensive loss attributable to Unitholders		**(2,419)**	**(9,051)**	**(1,123)**	**(12,593)**
Balance, end of period		**96,288**	**396,103**	**59,885**	**552,276**

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

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	**2023**	**2022**	**2023**	**2022**
Operating activities					
Net and comprehensive loss		**(3,100)**	(3,759)	**(12,521)**	(7,024)
Adjustments:					
Distributions to Unitholders	**6**	**9,395**	11,288	**20,683**	22,576
Depreciation and amortization		**821**	856	**1,661**	1,711
Equity income from joint ventures		**(357)**	(325)	**(653)**	(580)
Fair value loss on investment properties	**3**	**4,309**	6,215	**8,687**	9,940
Amortization of fair value adjustment and deferred financing costs and gain on debt extinguishment	**4, 10**	**(1,817)**	(1,804)	**(3,246)**	(3,715)
Changes in non-cash operating working capital		**1,622**	2,844	**(1,111)**	(986)
Cash flows provided by operating activities		**10,873**	15,315	**13,500**	21,922
Financing activities					
Proceeds from new mortgages	**4**	**72,129**	70,901	**216,728**	70,901
Mortgages repaid	**4**	**(38,887)**	(20,883)	**(109,995)**	(20,883)
Mortgage principal repayments	**4**	**(7,128)**	(7,699)	**(14,566)**	(15,423)
Payment of deferred financing costs	**4**	**(4,430)**	(2,497)	**(9,887)**	(2,654)
Repayments on credit facility, net	**5**	**(19,760)**	(25,288)	**(74,219)**	(13,288)
Distributions paid to Unitholders	**6**	**(11,288)**	(11,288)	**(22,576)**	(22,576)
Distributions to non-controlling interest		**(29)**	(33)	**(83)**	(65)
Changes in non-cash financing working capital		**(735)**	—	**(735)**	—
Cash flows (used in) provided by financing activities		**(10,128)**	3,213	**(15,333)**	(3,988)
Investing activities					
Capital expenditures on investment properties	**3**	**(4,330)**	(6,238)	**(8,731)**	(9,983)
Capital expenditures on property, plant and equipment		**(15)**	(67)	**(104)**	(117)
Distributions received from equity investees		**377**	525	**377**	525
Cash flows used in investing activities		**(3,968)**	(5,780)	**(8,458)**	(9,575)
Net (decrease) increase in cash and cash equivalents		**(3,223)**	12,748	**(10,291)**	8,359
Cash and cash equivalents, beginning of period		**19,418**	6,923	**26,486**	11,312
Cash and cash equivalents, end of period		**16,195**	19,671	**16,195**	19,671
Supplementary information for cash flows provided by operating activities					
Cash interest paid		**17,830**	12,729	**35,963**	24,077

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 in its current structure, 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").

On June 12, 2023, Northview announced a recapitalization transaction, including acquisitions of three portfolios for $742 million and its intention to transform into Northview Residential REIT (the "Recapitalization Event"). The purchase price is expected to be satisfied through a combination of the issuance of Units at an issue price of $15.06 per unit, exchangeable or redeemable units of certain subsidiaries of Northview at a value of $15.06 per unit, the assumption of in-place mortgage debt, and credit facility borrowings. The vendors of two portfolios include Starlight Group Property Holdings Inc. and its affiliates ("Starlight Group") and certain funds managed by KingSett Capital Inc., each of which is considered a related party. In connection with the Recapitalization Event, there are proposed amendments to the Declaration of Trust to align Northview with typical open-ended real estate investment trusts and to facilitate the aforementioned acquisitions. In addition, Northview expects amendments to the existing credit facility which include, among other matters, an extension of the maturity date and a revised threshold for the debt service coverage ratio. Northview also expects an additional credit facility. The amendments to the existing credit facility and establishment of the additional credit facility are expected to be completed upon close of the Recapitalization Event. In accordance with its terms, the management agreement dated November 2, 2020, by and among Starlight Investments CDN AM Group LP and Northview, will terminate upon completion of the Recapitalization Event.

Northview received a no-action letter from the Competition Bureau and on August 4, 2023, Unitholders approved the Recapitalization Event. The closing of the Recapitalization Event remains subject to customary closing conditions, including the receipt of certain third-party consents.

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 years ended December 31, 2022 and 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 years ended December 31, 2022 and 2021.

Northview has a history of generating positive cash flows provided by operating activities. However, it has also operated with a historic working capital deficiency (defined as total current assets less total current liabilities), primarily resulting from a significant portion of its mortgages maturing in any given year. Northview has managed this working capital deficiency through mortgage renewals, extensions or refinancing as a normal part of its business activities. As at June 30, 2023 the working capital deficiency was $678.1 million, including a liability of $429.3 million relating to its credit facility which had a maturity date of October 30, 2023.

As at and during the three months ended June 30, 2023, Northview was in compliance with all financial covenants on the credit facility with the exception of the debt service coverage ratio of 1.35, which was less than the limit of 1.40. Northview obtained a waiver of the debt service coverage ratio covenant effective June 30, 2023 and expects to amend the threshold for the debt service coverage ratio as part of the Recapitalization Event. If needed, Northview may take additional steps to continue to manage its liquidity, including any combination of further reducing capital expenditures, divesting non-core investment properties and assets, obtaining new debt, equity, or other forms of financing, or further reducing or suspending distributions. There can be no assurance that Northview will be successful in amending its credit facility, and the Recapitalization Event remains subject to customary closing conditions, including third-party consents.

(thousands of Canadian dollars, except as indicated)

Northview's ability to generate positive cash flows provided by operating activities, its access to levers to manage cash outflows, and its access to alternative sources of capital, if necessary, as described above, result in an expectation that Northview will be able to meet its obligations as they come due for the foreseeable future.

In connection with the Recapitalization Event, Northview expects amendments to the existing credit facility which include, among other matters, an extension of the maturity date and a revised threshold for the debt service coverage ratio. In addition to the amendments on its existing credit facility, Northview expects to obtain an additional credit facility. These amendments and the establishment of an additional credit facility are expected to be executed upon close of the Recapitalization Event. Refer to Note 1 for further discussion.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Trustees of Northview (the "Trustees") on August 9, 2023.

B. Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS as issued by the IASB requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgements 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. A summary of Northview's critical accounting estimates and judgements can be found in Note 2(O) of Northview's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

3. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties:

	As at June 30, 2023	As at December 31, 2022
Investment properties	**1,842,914**	1,842,870
Investment in land	**19,208**	19,208
Balance, end of period	**1,862,122**	1,862,078

The following table reconciles the change in investment properties:

	2023
Balance at January 1	**1,862,078**
Capital expenditures on investment properties	**8,731**
Fair value loss on investment properties	**(8,687)**
Balance at June 30	**1,862,122**

Northview uses the capitalization rate approach to value investment properties, whereby a projected stabilized net operating income ("NOI") is divided by the capitalization rate. As at June 30, 2023, capitalization rates ranging from 4.25% to 11.00% were applied to a projected stabilized NOI (December 31, 2022 – 4.25% to 11.00%). The weighted average capitalization rate used to fair value Northview's investment properties as at June 30, 2023 was 7.18% (December 31, 2022 – 7.18%).

(thousands of Canadian dollars, except as indicated)

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, 2023			As at December 31, 2022		
Region	**Minimum**	**Maximum**	**Weighted Average**	**Minimum**	**Maximum**	**Weighted Average**
Northern Canada	**6.21%**	**11.00%**	**8.48%**	6.21%	11.00%	8.48%
Western Canada	**4.25%**	**11.00%**	**6.86%**	4.25%	11.00%	6.86%
Atlantic Canada	**4.25%**	**8.00%**	**5.51%**	4.25%	8.00%	5.51%
Overall	**4.25%**	**11.00%**	**7.18%**	4.25%	11.00%	7.18%

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, 2023			As at December 31, 2022		
Region	**Weighted Average**	**Increase**	**Decrease**	**Weighted Average**	**Increase**	**Decrease**
Northern Canada	**8.48%**	**(21,369)**	**22,667**	8.48%	(21,615)	22,927
Western Canada	**6.86%**	**(22,412)**	**24,108**	6.86%	(22,661)	24,374
Atlantic Canada	**5.51%**	**(20,980)**	**22,976**	5.51%	(20,450)	22,395
Overall	**7.18%**	**(64,761)**	**69,751**	7.18%	(64,726)	69,696

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, 2023		As at December 31, 2022	
Region	**Increase**	**Decrease**	**Increase**	**Decrease**
Northern Canada	**18,666**	**(18,666)**	18,880	(18,880)
Western Canada	**15,924**	**(15,924)**	16,114	(16,114)
Atlantic Canada	**12,075**	**(12,075)**	11,770	(11,770)
Overall	**46,665**	**(46,665)**	46,764	(46,764)

4. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

	As at June 30, 2023	**As at December 31, 2022**
Mortgages payable	**935,923**	843,757
Unamortized fair value adjustment upon assumption	**10,477**	14,233
Deferred financing costs	**(16,536)**	(7,160)
Balance, end of period	**929,864**	850,830
Current	**247,113**	288,397
Non-current	**682,751**	562,433
Balance, end of period	**929,864**	850,830

As at June 30, 2023, Northview had in place mortgages that bore interest at rates ranging from 1.21% to 8.50% (December 31, 2022 – 1.21% to 8.45%) and had a weighted average interest rate of 3.65% (December 31, 2022 – 3.63%). The mortgages mature between 2023 and 2033 (December 31, 2022 – 2023 and 2030) and are secured by charges against specific properties. Land and buildings with a carrying value of $1.7 billion (December 31, 2022 – $1.6 billion) have been pledged to secure Northview's mortgages payable.

The fair value of mortgages payable as at June 30, 2023 was approximately $904.8 million (December 31, 2022 – $814.0 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.

(thousands of Canadian dollars, except as indicated)

As at June 30, 2023, 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
2024	23,685	219,863	243,548	26.0%	4.17%
2025	18,657	153,661	172,318	18.4%	3.00%
2026	11,280	62,810	74,090	7.9%	2.72%
2027	8,536	65,535	74,071	7.9%	2.91%
2028	6,111	223,925	230,036	24.6%	4.18%
Thereafter	14,003	127,857	141,860	15.2%	3.58%
Total	**82,272**	**853,651**	**935,923**	**100.0%**	**3.65%**

The following table reconciles the change in mortgages payable:

	2023
Balance at January 1	**850,830**
Proceeds from new mortgages	**216,728**
Mortgages repaid	**(109,995)**
Mortgage principal repayments	**(14,566)**
Payment of deferred financing costs	**(9,887)**
Amortization of deferred financing costs	**511**
Amortization of fair value adjustment	**(3,344)**
Gain on debt extinguishment	**(413)**
Balance at June 30	**929,864**

5. CREDIT FACILITY

As at June 30, 2023, Northview had in place a credit facility with a total credit limit of $431.8 million maturing on October 30, 2023 (December 31, 2022 – $529.9 million maturing on October 30, 2023). 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%.

The terms of the credit facility were as follows:

	As at June 30, 2023		As at December 31, 2022	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Tranche A-1 Facility	**238,154**	**238,154**	315,651	315,651
Tranche A-2 Facility	**66,629**	**66,629**	87,251	87,251
Tranche B Facility	**32,000**	**32,000**	32,000	22,600
Tranche B-2 Revolving Facility	**20,000**	**20,000**	20,000	20,000
Tranche B-3 Term Facility	**75,000**	**72,500**	75,000	58,000
Total	**431,783**	**429,283**	529,902	503,502

The Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities. 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 mortgage principal repayments.

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, 2023, Northview completed repayments of $98.1 million (six months ended June 30, 2022 – $48.3 million), which reduced the credit limit on the Tranche A-1 Facility and Tranche A-2 Facility.

As at June 30, 2023 and December 31, 2022, substantially all investment properties have been pledged as collateral security for the operating facility. As at June 30, 2023, Northview had $0.7 million in letters of credit outstanding

(December 31, 2022 – $0.8 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:

	2023
Balance at January 1	**503,502**
Borrowings on credit facility	**23,900**
Repayments on credit facility	**(98,119)**
Balance at June 30	**429,283**

Financial covenants

The credit facility is subject to the following financial covenants:

	Limit	As at June 30, 2023
Consolidated debt to aggregate assets	Not greater than 75%	**71.7%**
Debt service coverage ratio	Not less than 1.40(1)	**1.35**
Consolidated tangible net worth	Not less than $350 million	**$532.2 million**
Physical occupancy rate	Not less than 87%	**93.1%**

(1) Northview obtained a waiver for the debt service coverage ratio effective June 30, 2023.

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, 2023, Northview was in compliance with all financial covenants on the credit facility with the exception of the debt service coverage ratio of 1.35, which was less than the limit of 1.40. Northview obtained a waiver of the debt service coverage ratio covenant effective June 30, 2023.

Upon close of the Recapitalization Event announced on June 12, 2023, Northview expects to execute amendments to its credit facility. Refer to Note 1 for further discussion.

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 Units
Balance at January 1, 2023	**7,182**	**24,479**	**2,810**	**34,471**
Units issued on conversion	**(920)**	**(71)**	**965**	**(26)**
Balance at June 30, 2023	**6,262**	**24,408**	**3,775**	**34,445**

(thousands of Canadian dollars, except as indicated)

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	
	2023	**2022**	**2023**	**2022**
Class A	**1,735**	2,532	**3,981**	5,015
Class C	**6,745**	8,123	**14,865**	16,252
Class F	**915**	633	**1,837**	1,309
	9,395	11,288	**20,683**	22,576

In June 2023, Northview reduced its distribution to $0.625 from $1.26 per Class A Unit per annum (with proportionately equivalent changes to the distributions per Class C Unit and Class F Unit). Monthly distributions for each Class A Unit, Class C Unit, and Class F Unit were as follows:

	June 2023	January - May 2023	January - December 2022
Class A	**0.05208**	0.10476	0.10476
Class C	**0.05497**	0.11056	0.11056
Class F	**0.05373**	0.10807	0.10807

Subsequent to the end of the period and prior to the unaudited condensed consolidated interim financial statements being authorized for issue on August 9, 2023, Northview declared monthly distributions totaling $1.9 million.

7. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value measures

As at June 30, 2023, 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.

i. Investment properties

Northview determined the fair value of each investment property using the valuation methodology and key assumptions described in Note 2(C) of the audited consolidated financial statements for the years ended December 31, 2022 and 2021. Refer to Note 3 for a reconciliation of the fair value of investment properties for the six months ended June 30, 2023.

ii. Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted based on the yield of 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, 2023, the spread rates referenced maturities of up to ten years and ranged from 1.00% to 2.43% (December 31, 2022 – 0.75% to 2.39%), 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 that there will be adequate liquidity to maintain operating, capital, and investment activities.

(thousands of Canadian dollars, except as indicated)

As at June 30, 2023, Northview had a working capital deficiency of $678.1 million (December 31, 2022 – $781.3 million), which consists of the current portion of credit facility borrowings and mortgages payable. The current portion of credit facility borrowings consisted of all borrowings on the credit facility of $429.3 million (December 31, 2022 - $503.5 million), which matures on October 30, 2023 and is expected to be extended in connection with the Recapitalization Event discussed in Note 1. In addition, there is $247.1 million (December 31, 2022 – $288.4 million) related to the current portion of mortgages payable which is expected to be refinanced with new long-term mortgages.

Contractual maturity for non-derivative financial liabilities as at June 30, 2023 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)	**935,923**	1,017,650	271,625	286,531	331,205	128,289
Credit facility	**429,283**	429,283	429,283	—	—	—
Trade and other payables[1]	**35,855**	35,855	35,855	—	—	—
Distributions payable	**1,871**	1,871	1,871	—	—	—
Total	**1,402,932**	1,484,659	738,634	286,531	331,205	128,289

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

8. CAPITAL MANAGEMENT

Northview manages its capital through covenant compliance outlined in Note 5 and guidelines that are set out in the Declaration of Trust, including a maximum debt to gross book value ratio of 70.0%. Northview's capital consists of mortgages payable, borrowings on the credit facility, and Units.

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.

The Declaration of Trust provides for a maximum debt to gross book value ratio of 70.0%. As at June 30, 2023, Northview's ratio of debt to gross book value was 67.8% as calculated in the table below (December 31, 2022 – 66.4%), 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, 2023 was $89.0 million (December 31, 2022 – $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.

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

	Note	As at June 30, 2023	As at December 31, 2022
Credit facility	**5**	**429,283**	503,502
Mortgages payable	**4**	**935,923**	843,757
Less: Cash and cash equivalents		**(16,195)**	(26,486)
Total debt	**A**	**1,349,011**	1,320,773
Investment properties	**3**	**1,862,122**	1,862,078
Property, plant and equipment		**30,491**	32,043
Accumulated depreciation		**8,967**	7,312
Portfolio premium		**89,000**	89,000
Gross book value	**B**	**1,990,580**	1,990,433
Debt to gross book value	**A/B**	**67.8%**	66.4%

(thousands of Canadian dollars, except as indicated)

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Rental revenue	**35,786**	33,672	**67,309**	63,447
Revenue from contracts with customers				
Commercial common area maintenance services and execusuites	**3,863**	3,720	**8,328**	7,465
Residential service components	**11,579**	11,151	**26,876**	25,968
Other revenue	**350**	356	**692**	658
Revenue	**51,578**	48,899	**103,205**	97,538

10. FINANCING COSTS

The following table outlines financing costs:

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Mortgage interest	**8,321**	5,809	**16,151**	11,391
Amortization of deferred financing costs	**239**	54	**511**	74
Amortization of fair value adjustment	**(1,643)**	(1,858)	**(3,344)**	(3,789)
Gain on debt extinguishment	**(413)**	—	**(413)**	—
Interest on credit facility	**9,949**	7,094	**20,558**	12,842
Other income	**(420)**	(350)	**(998)**	(738)
Financing costs	**16,033**	10,749	**32,465**	19,780

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, 2023			
Revenue	**41,091**	**10,487**	**51,578**
Operating expenses	**16,816**	**4,106**	**20,922**
Net operating income	**24,275**	**6,381**	**30,656**
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

Six Months Ended June 30, 2023			
Revenue	**81,497**	**21,708**	**103,205**
Operating expenses	**36,488**	**9,172**	**45,660**
Net operating income	**45,009**	**12,536**	**57,545**
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

(thousands of Canadian dollars, except as indicated)

	Multi-Residential	Commercial and Execusuite	Total
As at June 30, 2023			
Total assets	**1,625,631**	**324,670**	**1,950,301**
Investment properties	**1,591,074**	**271,048**	**1,862,122**
Total liabilities, excluding net assets attributable to Unitholders	**1,192,132**	**204,741**	**1,396,873**
As at December 31, 2022			
Total assets	1,627,672	326,857	1,954,529
Investment properties	1,591,030	271,048	1,862,078
Total liabilities, excluding net assets attributable to Unitholders	1,166,719	221,778	1,388,497

12. SUBSEQUENT EVENTS

On August 4, 2023, Unitholders approved the Recapitalization Event, the closing of which remains subject to customary closing conditions, including the receipt of certain third-party consents. See Note 1 for further discussion of the Recapitalization Event.