Northview Canadian High Yield Residential Fund

Consolidated Financial Statements

As at December 31, 2020 and for the period from April 14, 2020 (date of formation)
to December 31, 2020

MANAGEMENT'S REPORT

To the Unitholders of Northview Canadian High Yield Residential Fund ("Northview"):

The accompanying consolidated financial statements of Northview were prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. The management of Northview is responsible for the integrity and objectivity of the information presented in the consolidated financial statements including the amounts based on estimates and judgments. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances. Financial information contained in Management's Discussion and Analysis is consistent with these consolidated financial statements.

To fulfill its responsibility, Northview maintains appropriate systems of internal control, policies, and procedures to ensure that its' reporting practices and accounting and administrative procedures are of high quality. Northview's internal controls are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is comprised of three independent trustees. The Audit Committee reviews the consolidated financial statements and recommends them for approval to the Board of Trustees. The consolidated financial statements have been further reviewed by the Board of Trustees of Northview prior to their approval.

KPMG LLP, the auditors appointed by Northview Unitholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the consolidated financial statements. Their report as auditors is set forth herein. The auditors have direct and full access to the Audit Committee to discuss their audit and related findings.

"Signed"	"Signed"
Todd R. Cook Chief Executive Officer	Leslie Veiner Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Northview Canadian High Yield Residential Fund

Opinion

We have audited the consolidated financial statements of Northview Canadian High Yield Residential Fund ("the Fund"), which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of net and comprehensive income for the period from April 14, 2020 (date of formation) to December 31, 2020;
- the consolidated statement of changes in net assets attributable to unitholders for the period from April 14, 2020 (date of formation) to December 31, 2020;
- the consolidated statement of cash flows for the period from April 14, 2020 (date of formation) to December 31, 2020;
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

Hereinafter referred to as the "financial statements".

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Fund as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the period from April 14, 2020 (date of formation) to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period from April 14, 2020 (date of formation) to December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

<u>Evaluation of the fair value of certain investment properties</u>

Description of the matter

We draw attention to Note 2(C), Note 2(Q)(a)(i) and Note 4 to the financial statements. Investment properties include properties held for rental income and capital appreciation, investment properties under development, and land held for development. The Fund has recorded investment properties held for rental income and capital appreciation at fair value for an amount of $1,769,935 thousand. Subsequent to initial recognition, investment properties are measured at fair value. The fair value is based on valuations by a combination of management estimates and independent appraisers. External appraisals are used by management to verify certain variables used in the internal calculation of the fair value. The internal calculation of fair value is determined using the capitalization rate approach, whereby the projected stabilized net operating income ("NOI") is divided by the capitalization rate.

Significant estimates in determining the fair value of investment properties include capitalization rates and projected stabilized NOI. A change to any one of these inputs could significantly alter the fair value of an investment property.

Why the matter is a key audit matter

We identified the evaluation of the fair value of certain investment properties as a key audit matter. These investment properties related to properties held for rental income and capital appreciation. This matter represented an area of significant risk of material misstatement given the magnitude of such investment properties and the high degree of management judgment in determining the fair value of such investment properties.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of investment properties, we compared projected stabilized NOI to the actual NOI. We took into account the changes in conditions and events affecting the investment properties to assess the adjustments, or lack of adjustments, made by the Fund in arriving at projected stabilized NOI.

For a selection of investment properties, we evaluated the capitalization rates by comparing them to published reports of real estate industry commentators or external appraisals obtained by the Fund.

Evaluation of the fair value of investment properties acquired and mortgages assumed in a business combination

Description of the matter

We draw attention to Note 2(C), Note 2(D), Note 2(Q)(a)(i), Note 3, Note 4 and Note 11(ii) to the financial statements. On November 2, 2020, the Fund obtained control of a portfolio of multi-residential and commercial real estate properties through a plan of arrangement with Northview Apartment Real Estate Investment Trust. The fair value of net assets acquired in this transaction was $480,712 thousand. The transaction met the definition of a business combination and was accounted for using the acquisition method. Under the acquisition method, the assets acquired and liabilities assumed are measured at their acquisition-date fair values. The fair value of investment properties acquired is based on valuations by a combination of management estimates and independent appraisers. External appraisals are used by management to verify certain variables used in the internal calculation of the fair value of investment properties. The internal calculation of fair value of investment properties is determined using the capitalization rate approach, whereby the projected stabilized NOI is divided by the capitalization rate. Significant estimates in determining the acquisition-date fair values of investment properties include capitalization rates and projected stabilized NOI. A change to any one of these inputs could significantly alter the fair value of an investment property. The fair value of mortgages payable is determined based on the notional value of mortgages payable and reflects a weighted-average market interest rate at date of acquisition.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties acquired and mortgages assumed in a business combination as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the business combination to the Fund and the high degree of management judgment in determining the fair value of investment properties acquired and mortgages payable assumed in the transaction.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of investment properties acquired, we compared projected stabilized NOI to the actual NOI. We took into account the changes in conditions and events affecting the investment properties to assess the adjustments, or lack of adjustments, made by the Fund in arriving at projected stabilized NOI.

For a selection of investment properties acquired, we evaluated the capitalization rates used in determining the fair values of investment properties acquired by comparing them to published reports of real estate industry commentators or external appraisals obtained by the Fund.

For a selection of the mortgages payable assumed, we evaluated the market interest rates used in determining fair values of mortgages payable by comparing them to certain published interest rates.

Other Information

Management is responsible for the other information. Other information comprises Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Ernest Trevor Hammond.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 16, 2021

NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(thousands of Canadian dollars)

	Note	December 31, 2020
Assets		
Non-current assets		
Investment properties	4	1,789,143
Property, plant and equipment	5	38,183
Investment in joint ventures	6	12,824
Other long-term assets		3,165
		1,843,315
Current assets		
Accounts receivable		5,804
Cash and cash equivalents		25,337
Prepaid expenses and other assets		4,142
		35,283
Total assets		1,878,598
Liabilities		
Non-current liabilities		
Mortgages payable	7	677,915
Credit facility	8	487,077
		1,164,992
Current liabilities		
Mortgages payable	7	169,930
Trade and other payables		24,136
Distributions payable	9	3,763
		197,829
Total liabilities, excluding net assets attributable to Unitholders		1,362,821
Net assets attributable to Unitholders		514,797
Total liabilities, net assets attributable to Unitholders		1,877,618
Equity		
Non-controlling interest		980
Total equity		980
Total liabilities, net assets attributable to Unitholders, and equity		1,878,598

See accompanying notes to these consolidated financial statements.

NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND
CONSOLIDATED STATEMENT OF NET AND COMPREHENSIVE INCOME
For the period from April 14, 2020 (date of formation) to December 31, 2020
(thousands of Canadian dollars)

	Note	2020
Revenue	13	31,059
Operating expenses		13,597
Net operating income		17,462
Other expense (income)		
Financing costs from operations	15	5,627
Distributions to Unitholders	9	7,525
Administration		2,668
Depreciation and amortization	5	566
Equity income from joint ventures	6	(134)
Fair value gain on investment properties	4	(2,798)
Gain on business combination	3	(104,528)
Transaction costs	3	18,872
		(72,202)
Net and comprehensive income		89,664
Net and comprehensive income attributable to:		
Unitholders		89,621
Non-controlling interest		43
Net and comprehensive income		89,664

See accompanying notes to these consolidated financial statements.

NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the period from April 14, 2020 (date of formation) to December 31, 2020
(thousands of Canadian dollars)

	Note	Class A	Class C	Class F	Total
Net assets attributable to Unitholders					
Balance, beginning of period		-	-	-	**-**
Units issued on initial public offering, net of issuance cost	**9**	**62,664**	**313,630**	**48,882**	**425,176**
Conversions	**9**	**6,133**	**(3,925)**	**(2,208)**	**-**
Net and comprehensive income attributable to Unitholders		**14,404**	**64,791**	**10,426**	**89,621**
Balance, end of period		**83,201**	**374,496**	**57,100**	**514,797**

See accompanying notes to the consolidated financial statements.

NORTHVIEW CANADIAN HIGH YIELD RESIDENTIAL FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from April 14, 2020 (date of formation) to December 31, 2020
(thousands of Canadian dollars)

	Note	2020
Operating activities		
Net and comprehensive income		**89,664**
Adjustments:		
Distributions to Unitholders	**9**	**7,525**
Depreciation and amortization	**5**	**566**
Equity income from joint ventures	**6**	**(134)**
Fair value gain on investment properties	**4**	**(2,798)**
Gain on business combination	**3**	**(104,528)**
Amortization of fair value adjustment and deferred financing costs on mortgages	**7**	**(1,498)**
Changes in non-cash working capital	**16**	**(601)**
Cash used in operating activities		**(11,804)**
Financing activities		
Repayment of mortgages	**7**	**(5,060)**
Prepaid mortgage fees	**7**	**(68)**
Distributions declared to Unitholders	**9**	**(7,525)**
Proceeds from the issuance of Units, net	**9**	**358,197**
Distributions to non-controlling interest		**(8)**
Changes in non-cash working capital	**16**	**3,763**
Cash provided by financing activities		**349,299**
Investing activities		
Business combination	**3**	**(309,205)**
Capital expenditures on investment properties	**4**	**(2,937)**
Capital expenditures on property, plant and equipment	**5**	**(16)**
Cash used in investing activities		**(312,158)**
Net increase in cash and cash equivalents		**25,337**
Cash and cash equivalents, beginning of period		**-**
Cash and cash equivalents, end of period		**25,337**
Supplementary information for cash flows		
Cash interest paid		**7,286**
Cash distributions paid to Unitholders		**3,762**

See accompanying notes to the consolidated financial statements.

1. DESCRIPTION OF THE REPORTING ENTITY

Northview Canadian High Yield Residential 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 September 29, 2020 (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 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario, M8X 2X3. The principal business office of Northview is located at 200, 6131 6 Street SE, Calgary, Alberta. Northview's Class A units ("Class A Units") trade on the Toronto Stock Exchange 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.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and approved by the Canadian Accounting Standards Board ("AcSB").

The consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars rounded to the nearest thousand except where indicated. The accounting policies set out below have been applied to the period presented in these consolidated financial statements. These consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for fair presentation of the period presented.

The consolidated financial statements do not include comparative information as Northview did not prepare financial statements prior to the date of formation.

These consolidated financial statements were authorized for issuance by the Board of Trustees of Northview (the "Trustees") on March 16, 2021.

B. Principles of consolidation

These consolidated financial statements include the accounts of Northview and subsidiaries (wholly and partially owned). Subsidiaries are entities controlled by Northview. The financial transactions of subsidiaries are included in the consolidated financial statements from the date control is obtained. The subsidiary financial statements are consolidated line by line, adding assets, liabilities, equity, revenue, and expenses of similar types. Transactions and balances between Northview and its subsidiaries have been eliminated. Where Northview does not own 100% of the subsidiary, non-controlling interest is classified as a component of equity. The accounting policies of subsidiaries are the same as those of Northview.

Northview accounts for joint ventures using the equity method as described in Note 2(J).

C. Investment properties

Investment properties include residential and commercial properties held to earn rental income, held for capital appreciation, and properties that are being constructed, developed, or redeveloped for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs, unless the acquisition is part of a business combination, in which case the investment properties are measured at acquisition-date fair value. Subsequent to initial recognition, investment properties are measured at fair value, in accordance with International Accounting Standard ("IAS") 40 – Investment Property.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use. The fair value of its investment properties is reviewed by management each reporting period and revisions to carrying values are made when market circumstances change the underlying variables used to fair value investment properties.

The fair value of investment properties is based on valuations by a combination of management estimates and independent appraisers, who hold recognized and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. External appraisals of investment property are performed throughout each year and are used to verify certain variables used in the internal calculation of investment property values. Management uses the external investment property appraisals to verify its assessment of regional vacancy, management overhead, and capitalization rate information, which is then applied to the stabilized annual net operating income to calculate the fair value of the remainder of Northview's investment properties within the region. The fair value is determined using the capitalization rate approach, whereby the projected stabilized net operating income ("NOI") is divided by the capitalization rate. Fair value gains and losses arising from changes in the fair value of investment properties are included in the consolidated statements of net and comprehensive income in the period in which they arise. There has been no change to the valuation technique during the period.

Investment properties are segregated into two categories: (i) residential (apartments, townhouses, duplexes, single family, and mixed use) and (ii) commercial (office, industrial, and retail).

Residential investment properties include prepaid land equity leases ranging in terms from 15 to 30 years, asset acquisition costs, furniture and fixtures, and capital expenditures.

Land held for development is measured initially at cost, including transaction costs and subsequently measured at fair value. Capital expenditures include value-enhancing capital expenditures ("value-enhancing capex") and maintenance capital expenditures ("maintenance capex"). Value-enhancing capex are expected to increase the NOI or value of the properties and are discretionary in nature. Maintenance capex focus on maintaining the existing condition and financial operating efficiency of the properties.

Transaction costs that are directly attributable to investment properties under development or redevelopment are capitalized. These costs include direct development costs, realty taxes, borrowing costs directly attributable to the development, and upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance.

If applicable, transfers between property, plant and equipment and investment properties are recognized at fair value on transfer.

D. Business combinations and asset acquisitions

Acquisitions of property are accounted for as a business combination using the acquisition method if the acquired assets constitute a business of which control is obtained. A business includes an integrated set of assets and activities that include, at minimum, an input and a substantive process that together significantly contribute to the ability to create output. However, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the acquisition may be accounted for as an asset acquisition rather than applying the acquisition method as elected by the transaction.

Under the acquisition method, the assets acquired, liabilities assumed, and consideration transferred are measured at their acquisition-date fair values. Components of non-controlling interests are measured at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. If applicable, the excess or deficiency of the fair value of net assets acquired versus consideration paid is recognized as a gain on the business combination or as goodwill on the consolidated statement of financial position, respectively. Acquisition-related costs incurred to effect a business combination are expensed in the period incurred, with the exception of the costs to issue debt or equity securities.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period", which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date.

If the assets acquired do not constitute a business, the acquisition is accounted for as an asset acquisition, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based at their relative fair values.

E. Borrowing costs

Borrowing costs associated with direct expenditures on investment properties under development are capitalized. Borrowing costs are also capitalized on the purchase cost of a site or property acquired specifically for redevelopment in the short-term but only where activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Borrowing costs are capitalized from the commencement of the development until the date of substantial completion, which is normally the receipt of an occupancy permit. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

F. Property, plant and equipment

Land and buildings used as administrative offices and warehouse properties, as well as the execusuites, are classified as property, plant, and equipment ("PP&E") in accordance with IAS 16 – Property, Plant and Equipment. PP&E is initially measured using the cost model. PP&E is measured and carried at cost less accumulated depreciation and any accumulated impairment losses. PP&E is recorded at cost and depreciated using the following annual rates and methods:

Buildings	50 years	straight-line basis
Parking lot	20 years	straight-line basis
Roof	15 years	straight-line basis
HVAC	15 years	straight-line basis
Capital expenditures ("CAPEX")	5 years	straight-line basis
Furniture, fixtures and equipment	5 years	straight-line basis
Automotive	5 years	straight-line basis
Computer	4 years	straight-line basis

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost initially recognized with respect to a building is further allocated amongst its significant component parts with each part being depreciated separately. Management's judgement is used to determine components constituting significant costs in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation and amortization. Significant components of a building include the parking lot, roof, HVAC, and CAPEX, which is defined as interior finishing including wallpaper, paint, flooring or carpeting, cabinets, and bathroom fixtures.

The cost of replacing a major component of a building is recognized in the carrying amount of the building if it is probable that the future economic benefits embodied within the component will flow to Northview and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of ongoing repairs and maintenance of the properties are recognized in profit or loss as incurred.

Depreciation methods are evaluated annually by management and any changes in these estimates are accounted for on a prospective basis.

If applicable, any excess or deficiency of proceeds from disposal and carrying amount are recognized as gains and losses, which are presented on a net basis in the consolidated statements of net and comprehensive income.

G. Impairment of non-financial assets

Northview's PP&E and intangible assets with definite useful lives are reviewed at each reporting date for any indicators of potential impairment. For impairment assessments, assets are aggregated into cash generating units ("CGUs"), which represent the lowest level for which there are identifiable cash inflows that are largely independent of cash inflows or other groups of assets. If any such indicators exist, then the CGU's recoverable amount is estimated at the higher of its fair value less costs of disposal or its value in use. Fair value estimates are based upon current prices for similar assets. In assessing value in use, assumptions include estimates of future operating cash flows, the time period over which they will occur, a discount rate and growth rates. If the carrying amount of a CGU exceeds its recoverable amount, and impairment loss is recognized to reduce the carrying value of the CGU to its recoverable amount.

If an impairment loss has been recognized in a prior period, an assessment is performed at each reporting date to determine if there are indicators that the circumstances that led to an impairment loss have been reversed. If such indicators exist and the recoverable amount exceeds the carrying value after the impairment loss, the impairment loss is reversed net of depreciation that would have otherwise been recognized.

H. Financial instruments

a. Non-derivative financial assets

i) Initial recognition

At initial recognition, Northview measures its accounts receivables arising from contracts with customers that do not have a significant financing component at the transaction price. Northview initially measures other financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of net and comprehensive income.

ii) Subsequent measurement

For subsequent measurement, Northview classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (OCI) or through profit or loss, and
- those to be measured at amortized cost.

iii) Impairment

Northview assesses the expected credit loss associated with its financial assets carried at amortized cost and fair value through OCI ("FVOCI") on a forward-looking basis. The impairment methodology generally applied depends on whether there has been a significant increase in credit risk since initial recognition.

Currently, Northview does not have material financial assets subject to this general impairment approach.

For accounts receivables and tenant receivables, Northview applies the expected lifetime losses to be recognized from initial recognition of the receivables. Individual receivables are written off after 180 days post tenant move-out date by directly reducing the carrying amount. Impairment losses are recognized in profit or loss. Subsequent recoveries of amounts previously written off are recorded as credits against losses recognized.

b. Non-derivative financial liabilities

i) Initial recognition

At initial recognition, Northview measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the issuance of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

ii) Subsequent recognition

For subsequent measurement, Northview classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortized cost.

Financial liabilities are classified as FVTPL if they are designated as such by management provided certain conditions are met. Financial liabilities designated as FVTPL are measured at fair value with changes in fair value recognized in profit or loss, except for changes due to the effect of credit risk. Such changes in fair value due to the effect of credit risk are recorded in OCI without subsequent amortization to profit or loss.

c. Measurement of financial assets and liabilities

	Measurement
Financial assets	
Non-current financial assets	
Other long-term assets	Amortized cost
Current financial assets	
Accounts receivable	Amortized cost
Cash and cash equivalents	Amortized cost
Financial liabilities	
Non-current financial liabilities	
Mortgages payable	Amortized cost
Credit facility	Amortized cost
Current financial liabilities	
Mortgages payable	Amortized cost
Trade and other payables	Amortized cost
Distributions payable	Amortized cost

d. Units

Units consist of Class A Units, Class C Units, and Class F Units (collectively, the "Units"). All Units are redeemable at the holder's option up to a maximum of $100,000 per calendar quarter (as described below) and are therefore considered to be puttable instruments. Puttable instruments meet the definition of a financial liability and are accounted for as such, except where certain conditions are met as described in IAS 32: *Financial Instruments: Presentation*, in which case the instruments are classified as equity instruments. The Fund's Units do not meet the exception criteria. As the Fund has no instruments that qualify for equity classification, these units are being presented as net assets attributable to Unitholders in the consolidated financial statements. The classification of all Units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders. As a result of the Units being classified as a financial liability in the consolidated statement of financial position, distributions to Unitholders is presented in the Consolidated Statement of Net and Comprehensive Income and classified as financing cash flows as a cost of obtaining financial resources. The components of net and comprehensive income are allocated between class of Unit. Operating income is allocated based on the weighted average number of Units outstanding during the reporting period, and distributions to Unitholders is allocated based on actual distributions paid to each class of unit.

Earnings per share presentation is not required for puttable instruments.

The Units are redeemable at the option of Unitholders, quarterly, provided that the total amount payable by Northview by cash payment in respect of the redemption of Units for the calendar quarter does not exceed $100,000 (unless such limit is waived by the Trustees in its sole discretion). Additional Units may be redeemed by an *in specie* distribution of property and/or unsecured subordinated notes of Northview, at its option. Such redemption right is not intended to be the primary mechanism for Unitholders to liquidate their investment. The redemption price payable per Unit in respect of each class of Units is:

- where the Units are listed on a stock exchange or similar market, equal to the lesser of (i) 95% of the average market price of the Units during the 10-trading day period after the redemption date; and (ii) 100% of the closing market price of the Units on the redemption date;
- where the Units are not listed on a stock exchange or similar market, but a class of Units are listed on a stock exchange or similar market, equal to the lesser of (i) 95% of the average market price of such listed class of Units during the 10-trading day period after the redemption date; and (ii) 100% of the closing market price of such listed class of Units on the redemption date on an as-converted basis; or
- where none of the Units are listed on a stock exchange or similar market, the fair market value of the Units, which will be determined by the Trustees in its sole discretion based on the applicable proportionate class interest of the Units being redeemed.

I. Income taxes

Northview is a mutual fund trust and a real estate investment trust as defined in the Income Tax Act (Canada). Under current tax legislation, a real estate investment trust is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. Northview is a real estate investment trust as it meets prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue (the "REIT Conditions"). Northview qualifies as a real estate investment trust and intends to make distributions not less than the amount necessary to ensure that Northview will not be liable to pay income taxes. However, should it no longer qualify, it would not be able to flow-through its taxable income to Northview Unitholders and Northview would, therefore, be subject to tax. “Unitholders” in these consolidated financial statements refers to Unitholders of Class A, Class C, and Class F.

J. Investment in joint ventures

Under IFRS 11 – *Joint Arrangements*, there are two types of joint arrangements: joint operations and joint ventures. The type of joint arrangement is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to their respective assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Northview's existing joint arrangements are joint ventures accounted for using the equity method. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for Northview's proportionate share of post-acquisition changes in the net assets of the joint ventures, or for post-acquisition changes in any excess of Northview's carrying amount over the net assets of the joint ventures, less any identified impairment loss. When Northview's share of losses of a joint venture equals or exceeds its interest in that joint venture, Northview discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that Northview has incurred legal or constructive obligations to fund the entity or made payments on behalf of that entity.

When a group entity transacts with a joint venture of Northview, profits and losses are eliminated to the extent of Northview's interest in the relevant joint venture. Balances outstanding between Northview and jointly controlled entities are not eliminated in the consolidated statement of financial position.

K. Right-of-use assets and lease liabilities

Northview recognizes right-of-use assets and lease liabilities as a lessee in accordance with IFRS 16 – *Leases*. A contract contains a lease if it conveys the right to control the use of a specified asset for a time period in exchange for consideration. At the lease commencement date, the lease liability is measured at the present value of the remaining lease payments at the interest rate implicit in the lease or, if that rate cannot be readily determined, the applicable incremental borrowing rate. A corresponding right-of-use asset is recognized at the lease commencement date, adjusted for initial direct costs and lease incentives received. Northview has elected not to recognize lease assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of certain modifications, changes in payments based on an index or rate, or due to changes in lease term.

Some of Northview's leased assets qualify as investment properties. To determine the fair value of leased investment properties, Northview applies fair value calculations to the right-of-use assets, including all future lease payments, and the carrying value of investment properties is adjusted by adding the right-of-use asset to the fair value otherwise determined.

L. Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that are readily convertible into a known amount of cash with an original maturity of three months or less. Restricted cash does not meet the definition of cash and cash equivalents and is disclosed separately in the consolidated statement of financial position, and typically relates to cash received for security deposits.

M. Revenue from contracts with customers

Rental revenue from income-producing property is recognized when a tenant commences occupancy of a property and rent is due. All risks and rewards related to the investment properties are retained and therefore leases with tenants are accounted for as operating leases. Rental revenue to be received from leases with rental rates varying over the term of the lease is recorded on a straight-line basis over the lease term. Accordingly, differences between the rental revenue recorded on a straight-line basis and the rent that is contractually due from the tenant is recorded as deferred rent receivable for accounting purposes.

Revenue from contracts with customers includes revenue from services delivered over time under enforceable customer contracts. For commercial customers, services include cleaning, provision of utilities, snow removal, landscaping, maintenance of common areas, garbage disposal, and other similar miscellaneous services (collectively referred to as "commercial common area maintenance services"). Commercial building insurance and property taxes are included in rental revenue. For residential customers, services include the provision of in-suite utilities, maintenance of common areas, garbage disposal, and other similar services ("residential service components"). Residential revenue is allocated to the service components using a cost-based approach. Revenue for commercial leases is allocated to the non-lease service component based on the consideration directly related to it in accordance with the lease agreement. Revenue from commercial common area maintenance services and residential service components are recognized over time as services are performed in the amounts that Northview has the right to invoice. To determine the amounts that Northview has a right to invoice during the year, estimates are made to ensure that the revenue recognized is highly probable of not being reversed in subsequent periods.

Execusuites revenue is recorded as rental revenue and is recognized evenly over each distinct execusuite stay.

Northview does not have contracts with customers where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year, other than rent and security deposits obtained for security purposes rather than financing. As a result, Northview does not adjust any transaction prices to reflect significant financing components.

Tenant inducements for commercial and residential tenants are allocated between rental revenue and commercial common area maintenance services and residential service component revenue on the basis of relative fair value and are recorded on a straight-line basis over the term of the lease.

N. Distributions to Unitholders

Unitholders at the close of business on each distribution record date (the last day of the month) are entitled to receive distributions from Northview as declared by the Trustees for such month. The distributions are accrued and will be paid on the distribution date (usually the 15th of the following month).

O. Finance cost and finance income

Interest earned from financial assets is recognized by applying the effective interest rate to the principal outstanding when it is probable that economic benefits will flow to Northview. Mortgage interest are recognized by applying the effective interest rate to the principal outstanding.

P. Fair value measurement

Northview measures investment properties at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The principal or the most advantageous market must be accessible by Northview.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
Northview uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the

fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Northview determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Q. Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments 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 judgments in applying accounting policies. Actual results may differ from these estimates.

a. Estimates

i) Fair value of investment properties

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview's investment properties include capitalization rates and projected stabilized 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 stabilized projected 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 December 31, 2020, 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 will depend on the duration of physical distancing requirements, the extent and effectiveness of government stimulus and regulations that impact Northview's operations and tenants, unemployment 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 judgment is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties impact net and comprehensive income.

ii) Depreciation and amortization

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

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

iii) Impairment

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

b. Judgments

i) Purchase of investment properties

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

3. BUSINESS COMBINATION

On November 2, 2020, Northview obtained control of a portfolio of assets through a plan of arrangement with Northview Apartment Real Estate Investment Trust ("Northview Apartment REIT"), which consisted of approximately 10,900 multi-residential suites, 1,100,000 square feet of commercial real estate, and approximately 340 execusuites. The portfolio is located primarily in secondary markets in British Columbia, Alberta, Saskatchewan, Québec, New Brunswick, Newfoundland and Labrador, the Northwest Territories and Nunavut, and consists of a significant number of leases with federal, provincial, and territorial governments, as well as credit-rated corporations. Following this acquisition, Northview commenced operations of this geographically diversified portfolio.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

The transaction met the definition of a business combination and was accounted for using the acquisition method. The fair values of the consideration transferred, assets acquired, and liabilities assumed as at the date of acquisition are detailed in the following table:

	Consideration
Consideration transferred to vendor	309,205
Units issued for acquisition	66,979
Total consideration	**376,184**

	Net assets acquired
Investment properties	1,771,708
Property, plant and equipment	50,433
Investment in joint ventures	12,689
Other long-term assets	3,256
Mortgages payable	(854,471)
Credit facility	(487,077)
Assumed working capital deficit, excluding current mortgages payable	(14,882)
Non-controlling interest	(944)
Net assets acquired	**480,712**
Gain on business combination	(104,528)
Total net assets acquired, net of gain on business combination	**376,184**

Acquisition-related costs of $18.9 million recorded within transaction costs were incurred and expensed in the period ended December 31, 2020.

The fair value of investment properties was determined using the same methodology described in Note 4 and Note 11(a)(i). The fair value of mortgages payable of $854.5 million was determined based on the notional value of mortgages payable of $822.7 million and reflected a weighted average market interest rate of 1.46% compared to a weighted average in-place mortgage rate of 2.90%. For further discussion of the fair value of mortgages payable, see Note 11(a)(ii).

The gain on business combination primarily resulted from the recognition of additional value when the acquisition closed compared to the estimated value when the arrangement agreement with Northview Apartment REIT was entered into and the acquisition price was determined. If the business combination had occurred on the date of formation of April 14, 2020, management estimates that consolidated revenue for the period would have been $133.7 million and consolidated statement of net and comprehensive income would have been $99.4 million. See Note 18 for further discussion of the transaction.

4. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties as at December 31, 2020:

	As at December 31, 2020
Investment properties	**1,769,935**
Investment properties under development	**5,257**
Land held for development	**13,951**
Balance, December 31	**1,789,143**

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

The following table reconciles the change in Northview's investment properties:

	2020
Balance, April 14 (date of formation)	**-**
Acquisitions of investment properties	**1,771,708**
Transfers from property, plant and equipment	**11,700**
Capital expenditures on investment properties	**2,937**
Fair value gain on investment properties	**2,798**
Balance, December 31	**1,789,143**

Northview uses the capitalization rate approach to value investment properties, whereby a projected stabilized NOI is divided by the capitalization rate. As at December 31, 2020, capitalization rates ranging from 4.75% to 12.00% were applied to a projected stabilized NOI. The weighted average capitalization rate used to fair value Northview's investment properties as at December 31, 2020 is 7.56%. The key assumptions of the fair value of investment properties as at December 31, 2020 were consistent with the fair value of investment properties measured upon acquisition on November 2, 2020 (see Note 3).

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 December 31, 2020		
Regions	**Minimum**	**Maximum**	**Weighted Average**
Western Canada	**4.75%**	**11.00%**	**7.00%**
Northern Canada	**6.61%**	**12.00%**	**8.91%**
Atlantic Canada	**5.25%**	**8.50%**	**6.25%**
Overall	**4.75%**	**12.00%**	**7.56%**

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

	As at December 31, 2020		
Regions	**Weighted Average**	**Increase**	**Decrease**
Western Canada	**7.00%**	**(22,968)**	**24,671**
Northern Canada	**8.91%**	**(19,299)**	**20,413**
Atlantic Canada	**6.25%**	**(16,151)**	**17,496**
Overall	**7.56%**	**(58,418)**	**62,580**

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 December 31, 2020	
Regions	**Increase**	**Decrease**
Western Canada	**16,641**	**(16,641)**
Northern Canada	**17,683**	**(17,683)**
Atlantic Canada	**10,503**	**(10,503)**
Overall	**44,827**	**(44,827)**

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

5. PROPERTY, PLANT AND EQUIPMENT

The following table reconciles the change in Northview's property, plant and equipment:

	Land	Buildings	Other	Total
Balance, April 14, 2020	-	-	-	**-**
Acquisitions	7,440	26,781	16,212	**50,433**
Additions	-	-	16	**16**
Transfers to investment property	(1,755)	(6,318)	(3,627)	**(11,700)**
Depreciation	-	(110)	(456)	**(566)**
Balance, December 31, 2020	5,685	20,353	12,145	**38,183**

	Land	Buildings	Other	Total
Cost	5,685	20,463	12,601	**38,749**
Accumulated depreciation	-	(110)	(456)	**(566)**
Carrying amount, December 31, 2020	5,685	20,353	12,145	**38,183**

6. INVESTMENT IN JOINT VENTURES

Northview has a 50% interest in Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS") and a 50% interest in Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP"), which are accounted for as joint ventures using the equity method. ICS is owned by Zheh Gwizuh Limited Partnership and Northview Canadian HY Properties LP ("NCHYPLP") for the purpose of investing in an income-producing execusuite property in the Northwest Territories. ICP is owned by Zheh Gwizu' Limited Partnership and NCHYPLP for the purposes of investing in a portfolio of commercial and mixed-use income-producing properties in the Northwest Territories. Northview acquired its interest in ICS and ICP through its acquisition in Northview Apartment REIT (refer to Note 3). There have been no changes in Northview's 50% ownership and voting interests in these joint ventures since the acquisition.

The following table summarizes the financial information of Northview's joint ventures as at December 31, 2020, adjusted to reflect fair value adjustments made at the time of acquisition:

	ICS	ICP	Total
Current assets	13,667	14,383	**28,050**
Non-current assets	2,204	2,397	**4,601**
Current liabilities	(2,024)	(2,247)	**(4,271)**
Non-current liabilities	(528)	(2,205)	**(2,733)**
Net assets	13,319	12,328	**25,647**
Carrying amount of interest in joint venture (50%)	**6,660**	**6,164**	**12,824**

The following summarizes the financial information of Northview's joint ventures for the period of Northview's ownership:

	ICS	ICP	Total
Revenue	302	537	**839**
Expenses	290	281	**571**
Net and comprehensive income	12	256	**268**
Northview's share of net and comprehensive income (50%)	**6**	**128**	**134**

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

7. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

	As at December 31, 2020
Mortgages payable	**817,645**
Fair value adjustment upon assumption	**30,248**
Deferred financing costs	**(48)**
Total	**847,845**

Current	**169,930**
Non-current	**677,915**
Total	**847,845**

As at December 31, 2020, Northview had in place mortgages that bore interest at rates ranging from 0.74% to 6.48% and had a weighted average rate of 2.87% as at December 31, 2020. The mortgages mature between 2021 and 2030 and are secured by charges against specific properties. Land and buildings with a carrying value of $1.6 billion have been pledged to secure Northview's mortgages payable. Fair value adjustments recognized as a result of a business combination and deferred financing costs are amortized over the mortgage term through the consolidated statement of net and comprehensive income.

The fair value of mortgages payable at December 31, 2020, was approximately $847.9 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.

The following table summarizes Northview's mortgages as at December 31, 2020.

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2021	27,767	133,612	161,379	19.7%	2.68%
2022	23,808	75,935	99,743	12.2%	2.87%
2023	20,759	100,142	120,901	14.8%	3.28%
2024	16,125	127,964	144,089	17.7%	2.83%
2025	9,443	150,315	159,758	19.5%	3.07%
Thereafter	9,380	122,395	131,775	16.1%	2.53%
Total	107,282	710,363	817,645	100.0%	2.87%

The following table reconciles the change in Northview's mortgages payable:

	2020
Balance, April 14 (date of formation)	**-**
Assumed on acquisition	**854,471**
Repayment of mortgages	**(5,060)**
Prepaid mortgage fees	**(68)**
Amortization of deferred financing costs	**20**
Amortization of fair value adjustment	**(1,518)**
Balance, December 31	**847,845**

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

8. CREDIT FACILITY

As at December 31, 2020, Northview had in place a credit facility with a total credit limit of $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%. As at December 31, 2020, the credit facility had the following terms:

	Credit Limit	Amount Drawn
Tranche A-1 Facility	381,596	**381,596**
Tranche A-2 Facility	105,481	**105,481**
Tranche B Facility	32,000	**-**
Tranche B-2 Revolving Facility	20,000	**-**
Total	539,077	**487,077**

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, at which point the facilities were fully drawn for a portion of the consideration paid on the business combination on November 2, 2020 (see Note 3). 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 Facility is a facility available for general corporate, trust, or operating purposes.

As at December 31, 2020, substantially all investment properties have been pledged as collateral security for the operating facility. Northview also has $0.3 million in Letters of Credit outstanding.

The following table reconciles the change in Northview's credit facility balance:

	2020
Balance, April 14 (date of formation)	**-**
Advances from credit facility	**487,077**
Balance, December 31	**487,077**

Financial covenants

As at December 31, 2020, the credit facility was subject to the following financial covenants:

	Limit
Consolidated debt to aggregate assets	**Not greater than 77.5%**
Annualized debt service coverage ratio	**Not less than 1.55**
Consolidated tangible net worth	**Not less than $250 million**
Physical occupancy rate	**Not less than 87%**

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 consolidated financial statements. These financial measures are defined under the credit 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.
- Annualized debt service coverage ratio: Calculated as the ratio of consolidated EBITDA to debt service on an annualized basis. Consolidated EBITDA includes consolidated net income before interest expense, income tax expense, amortization of income properties, depreciation and amortization, and certain other non-cash items. 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 period ended December 31, 2020, these financial covenants are calculated on an annualized basis and Northview was in compliance with all financial covenants. Refer to Note 12 for further discussion of Northview's objectives, policies, and processes for managing capital.

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

(Units in thousands)	Class A Units	Class C Units	Class F Units	Total Units	Total Amount
Balance, April 14, 2020 (date of formation) [(1)]	-	-	-	**-**	**-**
Units issued on initial public offering, net of issuance cost	5,309	25,090	4,001	**34,400**	**425,176**
Units issued on conversion	518	(314)	(181)	**23**	**-**
Balance, December 31, 2020	**5,827**	**24,776**	**3,820**	**34,423**	**425,176**

(1) On the date of formation, one Class C Unit was issued.

Northview is authorized to issue an unlimited number of Units of each class.

On November 2, 2020, Northview completed the initial public offering of 34.4 million Units at price of $12.50 per Unit, for gross proceeds of $430 million. The offering was completed in connection with the acquisition from Northview Apartment REIT (refer to Note 3).

Class A Units are listed on the Toronto Stock Exchange under the symbol "NHF.UN". Class C Units and Class F Units are not listed by Northview on any stock exchange, but each is convertible into Class A Units of Northview and the Class C Units are also convertible into Class F Units, subject in each case to compliance with the terms and conditions of Northview's Declaration of Trust. Additionally, Class A Units are convertible into Class F Units in accordance with the Declaration of Trust, subject to, at all times, continuing to satisfy the minimum listing requirements of the Toronto Stock Exchange. In the event that a conversion of Class A Units into Class F Units would cause Northview not to satisfy the minimum listing requirements of the TSX, such Class A Units will not be converted and further conversions of Class A Units into Class F Units will not be permitted until such time as the conversion would not cause the Fund to fail to satisfy the minimum listing requirements of the TSX.

The Unit conversion ratios in accordance with, and subject to compliance with, the terms and conditions of Northview's Declaration of Trust, are as follows:

- Class A Units to Class F Units: 1.00 to 0.969309463
- Class C Units to Class A Units: 1.00 to 1.055408971
- Class C Units to Class F Units: 1.00 to 1.023017903
- Class F Units to Class A Units: 1.00 to 1.031662269

An affiliate of the Starlight Group is entitled to a carried interest from a wholly owned subsidiary of Northview, which is generally determined as 20% of the amounts calculated in excess of Unitholders invested capital and an 8% cumulative annual return (the "Carried Interest"). As at December 31, 2020, there is substantial uncertainty whether the Carried Interest distribution will be paid. Accordingly, no amount has been accrued in relation to the Carried Interest.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

Distributions are determined at the sole discretion of the Trustees and are paid monthly. Distributions declared to Unitholders for the period from April 14, 2020 (date of formation) to December 31, 2020 were as follows:

	Monthly Distributions Per Unit	Total
Class A	0.1048	**1,181**
Class C	0.1106	**5,491**
Class F	0.1081	**853**
	0.1093	**7,525**

Subsequent to the end of the period and prior to the consolidated financial statements being authorized for issue on March 16, 2021, Northview declared monthly distributions totaling $7.5 million.

10. GUARANTEES, COMMITMENTS AND CONTINGENCIES

In the normal course of operations, Northview may provide indemnification commitments to counterparties in transactions such as leasing transactions, service arrangements, director and officer indemnification agreements, and sales of assets. These indemnification agreements may require Northview to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by counterparties as a consequence of the transaction. The terms of these indemnification agreements vary based on the contract and may not provide any limit on the maximum potential liability. To date, Northview has not made any payments under such indemnifications and no amount has been accrued in the financial statements with respect to these indemnification commitments.

In the normal course of operations, Northview is and may become subject to various legal and other claims. Management and its legal counsel evaluate these claims and, when required, accrue the best estimate of costs. Management believes the outcome of claims of this nature as at December 31, 2020, will not have a material impact on Northview.

In the normal course of operations, Northview provides guarantees for mortgages payable relating to investments in corporations and joint ventures in which Northview owns less than 100%. The mortgages payable are secured by specific charges against the properties owned by the corporations and joint ventures. In the event of a default of the corporation or joint venture, Northview may be liable for up to 100% of the outstanding balances of these mortgages payable.

As at December 31, 2020, Northview had provided guarantees on mortgages secured by investment properties totaling $5.8 million for its joint ventures, ICP and ICS. These mortgages bear interest at rates ranging from 3.01% to 5.50% and mature between 2022 and 2024. As at December 31, 2020, land and buildings with a carrying value of $25.4 million have been pledged to secure these mortgages payable. As these joint ventures are accounted for under the equity method, these mortgage balances have not been recorded in Northview's financial statements.

11. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measures

As at December 31, 2020, the only recurring fair value measure in these financial statements relates to Northview's investment properties. For the period presented, the fair value of the 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 fair values 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). Refer to Note 4 for a reconciliation of the fair value of investment properties for the period ended December 31, 2020.

(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. The spread rates used as at December 31, 2020 and on the acquisition date of November 2, 2020 ranged from 0.24% to 2.97%, depending on the nature and terms of the respective mortgages.

(iii) Other financial assets and financial liabilities

The fair value of Northview's other financial assets and liabilities approximate their recorded carrying values due to their short-term nature. These include accounts receivable, other long-term assets, and trade and other payables.

b) Risk management related to financial instruments

Northview is exposed to utility cost, credit, interest rate, and liquidity risks associated with its financial assets and liabilities. Northview followed the overall risk management policies as established by the Trustees of Northview during the period presented. Management performs ongoing assessments so that all significant risks related to financial instruments are reviewed and addressed in light of changes to market conditions and Northview's operating activities.

(i) Utility cost risk

Utility cost risk is the potential financial loss Northview may experience as a result of higher resource prices or lack of supply. Northview is exposed to utility cost risk from the fluctuation in retail prices for fuel oil, natural gas, and electricity, which are the primary utilities used to heat its properties. The exposure to utility cost risk is restricted primarily to the multi-residential rental and execusuites portfolios. For leases in the commercial property, Northview provides for recovery of operating costs from tenants, including utilities. Due to the northern locations of a portion of Northview's portfolio, the exposure to utility price fluctuations is more pronounced in the first and last fiscal quarters of the year. Northview manages its exposure to utility risk through a number of measures, including energy-efficient appliances, fixtures, and windows. Northview may also utilize fixed price hedges to manage exposure to utility cost risk.

Heating oil and wood pellets are the primary sources of fuel for heating properties located in Nunavut and Yellowknife, Northwest Territories.

Natural gas is the main source of fuel for heating properties located in Alberta; parts of British Columbia; New Brunswick, Saskatchewan; and Inuvik, Northwest Territories. Natural gas prices in Alberta and British Columbia are not subject to regulated price control. Northview may use fixed price hedges to manage the exposure to the utility cost risk in Alberta.

A 10% change in the combined average price of heating oil, wood pellets, and natural gas would impact Northview's net income by approximately $0.1 million for the period ended December 31, 2020 and approximately $0.8 million on an annualized basis.

Electricity is the primary source for heating properties located in Newfoundland and Labrador, as well as parts of British Columbia. In Newfoundland and Labrador and British Columbia, electricity is purchased from the provincially-regulated utilities and is paid for directly by the residents for a significant portion of Northview's multi-residential rental suites. As a result, there is no significant risk to Northview regarding the price of electricity in Newfoundland and Labrador and British Columbia.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Northview's credit risk primarily arises from the possibility that residents may not be able to fulfill their lease commitments. Given Northview's collection history and the nature of these tenants, credit risk is assessed as low.

Accounts receivable consists mainly of resident receivables across the geographic areas in which Northview operates. There are no significant exposures to single residents with the exception of the Governments of Canada and Nunavut, which lease a large number of residential suites and commercial space in the Northwest Territories and Nunavut.

Northview mitigates credit risk through conducting thorough credit checks on prospective residents, requiring rental payments on the first of the month, obtaining security deposits approximating one month's rent from residents where legislation permits, and geographic diversification of its portfolio. Northview records an estimate of expected lifetime credit losses for receivables from past and current tenants as an allowance.

(iii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Northview may not be able to renew mortgage loans or its credit facility with interest rates at the same rate as those currently in place. Northview utilizes both fixed and floating rate debt. Management mitigates interest rate risk by utilizing fixed rate mortgages, ensuring access to a number of sources of funding, and staggering debt maturities. As at December 31, 2020, all of Northview's mortgages were subject to fixed interest rates.

(iv) 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 December 31, 2020, Northview had a working capital deficiency of $162.5 million, of which $169.9 million was related to the current portion of mortgages payable and expected to be refinanced with long-term mortgages.

Contractual maturity for non-derivative financial liabilities as at December 31, 2020:

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 3 years	4 – 5 years	Over 5 years
Mortgages payable (principal and interest)	**847,845**	880,035	182,864	253,550	320,508	123,113
Credit facility	**487,077**	487,077	-	487,077	-	-
Trade and other payables [(1)]	**24,136**	24,136	24,136	-	-	-
Total	**1,359,058**	**1,391,248**	**207,000**	**740,627**	**320,508**	**123,113**

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

Management believes that future cash flows from operating activities and mortgage refinancing will provide sufficient funds to support these financial liabilities.

(v) COVID-19 pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since then, the spread of COVID-19 has had a substantial impact on the Canadian and global economy. In response to the COVID-19 pandemic in Canada, many provincial and territorial governments have limited the ability of landlords to evict tenants for non-payment of rent and restricted the ability of landlords to increase rent. Social distancing actions to reduce the spread of the COVID-19 pandemic, including closing or limiting the capacity of restaurants and bars, limits on the number of people at public gatherings, and general stay-at-home guidelines, have contributed to significantly increased unemployment rates. Although some of these restrictions are starting to be reduced, the disruption to the Canadian economy may continue for some time.

The COVID-19 financial impact included a reduction of revenue from execusuite properties, an increase in COVID-19 related expenses, and higher estimated bad debt expense in the multi-residential business segment than expected under normal operating conditions. COVID-19 related expenses include incremental cleaning costs and the purchase of personal protective equipment to contain the spread of COVID-19 and to manage the safety of residents, execusuite guests, and employees. In addition, Northview implemented a rent deferral program for residential tenants who have faced financial hardships due to the COVID-19 pandemic. Approximately 1.2% of residential tenants currently have a rent deferral arrangement and these tenants are fulfilling their obligations under the payment arrangement. Northview collected 99.1% of multi-residential and commercial rent in the fourth quarter of 2020.

The future operational and financial impact of the COVID-19 pandemic is difficult to determine, and it is not possible to predict the duration and severity of the economic disruption, government restrictions and stimulus, social distancing and phased re-opening of economies. Although provinces and territories have started re-opening their economies with reduction or elimination of previous restrictions, many businesses have not returned to pre-COVID-19 levels of activity. It is also unclear if restrictions will need to be reapplied in some jurisdictions if the rate of COVID-19 increases following the reduction or elimination of previous restrictions. Unemployment rates remain higher than pre-COVID-19 levels. In future periods, the COVID-19 pandemic could result in lower demand for Northview’s properties and a higher credit risk for collection of rent. Increased government regulations may restrict Northview’s ability to enforce provisions under its leases, including the collection of rent, eviction of tenants for payment related matters, and Northview’s ability to apply market-based increases to rent.

One of Northview’s top priorities continues to be supporting the safety and well-being of tenants, execusuite guests, employees, and other stakeholders by managing and controlling the spread of COVID-19. While physical distancing restrictions have impacted certain non-essential maintenance activities, Northview has been able to maintain a level of essential service for its buildings, tenants, and execusuite guests.

12. CAPITAL MANAGEMENT

Northview’s objectives when managing its capital are to safeguard its assets while maximizing the growth of its business, returns to Unitholders, and 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%.

Management monitors Northview’s capital structure on an ongoing basis to determine the appropriate level of mortgages payable to be placed on specific properties at the time of acquisition or when existing debt matures. 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 is used to fund capital expenditures until specific mortgage debt is placed.

As at December 31, 2020, Northview’s ratio of debt to gross book value was 66.7%, which is in compliance with the Declaration of Trust. The definition of gross book value in the Declaration of Trust permits the amount to include a portfolio premium of $89.0 million that was determined based on an appraisal of the portfolio obtained for the plan of arrangement (see Note 3). Northview monitors capital on the basis of debt to gross book value to assess its leverage.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

Northview's interest coverage and debt service coverage ratios were 2.60 and 1.39, respectively, for the period November 2, 2020 to December 31, 2020. 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 of 1.39 is calculated for the period from November 2, 2020 to December 31, 2020 and reflects the seasonality of the business with higher utility costs. Therefore, this ratio is not an annualized figure, and is not comparable to the annualized debt service coverage ratio minimum of 1.55 required under the credit facility agreement.

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

	Note		Period Ended December 31, 2020
Credit facility	8		487,077
Mortgages payable	7		817,645
Less: Cash and cash equivalents			(25,337)
Total debt		A	1,279,385
Investment properties	4		1,789,143
Property, plant and equipment	5		38,183
Accumulated depreciation	5		566
Portfolio premium			89,000
Gross book value		B	1,916,892
Debt to gross book value		A/B	66.7%

The following table calculates Northview's interest coverage and debt service coverage ratios:

	Note		Period Ended December 31, 2020
Net and comprehensive income			89,664
Depreciation and amortization	5		566
Mortgage interest	15		3,907
Amortization of deferred financing costs and fair value of debt	15		(1,498)
Interest expense on the credit facility	15		3,404
Distributions to Unitholders	9		7,525
Fair value gain on investment properties	4		(2,798)
Gain on business combination	3		(104,528)
Transaction costs	3		18,872
EBITDA		A	15,114
Mortgage interest	15		3,907
Amortization of deferred financing costs and fair value of debt	15		(1,498)
Interest expense on the credit facility	15		3,404
Interest expense		B	5,813
Principal payments on mortgages (1)	7		5,060
Debt service		C	10,873
Interest coverage ratio		A/B	2.60
Debt service coverage ratio		A/C	1.39

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

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers and revenue from other sources for the period from April 14, 2020 (date of formation) to December 31, 2020 is outlined in the following table:

	Period Ended December 31, 2020
Rental revenue	**23,438**
Revenue from contracts with customers	
Commercial common area maintenance services and execusuites	**17**
Residential service components	**7,390**
Other revenue	**214**
Total revenue	**31,059**

14. PERSONNEL COSTS

	Period Ended December 31, 2020
Salaries, wages, and other benefits	**3,600**
Personnel costs capitalized to investment properties	**(373)**
Total	**3,227**

15. FINANCING COSTS FROM OPERATIONS

Total financing costs was comprised of the following:

	Period Ended December 31, 2020
Mortgage interest	**3,907**
Amortization of deferred financing costs	**20**
Amortization of fair value of debt	**(1,518)**
Interest on credit facility	**3,404**
Interest and other income	**(186)**
Total financing costs	**5,627**

16. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital was comprised of the following:

	Period Ended December 31, 2020
Accounts receivable	**1,421**
Prepaid expenses and other assets	**1,217**
Other long-term assets	**90**
Trade and other payables	**(3,329)**
Changes in non-cash operating working capital	**(601)**

For the period ended December 31, 2020, the changes in non-cash working capital from financing activities of $3.8 million related to distributions declared in December 2020 and paid in January 2021.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

17. OPERATING LEASES

As lessor, Northview leases commercial investment property held under operating leases. Commercial property operating leases have lease terms of between 1 to 10 years, with an option to extend for a further period. All commercial operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The following table details future minimum lease payments receivable on commercial investment properties:

	As at December 31, 2020
Less than 1 year	**19,422**
1 – 3 years	**26,908**
4 - 5 years	**10,343**
More than 5 years	**1,857**
	58,530

18. RELATED PARTIES

Related party transactions are conducted in the normal course of operations.

a) Entities with significant influence

Entities with significant influence over Northview include Starlight Group Property Holdings Inc. and its affiliates (“Starlight Group”) and KingSett Capital Inc. and its affiliates (“KingSett”). Starlight Group and KingSett are each controlled by a Trustee and had significant influence over Northview. Additionally, an affiliate of Starlight Group, Starlight Investments CDN AM Group LP, provides management services to Northview. Transactions and commitments with these entities consist of:

- On November 2, 2020, Northview entered into a Management Agreement with Starlight Group, whereby Starlight Group provides management services to Northview, including the services of the Chief Executive Officer and Chief Financial Officer, in exchange for a management fee equal to 0.35% of gross asset value per annum, calculated and payable on a monthly basis included as “expenses” in the table below.
- On November 2, 2020, Northview entered into a Property Management Agreement with an entity owned by Starlight Group and KingSett, whereby Northview provides property management services for certain properties located in Montréal and owned by the aforementioned entity, in exchange for an annual management fee equal to 3.50% of revenue less bad debt earned included as “other income” in the table below.
- Under the initial public offering and in connection with the plan of arrangement, Class C Units were issued to Starlight Group and KingSett (refer to Note 3). An affiliate of Starlight Group acquired ownership and control over an aggregate of 9,623,806 Class C Units and KingSett acquired an aggregate of 6,415,870 Class C Units.
- Northview holds commitments to provide for carried interest to Starlight Group if certain minimum return thresholds are met, as described in the final long form prospectus dated September 29, 2020. See Note 9 for further discussion.
- Northview has entered into an investor rights agreement with, among others, KingSett, pursuant to which KingSett has the right to nominate one individual to the Board of Trustees so long as KingSett maintains a 5% or more interest in Northview’s issued Units.

b) Key management personnel

The compensation of key management personnel consists of short-term employee benefits and is included within “Operating expenses” and “Administration” within the consolidated statement of net and comprehensive income depending on the function of the individual. Key management personnel excludes the Chief Executive Officer and Chief Financial Officer as these services are provided by Starlight Group as discussed above. Compensation is reviewed annually by the independent Governance and Nominating Committee against a selected industry peer group to align the interests of key management personnel and Unitholders.

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

c) Joint ventures

ICP and ICS are joint ventures in which has Northview has a 50% interest (refer to Note 6). For the period ended December 31, 2020, Northview provided management services to each of ICP and ICS.

d) Financial information

The following table outlines transactions with related parties during the period ended December 31, 2020:

	Entities with Significant Influence	Key Management Personnel	Joint Ventures	Total
Revenue	-	-	52	**52**
Other income	121	-	-	**121**
Expenses	1,082	254	10	**1,346**

The following table outlines outstanding balances as at December 31, 2020:

	Entities with Significant Influence	Joint Ventures	Total
Accounts receivable	1,917	26	**1,943**
Accounts payable	556	93	**649**

No provision for doubtful debts has been recognized related to the outstanding balances as credit risk is considered low given the nature of the parties.

19. SEGMENTED INFORMATION

Management reviews operations by market segment. Northview's multi-residential segment is comprised of apartments, town homes, and single-family rental suites, for which the rental period ranges from six to twelve months. The commercial and execusuites 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 table outlines Northview's results by segment:

	Multi-residential	Commercial & Execusuites	Total
Period ended December 31, 2020			
Revenue	**24,793**	**6,266**	**31,059**
Operating expense	**11,089**	**2,508**	**13,597**
Net operating income	**13,704**	**3,758**	**17,462**
As at December 31, 2020			
Total assets	**1,566,091**	**312,507**	**1.878,598**
Investment properties	**1,534,450**	**254,693**	**1,789,143**
Total liabilities	**1,133,094**	**229,727**	**1,362,821**

(Tabular amounts expressed in thousands of Canadian dollars except where indicated)

The following table reconciles net operating income to net and comprehensive income:

	Period Ended December 31, 2020
Net operating income	**17,462**
Financing costs from operations	**(5,627)**
Distributions to Unitholders	**(7,525)**
Administration	**(2,668)**
Depreciation and amortization	**(566)**
Equity income from joint ventures	**134**
Fair value gain on investment properties	**2,798**
Gain on business combination	**104,528**
Transaction costs	**(18,872)**
Net and comprehensive income	**89,664**