



Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

	Note	As at June 30, 2024	As at December 31, 2023
Assets			
Non-current assets			
Investment properties	3	2,630,869	2,661,118
Property, plant and equipment		27,221	29,077
Investment in joint ventures		14,031	14,174
Other long-term assets		2,612	2,521
		2,674,733	2,706,890
Current assets			
Assets held for sale	15	29,289	—
Accounts receivable		11,159	8,107
Prepaid expenses and other assets		3,886	4,366
Restricted cash		8,378	7,693
Cash and cash equivalents		22,081	21,394
		74,793	41,560
Total assets		2,749,526	2,748,450
Liabilities			
Non-current liabilities			
Mortgages payable	4	1,163,545	1,136,763
Redeemable Units	8	—	47,967
		1,163,545	1,184,730
Current liabilities			
Mortgages payable	4	213,380	241,631
Credit facilities	5	334,360	348,576
Exchangeable Units	7	59,453	46,033
Redeemable Units	8	102,551	50,017
Trade and other payables		45,787	44,125
Distributions payable	9	3,286	3,286
Liabilities related to assets held for sale	15	18,311	—
		777,128	733,668
Total liabilities		1,940,673	1,918,398
Equity			
Unitholders' equity	6, 8	807,631	828,891
Non-controlling interest		1,222	1,161
Total equity		808,853	830,052
Total liabilities and equity		2,749,526	2,748,450

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

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

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2024	2023	2024	2023
Revenue	13	68,782	51,578	137,627	103,205
Operating expenses		27,148	20,922	58,226	45,660
Net operating income		41,634	30,656	79,401	57,545
Other expenses (income)					
Financing costs	14	22,433	16,077	44,980	32,606
Administration		2,958	1,905	5,456	3,923
Distributions	9	929	9,395	1,858	20,683
Fair value loss on investment properties	3	5,643	4,309	13,385	8,687
Fair value loss on Exchangeable Units	7	11,890	—	13,420	—
Fair value loss on Restricted Units	10	44	—	44	—
Accretion on Redeemable Units	8	2,309	—	4,567	—
Depreciation and amortization		773	821	1,547	1,661
Equity income from joint ventures		(214)	(357)	(457)	(653)
Insurance proceeds		(1,974)	(44)	(2,083)	(141)
Asset management fees		—	1,650	—	3,300
		44,791	33,756	82,717	70,066
Net and comprehensive loss		(3,157)	(3,100)	(3,316)	(12,521)
Net and comprehensive (loss) income attributable to:					
Unitholders		(3,198)	(3,139)	(3,399)	(12,593)
Non-controlling interest		41	39	83	72
Net and comprehensive loss		(3,157)	(3,100)	(3,316)	(12,521)

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

NORTHVIEW RESIDENTIAL REIT
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY
(thousands of Canadian dollars)

Six Months Ended June 30, 2024

	Note	Trust Units	Redeemable Units	Retained earnings	Non-controlling interest	Total equity
Balance, beginning of period		527,950	12,864	288,077	1,161	830,052
Net and comprehensive loss		—	—	(3,399)	83	(3,316)
Distributions declared	9	—	—	(17,861)	(22)	(17,883)
Balance, end of period		527,950	12,864	266,817	1,222	808,853

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

NORTHVIEW RESIDENTIAL REIT
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS

(thousands of Canadian dollars)

Six Months Ended June 30, 2023				
	Class A	Class C	Class F	Total
Balance, beginning of period	112,952	406,314	45,603	564,869
Conversions	(14,245)	(1,160)	15,405	—
Net and comprehensive loss attributable to Unitholders	(2,419)	(9,051)	(1,123)	(12,593)
Balance, end of period	96,288	396,103	59,885	552,276

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

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

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2024	2023	2024	2023
Operating activities					
Net and comprehensive loss		(3,157)	(3,100)	(3,316)	(12,521)
Adjustments:					
Distributions	9	929	9,395	1,858	20,683
Depreciation and amortization		773	821	1,547	1,661
Equity income from joint ventures		(214)	(357)	(457)	(653)
Fair value loss on investment properties	3	5,643	4,309	13,385	8,687
Fair value loss on Exchangeable Units	7	11,890	—	13,420	—
Fair value loss on Restricted Units	10	44	—	44	—
Accretion on Redeemable Units	8	2,309	—	4,567	—
Amortization of fair value adjustment and deferred financing costs, loss (gain) on debt extinguishment	14	1,791	(1,508)	3,409	(2,624)
Changes in non-cash operating working capital		3,356	1,313	(1,621)	(1,733)
Cash flows provided by operating activities		23,364	10,873	32,836	13,500
Financing activities					
Proceeds from new mortgages	4	55,551	72,129	127,432	216,728
Mortgages repaid	4	(47,155)	(38,887)	(94,996)	(109,995)
Mortgage principal repayments	4	(8,540)	(7,128)	(17,201)	(14,566)
Payment of deferred financing costs	4	(3,399)	(4,430)	(6,640)	(9,887)
Borrowings (repayments) on credit facility, net	5	6,097	(19,760)	(9,378)	(74,219)
Distributions paid to Unitholders	9	(9,861)	(11,288)	(19,719)	(22,576)
Distributions to non-controlling interest		—	(29)	(22)	(83)
Changes in non-cash financing working capital		(118)	(735)	(118)	(735)
Cash flows used in financing activities		(7,425)	(10,128)	(20,642)	(15,333)
Investing activities					
Capital expenditures on investment properties	3	(7,157)	(4,330)	(12,625)	(8,731)
Proceeds from sale of assets	3	605	—	605	—
Capital expenditures on property, plant and equipment		(44)	(15)	(87)	(104)
Distributions received from equity investees		600	377	600	377
Cash flows used in investing activities		(5,996)	(3,968)	(11,507)	(8,458)
Net increase (decrease) in cash and cash equivalents		9,943	(3,223)	687	(10,291)
Cash and cash equivalents, beginning of period		12,138	19,418	21,394	26,486
Cash and cash equivalents, end of period		22,081	16,195	22,081	16,195
Supplementary information for cash flows provided by operating activities					
Cash interest paid		19,251	17,830	40,567	35,963

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

1. DESCRIPTION OF THE REPORTING ENTITY

Northview Residential REIT (“Northview” or the “REIT”) is a real estate investment trust established pursuant to an initial declaration of trust dated April 14, 2020 and amended and restated on August 21, 2023 (the “Declaration of Trust”). Northview’s primary purpose is to acquire, own, and operate a portfolio of income-producing rental properties in secondary markets within Canada.

Northview was established under the laws of the province of Ontario. The head and registered office of Northview is located at Suite 200, 6131 6 Street SE, Calgary, Alberta, T2H 1L9. Northview’s Class A Units (“Class A Units”) trade on the Toronto Stock Exchange (“TSX”) under the symbol “NRR.UN”.

On August 21, 2023, Northview completed its recapitalization transaction, which included the acquisitions of three high-quality portfolios consisting of 3,301 multi-residential suites and a transformation into Northview Residential REIT, an open-ended real estate investment trust (the “Recapitalization Event”).

Previously, Northview presented the operations of properties located in Québec within Atlantic Canada. Upon completion of the Recapitalization Event, the operations of properties located in Québec are presented within Central Canada. Comparative periods have been adjusted to reflect this change.

2. MATERIAL ACCOUNTING POLICIES

A. Basis of presentation and statement of compliance

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with Northview’s audited consolidated financial statements for the years ended December 31, 2023 and 2022. These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as Northview’s audited consolidated financial statements for the years ended December 31, 2023 and 2022, except as described below.

In the comparative periods, the REIT previously classified insurance proceeds as part of Financing costs as they were inconsequential. As a result of an increase in insurance proceeds recognized during 2024, Northview has presented these amounts separately and reclassified the comparative period figures to conform with the current period presentation.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Trustees of Northview (the “Trustees”) on August 8, 2024.

B. Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgements are evaluated each reporting period and 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. A summary of Northview’s critical accounting estimates and judgements can be found in Note 2(S) of Northview’s audited consolidated financial statements for the years ended December 31, 2023 and 2022.

C. Adoption of New Accounting Standard

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current* (Amendment to IAS 1, *Presentation of Financial Statements*). Under the amendment, the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. In October 2022, another amendment to IAS 1 was issued for non-current liabilities with covenants. Only covenants with which an entity is

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required to comply on or before the reporting date impact the classification of a liability as current or non-current. Additional disclosures are required to enable users of financial statements to understand the risk of non-current liabilities with covenants becoming repayable within 12 months. Northview has liabilities subject to covenants and adopted both amendments to IAS 1 retrospectively on January 1, 2024. There was no material impact as a result of adopting these amendments.

D. Assets Held for Sale

A non-current asset is classified as an asset held for sale when a sale is considered to be highly probable. This is at the point in time when management has committed to a plan to sell the asset; there is an active program to locate a buyer; the non-current asset is being actively marketed at a reasonable price in relation to the current fair value of the asset; the sale is highly probable and is expected to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan. Non-current assets classified as held for sale and the associated liabilities are separately classified from other assets and other liabilities in the consolidated statement of financial position.

Estimates in determining the fair value of investment properties as found in Note 2(S) of Northview's audited consolidated financial statements for the years ended December 31, 2023 and 2022, is applicable to investment properties classified as assets held for sale.

All applicable disclosures within these financial statements include assets held for sale and the associated liabilities unless otherwise specified.

3. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties:

	As at June 30, 2024	As at December 31, 2023
Investment properties	2,611,661	2,641,910
Investment in land	19,208	19,208
Balance, end of period	2,630,869	2,661,118

The following table reconciles the change in investment properties:

	2024
Balance at January 1	2,661,118
Capital expenditures on investment properties	12,625
Fair value loss on investment properties	(13,385)
Transfers to assets held for sale	(28,889)
Disposition	(600)
Balance at June 30	2,630,869

During the second quarter of 2024, Northview completed the sale of a property with two suites located in Iqaluit, NU for proceeds of \$0.6 million.

Northview uses the capitalization rate approach to value investment properties, whereby a projected stabilized NOI is divided by the capitalization rate. As at June 30, 2024, capitalization rates ranging from 4.15% to 11.00% were applied to a projected stabilized NOI (December 31, 2023 – 4.15% to 11.00%). The weighted average capitalization rate used to fair value Northview's investment properties as at June 30, 2024 was 6.41% (December 31, 2023 – 6.41%).

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

Region	As at June 30, 2024			As at December 31, 2023		
	Minimum	Maximum	Weighted Average	Minimum	Maximum	Weighted Average
Northern Canada	6.21%	11.00%	8.50%	6.21%	11.00%	8.50%
Western Canada	4.25%	11.00%	6.19%	4.25%	11.00%	6.19%
Atlantic Canada	4.25%	8.00%	5.38%	4.25%	8.00%	5.38%
Central Canada	4.15%	7.05%	4.49%	4.15%	7.05%	4.49%
Overall	4.15%	11.00%	6.41%	4.15%	11.00%	6.41%

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

Region	As at June 30, 2024			As at December 31, 2023		
	Weighted Average	Increase	Decrease	Weighted Average	Increase	Decrease
Northern Canada	8.50%	(20,859)	22,123	8.50%	(21,149)	22,431
Western Canada	6.19%	(36,116)	39,155	6.19%	(35,962)	38,990
Atlantic Canada	5.38%	(28,178)	30,926	5.38%	(28,259)	31,015
Central Canada	4.49%	(19,439)	21,732	4.49%	(19,450)	21,743
Overall	6.41%	(104,592)	113,936	6.41%	(104,820)	114,179

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

Region	As at June 30, 2024		As at December 31, 2023	
	Increase	Decrease	Increase	Decrease
Northern Canada	18,250	(18,250)	18,498	(18,498)
Western Canada	23,267	(23,267)	23,152	(23,152)
Atlantic Canada	15,855	(15,855)	15,899	(15,899)
Central Canada	9,213	(9,213)	9,221	(9,221)
Overall	66,585	(66,585)	66,770	(66,770)

4. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

	As at June 30, 2024	As at December 31, 2023
Mortgages payable	1,443,403	1,428,168
Unamortized fair value adjustment upon assumption	(15,129)	(15,489)
Deferred financing costs	(39,162)	(34,285)
	1,389,112	1,378,394
Mortgages related to assets held for sale ⁽¹⁾	(12,187)	—
Balance, end of period	1,376,925	1,378,394
Current	213,380	241,631
Non-current	1,163,545	1,136,763
Balance, end of period	1,376,925	1,378,394

⁽¹⁾ Includes unamortized fair value adjustment on assumption and deferred financing costs

As at June 30, 2024, Northview had in place mortgages that bore interest at rates ranging from 1.21% to 8.95% (December 31, 2023 – 1.21% to 8.95%) and had a weighted average interest rate of 3.78% (December 31, 2023 – 3.80%). The mortgages mature between 2024 and 2034 (December 31, 2023 – 2024 and 2034) and are secured by charges against specific properties. Land and buildings with a carrying value of \$2.5 billion (December 31, 2023 – \$2.5 billion) have been pledged to secure Northview's mortgages payable.

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The fair value of mortgages payable as at June 30, 2024 was approximately \$1.4 billion (December 31, 2023 – \$1.4 billion). The fair value is determined by discounting the future cash payments by the current market borrowing rate. The majority of the mortgages on Northview's investment properties are insured by Canada Mortgage and Housing Corporation ("CMHC"). Pursuant to standard mortgage terms, mortgagees have security interest in the specified property. In addition, certain investment properties are cross-securitized, providing the lender with security rights to those properties.

As at June 30, 2024, Northview's mortgage maturity schedule and weighted average interest rate for the years indicated were as follows:

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
Remainder of 2024	15,953	87,118	103,071	7.2%	3.55%
2025	27,213	168,239	195,452	13.5%	3.25%
2026	21,933	81,081	103,014	7.1%	2.34%
2027	18,107	186,109	204,216	14.1%	3.86%
2028	15,309	269,921	285,230	19.8%	4.17%
Thereafter	39,200	513,220	552,420	38.3%	3.96%
Total	137,715	1,305,688	1,443,403	100.0%	3.78%

The following table reconciles the change in mortgages payable:

	2024
Balance at January 1	1,378,394
Proceeds from new mortgages	127,432
Mortgages repaid	(94,996)
Mortgage principal repayments	(17,201)
Payment of deferred financing costs	(6,640)
Amortization of deferred financing costs	1,763
Amortization of fair value adjustment	354
Mortgages related to assets held for sale	(12,187)
Loss on extinguishment of debt	6
Balance at June 30	1,376,925

5. CREDIT FACILITIES

Effective June 2024, the Bankers Acceptance Canadian Dollar Offered rate ("CDOR") was discontinued and Northview's credit facilities were transitioned to the Canadian Overnight Repo Rate Average ("CORRA") rate.

As at June 30, 2024, Northview had in place two credit facilities: a syndicated credit facility with a total credit limit of \$309.6 million (December 31, 2023 – \$338.7 million) (the "syndicated facility") and a term credit facility with a credit limit of 57.2 million (December 31, 2023 – \$60.0 million) (the "term facility") (collectively, the "credit facilities"). These credit facilities mature on December 31, 2024. The syndicated facility includes multiple tranches that each bears interest at the prime rate plus 2.65% or the CORRA rate plus 3.95%. The term facility bears interest at the prime rate plus 1.50% or the CORRA rate plus 2.80%.

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The terms of the credit facilities were as follows:

	As at June 30, 2024		As at December 31, 2023	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Syndicated facility				
Tranche A-1 Facility	182,614	182,614	211,663	211,663
Tranche B-1 Term Facility	32,000	32,000	32,000	32,000
Tranche B-2 Revolving Facility	20,000	5,000	20,000	5,000
Tranche B-3 Term Facility	75,000	75,000	75,000	72,500
Term facility	57,170	47,170	60,000	30,000
Total	366,784	341,784	398,663	351,163

The Tranche A-1 Facility is a non-revolving term loan facility. The Tranche B-1 Term Facility is a non-revolving capital expenditure loan facility on which draws may occur no more than once per fiscal quarter in an amount of up to 75% of allowable capital expenditure costs incurred. The Tranche B-2 Revolving Facility is a facility available for general corporate, trust, or operating purposes. The Tranche B-3 Term Facility is a non-revolving facility on which draws may occur no more than once per fiscal quarter for mortgage principal repayments. The term facility is a non-revolving facility in which draws may not occur more than once per month for mortgage principal payments.

As the Tranche A-1 Facility is a non-revolving term loan facility, payments on the facility reduce the credit limit available. For the six months ended June 30, 2024, Northview completed repayments of \$31.9 million (six months ended June 30, 2023 – \$98.1 million), which reduced the credit limit on the Tranche A-1 Facility.

As at June 30, 2024 there is \$25.0 million of available credit that may be drawn.

As at June 30, 2024 and December 31, 2023, substantially all investment properties have been pledged as collateral security for the credit facilities. As at June 30, 2024, Northview had \$0.7 million in letters of credit outstanding (December 31, 2023 – \$0.7 million). The fair value of the credit facilities approximate their carrying values due to the use of short-term borrowing instruments at market rates of interest.

The following table summarizes Northview's outstanding credit facilities payable:

	As at June 30, 2024	As at December 31, 2023
Syndicated facility	294,614	321,163
Term facility	47,170	30,000
Deferred financing costs	(1,300)	(2,587)
	340,484	348,576
Credit facilities related to assets held for sale	(6,124)	—
Balance, end of period	334,360	348,576
Current	334,360	348,576
Non-current	—	—
Balance, end of period	334,360	348,576

The following table reconciles the change in the credit facilities:

	2024
Balance at January 1	348,576
Borrowings on credit facilities	22,500
Repayments on credit facilities	(31,878)
Amortization of deferred financing costs on credit facilities	1,286
Credit facilities related to assets held for sale	(6,124)
Balance at June 30	334,360

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Financial covenants

The credit facilities are subject to the following financial covenants:

	Limit	As at June 30, 2024
Syndicated facility		
Consolidated debt to aggregate assets	Not greater than 75%	64.8%
Debt service coverage ratio	Not less than 1.20	1.41
Consolidated tangible net worth	Not less than \$700 million	\$957.2 million
Physical occupancy rate	Not less than 87%	95.5%
Term facility		
Consolidated debt to aggregate assets	Not greater than 70%	58.3%
Debt service coverage ratio	Not less than 1.00	1.40
Portfolio equity	Not less than \$75 million	\$120.5 million

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

- Consolidated debt: Includes all debts of the borrower determined in accordance with IFRS, excluding obligations owing under hedge agreements, Exchangeable Units, and Redeemable Units.
- Aggregate assets: Includes the appraised value of multi-residential rental and commercial real property.
- Debt service coverage ratio: Calculated as the ratio of adjusted NOI to debt service for the last four fiscal quarters. Debt service is calculated as the sum of consolidated interest expense and all regularly scheduled principal payments other than balloon, bullet, or similar payments that repay the debt in full.
- Consolidated tangible net worth: Includes stated capital or equivalent amounts in respect of issued and outstanding Trust Units, Exchangeable Units, Redeemable Units and Restricted Units (collectively, "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.
- Portfolio equity: Ownership interest or participation that confers the right to receive a share of profits and losses or distribution of assets, calculated as consolidated assets less consolidated debt.

For the syndicated facility, consolidated debt is calculated with respect to the consolidated portfolio. For the term facility, consolidated debt is calculated with respect to the assets pledged as security for the term facility.

As at and during the six months ended June 30, 2024, 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.

6. TRUST UNITS

Trust Units consist of Class A Units, Class C Units, and Class F Units (collectively, "Trust Units"). Trust Units are redeemable at the option of the holder which results in their classification as a financial liability under IFRS; however for presentation and classification purposes, the Trust Units are presented as equity as they meet the exception criteria outlined in IAS 32 *Financial Instruments: Presentation* for puttable instruments. Prior to the Recapitalization Transaction that was completed on August 21, 2023, this exception criteria was not met and the Trust Units were classified as a financial liability and were presented as net assets attributable to Unitholders.

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

(thousands of Units)	Class A	Class C	Class F	Number of Units	Amount
Balance at January 1, 2024	3,280	22,743	2,551	28,574	527,950
Units issued for conversion	256	(12)	(244)	—	—
Balance at June 30, 2024	3,536	22,731	2,307	28,574	527,950

7. EXCHANGEABLE UNITS

Limited partnership units of subsidiary limited partnerships are exchangeable into Trust Units at the option of the holder and are entitled to distributions in an equivalent manner to Trust Units. Exchangeable Units are accompanied by an equivalent number of Special Voting Units of Northview which have no economic entitlement to distributions or assets of Northview and entitle the holder to one vote per Special Voting Unit at meetings of the Unitholders. Each Exchangeable Unit is exchangeable into one Trust Unit. The Exchangeable Units meet the definition of a puttable instrument classified as a current financial liability measured at fair value each reporting period with any changes recorded in net and comprehensive loss. The fair value of Exchangeable Units is determined with reference to the Class A Unit price on the TSX at period-end.

The following table reconciles the change in Exchangeable Units:

(thousands of Units)	Number of Units	Amount
Balance at January 1, 2024	3,397	46,033
Fair value loss	—	13,420
Balance at June 30, 2024	3,397	59,453

8. REDEEMABLE UNITS

Redeemable Units are redeemable and retractable at the option of the holder in four equal installments after the 12-month, 15-month, 18-month, and 21-month anniversaries of issuance on August 21, 2023. Northview has the right to satisfy the redemption price either with cash or by the issuance of that number of Class A Units having a fair market value at \$26.36 per Unit. Redeemable Units are accompanied by an equivalent number of Special Voting Units of Northview which have no economic entitlement to distributions or assets of Northview and entitle the holder to one vote per Special Voting Unit at meetings of the Unitholders. Each Redeemable Unit is entitled to distributions in an amount equivalent to the distributions paid on one Trust Unit.

The Redeemable Units represent a compound financial instrument that includes a liability component, resulting from the redemption feature, and an equity component, resulting from the right of the holder to receive discretionary distributions. Subsequent to initial measurement, the liability component is accreted to the face value of \$107.7 million over the respective lock-up periods.

The following table reconciles the change in Redeemable Units:

(thousands of Units)	Number of Units	Liability Amount	Equity Amount
Balance at January 1, 2024	4,085	97,984	12,864
Accretion on Redeemable Units	—	4,567	—
Balance at June 30, 2024	4,085	102,551	12,864

The fair value of the liability component of the Redeemable Units as at June 30, 2024 was approximately \$95.3 million (December 31, 2023 – \$95.1 million). The fair value is determined by discounting the future cash payments by management's estimate of current market interest rates.

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9. DISTRIBUTIONS

Distributions are determined at the sole discretion of the Trustees and are paid monthly. Distributions declared to holders of Exchangeable Units are recognized in net and comprehensive loss, while distributions declared to holders of Redeemable and Trust Units are recognized in equity. Prior to the Recapitalization Event, distributions declared to holders of Trust Units were recognized in net and comprehensive loss.

The following table summarizes distributions declared:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Trust Units	—	9,395	—	20,683
Exchangeable Units	929	—	1,858	—
Recognized in net and comprehensive loss	929	9,395	1,858	20,683
Trust Units	7,815	—	15,627	—
Redeemable Units	1,117	—	2,234	—
Recognized in retaining earnings	8,932	—	17,861	—
Distributions declared to Unitholders	9,861	9,395	19,719	20,683

Subsequent to the end of the period and prior to the unaudited condensed consolidated interim financial statements being authorized for issue on August 8, 2024, Northview declared monthly distributions totaling \$3.3 million or \$0.09 per Unit that are to be paid to Unitholders on August 15, 2024.

10. UNIT-BASED COMPENSATION

a. Equity incentive plan

Officers and certain employees are eligible to participate in the Northview equity incentive plan (“Equity Incentive Plan”) and are granted restricted units (“Restricted Units”) under such plan by the Board of Trustees as a component of their compensation. Restricted Units are awards denominated in notional units that reflect the market value of Northview’s Class A Units and which vest over a three-year period, with equal thirds vesting on each December 31 following the date the Restricted Units are granted. During the period prior to vesting, the Restricted Units granted to participants receive distributions at the same rate as Trust Units and which are notionally reinvested to accumulate additional Restricted Units for each of the plan participants. Once vested, Restricted Units may be settled by (i) the issuance of Class A Units on a one-for-one basis, (ii) cash, if elected by the participant, based on the value of the applicable number of Class A Units at the date of settlement, or (iii) a combination of Class A Units and cash as contemplated by (i) and (ii).

The Restricted Units are classified as cash-settled share-based payment under IFRS 2 *Share-based Payments* given they are to be settled in Trust Units, which are classified as puttable instruments. The fair value of the Restricted Units are recognized as compensation expense over the vesting period with an offsetting amount recorded as a financial liability within trade and other payables as Northview is obliged to provide the holder with Trust Units once the Restricted Units vest. The Restricted Units are designated as fair value through profit or loss (“FVTPL”) and, therefore, are measured at fair value at each reporting period with any changes in fair value recorded in the consolidated statements of net and comprehensive loss. The fair value of Restricted Units is determined with reference to the Class A Unit price on the TSX at period-end given the Restricted Units can be converted into Trust Units once fully vested and this represents an active market. Once vested and upon issue, the market value of the Restricted Units is credited to Unitholders equity with a corresponding reduction in liability.

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The following table summarizes the changes to Restricted Units:

(thousands of Units)	Number of Units	Liability Amount
Balance at January 1, 2024	—	—
Restricted Units granted	51	187
Restricted Units cancelled	(1)	(4)
Fair value loss	—	44
Balance at June 30, 2024	50	227

As at June 30, 2024, the carrying value of the unit-based compensation liability was \$0.2 million within trade and other payables.

b. Employee unit purchase plan

Under the terms of Northview's employee unit purchase plan ("Employee Unit Purchase Plan" or "EUPP"), certain eligible employees can participate in a program that allows them to contribute a maximum of 5% of their salary or \$7,500, (whichever is lower) to be used to purchase Class A Units. Under the EUPP, an employee's contributions into the plan are matched by a 50% contribution from Northview which is also used to purchase Class A Units on behalf of the employee. The Class A Units purchased in the EUPP on behalf of employees are purchased on the TSX at market prices. During the three and six months ended June 30, 2024, employees invested and Northview contributed a total of \$0.1 million. For the same periods in 2023, there were no contributions from either employees or Northview.

11. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value measures

As at June 30, 2024, the only recurring fair value measures in these unaudited condensed consolidated interim financial statements relate to Northview's investment properties, Exchangeable Units, and Restricted Units. For the periods presented, the fair value of investment properties is classified as Level 3 in the fair value hierarchy and there were no transfers between levels. The fair value of Exchangeable Units and Restricted Units are classified as Level 1 in the fair value hierarchy and there were no transfers between levels.

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

i. Investment properties and investment properties classified as held for sale

Northview determined the fair value of each investment property and investment properties classified as held for sale using the valuation methodology and key assumptions described in Note 2(C) of the audited consolidated financial statements for the years ended December 31, 2023 and 2022. Refer to Note 3 for a reconciliation of the fair value of investment properties for the three months ended June 30, 2024.

ii. Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted based on the yield of a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage or the yield of a comparable mortgage. As at June 30, 2024, the spread rates referenced maturities of up to ten years and ranged from 0.91% to 2.40% (December 31, 2023 – 1.00% to 2.47%), depending on the nature and terms of the respective mortgages.

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iii. Exchangeable Units and Restricted Units

The fair value of Exchangeable Units and Restricted Units are based on the closing price at the period-end date of its Class A Units traded on the TSX.

iv. Redeemable Units

The fair value of Redeemable Units is estimated based on the present value of future payments, discounted based on Northview's borrowing rate on its syndicated credit facility, plus an estimated maturity spread determined with reference to yields of a zero-coupon Government of Canada bond with the nearest maturity date to the earliest redemption date, plus an estimated credit spread at the reporting date for subordinated debt. As at June 30, 2024, the discount rates used in determining the fair value of the Redeemable Units ranged from 8.98% to 9.31% (December 31, 2023 – 9.01% to 9.88%) and were calculated with reference to bond yield curves with maturities of up to ten years.

b. Risk management

i. Liquidity risk

Liquidity risk is the risk that Northview is not able to meet its financial obligations as they fall due or can do so only at excessive cost. Northview manages liquidity risk by managing mortgage and loan maturities. Cash flow projections are completed on a regular basis to ensure that there will be adequate liquidity to maintain operating, capital, and investment activities.

Northview has a history of generating positive cash flows provided by operating activities. However, it has also operated with a historic working capital deficiency (defined as total current assets less total current liabilities), primarily resulting from a significant portion of its mortgages maturing in any given year and short-term maturities on the credit facilities. Northview has managed this working capital deficiency through debt renewals, extensions or refinancing as a normal part of its business activities. While Northview expects to meet its obligations as they come due for the foreseeable future, management closely monitors its liquidity position and may take additional steps to help manage liquidity including any combination of obtaining new debt, equity, non-core asset sales, or other forms of financing, or looking to manage other discretionary cash flows. Northview has identified non-core assets that have been or are expected to be sold and the net proceeds will be used to repay a portion of its credit facilities.

As at June 30, 2024, Northview had a working capital deficiency of \$702.3 million (December 31, 2023 – \$692.1 million), of which \$334.4 million (December 31, 2023 – \$348.6 million) related to borrowings on the credit facilities, for which the maturity is December 31, 2024, and \$213.4 million (December 31, 2023 – \$241.6 million) related to the current portion of mortgages payable, which is expected to be refinanced with new long-term mortgages. In addition, \$162.2 million (December 31, 2023 – \$96.1 million) relates to the current portions of Exchangeable Units, Redeemable Units and Restricted Units. Exchangeable Units are exchangeable for Trust Units while Redeemable Units and Restricted Units may be settled in cash or the issuance of Trust Units.

Contractual maturity for non-derivative financial liabilities as at June 30, 2024 were as follows:

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 3 years	4 – 5 years	Over 5 years
Mortgages payable (principal and interest)	1,431,054	1,697,091	269,885	373,801	466,364	587,041
Credit facilities (principal)	335,660	335,660	335,660	—	—	—
Trade and other payables ⁽¹⁾	45,787	45,787	45,787	—	—	—
Liabilities related to assets held for sale	18,473	19,317	19,317	—	—	—
Distributions payable	3,286	3,286	3,286	—	—	—
Total	1,834,260	2,101,141	673,935	373,801	466,364	587,041

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

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12. CAPITAL MANAGEMENT

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

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

The Declaration of Trust provides for a maximum debt to gross book value ratio of 70.0%. As at June 30, 2024, Northview's debt to gross book value ratio was 65.3% as calculated in the table below (December 31, 2023 – 65.1%), which was in compliance with the Declaration of Trust. Northview monitors capital on the basis of debt to gross book value to assess its leverage.

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

	Note	As at June 30, 2024	As at December 31, 2023
Credit facilities	5	335,660	351,163
Mortgages payable	4	1,431,054	1,428,168
Liabilities related to assets held for sale		18,473	—
Less: Cash and cash equivalents		(22,081)	(21,394)
Total debt	A	1,763,106	1,757,937
Investment properties	3	2,630,869	2,661,118
Assets held for sale		29,289	—
Property, plant and equipment		27,221	29,077
Accumulated depreciation		12,046	10,512
Gross book value	B	2,699,425	2,700,707
Debt to gross book value	A/B	65.3%	65.1%

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Rental revenue	50,206	35,786	95,533	67,309
Revenue from contracts with customers				
Commercial common area maintenance services and executives	3,836	3,863	8,525	8,328
Residential service components	14,149	11,579	32,497	26,876
Other revenue	591	350	1,072	692
Revenue	68,782	51,578	137,627	103,205

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14. FINANCING COSTS

The following table outlines financing costs:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Mortgage interest	13,429	8,321	26,947	16,151
Amortization of deferred financing costs	1,561	548	3,049	1,133
Amortization of fair value adjustment	224	(1,643)	354	(3,344)
Loss (gain) on debt extinguishment	6	(413)	6	(413)
Interest on credit facilities	7,399	9,634	15,098	19,918
Other income	(186)	(370)	(474)	(839)
Financing costs	22,433	16,077	44,980	32,606

15. ASSETS HELD FOR SALE

As at June 30, 2024, there were 493 suites and 3,708 commercial sq.ft. classified as 'Assets held for sale' with a fair value of \$29.3 million.

The following table outlines assets held for sale:

	As at June 30, 2024	As at December 31, 2023
Assets		
Investment properties	28,889	—
Property, plant and equipment	400	—
Total assets held for sale	29,289	—
Liabilities		
Mortgage payable	12,187	—
Credit facilities	6,124	—
Total liabilities related to assets held for sale	18,311	—
Net assets held for sale	10,978	—

16. SEGMENTED INFORMATION

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

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The following tables outline Northview's results by segment:

	Multi-Residential	Commercial and Execusuite	Total
Three Months Ended June 30, 2024			
Revenue	57,897	10,885	68,782
Operating expenses	22,497	4,651	27,148
Net operating income	35,400	6,234	41,634
Three Months Ended June 30, 2023			
Revenue	41,091	10,487	51,578
Operating expenses	16,816	4,106	20,922
Net operating income	24,275	6,381	30,656
Six Months Ended June 30, 2024			
Revenue	114,760	22,867	137,627
Operating expenses	48,184	10,042	58,226
Net operating income	66,576	12,825	79,401
Six Months Ended June 30, 2023			
Revenue	81,497	21,708	103,205
Operating expenses	36,488	9,172	45,660
Net operating income	45,009	12,536	57,545
As at June 30, 2024			
Total assets	2,418,432	331,094	2,749,526
Investment properties	2,381,785	277,973	2,659,758
Total liabilities	1,775,940	164,733	1,940,673
As at December 31, 2023			
Total assets	2,417,092	331,358	2,748,450
Investment properties	2,382,641	278,477	2,661,118
Total liabilities	1,742,550	175,848	1,918,398

17. SUBSEQUENT EVENTS

Subsequent to period end, Northview completed sales of five multi-residential properties with a total of 226 suites for a total proceeds of \$23.7 million.