



Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

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

| | Note | As at March 31, 2022 | As at December 31, 2021 |
|--|------|-------------------------|----------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment properties | 3 | 1,774,698 | 1,774,678 |
| Property, plant and equipment | | 34,198 | 35,000 |
| Investment in joint ventures | | 12,998 | 12,743 |
| Other long-term assets | | 2,855 | 2,950 |
| | | 1,824,749 | 1,825,371 |
| Current assets | | | |
| Accounts receivable | | 5,638 | 7,074 |
| Prepaid expenses and other assets | | 4,973 | 4,296 |
| Restricted cash | | 5,043 | 5,043 |
| Cash and cash equivalents | | 6,923 | 11,312 |
| | | 22,577 | 27,725 |
| Total assets | | 1,847,326 | 1,853,096 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Mortgages payable | 4 | 557,532 | 570,239 |
| Credit facility | 5 | 525,677 | — |
| | | 1,083,209 | 570,239 |
| Current liabilities | | | |
| Mortgages payable | 4 | 241,518 | 238,603 |
| Credit facility | 5 | — | 513,677 |
| Trade and other payables | | 26,783 | 31,464 |
| Distributions payable | 6 | 3,763 | 3,763 |
| | | 272,064 | 787,507 |
| Total liabilities, excluding net assets attributable to Unitholders | | 1,355,273 | 1,357,746 |
| Net assets attributable to Unitholders | | 491,128 | 494,438 |
| Total liabilities, net assets attributable to Unitholders | | 1,846,401 | 1,852,184 |
| Equity | | | |
| Non-controlling interest | | 925 | 912 |
| Total equity | | 925 | 912 |
| Total liabilities, net assets attributable to Unitholders, and equity | | 1,847,326 | 1,853,096 |

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

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

| | Note | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|--------------|--------------------------------------|--------------------------------------|
| Revenue | 9 | 48,639 | 47,848 |
| Operating expenses | | 24,008 | 20,907 |
| Net operating income | | 24,631 | 26,941 |
| Other expense (income) | | | |
| Distributions to Unitholders | 6 | 11,288 | 11,288 |
| Financing costs | 4, 10 | 9,031 | 8,507 |
| Administration | | 1,610 | 1,792 |
| Management fees | | 1,642 | 1,650 |
| Depreciation and amortization | | 855 | 830 |
| Equity income from joint ventures | | (255) | (238) |
| Fair value loss on investment properties | 3 | 3,725 | 3,529 |
| Transaction costs | | — | 866 |
| | | 27,896 | 28,224 |
| Net and comprehensive loss | | (3,265) | (1,283) |
| Net and comprehensive (loss) income attributable to: | | | |
| Unitholders | | (3,310) | (1,335) |
| Non-controlling interest | | 45 | 52 |
| Net and comprehensive loss | | (3,265) | (1,283) |

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

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

(thousands of Canadian dollars)

| Three Months Ended March 31, 2022 | | | | | |
|--|-------------|----------------|----------------|----------------|----------------|
| | Note | Class A | Class C | Class F | Total |
| Balance, beginning of period | | 106,151 | 356,103 | 32,184 | 494,438 |
| Conversions | 6 | 3,925 | (86) | (3,839) | — |
| Net and comprehensive loss attributable to Unitholders | | (739) | (2,384) | (187) | (3,310) |
| Balance, end of period | | 109,337 | 353,633 | 28,158 | 491,128 |

| Three Months Ended March 31, 2021 | | | | | |
|--|-------------|----------------|----------------|----------------|----------------|
| | Note | Class A | Class C | Class F | Total |
| Balance, beginning of period | | 83,362 | 375,223 | 57,217 | 515,802 |
| Conversions | 6 | 18,425 | (1,268) | (17,157) | — |
| Net and comprehensive loss attributable to Unitholders | | (312) | (964) | (59) | (1,335) |
| Balance, end of period | | 101,475 | 372,991 | 40,001 | 514,467 |

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

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

| | Note | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|-------|--------------------------------------|--------------------------------------|
| Operating activities | | | |
| Net and comprehensive loss | | (3,265) | (1,283) |
| Adjustments: | | | |
| Distributions to Unitholders | 6 | 11,288 | 11,288 |
| Depreciation and amortization | | 855 | 830 |
| Equity income from joint ventures | | (255) | (238) |
| Fair value loss on investment properties | 3 | 3,725 | 3,529 |
| Amortization of fair value adjustment and deferred financing costs on mortgages payable | 4, 10 | (1,911) | (2,254) |
| Changes in non-cash working capital | | (3,830) | (89) |
| Cash flows provided by operating activities | | 6,607 | 11,783 |
| Financing activities | | | |
| Repayment of mortgages | 4 | (7,724) | (7,470) |
| Payment of deferred financing costs | 4 | (157) | — |
| Borrowings on credit facility | 5 | 12,000 | — |
| Distributions paid to Unitholders | 6 | (11,288) | (11,288) |
| Distributions to non-controlling interest | | (32) | (237) |
| Cash flows used in financing activities | | (7,201) | (18,995) |
| Investing activities | | | |
| Capital expenditures on investment properties | 3 | (3,745) | (3,543) |
| Capital expenditures on property, plant and equipment | | (50) | (36) |
| Cash flows used in investing activities | | (3,795) | (3,579) |
| Net decrease in cash and cash equivalents | | (4,389) | (10,791) |
| Cash and cash equivalents, beginning of period | | 11,312 | 25,337 |
| Cash and cash equivalents, end of period | | 6,923 | 14,546 |
| Supplementary information for cash flows provided by operating activities | | | |
| Cash interest paid | | 11,348 | 11,110 |

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

NORTHVIEW FUND

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

(thousands of Canadian dollars, except where indicated)

1. DESCRIPTION OF THE REPORTING ENTITY

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation and statement of compliance

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

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

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Trustees of Northview (the “Trustees”) on May 12, 2022.

B. Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, differ from the actual results. The following discussion sets forth management’s most critical estimates and assumptions in determining the value of assets and liabilities and management’s most critical judgements in applying accounting policies.

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview’s investment properties include capitalization rates and projected stabilized net operating income (“NOI”) (which is influenced by inflation rates and vacancy rates). A change to any one of these inputs could significantly alter the fair value of an investment property. The COVID-19 pandemic has created uncertain economic outlook, which has resulted in a temporarily higher degree of uncertainty for investment property values.

Components of projected stabilized NOI that could be impacted by the increased economic uncertainty described above include market rents, occupancy rates, and operating expenses such as utilities and bad debt expenses. As at March 31, 2022, management believed that there had not been a material impact to any of these inputs and that the longer-term implications could not be reasonably estimated. The longer-term impact that the increased economic uncertainty may have on capitalization rates and projected stabilized NOI may depend on the duration of the COVID-19 pandemic, the extent and effectiveness of government stimulus and regulations that impact Northview’s operations and tenants, unemployment rates, inflation rates, interest rates, and market demand for multi-residential and commercial properties.

While investment properties are recorded at fair value, not every property is independently appraised every year. Significant judgement is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties impact net and comprehensive loss.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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3. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties:

| | As at March 31, 2022 | As at December 31, 2021 |
|-------------------------------|-------------------------|----------------------------|
| Investment properties | 1,755,490 | 1,755,470 |
| Land held for development | 19,208 | 19,208 |
| Balance, end of period | 1,774,698 | 1,774,678 |

The following table reconciles the change in investment properties:

| | 2022 |
|---|------------------|
| Balance at January 1 | 1,774,678 |
| Capital expenditures on investment properties | 3,745 |
| Fair value loss on investment properties | (3,725) |
| Balance at March 31 | 1,774,698 |

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

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

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

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

| Regions | As at March 31, 2022 | | | As at December 31, 2021 | | |
|-----------------|----------------------|----------|----------|-------------------------|----------|----------|
| | Weighted Average | Increase | Decrease | Weighted Average | Increase | Decrease |
| Northern Canada | 8.90% | (19,247) | 20,360 | 8.90% | (19,308) | 20,424 |
| Western Canada | 6.96% | (21,797) | 23,420 | 6.96% | (22,010) | 23,651 |
| Atlantic Canada | 5.78% | (18,288) | 19,942 | 5.78% | (18,394) | 20,058 |
| Overall | 7.44% | (59,332) | 63,722 | 7.44% | (59,712) | 64,133 |

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

| Regions | As at March 31, 2022 | | As at December 31, 2021 | |
|-----------------|----------------------|----------|-------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Northern Canada | 17,611 | (17,611) | 17,673 | (17,673) |
| Western Canada | 15,724 | (15,724) | 15,863 | (15,863) |
| Atlantic Canada | 11,021 | (11,021) | 11,086 | (11,086) |
| Overall | 44,356 | (44,356) | 44,622 | (44,622) |

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(thousands of Canadian dollars, except where indicated)

4. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

| | As at March 31, 2022 | As at December 31, 2021 |
|---------------------------------------|-------------------------|----------------------------|
| Mortgages payable | 779,879 | 787,602 |
| Fair value adjustment upon assumption | 19,766 | 21,697 |
| Deferred financing costs | (595) | (457) |
| Balance, end of period | 799,050 | 808,842 |
| Current | 241,518 | 238,603 |
| Non-current | 557,532 | 570,239 |
| Balance, end of period | 799,050 | 808,842 |

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

The fair value of mortgages payable as at March 31, 2022 was approximately \$769.5 million (December 31, 2021 – \$797.4 million). The fair value is determined by discounting the future cash payments by the current market borrowing rate. The majority of the mortgages on Northview's investment properties are insured by Canada Mortgage and Housing Corporation ("CMHC"). Pursuant to standard mortgage terms, mortgagees have security interest in the specified property. In addition, certain investment properties are cross-securitized, providing the lender with security rights to those properties.

As at March 31, 2022, Northview's mortgage maturity schedule and weighted average interest rate for the twelve-month periods ended March 31 were as follows:

| | Principal Amount | Principal on Maturity | Total | % of Total | Weighted Average Interest Rate |
|--------------|------------------|--------------------------|----------------|---------------|-----------------------------------|
| 2023 | 24,002 | 210,274 | 234,276 | 30.0% | 2.77% |
| 2024 | 19,861 | 95,306 | 115,167 | 14.8% | 3.30% |
| 2025 | 15,297 | 174,616 | 189,913 | 24.4% | 2.82% |
| 2026 | 7,554 | 119,710 | 127,264 | 16.3% | 3.01% |
| 2027 | 3,239 | 38,172 | 41,411 | 5.3% | 2.32% |
| Thereafter | 4,892 | 66,956 | 71,848 | 9.2% | 2.79% |
| Total | 74,845 | 705,034 | 779,879 | 100.0% | 2.87% |

The following table reconciles the change in mortgages payable:

| | 2022 |
|--|----------------|
| Balance at January 1 | 808,842 |
| Repayment of mortgages | (7,724) |
| Payment of deferred financing costs | (157) |
| Amortization of deferred financing costs | 20 |
| Amortization of fair value adjustment | (1,931) |
| Balance at March 31 | 799,050 |

5. CREDIT FACILITY

As at March 31, 2022, Northview had in place a credit facility with a total credit limit of \$614.1 million maturing on October 30, 2023 (December 31, 2021 – \$539.1 million maturing on October 30, 2022). The credit facility includes multiple tranches that each bore interest at the prime rate plus 2.65% or the Bankers' Acceptance ("BA") rate plus 3.65%.

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

The terms of the credit facility were as follows:

| | As at March 31, 2022 | | As at December 31, 2021 | |
|--------------------------------|----------------------|----------------|-------------------------|--------------|
| | Credit Limit | Amount Drawn | Credit Limit | Amount Drawn |
| Tranche A-1 Facility | 381,596 | 381,596 | 381,596 | 381,596 |
| Tranche A-2 Facility | 105,481 | 105,481 | 105,481 | 105,481 |
| Tranche B Facility | 32,000 | 6,600 | 32,000 | 6,600 |
| Tranche B-2 Revolving Facility | 20,000 | 20,000 | 20,000 | 20,000 |
| Tranche B-3 Term Facility | 75,000 | 12,000 | — | — |
| Total | 614,077 | 525,677 | 539,077 | 513,677 |

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

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

The following table reconciles the change in the credit facility:

| | 2022 |
|-------------------------------|----------------|
| Balance at January 1 | 513,677 |
| Borrowings on credit facility | 12,000 |
| Balance at March 31 | 525,677 |

Financial covenants

As at March 31, 2022, the credit facility was subject to the following financial covenants:

| | Limit |
|---------------------------------------|-----------------------------|
| Consolidated debt to aggregate assets | Not greater than 75% |
| Debt service coverage ratio | Not less than 1.60 |
| Consolidated tangible net worth | Not less than \$350 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 unaudited condensed consolidated interim financial statements. These financial measures are defined under the credit facility agreement as follows:

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

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As at and during the three months ended March 31, 2022, Northview was in compliance with all financial covenants. Refer to Note 8 for further discussion of Northview's objectives, policies, and processes for managing capital.

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

| (thousands of Units) | Class A | Class C | Class F | Total |
|----------------------------------|--------------|---------------|--------------|---------------|
| Balance at January 1, 2022 | 7,711 | 24,510 | 2,266 | 34,487 |
| Units issued on conversion | 285 | (6) | (270) | 9 |
| Balance at March 31, 2022 | 7,996 | 24,504 | 1,996 | 34,496 |

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

| | Three Months Ended March 31, 2022 | | Three Months Ended March 31, 2021 | |
|---------|-----------------------------------|---------------|-----------------------------------|--------|
| | Monthly \$/Unit | Total | Monthly \$/Unit | Total |
| Class A | 0.1048 | 2,483 | 0.1048 | 2,168 |
| Class C | 0.1106 | 8,129 | 0.1106 | 8,197 |
| Class F | 0.1081 | 676 | 0.1081 | 923 |
| | 0.1091 | 11,288 | 0.1092 | 11,288 |

Subsequent to the end of the period and prior to the unaudited condensed consolidated interim financial statements being authorized for issue on May 12, 2022, Northview declared monthly distributions totaling \$3.8 million.

7. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value measures

As at March 31, 2022, the only recurring fair value measure in these unaudited condensed consolidated interim financial statements relates to Northview's investment properties. For the periods presented, the fair value of investment properties is classified as Level 3 in the fair value hierarchy and there were no transfers between levels.

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

i. Investment properties

Northview determined the fair value of each investment property using the valuation methodology and key assumptions described in Note 2(B). Refer to Note 3 for a reconciliation of the fair value of investment properties for the three months ended March 31, 2022.

ii. Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage or the yield of a comparable mortgage. As at March 31, 2022, the spread rates referenced maturities of up to ten years and ranged from 0.90% to 2.20% (December 31, 2021 – 0.85% to 2.12%), depending on the nature and terms of the respective mortgages.

iii. Liquidity risk

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

NORTHVIEW FUND**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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As at March 31, 2022, Northview had a working capital deficiency of \$249.5 million (December 31, 2021 – \$759.8 million), of which \$241.5 million (December 31, 2021 – \$238.6 million) was related to the current portion of mortgages payable and expected to be refinanced with long-term mortgages. The working capital deficiency of \$759.8 million as at December 31, 2021 included the credit facility, for which the maturity was extended to October 30, 2023 during the three months ended March 31, 2022.

Contractual maturity for non-derivative financial liabilities as at March 31, 2022 were as follows:

| | Carrying Amount | Contractual Cash Flows | Up to 1 year | 1 – 3 years | 4 – 5 years | Over 5 years |
|--|------------------------|-------------------------------|---------------------|--------------------|--------------------|---------------------|
| Mortgages payable (principal and interest) | 779,879 | 822,996 | 251,679 | 328,333 | 175,664 | 67,320 |
| Credit facility | 525,677 | 525,677 | — | 525,677 | — | — |
| Trade and other payables ⁽¹⁾ | 26,783 | 26,783 | 26,783 | — | — | — |
| Distributions payable | 3,763 | 3,763 | 3,763 | — | — | — |
| Total | 1,336,102 | 1,379,219 | 282,225 | 854,010 | 175,664 | 67,320 |

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

8. CAPITAL MANAGEMENT

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

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

The Declaration of Trust provides for a maximum debt to gross book value of 70.0%. As at March 31, 2022, Northview's ratio of debt to gross book value was 68.3% as calculated in the table below (December 31, 2021 – 67.8%), which was in compliance with the Declaration of Trust. The portfolio premium included in the determination of debt to gross book value as at March 31, 2022 was \$89.0 million (December 31, 2021 – \$89.0 million), which was determined based on an appraisal of the Portfolio obtained for a plan of arrangement in 2020. Northview monitors capital on the basis of debt to gross book value to assess its leverage.

Northview's interest coverage and debt service coverage ratios were 2.74 and 1.49, respectively, for the twelve months ended March 31, 2022 as calculated in the table below (2.84 and 1.54, respectively, for the twelve months ended December 31, 2021). Northview monitors its interest and debt service coverage ratios to assess its ability to service payments on its debt. The debt service coverage ratio includes the impact of principal repayments, excluding one-time lump sum payments at maturity.

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

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

| | Note | As at March 31, 2022 | As at December 31, 2021 |
|---------------------------------|------------|-------------------------|----------------------------|
| Credit facility | 5 | 525,677 | 513,677 |
| Mortgages payable | 4 | 779,879 | 787,602 |
| Less: Cash and cash equivalents | | (6,923) | (11,312) |
| Total debt | A | 1,298,633 | 1,289,967 |
| Investment properties | 3 | 1,774,698 | 1,774,678 |
| Property, plant and equipment | | 34,198 | 35,000 |
| Accumulated depreciation | | 4,799 | 3,947 |
| Portfolio premium | | 89,000 | 89,000 |
| Gross book value | B | 1,902,695 | 1,902,625 |
| Debt to gross book value | A/B | 68.3% | 67.8% |

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

| | Note | March 31, 2022 | December 31, 2021 |
|--|------------|----------------|-------------------|
| Net and comprehensive loss | | (23,323) | (21,341) |
| Depreciation and amortization | | 3,425 | 3,400 |
| Mortgage interest | 10 | 22,568 | 22,832 |
| Amortization of deferred financing costs and fair value adjustment | 4, 10 | (8,155) | (8,498) |
| Interest expense on the credit facility | 10 | 21,849 | 21,348 |
| Distributions to Unitholders | 6 | 45,150 | 45,150 |
| Fair value loss on investment properties | 3 | 37,972 | 37,776 |
| Gain on disposition of property, plant and equipment | | (36) | (36) |
| Transaction costs | | — | 866 |
| Adjusted EBITDA | A | 99,450 | 101,497 |
| Mortgage interest | 10 | 22,568 | 22,832 |
| Amortization of deferred financing costs and fair value adjustment | 4, 10 | (8,155) | (8,498) |
| Interest expense on the credit facility | 10 | 21,849 | 21,348 |
| Interest expense | B | 36,262 | 35,682 |
| Principal payments on mortgages ⁽¹⁾ | 4 | 30,294 | 30,042 |
| Debt service | C | 66,556 | 65,724 |
| Interest coverage ratio | A/B | 2.74 | 2.84 |
| Debt service coverage ratio | A/C | 1.49 | 1.54 |

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

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Rental revenue | 29,775 | 31,017 |
| Revenue from contracts with customers | | |
| Commercial common area maintenance services and executives | 3,745 | 3,821 |
| Residential service components | 14,817 | 12,683 |
| Other revenue | 302 | 327 |
| Total revenue | 48,639 | 47,848 |

NORTHVIEW FUND
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

(thousands of Canadian dollars, except where indicated)

10. FINANCING COSTS

The following table outlines financing costs:

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Mortgage interest | 5,582 | 5,846 |
| Amortization of deferred financing costs | 20 | 20 |
| Amortization of fair value of debt | (1,931) | (2,274) |
| Interest on credit facility | 5,748 | 5,247 |
| Other income | (388) | (332) |
| Total financing costs | 9,031 | 8,507 |

11. SEGMENTED INFORMATION

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

The following tables outline Northview's results by segment:

| | Multi- Residential | Commercial and Execusuite | Total |
|---|-----------------------|------------------------------|-----------|
| Three Months Ended March 31, 2022 | | | |
| Revenue | 38,312 | 10,327 | 48,639 |
| Operating expenses | 19,217 | 4,791 | 24,008 |
| Net operating income | 19,095 | 5,536 | 24,631 |
| Three Months Ended March 31, 2021 | | | |
| Revenue | 37,408 | 10,440 | 47,848 |
| Operating expenses | 16,647 | 4,260 | 20,907 |
| Net operating income | 20,761 | 6,180 | 26,941 |
| | | | |
| | Multi- Residential | Commercial and Execusuite | Total |
| As at March 31, 2022 | | | |
| Total assets | 1,532,011 | 315,315 | 1,847,326 |
| Investment properties | 1,513,920 | 260,778 | 1,774,698 |
| Total liabilities, excluding net assets attributable to Unitholders | 1,121,078 | 234,195 | 1,355,273 |
| As at December 31, 2021 | | | |
| Total assets | 1,536,955 | 316,141 | 1,853,096 |
| Investment properties | 1,513,900 | 260,778 | 1,774,678 |
| Total liabilities, excluding net assets attributable to Unitholders | 1,125,094 | 232,652 | 1,357,746 |