



NorthviewTM

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

MANAGEMENT'S REPORT

To the Unitholders of Northview Fund ("Northview" or the "Fund"):

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 judgements. 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 the 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"

Todd R. Cook
Chief Executive Officer

"Signed"

Sarah Walker
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Northview Fund

Opinion

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

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of net and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in net assets attributable to unitholders for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- 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, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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 year ended December 31, 2022. 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 auditor's report.

Evaluation of the fair value of certain investment properties

Description of the matter

We draw attention to Note 2(C), Note 2(O)(a)(i) and Note 3 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 \$1,842,870 thousand. Subsequent to initial recognition, investment properties are measured at fair value. Significant judgment is applied in arriving at these fair values. 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.

Other Information

Management is responsible for the other information. Other information comprises the information included in 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 and remain alert for indications that the other information 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 auditor's 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 auditor's 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 (IFRS) as issued by the International Accounting Standards Board (IASB) 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's report is Ernest Trevor Hammond.

The image shows a handwritten signature in dark ink that reads "KPMG LLP". The letters are stylized and slanted to the right.

Chartered Professional Accountants

Calgary, Canada
March 29, 2023

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

	Note	As at December 31, 2022	As at December 31, 2021
Assets			
Non-current assets			
Investment properties	3	1,862,078	1,774,678
Property, plant and equipment	4	32,043	35,000
Investment in joint ventures	5	13,153	12,743
Other long-term assets		2,513	2,950
		1,909,787	1,825,371
Current assets			
Accounts receivable		5,546	7,074
Prepaid expenses and other assets		7,163	4,296
Restricted cash		5,547	5,043
Cash and cash equivalents		26,486	11,312
		44,742	27,725
Total assets		1,954,529	1,853,096
Liabilities			
Non-current liabilities			
Mortgages payable	6	562,433	570,239
		562,433	570,239
Current liabilities			
Mortgages payable	6	288,397	238,603
Credit facility	7	503,502	513,677
Trade and other payables		30,402	31,464
Distributions payable	8	3,763	3,763
		826,064	787,507
Total liabilities, excluding net assets attributable to Unitholders		1,388,497	1,357,746
Net assets attributable to Unitholders		564,869	494,438
Total liabilities, net assets attributable to Unitholders		1,953,366	1,852,184
Equity			
Non-controlling interest		1,163	912
Total equity		1,163	912
Total liabilities, net assets attributable to Unitholders, and equity		1,954,529	1,853,096

See accompanying notes to these consolidated financial statements.

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

	Note	Year Ended December 31	
		2022	2021
Revenue	12	198,210	192,125
Operating expenses		85,702	79,456
Net operating income		112,508	112,669
Other expense (income)			
Distributions to Unitholders	8	45,150	45,150
Financing costs	6, 14	48,839	34,641
Administration		6,922	6,847
Management fees	17	6,592	6,682
Depreciation and amortization	4	3,377	3,400
Equity income from joint ventures	5, 17	(1,960)	(1,316)
Fair value (gain) loss on investment properties	3	(67,235)	37,776
Loss (gain) on disposition of assets	3, 4	12	(36)
Transaction costs		—	866
		41,697	134,010
Net and comprehensive income (loss)		70,811	(21,341)
Net and comprehensive income (loss) attributable to:			
Unitholders		70,431	(21,364)
Non-controlling interest		380	23
Net and comprehensive income (loss)		70,811	(21,341)

See accompanying notes to these consolidated financial statements.

NORTHVIEW FUND
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(thousands of Canadian dollars)

Year Ended December 31, 2022					
	Note	Class A	Class C	Class F	Total
Balance, beginning of year		106,151	356,103	32,184	494,438
Conversions	8	(8,882)	(478)	9,360	—
Net and comprehensive income attributable to Unitholders		15,683	50,689	4,059	70,431
Balance, end of year		112,952	406,314	45,603	564,869

Year Ended December 31, 2021					
	Note	Class A	Class C	Class F	Total
Balance, beginning of year		83,362	375,223	57,217	515,802
Conversions	8	27,227	(3,676)	(23,551)	—
Net and comprehensive loss attributable to Unitholders		(4,438)	(15,444)	(1,482)	(21,364)
Balance, end of year		106,151	356,103	32,184	494,438

See accompanying notes to these consolidated financial statements.

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

		Year Ended December 31	
	Note	2022	2021
Operating activities			
Net and comprehensive income (loss)		70,811	(21,341)
Adjustments:			
Distributions to Unitholders	8	45,150	45,150
Depreciation and amortization	4	3,377	3,400
Equity income from joint ventures	5	(1,960)	(1,316)
Fair value (gain) loss on investment properties	3	(67,235)	37,776
Loss (gain) on disposition of assets	3, 4	12	(36)
Amortization of fair value adjustment and deferred financing costs on mortgages payable	6, 14	(7,145)	(8,498)
Changes in non-cash operating working capital	15	(1,980)	2,396
Cash flows provided by operating activities		41,030	57,531
Financing activities			
Proceeds from mortgages	6	123,689	—
Mortgages repaid	6	(36,927)	—
Mortgage principal repayments	6	(30,609)	(30,042)
Payment of deferred financing costs	6	(7,020)	(463)
(Repayments) borrowings on credit facility, net	7	(10,175)	26,600
Distributions paid to Unitholders	8	(45,150)	(45,150)
Distributions to non-controlling interest		(129)	(415)
Cash flows used in financing activities		(6,321)	(49,470)
Investing activities			
Capital expenditures on investment properties	3	(20,737)	(23,311)
Proceeds from sale of assets	3, 4	560	67
Capital expenditures on property, plant and equipment	4	(408)	(239)
Distributions received from equity investees	5	1,550	1,397
Changes in non-cash investing working capital	15	(500)	—
Cash flows used in investing activities		(19,535)	(22,086)
Net increase (decrease) in cash and cash equivalents		15,174	(14,025)
Cash and cash equivalents, beginning of year		11,312	25,337
Cash and cash equivalents, end of year		26,486	11,312
Supplementary information for cash flows provided by operating activities			
Cash interest paid		56,285	44,288

See accompanying notes to these consolidated financial statements.

NORTHVIEW FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except as indicated)

1. DESCRIPTION OF THE REPORTING ENTITY

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with 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 as indicated. The accounting policies set out below have been applied to the periods 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 periods presented.

Northview has a history of generating positive cash flows provided by operating activities. However, it has also operated with a historic working capital deficiency (defined as total current assets less total current liabilities), primarily resulting from a significant portion of its mortgages maturing in any given year. Northview has managed this working capital deficiency through mortgage renewals, extensions or refinancing as a normal part of its business activities. As at December 31, 2022, the working capital deficiency was \$781.3 million, including a liability of \$503.5 million relating to its credit facility which had a maturity date of October 30, 2023.

Northview is currently in negotiations with its lenders regarding amendments to the credit facility, which seek to extend the current maturity date among other items. In addition, if needed, Northview may take additional steps to continue to manage its liquidity, including any combination of reducing or suspending distributions, reducing capital expenditures, divesting non-core investment properties and assets, or obtaining new debt, equity, or other forms of financing.

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

One of the investment objectives of Northview is to effect a recapitalization event between 2023 – 2025 by way of a direct or indirect public offering or listing of new, additional or successor securities of Northview or a traditional real estate investment trust or other entity that owns or will own all or substantially all of Northview’s properties and otherwise carries on Northview’s operations as an indirect owner of such properties, or by way of reorganization, restructuring (corporate, capital or otherwise), combination or merger involving Northview or the Unitholders, or similar transaction. If successful in completing a recapitalization event, Northview anticipates the change in capital structure will improve Northview’s financial position.

These consolidated financial statements were authorized for issuance by the Board of Trustees of Northview (the “Trustees”) on March 29, 2023.

NORTHVIEW FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except as indicated)

B. Principles of consolidation

These consolidated financial statements include the accounts of Northview and its 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. If 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(l).

C. Investment properties

Investment properties include residential and commercial properties held to earn rental income and held for capital appreciation.

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 for certain properties 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 ("NOI") 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 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 operating efficiency of the properties, including its profitability.

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

NORTHVIEW FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except as indicated)

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 statements 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 and transaction costs are initially capitalized.

E. Property, plant and equipment

Land and buildings used as administrative offices and warehouse properties, as well as executives, 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 (loss).

NORTHVIEW FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except as indicated)

F. 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 from other assets 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, an 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.

G. 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 ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statements of net and comprehensive income (loss).

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 receivable and tenant receivables, Northview applies the expected lifetime losses to be recognized from initial recognition of the receivables. Impairment losses are recognized in profit or loss. Subsequent recoveries of amounts previously written off are recorded as credits against losses recognized.

NORTHVIEW FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except as indicated)

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 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 measurement

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
Restricted cash	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 Northview has no instruments that qualify for equity classification, these units are being presented as financial liabilities 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 statements of financial position, distributions to Unitholders is

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presented in the Consolidated Statements of Net and Comprehensive Income (Loss) and classified as financing cash flows as a cost of obtaining financial resources. The components of net and comprehensive income (loss) are allocated between each class of Units. 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. The Units are continually re-assessed for the exception criteria to be classified as equity instruments and, if the instruments meet the exception criteria, the instruments are reclassified as equity at the carrying value of the financial liability at the date the criteria are met.

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.

H. 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.

I. 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 statements 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

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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 statements of financial position.

J. 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 the 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.

K. 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 statements of financial position, and typically relates to cash received for security deposits.

L. 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.

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

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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.

M. 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).

N. 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.

O. 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. 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 either of these inputs could significantly alter the fair value of an investment property. Economic uncertainty and geopolitical risk have resulted in a temporarily higher degree of uncertainty for investment property value.

Components of projected stabilized NOI that could be impacted by the increased economic uncertainty include market rents, occupancy rates, and operating expenses such as utilities and bad debt expenses. As at December 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 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 regions with limited trading activity. Changes in the value of the investment properties impact net and comprehensive income (loss).

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 judgement 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 judgement 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 judgement 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.

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b. Judgements

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. Judgement 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. INVESTMENT PROPERTIES

The following table discloses the balance of investment properties:

	As at December 31, 2022	As at December 31, 2021
Investment properties	1,842,870	1,755,470
Investment in land	19,208	19,208
Balance, end of year	1,862,078	1,774,678

The following table reconciles the change in investment properties:

	2022	2021
Balance at January 1	1,774,678	1,789,143
Capital expenditures on investment properties	20,737	23,311
Fair value gain (loss) on investment properties	67,235	(37,776)
Disposal	(572)	—
Balance at December 31	1,862,078	1,774,678

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, 2022, capitalization rates ranging from 4.25% to 11.00% 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 December 31, 2022 was 7.18% (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:

Region	As at December 31, 2022			As at December 31, 2021		
	Minimum	Maximum	Weighted Average	Minimum	Maximum	Weighted Average
Northern Canada	6.21%	11.00%	8.48%	6.61%	12.00%	8.90%
Western Canada	4.25%	11.00%	6.86%	4.75%	11.00%	6.96%
Atlantic Canada	4.25%	8.00%	5.51%	4.75%	8.00%	5.78%
Overall	4.25%	11.00%	7.18%	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:

Region	As at December 31, 2022			As at December 31, 2021		
	Weighted Average	Increase	Decrease	Weighted Average	Increase	Decrease
Northern Canada	8.48%	(21,615)	22,927	8.90%	(19,308)	20,424
Western Canada	6.86%	(22,661)	24,374	6.96%	(22,010)	23,651
Atlantic Canada	5.51%	(20,450)	22,395	5.78%	(18,394)	20,058
Overall	7.18%	(64,726)	69,696	7.44%	(59,712)	64,133

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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 December 31, 2022		As at December 31, 2021	
	Increase	Decrease	Increase	Decrease
Northern Canada	18,880	(18,880)	17,673	(17,673)
Western Canada	16,114	(16,114)	15,863	(15,863)
Atlantic Canada	11,770	(11,770)	11,086	(11,086)
Overall	46,764	(46,764)	44,622	(44,622)

4. PROPERTY, PLANT AND EQUIPMENT

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

	Land	Buildings	Other	Total
Balance at January 1, 2021	5,685	20,353	12,145	38,183
Additions	—	—	239	239
Disposals	—	—	(32)	(32)
Depreciation	—	(660)	(2,730)	(3,390)
Balance at December 31, 2021	5,685	19,693	9,622	35,000
Additions	—	14	394	408
Depreciation	—	(660)	(2,705)	(3,365)
Balance at December 31, 2022	5,685	19,047	7,311	32,043
	Land	Buildings	Other	Total
Cost	5,685	20,463	12,799	38,947
Accumulated depreciation	—	(770)	(3,177)	(3,947)
Carrying amount at December 31, 2021	5,685	19,693	9,622	35,000
Cost	5,685	20,477	13,193	39,355
Accumulated depreciation	—	(1,430)	(5,882)	(7,312)
Carrying amount at December 31, 2022	5,685	19,047	7,311	32,043

5. INVESTMENT IN JOINT VENTURES

Northview has a 50% interest in Inuvik Capital Suites Zheh Gwizu' 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 Gwizu' Limited Partnership and Northview Canadian HY Properties LP ("NCHYPLP") for the purpose of investing in an income-producing executive 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.

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The following tables summarize the financial information of Northview's joint ventures:

	ICS	ICP	Total
As at December 31, 2022			
Current assets	1,570	1,484	3,054
Non-current assets	12,659	16,314	28,973
Current liabilities	(2,349)	(3,030)	(5,379)
Non-current liabilities	—	(342)	(342)
Net assets	11,880	14,426	26,306
Carrying amount of interest in joint venture (50%)	5,940	7,213	13,153
As at December 31, 2021			
Current assets	1,717	1,775	3,492
Non-current assets	13,073	14,707	27,780
Current liabilities	(2,129)	(2,422)	(4,551)
Non-current liabilities	—	(1,235)	(1,235)
Net assets	12,661	12,825	25,486
Carrying amount of interest in joint venture (50%)	6,330	6,413	12,743
Year Ended December 31, 2022			
Revenue	2,859	3,676	6,535
Expenses	2,039	576	2,615
Net and comprehensive income	820	3,100	3,920
Northview's share of net and comprehensive income (50%)	410	1,550	1,960
Year Ended December 31, 2021			
Revenue	2,455	3,461	5,916
Expenses	1,738	1,546	3,284
Net and comprehensive income	717	1,915	2,632
Northview's share of net and comprehensive income (50%)	358	958	1,316

6. MORTGAGES PAYABLE

The following table summarizes Northview's outstanding mortgages payable:

	As at December 31, 2022	As at December 31, 2021
Mortgages payable	843,757	787,602
Fair value adjustment upon assumption	14,233	21,697
Deferred financing costs	(7,160)	(457)
Balance, end of year	850,830	808,842
Current	288,397	238,603
Non-current	562,433	570,239
Balance, end of year	850,830	808,842

As at December 31, 2022, Northview had in place mortgages that bore interest at rates ranging from 1.21% to 8.45% (December 31, 2021 – 0.74% to 6.48%) and had a weighted average rate of 3.63% (December 31, 2021 – 2.87%). The mortgages mature between 2023 and 2030 (December 31, 2021 – 2022 and 2030) and are secured by charges against specific properties. Land and buildings with a carrying value of \$1.6 billion (December 31, 2021 – \$1.5 billion) have been pledged to secure Northview's mortgages payable.

The fair value of mortgages payable as at December 31, 2022 was approximately \$814.0 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.

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

	Principal Amount	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2023	24,489	258,379	282,868	33.5%	4.76%
2024	18,342	130,467	148,809	17.6%	2.86%
2025	11,690	150,996	162,686	19.3%	3.06%
2026	6,025	56,949	62,974	7.5%	2.36%
2027	3,658	105,278	108,936	12.9%	4.06%
Thereafter	3,371	74,113	77,484	9.2%	3.01%
Total	67,575	776,182	843,757	100.0%	3.63%

The following table reconciles the change in mortgages payable:

	2022	2021
Balance at January 1	808,842	847,845
Proceeds from new mortgages	123,689	—
Mortgages repaid	(36,927)	—
Mortgage principal repayments	(30,609)	(30,042)
Payment of deferred financing costs	(7,020)	(463)
Amortization of deferred financing costs	319	54
Amortization of fair value adjustment	(7,464)	(8,552)
Balance at December 31	850,830	808,842

7. CREDIT FACILITY

As at December 31, 2022, Northview had in place a credit facility with a total credit limit of \$529.9 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%.

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

In July 2022, Northview executed an additional amendment to its credit facility. This amendment changed inputs used in the calculation of the mortgageability amount and amended the limit for the debt service coverage ratio, a financial covenant, to 1.40 from 1.60.

The terms of the credit facility were as follows:

	As at December 31, 2022		As at December 31, 2021	
	Credit Limit	Amount Drawn	Credit Limit	Amount Drawn
Tranche A-1 Facility	315,651	315,651	381,596	381,596
Tranche A-2 Facility	87,251	87,251	105,481	105,481
Tranche B Facility	32,000	22,600	32,000	6,600
Tranche B-2 Revolving Facility	20,000	20,000	20,000	20,000
Tranche B-3 Term Facility	75,000	58,000	—	—
Total	529,902	503,502	539,077	513,677

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

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As the Tranche A-1 Facility and the Tranche A-2 Facility are non-revolving term loan facilities, payments on the facilities reduce the credit limit available. For the year ended December 31, 2022, total repayments of \$84.2 million reduced the credit limit on the Tranche A-1 Facility and Tranche A-2 Facility.

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

The following table reconciles the change in the credit facility:

	2022	2021
Balance at January 1	513,677	487,077
Borrowings on credit facility	74,000	26,600
Repayments on credit facility	(84,175)	—
Balance at December 31	503,502	513,677

Financial covenants

As at December 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 1.40
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 consolidated financial statements. These financial measures are defined under the credit facility agreement as follows:

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

As at and during the year ended December 31, 2022, Northview was in compliance with all financial covenants. Refer to Note 11 for further discussion of Northview's objectives, policies, and processes for managing capital.

8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

(thousands of Units)	Class A	Class C	Class F	Total Units
Balance at January 1, 2021	5,827	24,776	3,820	34,423
Units issued on conversion	1,884	(266)	(1,554)	64
Balance at December 31, 2021	7,711	24,510	2,266	34,487
Units issued on conversion	(529)	(31)	544	(16)
Balance at December 31, 2022	7,182	24,479	2,810	34,471

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

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Class A Units are listed on the TSX under the symbol "NHV.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 TSX. 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 (as defined in Note 17) 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, 2022 and December 31, 2021, there was substantial uncertainty whether the Carried Interest distribution would be paid. Accordingly, no amount has been accrued in relation to the Carried Interest as at December 31, 2022 and December 31, 2021.

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

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Monthly Distributions (\$/Unit)	Distributions Declared	Monthly Distributions (\$/Unit)	Distributions Declared
Class A	0.1048	10,011	0.1048	9,281
Class C	0.1106	32,491	0.1106	32,654
Class F	0.1081	2,648	0.1081	3,215
	0.1091	45,150	0.1091	45,150

Subsequent to the end of the period and prior to the consolidated financial statements being authorized for issue on March 29, 2023, Northview declared monthly distributions totaling \$11.3 million.

9. 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 sale 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, 2022 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

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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, 2022, Northview had provided guarantees on mortgages secured by investment properties totaling \$4.0 million (December 31, 2021 – \$5.0 million) for its joint ventures, ICP and ICS. These mortgages bear interest at rates ranging from 3.45% to 7.45% (December 31, 2021 – 3.01% to 5.50%) and mature between 2023 and 2024 (December 31, 2021 – 2022 and 2024). As at December 31, 2022, land and buildings with a carrying value of \$28.6 million have been pledged to secure these mortgages payable (December 31, 2021 – \$27.5 million). As these joint ventures are accounted for under the equity method, these mortgage balances have not been recorded in Northview's financial statements.

10. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value measures

As at December 31, 2022 and December 31, 2021, the only recurring fair value measure in these consolidated 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(O). Refer to Note 3 for a reconciliation of the fair value of investment properties for the for the years ended December 31, 2022 and 2021.

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 December 31, 2022, the spread rates referenced maturities of up to ten years and ranged from 0.75% to 2.39% (December 31, 2021 – 0.85% to 2.12%), depending on the nature and terms of the respective mortgages.

iii. Other financial assets and 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 cash and cash equivalents, restricted cash, accounts receivable, other long-term assets, trade and other payable, and distributions payable.

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 periods 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.

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i. 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. Interest rate risk is predominately related to Northview's credit facility described in Note 8. As at December 31, 2022, a 100-bps increase (decrease) in interest rates, all else being equal, would impact Northview's net and comprehensive income (loss) by approximately \$5.9 million.

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, 2022 and December 31, 2021, substantially all of Northview's mortgages were subject to fixed interest rates.

ii. 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 executive portfolios. For leases in commercial property, Northview provides for recovery of operating costs from tenants, including utilities. Due to the locations Northview's properties, 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 cost 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 uses fixed price hedges to manage the exposure to the utility cost risk in Alberta.

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.

A 10% change in the combined average price of utilities (electricity, water, fuel oil, wood pellets, and natural gas) would impact Northview's net and comprehensive income (loss) by approximately \$2.8 million for the year ended December 31, 2022 (year ended December 31, 2021 – approximately \$2.4 million).

iii. 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.

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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, 2022, Northview had a working capital deficiency of \$781.3 million (December 31, 2021 – \$759.8 million), of which \$288.4 million (December 31, 2021 – \$238.6 million) was related to the current portion of mortgages payable and expected to be refinanced with new long-term mortgages. As at December 31, 2022 and December 31, 2021, the current portion of credit facility borrowings consisted of all borrowings on the credit facility, for which the maturity was October 30, 2023 and October 30, 2022, respectively.

Contractual maturity for non-derivative financial liabilities as at December 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)	843,757	900,146	305,728	337,811	182,169	74,438
Credit facility	503,502	503,502	503,502	—	—	—
Trade and other payables ⁽¹⁾	30,402	30,402	30,402	—	—	—
Distributions payable	3,763	3,763	3,763	—	—	—
Total	1,381,424	1,437,813	843,395	337,811	182,169	74,438

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

11. CAPITAL MANAGEMENT

Northview manages its capital through covenant compliance outlined in Note 7 and guidelines that are set out in the Declaration of Trust, including a maximum debt to gross book value ratio of 70.0%. Northview's capital consists of mortgages payable, borrowings on the credit facility, and Units. Northview previously reported an interest coverage ratio with reference to adjusted EBITDA as an alternate capital management measure. However, Northview has focused capital management on the credit facility covenant requirements and the debt to gross book value ratio as set out in the Declaration of Trust. Accordingly, Northview no longer reports an interest coverage ratio as an additional capital management metric.

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

The Declaration of Trust provides for a maximum debt to gross book value ratio of 70.0%. As at December 31, 2022, Northview's ratio of debt to gross book value was 66.4% 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 December 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.

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

	Note	As at December 31, 2022	As at December 31, 2021
Credit facility	7	503,502	513,677
Mortgages payable	6	843,757	787,602
Less: Cash and cash equivalents		(26,486)	(11,312)
Total debt	A	1,320,773	1,289,967
Investment properties	3	1,862,078	1,774,678
Property, plant and equipment	4	32,043	35,000
Accumulated depreciation	4	7,312	3,947
Portfolio premium		89,000	89,000
Gross book value	B	1,990,433	1,902,625
Debt to gross book value	A/B	66.4%	67.8%

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Year Ended	
	December 31, 2022	December 31, 2021
Rental revenue	132,676	132,639
Revenue from contracts with customers		
Commercial common area maintenance services and executives	14,887	14,449
Residential service components	49,320	43,690
Other revenue	1,327	1,347
Revenue	198,210	192,125

13. PERSONNEL COSTS

The following table outlines personnel costs:

	Year Ended	
	December 31, 2022	December 31, 2021
Salaries, wages and other benefits	23,110	22,854
Personnel costs capitalized to investment properties	(2,724)	(2,548)
Personnel costs	20,386	20,306

14. FINANCING COSTS

The following table outlines financing costs:

	Year Ended	
	December 31, 2022	December 31, 2021
Mortgage interest	25,489	22,832
Amortization of deferred financing costs	319	54
Amortization of fair value adjustment	(7,464)	(8,552)
Interest on credit facility	31,474	21,348
Other income	(979)	(1,041)
Financing costs	48,839	34,641

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15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Year Ended	
	December 31, 2022	December 31, 2021
Accounts receivable	2,028	2,714
Prepaid expenses and other assets	(2,867)	(154)
Restricted cash	(504)	(5,043)
Other long-term assets	426	206
Trade and other payables	(1,063)	4,673
Changes in non-cash operating working capital	(1,980)	2,396

For the year ended December 31, 2022, the change in non-cash investing working capital of \$0.5 million (December 31, 2021 – \$nil) related to distributions declared from equity investees.

16. OPERATING LEASES

As lessor, Northview leases commercial investment property held under operating leases. Commercial property operating leases have lease terms between 1 to 10 years, some of which have 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, 2022	December 31, 2021
Less than 1 year	19,656	19,859
1 – 3 years	25,346	27,795
4 – 5 years	9,958	12,156
More than 5 years	724	1,222
	55,684	61,032

17. RELATED PARTIES

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

a. Entities with significant influence

Starlight Group Property Holdings Inc. and its affiliates (“Starlight Group”) and KingSett Capital Inc. and its affiliates (“KingSett”) have significant influence over Northview by virtue of Unit holdings and representation on Northview’s Board of Trustees by Daniel Drimmer and Rob Kumer, respectively. Additionally, an affiliate of Starlight Group, Starlight Investments CDN AM Group LP, provides asset management services to Northview.

Transactions with these entities consisted of:

- Northview paid an asset 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. This asset management fee was incurred pursuant to a Management Agreement with Starlight Group entered into on November 2, 2020, whereby Starlight Group provides management services to Northview, including the services of the Chief Executive Officer and Chief Financial Officer.
- Northview received a fee equal to 3.50% of revenue less bad debt earned on certain properties, included as “other income” in the table below. This fee was earned in exchange for providing property management services for certain properties located in Montreal and owned by an entity owned by Starlight Group and KingSett, pursuant to a property management agreement with an entity owned by Starlight Group and KingSett entered into on November 2, 2020. This agreement was terminated effective December 31, 2021.

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Additional commitments with these entities consist of:

- 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 8 for further discussion.
- Northview is party to 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.
- The Declaration of Trust grants Starlight Group, so long as it is the owner of Starlight Investment CDN AM Group LP, the right to nominate one individual to the Board of Trustees.

b. Key management personnel

The compensation of key management personnel consisted of short-term employee benefits and is included within "Operating expenses" and "Administration" within the consolidated statements of net and comprehensive income (loss) 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.

c. Joint ventures

ICS and ICP is each a joint venture in which Northview has a 50% interest (refer to Note 5). For the years ended December 31, 2022 and 2021, Northview provided management services to each of ICP and ICS.

d. Financial information

The following table outlines transactions with related parties:

	Entities with Significant Influence			Joint Ventures	Total
	Key Management Personnel				
Year Ended December 31, 2022					
Revenue	—	—	416	416	
Expenses	6,592	1,158	59	7,809	
Year Ended December 31, 2021					
Revenue	—	—	361	361	
Other income	639	—	—	639	
Expenses	6,682	1,384	61	8,127	

The following table outlines outstanding balances with related parties:

	Entities with Significant Influence	Joint Ventures	Total
As at December 31, 2022			
Accounts receivable	—	36	36
Accounts payable	646	—	646
As at December 31, 2021			
Accounts receivable	2,470	103	2,573
Accounts payable	556	4	560

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

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18. 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
Year Ended December 31, 2022			
Revenue	156,874	41,336	198,210
Operating expenses	68,445	17,257	85,702
Net operating income	88,429	24,079	112,508
Year Ended December 31, 2021			
Revenue	151,257	40,868	192,125
Operating expenses	63,163	16,293	79,456
Net operating income	88,094	24,575	112,669

	Multi-Residential	Commercial and Execusuite	Total
As at December 31, 2022			
Total assets	1,627,672	326,857	1,954,529
Investment properties	1,591,030	271,048	1,862,078
Total liabilities, excluding net assets attributable to Unitholders	1,166,719	221,778	1,388,497
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