Northview™

APARTMENT REIT

Unaudited Condensed Consolidated Financial Statements and Notes

For the three and six months ended June 30, 2020 and 2019

NORTHVIEW APARTMENT REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(thousands of Canadian dollars)

	Note	June 30, 2020	December 31, 2019
Assets			
Non-current assets			
Investment properties	3	4,515,780	4,469,336
Property, plant and equipment		33,297	35,539
Lease assets		443	622
Investment in joint ventures		8,087	7,937
Other long-term assets		7,342	7,896
		4,564,949	4,521,330
Current assets			
Assets held for sale		-	17,600
Accounts receivable	9	13,144	14,503
Restricted cash		8,017	7,919
Cash and cash equivalents		4,096	4,380
Prepaid expenses and other assets		11,796	9,505
		37,053	53,907
Total Assets		4,602,002	4,575,237
Liabilities			
Non-current liabilities			
Mortgages payable	4	1,568,562	1,739,781
Credit facilities	5	174,714	150,016
Class B LP Units	7(b)	65,543	55,857
Lease liabilities		11,708	11,929
Unit-based payments	6	1,344	4,406
		1,821,871	1,961,989
Current liabilities			
Mortgages payable	4	508,102	335,617
Credit facilities	5	93,099	66,916
Trade and other payables		85,694	87,495
Distributions and Class B LP interest payable		9,414	9,364
Liabilities related to assets held for sale		-	10,497
Unit-based payments	6	6,782	6,001
Lease liabilities		457	516
		703,548	516,406
Total Liabilities		2,525,419	2,478,395
Unitholders' equity			
Equity attributable to Unitholders		2,075,509	2,095,820
Non-controlling interests		1,074	1,022
Total Equity		2,076,583	2,096,842
Total Liabilities and Equity		4,602,002	4,575,237

See accompanying notes to the condensed consolidated financial statements.

NORTHVIEW APARTMENT REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE INCOME
Three and six months ended June 30
(thousands of Canadian dollars)

		Three months ended		Six months ended	
	Note	**2020**	2019	**2020**	2019
Revenue	**12**	**98,258**	97,567	**198,136**	193,791
Operating expenses		**39,111**	39,341	**83,010**	84,335
Net operating income		**59,147**	58,226	**115,126**	109,456
Other expense (income)					
Financing costs from operations	**13**	**18,746**	22,630	**38,081**	44,423
Administration		**4,546**	4,825	**9,440**	8,839
Depreciation and amortization		**1,446**	1,423	**2,924**	2,844
Loss on disposition		**5**	630	**787**	646
Equity income from joint ventures		**(106)**	(287)	**(234)**	(541)
Fair value loss (gain)	**14**	**14,762**	(47,165)	**34,780**	(9,069)
Proceeds on insurance settlement		**-**	(2,169)	**-**	(2,845)
Transaction costs	**1**	**4,418**	-	**7,032**	-
		43,817	(20,113)	**92,810**	44,297
Net and comprehensive income		**15,330**	78,339	**22,316**	65,159
Net and comprehensive income attributable to:					
Unitholders		**15,300**	78,284	**22,240**	65,074
Non-controlling interests		**30**	55	**76**	85
Net and comprehensive income		**15,330**	78,339	**22,316**	65,159

See accompanying notes to the condensed consolidated financial statements.

NORTHVIEW APARTMENT REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY
Six months ended June 30
(thousands of Canadian dollars)

	Note	2020	2019
Units			
Balance, January 1		**1,625,987**	1,315,107
Trust Units issued, net of issuance cost	**7(a)**	**12,279**	102,631
Balance, June 30		**1,638,266**	1,417,738
Retained earnings			
Cumulative net income			
Balance, January 1		**1,101,914**	860,060
Net and comprehensive income attributable to Unitholders		**22,240**	65,074
Balance, June 30		**1,124,154**	925,134
Cumulative distributions to Unitholders			
Balance, January 1		**(632,081)**	(535,573)
Distributions declared to Unitholders	**7(c)**	**(54,830)**	(46,537)
Balance, June 30		**(686,911)**	(582,110)
Cumulative retained earnings, June 30		**437,243**	343,024
Equity attributable to Unitholders		**2,075,509**	1,760,762
Non-controlling interests			
Balance, January 1		**1,022**	1,052
Net and comprehensive income attributable to non-controlling interest		**76**	85
Distributions to non-controlling interests		**(24)**	(120)
Balance, June 30		**1,074**	1,017
Total Unitholders' equity		**2,076,583**	1,761,779

See accompanying notes to the condensed consolidated financial statements.

NORTHVIEW APARTMENT REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three and six months ended June 30
(thousands of Canadian dollars)

		Three months ended		Six months ended	
	Note	**2020**	2019	**2020**	2019
Operating activities:					
Net and comprehensive income		**15,330**	78,339	**22,316**	65,159
Adjustments:					
Fair value loss (gain)	**14**	**14,762**	(47,165)	**34,780**	(9,069)
Financing costs from operations	**13**	**18,746**	22,630	**38,081**	44,423
Interest paid		**(18,554)**	(22,551)	**(37,805)**	(44,236)
Depreciation and amortization		**1,446**	1,423	**2,924**	2,844
Loss on disposition		**5**	630	**787**	646
Equity income from joint ventures		**(106)**	(287)	**(234)**	(541)
Long-term incentive compensation		**1,411**	1,706	**483**	(139)
Cash settled long-term incentive compensation		**-**	-	**(2,669)**	(246)
Changes in non-cash working capital	**15**	**(239)**	(19,773)	**886**	(15,472)
Cash provided by operating activities		**32,801**	14,952	**59,549**	43,369
Financing activities:					
Proceeds from mortgages	**4**	**45,822**	132,119	**81,741**	158,638
Repayment of mortgages	**4**	**(41,283)**	(79,337)	**(90,972)**	(115,653)
Borrowing (repayment) of credit facilities, net	**5**	**27,694**	(68,237)	**50,881**	(10,565)
Distributions paid to Unitholders	**7(c)**	**(21,737)**	(23,064)	**(44,012)**	(45,999)
Proceeds from the issuance of Trust Units, net		**-**	82,308	**-**	82,285
Cash paid to settle convertible debentures		**-**	(1,307)	**-**	(1,307)
Distributions to non-controlling interests		**(12)**	(104)	**(24)**	(120)
Payments of leases		**(122)**	(152)	**(280)**	(303)
Cash provided by (used in) financing activities		**10,362**	42,226	**(2,666)**	66,976
Investing activities:					
Acquisition of investment properties and land	**3**	**-**	(51,172)	**-**	(61,430)
Capital expenditures on investment properties under development	**3**	**(24,572)**	(14,462)	**(37,681)**	(26,097)
Capital expenditures on investment properties	**3**	**(14,568)**	(24,692)	**(32,385)**	(42,633)
Proceeds from disposition of assets and investment properties		**-**	19,000	**17,625**	20,767
Acquisition of property, plant and equipment		**(177)**	(410)	**(374)**	(630)
Distributions received from equity investees		**33**	50	**84**	100
Changes in non-cash working capital	**15**	**(2,325)**	1,712	**(4,436)**	(7,496)
Cash used in investing activities		**(41,609)**	(69,974)	**(57,167)**	(117,419)
Net increase (decrease) in cash and cash equivalents		**1,554**	(12,796)	**(284)**	(7,074)
Cash and cash equivalents, beginning of period		**2,542**	15,425	**4,380**	9,703
Cash and cash equivalents, June 30		**4,096**	2,629	**4,096**	2,629

See accompanying notes to the condensed consolidated financial statements.

1. DESCRIPTION OF THE REPORTING ENTITY

Northview Apartment Real Estate Investment Trust ("Northview") is an unincorporated, open-ended real estate investment trust ("REIT") created pursuant to a declaration of trust ("DOT") dated January 2, 2002, and last amended May 5, 2016, under the laws of the Province of Alberta (and the federal laws of Canada applicable therein). Northview is primarily a multi-family residential real estate investor and operator, providing rental accommodations with a portfolio of approximately 27,000 residential units and 1.2 million square feet of commercial space in more than 60 markets across eight provinces and two territories. Northview's registered office is located at 200, 6131 6th Street SE, Calgary, Alberta.

Northview's Trust Units are listed on the Toronto Stock Exchange under the symbol: NVU.UN. Northview continues to qualify as a REIT for tax purposes.

"Unitholders" in the condensed consolidated financial statements refer to the Northview unitholders ("Trust Unitholders") and the Class B LP unitholders ("Class B LP Unitholders").

Starlight Group Property Holdings Inc. and affiliates ("Starlight") is a related party as it is controlled by a Trustee and significant Unitholder of Northview. On February 19, 2020, Northview entered into an arrangement agreement (the "Arrangement Agreement") with Starlight and KingSett Capital Inc. (collectively, the "Purchasers") pursuant to which the Purchasers have agreed to acquire Northview (the "Transaction"). Unitholders of Northview's outstanding Trust Units (other than Starlight's interest in Northview which will be rolled into the acquiring entities) will receive $36.25 per Trust Unit, payable, at the election of Unitholders: (i) in cash; or (ii) in a combination of cash and units of a new multi-residential fund.

Per the Arrangement Agreement, Northview had an initial 30-day go-shop period, beginning on February 19, 2020 and ending on March 20, 2020 (the "Go-Shop Period"), during which it was permitted to actively solicit, evaluate and enter into negotiations with third parties that expressed an interest in acquiring Northview. On March 23, 2020, Northview announced the expiration of the Go-Shop Period and advised that it did not receive a superior proposal during the Go-Shop Period. Northview further announced that the Board of Trustees of Northview did not determine that the potential buyers that entered into confidentiality agreements with Northview had a reasonable prospect of making an acquisition proposal within the 15-day period following the expiry of the Go-Shop Period.

On April 23, 2020, Northview was granted an interim order by the Alberta Court of Queen's Bench (the "Interim Order") with regards to the Transaction. The Interim Order authorized Northview to proceed with various matters, including the calling and holding of Northview's Annual General and Special Meeting of Unitholders to, among other things, consider and vote on the Transaction on May 25, 2020 (the "Meeting"). Closing conditions relating to approvals required under the *Competition Act* (Canada) were met on April 29, 2020.

At the Meeting, a total of 38,558,226 Units were represented, being 55.75% of Northview's issued and outstanding Units. The resolution approving the Transaction (the "Arrangement Resolution") was required to be passed by: (i) the affirmative vote of at least two-thirds (66 2/3%) of the votes cast by Unitholders, voting as a single class, present in person or represented by proxy at the Meeting and entitled to vote, and (ii) a simple majority of the votes cast by disinterested Unitholders, voting as a single class, present in person or represented by proxy at the Meeting excluding for this purpose the votes attached to Units held by Starlight and its affiliates. The Arrangement Resolution was approved with (i) 99.69% of all Unitholders voting in favour, and (ii) 99.60% of all Unitholders, excluding Starlight and its affiliates, voting in favour.

On May 29, 2020, the Court of Queen's Bench of Alberta granted a final order approving the Transaction.

Unitholders elected to receive an aggregate of 5,358,351 Class C Units of the Northview Canadian High Yield Residential Fund ("High Yield Fund Units") as consideration under the Arrangement Agreement. This represents a total aggregate value of $66.979 million of the consideration in the Transaction being elected to be received in High Yield Fund Units, including the election of Starlight to receive 2,402,430 High Yield Fund Units.

Transaction costs in the statement of net and comprehensive income are professional and legal fees related to the Transaction. Subject to the satisfaction of all closing conditions for the Transaction, customary costs for a transaction of this nature are payable including fees to financial advisors, professional service firms and certain employee related costs. During the three and six months ended June 30, 2020, Northview incurred $4.4 million and $7.0 million, respectively, of professional and legal fees related to the Transaction.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation and statement of compliance

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

These condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with Northview’s annual financial statements for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed consolidated financial statements follow the same accounting policies and methods of application as the consolidated financial statements for the year ended December 31, 2019, except for the impact of adopting amendments to IFRS 3 – Business Combinations (“IFRS 3”) on January 1, 2020 as outlined in Note 2c.

These condensed consolidated financial statements were approved by the Board of Trustees of Northview (the “Trustees”) on August 13, 2020.

b) Critical accounting estimates, judgments and measurement uncertainty

The preparation of these condensed consolidated financial statements requires Northview’s management (“Management”) to make estimates and judgments. The critical accounting estimates and assumptions disclosed in Northview’s annual financial statements for the year ended December 31, 2019 have been consistently applied in the preparation of these condensed consolidated financial statements.

i) Measurement uncertainty

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

During the first six months of 2020, the COVID-19 financial impact included a reduction of revenue from execusuite properties, an increase in COVID-19 related expenses and higher estimated bad debt expense in the multi-family business segment. COVID-19 related expenses include incremental cleaning costs, an employee recognition program and the purchase of personal protective equipment to manage the safety of residents, execusuite guests, and employees, and to contain the spread of COVID-19. The financial impact from the COVID-19 pandemic is expected to continue in the second half of 2020.

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

A decrease in crude oil demand due to the COVID-19 pandemic, coupled with excess global crude oil supply resulted in a significant oil price decline during the first six months of 2020. Although there was a partial recovery in the oil price, and provinces started re-opening their economies with less restrictions related to COVID-19 in the second quarter, the lower oil price and the COVID-19 pandemic may continue to have a negative impact on net operating income ("NOI") in resource-based markets in future periods. The resource-based markets represent approximately 10% of overall NOI in the second quarter of 2020.

Northview carries its investment properties at fair value. Significant estimates used in determining the fair value of Northview's investment properties include capitalization rates ("Cap Rates") and projected stabilized NOI. A change to any of these estimates could significantly alter the fair value of an investment property. The COVID-19 pandemic and oil price decline have created an uncertain economic outlook which has resulted in a temporarily higher degree of uncertainty for investment property values.

Components of NOI that could be impacted by the increased economic uncertainty described above include market rents, occupancy rates and operating expenses such as property taxes and bad debt expenses. As at June 30, 2020, Management believed that there had not been a material impact to any of these inputs and that the longer-term implications could not be reasonably estimated. The longer-term impact the increased economic uncertainty may have on Cap Rates and NOI will depend on the duration of physical distancing requirements, the extent and effectiveness of government stimulus and regulations that impact Northview's operations and tenants, unemployment rates and market demand for multi-family and commercial properties. Refer to Note 3 for information relating to the sensitivity fair value models have to changes in Cap Rates and NOI.

In light of the increased economic uncertainty, Management closely monitors fair value of investment properties (refer to Note 3), the expected credit losses associated with accounts receivable (refer to Note 9), liquidity and capital management (refer to Notes 10 and 11) in addition to the appropriate level of Northview's future distributions.

c) New accounting standards and interpretations

Northview has applied revised IFRSs issued by IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2020. Accordingly, Northview adopted Amendments to IFRS 3, which revises the definition of a business. As Northview had no transactions that required consideration under this amended standard on adoption and during the quarter, there was no impact to these financial statements. The amendments will be applied prospectively.

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

3. INVESTMENT PROPERTIES

	June 30, 2020	December 31, 2019
Investment properties	**4,394,051**	4,375,914
Investment properties under development	**87,144**	58,837
Land held for development	**34,585**	34,585
Balance, end of period	**4,515,780**	4,469,336

Changes in investment properties:

	Six months ended June 30, 2020	Year ended December 31, 2019
Balance, January 1	**4,469,336**	4,080,000
IFRS 16 transition adjustment [1]	**-**	11,905
Investment property acquisitions	**-**	86,855
Land acquisitions	**-**	12,064
Dispositions	**-**	(5,304)
Transfers to property, plant and equipment	**-**	(433)
Transfers to assets held for sale, net	**-**	(44,014)
Capital expenditures on investment properties under development	**37,681**	53,705
Capital expenditures on investment properties	**32,385**	95,302
Fair value (loss) gain	**(23,622)**	179,256
Balance, end of period	**4,515,780**	4,469,336

[1] Effective January 1, 2019, Northview adopted IFRS 16 – Leases using the modified retrospective approach. Refer to Note 3 of Northview's annual consolidated financial statements for the year ended December 31, 2019 for further information.

Changes in investment properties by region for the six months ended June 30, 2020:

	Atlantic Canada	**Northern Canada**	**Ontario**	**Quebec**	**Western Canada**	**Total**
Balance, January 1, 2020	**449,453**	**651,589**	**2,008,719**	**240,210**	**1,119,365**	**4,469,336**
Capital expenditures on investment properties under development	**13**	**2,519**	**18,283**	**-**	**16,866**	**37,681**
Capital expenditures on investment properties	**3,433**	**2,121**	**17,223**	**4,266**	**5,342**	**32,385**
Fair value loss (Note 14)	**(3,282)**	**(729)**	**(11,446)**	**(3,169)**	**(4,996)**	**(23,622)**
Balance, June 30, 2020	**449,617**	**655,500**	**2,032,779**	**241,307**	**1,136,577**	**4,515,780**

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

Changes in investment properties by region for the year ended December 31, 2019:

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
Balance, January 1, 2019	462,647	631,906	1,682,670	217,331	1,085,446	4,080,000
IFRS 16 transition adjustment [1]	-	21	11,884	-	-	11,905
Investment property acquisitions	12,768	862	54,686	-	18,539	86,855
Land acquisitions	-	-	12,064	-	-	12,064
Dispositions	(5,304)	-	-	-	-	(5,304)
Transfers to property, plant and equipment	(433)	-	-	-	-	(433)
Transfers to assets held for sale, net	(17,600)	-	-	-	(26,414)	(44,014)
Capital expenditures on investment properties under development	35	8,852	24,115	-	20,703	53,705
Capital expenditures on investment properties	18,937	6,953	44,415	12,088	12,909	95,302
Fair value (loss) gain	(21,597)	2,995	178,885	10,791	8,182	179,256
Balance, December 31, 2019	449,453	651,589	2,008,719	240,210	1,119,365	4,469,336

[1] Effective January 1, 2019, Northview adopted IFRS 16 – Leases using the modified retrospective approach. Refer to Note 3 of Northview's annual consolidated financial statements for the year ended December 31, 2019 for further information.

During the six months ended June 30, 2020, Northview transferred $9.4 million (year ended December 31, 2019 – $38.4 million) from investment properties under development to investment properties and capitalized borrowing costs of $1.0 million (year ended December 31, 2019 – $1.5 million) to investment properties under development.

Dispositions of properties from investment properties and assets held for sale:

Regions	Six months ended June 30, 2020	Year ended December 31, 2019
	Gross Proceeds	Gross Proceeds
Western Canada	-	29,400
Atlantic Canada	17,600	5,304
Northern Canada	-	1,745
Total	17,600	36,449

There were no investment property and land acquisitions during the six months ended June 30, 2020.

Investment property and land acquisitions for the year ended December 31, 2019:

Regions	Transaction Costs	Purchase Price	Assumed Mortgage	Class B LP Units Issued	Total Cost
Ontario	1,835	59,915	-	5,000	66,750
Western Canada	989	5,139	12,411	-	18,539
Atlantic Canada	295	5,212	7,261	-	12,768
Northern Canada	20	842	-	-	862
Total	3,139	71,108	19,672	5,000	98,919

During the six months ended June 30, 2020, Northview did not purchase any property from Starlight. During the year ended December 31, 2019, Northview purchased a property from Starlight for a total purchase price of $52.7 million excluding closing costs. Refer to Note 17 for details on related party transactions.

Northview uses the Cap Rate method to value investment properties. As at June 30, 2020, Cap Rates ranging from 3.25% to 13.00% (December 31, 2019 – 3.25% to 13.00%) were applied to a projected stabilized NOI. The weighted average Cap Rate used to fair value Northview's investment properties as at June 30, 2020 was 5.72% (December 31, 2019 – 5.73%).

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

Summary of the Cap Rates used to fair value investment properties:

	June 30, 2020			December 31, 2019		
Regions	**Minimum**	**Maximum**	**Weighted Average**	Minimum	Maximum	Weighted Average
Ontario	**3.25%**	**5.50%**	**4.23%**	3.25%	5.50%	4.23%
Western Canada	**4.00%**	**11.00%**	**6.03%**	4.00%	11.00%	6.06%
Atlantic Canada	**4.50%**	**9.50%**	**6.56%**	4.50%	9.50%	6.53%
Northern Canada	**6.86%**	**13.00%**	**9.16%**	6.86%	13.00%	9.17%
Quebec	**4.25%**	**7.55%**	**5.58%**	4.25%	7.55%	5.58%
Overall	**3.25%**	**13.00%**	**5.72%**	3.25%	13.00%	5.73%

A 25-basis point change in Cap Rates would change the fair value of investment properties as follows:

	June 30, 2020			December 31, 2019		
Regions	**Increase**	**Decrease**	**Weighted Average**	Increase	Decrease	Weighted Average
Ontario	**(114,991)**	**129,427**	**4.23%**	(112,753)	126,907	4.23%
Western Canada	**(46,438)**	**50,452**	**6.03%**	(44,746)	48,596	6.06%
Atlantic Canada	**(16,473)**	**17,779**	**6.56%**	(17,296)	18,673	6.53%
Northern Canada	**(17,319)**	**18,291**	**9.16%**	(17,272)	18,240	9.17%
Quebec	**(10,475)**	**11,458**	**5.58%**	(10,317)	11,284	5.58%
Overall	**(205,696)**	**227,407**	**5.72%**	(202,384)	223,700	5.73%

A 2.5% change in stabilized NOI would increase or decrease fair value of investment properties as follows:

Regions	**June 30, 2020**	December 31, 2019
Ontario	**51,548**	50,547
Western Canada	**29,178**	28,235
Atlantic Canada	**11,215**	11,728
Northern Canada	**16,302**	16,277
Quebec	**6,110**	6,016
Overall	**114,353**	112,803

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

4. MORTGAGES PAYABLE

	June 30, 2020	December 31, 2019
Mortgages payable	**2,128,526**	2,136,129
Fair value adjustment upon assumption	**1,317**	1,873
Deferred financing costs	**(53,179)**	(52,107)
	2,076,664	2,085,895
Mortgages related to assets held for sale	**-**	(10,497)
Total	**2,076,664**	2,075,398

Current	**508,102**	335,617
Non-current	**1,568,562**	1,739,781
Total	**2,076,664**	2,075,398

Mortgages payable bear interest at rates ranging from 1.42% to 6.48% (December 31, 2019 – 1.70% to 6.48%) and have a weighted average rate of 2.97% as at June 30, 2020 (December 31, 2019 – 3.04%). The mortgages mature between 2020 and 2030 (December 31, 2019 – 2020 and 2030) and are secured by charges against specific properties. Land and buildings with a carrying value of $4.0 billion (December 31, 2019 – $4.0 billion) have been pledged to secure the mortgages payable of Northview. Deferred financing costs are amortized over the mortgage term or the amortization term of the mortgage through the condensed consolidated statement of net and comprehensive income.

The fair value of mortgages payable as at June 30, 2020, is approximately $2.2 billion (December 31, 2019 – $2.1 billion). The fair value is determined by discounting the future cash payments by the current market borrowing rate. The majority of the mortgages on Northview's investment properties are insured by Canada Mortgage and Housing Corporation ("CMHC"). Pursuant to standard mortgage terms, mortgagees have security interest in the specified properties. In addition, certain investment properties are cross securitized providing the lender with security rights to those properties.

Details of Northview's mortgages outstanding as at June 30, 2020:

	Principal Amount	**Principal on Maturity**	**Total**	**% of Total**	**Weighted Average Interest Rate**
2020	29,116	222,941	252,057	11.8%	3.11%
2021	49,537	260,937	310,474	14.6%	3.47%
2022	45,186	106,840	152,026	7.1%	2.70%
2023	39,500	219,542	259,042	12.2%	3.12%
2024	33,292	196,035	229,327	10.8%	2.79%
Thereafter	69,399	856,201	925,600	43.5%	2.82%
Total	**266,030**	**1,862,496**	**2,128,526**	**100.0%**	**2.97%**

Changes in mortgages payables:

	June 30, 2020	December 31, 2019
Mortgages payable, January 1 [1]	**2,085,895**	2,029,106
Proceeds from new mortgages	**83,370**	393,532
Prepaid mortgage fees	**(1,629)**	(10,840)
Repayment of mortgages	**(90,972)**	(345,575)
Mortgage assumption related to acquisitions	**-**	19,672
Mortgages payable, end of period [1]	**2,076,664**	2,085,895

[1] Mortgages payable include liabilities related to assets held for sale.

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

5. CREDIT FACILITIES

Borrowings under credit facilities	June 30, 2020	December 31, 2019
Operating credit facilities	**174,714**	150,016
Construction financing	**82,345**	52,516
Land financing	**10,754**	14,400
Total	**267,813**	216,932

Current	**93,099**	66,916
Non-current	**174,714**	150,016
Total	**267,813**	216,932

Operating credit facilities

	Maturity Date	Credit Limit	Maximum Borrowing Capacity	June 30, 2020 Amounts Drawn	December 31, 2019 Amounts Drawn
$30 million operating credit facility interest at prime plus 1.15% or Banker's Acceptance plus 2.40%:	November 30, 2020	30,000	6,462	**-**	-
$200 million operating credit facility interest at prime plus 0.65% or Banker's Acceptance plus 1.70%:	March 29, 2022	200,000	200,000	**174,714**	150,016
Total		230,000	206,462	**174,714**	150,016

Changes in credit facilities:

	June 30, 2020	December 31, 2019
Credit facilities, January 1	**216,932**	176,230
Advances from credit facilities	**69,527**	935,432
Repayment of credit facilities	**(18,646)**	(894,730)
Credit facilities, end of period	**267,813**	216,932

As at June 30, 2020, Northview had two operating credit facilities with a total credit limit of $230.0 million (December 31, 2019 – $230.0 million). The maximum borrowing capacity as at June 30, 2020 is $206.5 million (December 31, 2019 – $205.1 million). Specific investment properties with a total fair value of $493.2 million (December 31, 2019 – $492.8 million) have been pledged as collateral security for the operating credit facilities. Northview also has $1.5 million (December 31, 2019 – $2.2 million) in letters of credit ("LOC") outstanding. The LOC reduce the amount available under the $200 million operating credit facility.

Construction financing

As at June 30, 2020, Northview had four construction financing loans outstanding relating to the developments in Nanaimo, BC, Canmore, AB, Calgary, AB and Kitchener, ON. Interest rates range from prime plus 0% to 0.85% or Banker's Acceptance plus 1.40% to 2.00%. The construction financing loans are payable on demand and otherwise mature on dates ranging from July 31, 2020 to December 19, 2022.

Land financing

The land financing loans relate to land held for development and bear interest at prime plus 0.50% or Bankers' Acceptance plus 2.00%. The land financing loans are payable on demand, and otherwise mature on dates ranging from November 30, 2020 to March 31, 2021. Financing is secured by land held for development.

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

Financial covenants

Northview's credit facilities contain certain financial covenants. The principal financial covenants are debt to gross book value and debt service coverage calculated in accordance with the terms of the underlying credit facility agreements (Note 11). The debt to gross book value ratio covenant maximum threshold is 70% and the debt service coverage ratio covenant minimum threshold is at least 1.40. As at and during the six months ended June 30, 2020, Northview was in compliance with all financial covenants.

6. UNIT-BASED PAYMENTS

a) Long term incentive ("LTI") plan

On May 6, 2015, the Unitholders approved a unit award plan comprised of an LTI plan, whereby performance units ("PUs") and restricted units ("RUs") are issued to employees of Northview or its affiliates, as defined in the *Securities Act* (Alberta). PUs and RUs entitle the employees to receive payment upon vesting in the form of Trust Units of Northview. PUs and RUs may be settled with units through issuance of new Trust Units from treasury or in cash. PUs incorporates three-year performance criteria established at the time of grant and vest after three years in the third year after grant if performance conditions are met. RUs vest over a period of three years in thirds each December 31 after grant with no performance criteria other than continued employment. PUs and RUs earn notional distributions from the date of grant until vesting. Compensation expense is recognized in net and comprehensive income over the vesting period. The carrying amount of the liability, included in unit-based payments, relating to PUs and RUs as at June 30, 2020 is $2.6 million and $1.1 million (December 31, 2019 – $4.2 million and $1.4 million) respectively.

Changes to PUs and RUs balance under the LTI plan:

	Six months ended June 30, 2020	Year ended December 31, 2019
	Number of Units	Number of Units
Opening balance, January 1	**226,234**	272,128
Performance units granted	**-**	46,937
Restricted units granted	**73,861**	40,549
Performance units vested	**(50,261)**	(47,953)
Restricted units vested	**(40,343)**	(26,818)
Performance units cancelled	**-**	(58,609)
Restricted units cancelled	**(1,696)**	-
Balance, end of period	**207,795**	226,234

Changes to PUs and RUs balance under the LTI plan related to Northview's executive officers (also included in the above table):

	Six months ended June 30, 2020	Year ended December 31, 2019
	Number of Units	Number of Units
Balance, January 1	**118,919**	138,711
Performance units granted	**-**	26,187
Restricted units granted	**33,999**	17,458
Performance units vested	**(28,403)**	(22,898)
Restricted units vested	**(18,373)**	(12,552)
Performance units cancelled	**-**	(27,987)
Balance, end of period	**106,142**	118,919

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

b) Deferred Unit Plan ("DUP")

On May 6, 2015, the Unitholders approved the DUP, whereby deferred units ("DUs") are issued to non-executive Trustees as a form of compensation. The expense is recognized over the service period. DUs earn notional distributions from the date of grant until settled. Fluctuations in the market value are recognized in fair value in net and comprehensive income. DUs are settled through issuance of new Trust Units from treasury upon the Trustees' departure from Northview. The carrying amount of the liability, included in unit-based payments, relating to the cash-settled DUs as at June 30, 2020 is $3.5 million (December 31, 2019 – $2.6 million).

Changes to DUs balance under the DUP:

	Six months ended June 30, 2020	Year ended December 31, 2019
	Number of Units	Number of Units
Balance, January 1	**81,874**	64,728
Units granted	**11,131**	17,146
Balance, end of period	**93,005**	81,874

7. UNITHOLDERS' EQUITY

a) Trust Units

Changes in Trust Units issued and outstanding:

	Six months ended June 30, 2020		Year ended December 31, 2019	
	Number of Units	**Amount ($)**	Number of Units	Amount ($)
Balance January 1	**67,069,293**	**1,625,987**	56,211,251	1,315,107
Trust Units issued to settle LTI	**44,528**	**1,567**	46,260	1,225
Trust Units issued for 2019 Debenture conversion	**-**	**-**	694,146	19,121
Trust Units issued for equity offering, net of issuance costs	**-**	**-**	3,220,000	82,143
Trust Units issued for Class B LP Unit exchange	**-**	**-**	6,855,486	207,173
Trust Units issued for Dividend Reinvestment Plan	**335,904**	**10,712**	42,150	1,218
Balance, end of period	**67,449,725**	**1,638,266**	67,069,293	1,625,987

b) Class B LP Units and Special Voting Units ("Class B LP Units")

Class B LP Units are units issued by subsidiaries of Northview and are typically issued in conjunction with property acquisitions. Class B LP Units can be exchanged for Trust Units at any time at the option of the holder. Each Class B LP Unit has a Special Voting Unit, which entitles the holder to one vote as if he or she was a Unitholder.

Subsidiaries of Northview are authorized to issue Class B LP Units and Northview is authorized to issue the related Special Voting Units. The ability to exchange Class B LP Units for Trust Units implies that an element of liability exists because it imposes an unavoidable obligation to deliver Trust Units (i.e. a financial instrument of another entity). Therefore, Class B LP Units are classified as financial liabilities on the condensed consolidated statements of financial position.

The total number of Class B LP Units outstanding as at June 30, 2020 is 1,884,510 (December 31, 2019 – 1,884,510) with a corresponding liability of $65.5 million (December 31, 2019 – $55.9 million). During the six months ended June 30, 2020, Northview did not issue any Class B LP Units. During the year ended December 31, 2019, Northview issued 186,567 Class B LP Units with a fair value of $5.0 million and 6,855,486 Class B LP Units with a fair value of $207.2 million were exchanged for Trust Units, which resulted in $5.9 million of land transfer tax.

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

Changes in Class B LP Units:

Date	Description	Issue Price/ Call Price	Number of Units	Amount ($)
Balance, January 1, 2019		$24.48	8,553,429	209,388
June 3, 2019	Issuance of Class B LP Units	$26.80	186,567	5,000
December 2, 2019	Exchange of Class B LP Units	$30.22	(6,855,486)	(207,173)
December 31, 2019	Fair value adjustment	$29.64	-	48,642
Balance, December 31, 2019		**$29.64**	**1,884,510**	**55,857**
March 31, 2020	**Fair value adjustment**	**$32.74**	**-**	**5,842**
June 30, 2020	**Fair value adjustment**	**$34.78**	**-**	**3,844**
Balance, June 30, 2020		**$34.78**	**1,884,510**	**65,543**

c) Distributions to Trust Unitholders

Pursuant to the DOT, holders of Trust Units and Class B LP Units are entitled to receive distributions made on each distribution date as declared. During the six months ended June 30, 2020, Northview declared monthly distributions of $0.1358 per Trust Unit and Class B LP Unit (December 31, 2019 – $0.1358 per Trust Unit and Class B LP Unit). For the three and six months ended June 30, 2020, Northview declared distributions for a total of $28.2 million and $56.4 million, respectively (June 30, 2019 – $27.1 million and $53.5 million respectively).

8. GUARANTEES, COMMITMENTS AND CONTINGENCIES

In the normal course of operations, Northview may provide indemnification commitments to counterparties in transactions such as credit facilities, leasing transactions, service arrangements, director and officer indemnification agreements, and sales of assets. These indemnification agreements may require Northview to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by counterparties as a consequence of the transaction. The terms of these indemnification agreements vary based on the contract and may not provide any limit on the maximum potential liability. To date, Northview has not made any payments under such indemnifications and no amount has been accrued in the condensed consolidated 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, where required, accrue the best estimate of costs. Management believes the outcome of claims of this nature as at June 30, 2020 will not have a material impact on Northview.

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

As at June 30, 2020, Northview has provided guarantees on mortgages secured by investment properties totaling $6.2 million (December 31, 2019 – $6.6 million) of its equity accounted joint ventures, Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") and Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS"). These mortgages bear interest at rates ranging from 3.01% to 5.50% (December 31, 2019 – 3.01% to 5.50%) and mature between 2020 and 2024 (December 31, 2019 – 2020 and 2024). As at June 30, 2020, land and buildings with a carrying value of $20.1 million have been pledged to secure these mortgages payable (December 31, 2019 – $20.1 million). Due to the equity accounting of ICP and ICS, the mortgage balances have not been recorded in Northview's condensed consolidated financial statements.

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

9. ACCOUNTS RECEIVABLE

Accounts receivable consists mainly of amounts owed by tenants, goods and services tax rebates, mortgage holdbacks and miscellaneous receivables.

	June 30, 2020	December 31, 2019
0-30 days	**1,200**	1,594
31-60 days	**401**	493
61-90 days	**397**	136
Over 90 days	**990**	2,043
Tenant receivables	**2,988**	4,266
Other receivables	**10,156**	10,237
Balance, end of period	**13,144**	14,503

Included in the tenant receivables balance as at June 30, 2020 is expected credit loss of $3.4 million (December 31, 2019 – $2.4 million).

10. FAIR VALUE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measures

Northview's financial assets and financial liabilities are carried at amortized cost or at fair value through profit or loss ("FVTPL") as applicable. Such fair value estimates are not necessarily indicative of the amounts Northview might pay or receive in actual market transactions.

Hierarchy of assets and liabilities measured at fair value:

	June 30, 2020			December 31, 2019		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**-**	**-**	**4,515,780**	-	-	4,469,336
Assets held for sale	**-**	**-**	**-**	-	-	17,600
Liabilities						
Mortgages payable	**-**	**2,166,841**	**-**	-	2,138,762	-
Class B LP Units	**65,543**	**-**	**-**	55,857	-	-
Unit-based payments	**-**	**8,126**	**-**	-	10,407	-
Liabilities related to assets held for sale	**-**	**-**	**-**	-	-	10,497

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. During the six months ended June 30, 2020 and year ended December 31, 2019, there were no transfers between Level 1, Level 2, and Level 3 assets and liabilities. Northview had no credit derivatives over financial assets as at June 30, 2020, or December 31, 2019, and throughout the intervening periods.

The significant methods and assumptions used in estimating fair values of Northview's assets and liabilities measured at fair value and other financial instruments are summarized below:

(i) Investment properties

Northview determined the fair value of each investment property using the valuation methodology and key assumptions described in Note 2(C) of the consolidated financial statements for years ended December 31, 2019 and 2018. Refer to Note 2b for details on the impact of COVID-19 on the valuation of Northview's investment properties.

(ii) Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage or the yield of a comparable mortgage. The spread rates used as at June 30, 2020, ranged from 1.02% to 2.48% (December 31, 2019 – 0.73% to 2.12%), depending on the nature and terms of the respective mortgages.

(iii) Class B LP Units

Northview uses the closing price on the period end date of its Trust Units for fair value measurement for its Class B LP Units.

(iv) Unit-based payments

Northview determines the fair value of unit-based payments and DUs using the valuation methodology and key assumptions described in Note 2(L) of the consolidated financial statements for years ended December 31, 2019 and 2018.

(v) Other financial assets and financial liabilities

The fair value of Northview's other financial assets and liabilities approximate their recorded values due to their short-term nature. These include cash and cash equivalents, restricted cash, accounts receivable, other long-term assets, credit facilities, trade and other payables, and distributions and Class B LP interest 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. The Trustees have responsibility for the establishment and approval of Northview's overall risk management policies, including those related to financial instruments. Management performs ongoing assessments so that all significant risks related to financial instruments are reviewed and addressed in light of changes to market conditions and Northview's operating activities.

(i) Utility cost risk

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

Natural gas is the main source of fuel for heating properties located in Alberta, parts of British Columbia, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan, and Inuvik, NT. Natural gas prices in Alberta, British Columbia, and Ontario are not subject to regulated price control. Northview uses fixed price hedges to manage the exposure to the utility cost risk in the following regions: Ontario, Quebec, and Alberta.

Management prepared a sensitivity analysis of the impact of price changes in the cost of heating oil and natural gas. A 10% change in the combined average price of heating oil and natural gas would impact Northview's annualized net income by approximately $1.9 million (December 31, 2019 – $1.4 million).

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

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Northview's credit risk primarily arises from the possibility that residents may not be able to fulfill their lease commitments. Given Northview's collection history and the nature of these tenants, credit risk is assessed as low. Accounts receivable consists mainly of resident receivables. Resident receivables are comprised of residents spread 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 units 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 day of the month, obtaining security deposits approximating one month's rent from residents where legislation permits, and geographic diversification in its portfolio. Northview records an estimate of expected credit losses for receivables from past and current tenants as an allowance. The aging of current residents and resident receivables is net of the allowance for credit losses from current and past residents.

Refer to Note 2b for details on the impact of COVID-19 on credit risk.

(iii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Northview is exposed to interest rate risk on its credit facilities and does not hold any financial instruments to mitigate that risk. Northview may not be able to renew mortgage loans with interest rates at the same rate as those currently in place. Northview utilizes both fixed and floating rate debt. Interest rate risk related to floating interest rates is limited primarily to the utilization of credit facilities. Management mitigates interest rate risk by utilizing fixed rate mortgages, ensuring access to a number of sources of funding, and staggering mortgage maturities.

A sensitivity analysis on floating rate debt has been completed based on the exposure to interest rates at the statement of financial position date. Floating rate debt includes all mortgages payable which are not subject to fixed interest rates and the credit facilities. A 0.50% change in interest rates, keeping all other variables constant, would change Northview's annualized net income by approximately $1.2 million (December 31, 2019 – $1.7 million).

(iv) Liquidity risk

Northview's objective for managing liquidity is to ensure adequate liquidity for operating, capital, and investment activities, as well as distributions to Unitholders. Northview is able to fund its obligations with cash flow from operating activities, operating facilities, construction financing, mortgage debt secured by investment properties, and equity issuances.

Liquidity risk is the risk that Northview is not able to meet its financial obligations as they become due or can only do so at excessive cost. Northview manages liquidity risk by balancing the maturity profile of mortgages and credit facilities. Mortgage maturities normally enable replacement financing with funds available for other purposes. Northview utilizes CMHC insured mortgage lender financing to obtain loans up to 75% of CMHC's assessed value of a multi-family property. Northview bears lower refinancing risk and incurs lower borrowing costs on properties financed using CMHC insured mortgage lender financing, including the cost of the insurance, when compared to conventional financing. Changes in property NOI impact the borrowing base calculation, which determines the availability under the operating facilities. Adverse economic conditions may result in a decrease in NOI, and therefore the borrowing base, which would reduce the amount of liquidity available to Northview.

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

As at June 30, 2020, Northview had a working capital deficiency of $666.5 million, of which $508.1 million is related to the current portion of mortgages payable and expected to be refinanced with long-term mortgages. In the normal course of business, a portion of Northview's borrowings under mortgages and credit facilities with a maturity date less than one year will be considered current liabilities prior to being replaced with longer-term financing. The majority of the current portion of credit facilities of $93.1 million is expected to be addressed through the extension of the maturity date of credit facilities and replaced with long-term mortgages upon the completion of the construction projects. The remaining working capital deficiency is expected to be managed primarily through cash flow generated from operating activities and available capacity on operating credit facilities. Northview currently does not expect access to debt markets will change substantially as a result of the COVID-19 pandemic.

Contractual maturity for non-derivative financial liabilities as at June 30, 2020:

	Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 – 5 Years	Over 5 Years
Mortgages payable – principal and interest	**2,076,664**	**2,376,855**	**567,634**	**1,002,253**	**806,968**
Credit facilities [1]	**267,813**	**267,813**	**93,099**	**174,714**	**-**
Trade and other payables [2]	**85,694**	**85,694**	**85,694**	**-**	**-**
Distributions and Class B LP interest payable	**9,414**	**9,414**	**9,414**	**-**	**-**
Lease liabilities	**12,165**	**22,503**	**880**	**2,340**	**19,283**

[1] Contractual obligations to repay credit facilities only include the principal amount.
[2] Security deposits payable are included in trade and other payables.

Contractual maturity for derivative financial liabilities as at June 30, 2020:

	Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 – 5 Years	Over 5 Years
Unit-based payments	**8,126**	**8,126**	**6,782**	**1,344**	**-**

Contractual maturity for non-derivative financial liabilities as at December 31, 2019:

	Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 – 5 Years	Over 5 Years
Mortgages payable – principal and interest	2,075,398	2,396,526	396,618	1,092,791	907,117
Credit facilities [1]	216,932	216,932	66,916	150,016	-
Trade and other payables [2]	87,495	87,495	87,495	-	-
Distributions and Class B LP interest payable	9,364	9,364	9,364	-	-
Lease liabilities	12,445	22,997	947	2,485	19,565
Liabilities related to assets held for sale	10,497	10,497	10,497	-	-

[1] Contractual obligations to repay credit facilities only include the principal amount.
[2] Security deposits payable are included in trade and other payables.

Contractual maturity for derivative financial liabilities as at December 31, 2019:

	Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 – 5 Years	Over 5 Years
Unit-based payments	10,407	10,407	6,001	4,406	-

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

11. CAPITAL MANAGEMENT

Northview's objectives when managing its capital are to safeguard its assets while maximizing the growth of its business, returns to Unitholders, and maintaining the sustainability of cash distributions. Northview's capital consists of mortgages payable, credit facilities, Trust Units, and Class B LP Units. Northview follows guidelines which are set out in the DOT.

Management monitors Northview's capital structure on an ongoing basis to determine the appropriate level of mortgages payable to be placed on specific properties at the time of acquisition or when existing debt matures. In determining the most appropriate debt, consideration is given to cash flow generated from the specific property, interest rate, amortization period, maturity and debt service ratio. Northview has credit facilities which are used to fund acquisitions, development, and capital expenditures until specific mortgage debt is placed or additional equity is raised. Under the Arrangement Agreement, there are certain restrictions for entering into new financings other than borrowings under existing credit facilities in the ordinary course, certain specified new facilities and extensions or refinancing of existing mortgages in the ordinary course that are maturing prior to the closing of the Transaction. Any new financing, other than those previously disclosed to the Purchaser under the Arrangement Agreement, would require consent and acknowledgement from the Purchasers. Northview monitors capital on the basis of debt to gross book value ratio. The DOT provides for a maximum debt to gross book value ratio of 70%. As at June 30, 2020 and December 31, 2019, Northview was in compliance with all financial covenants.

Debt to gross book value is calculated on the consolidated entities. Debt service coverage are calculated based on the most recently completed four fiscal quarters.

	June 30, 2020	December 31, 2019
Debt to gross book value		
Cash and cash equivalents	**(4,096)**	(4,380)
Credit facilities (Note 5)	**267,813**	216,932
Mortgages payable (Note 4)	**2,128,526**	2,136,129
Lease liabilities	**12,165**	12,445
Debt	**2,404,408**	2,361,126
Investment properties (Note 3)	**4,515,780**	4,469,336
Property, plant and equipment	**33,297**	35,539
Lease assets	**443**	622
Assets held for sale	**-**	17,600
Accumulated depreciation	**40,109**	37,359
Gross book value	**4,589,629**	4,560,456
Debt to gross book value	**52.4%**	51.8%

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

	June 30, 2020	December 31, 2019
Debt service coverage		
Net income before income taxes	**199,123**	241,967
Depreciation and amortization	**5,824**	5,744
Mortgage interest and deferred financing costs	**66,857**	66,299
Interest expense on credit facilities	**5,808**	6,972
Interest expense on Class B LP Units	**7,726**	13,185
Interest expense on lease liabilities	**439**	447
Fair value gain	**(83,089)**	(126,938)
Earnings before interest, income taxes, depreciation and amortization ("EBITDA")	**202,688**	207,676
Mortgage interest and deferred financing costs	**66,857**	66,299
Interest expense on credit facilities	**5,808**	6,972
Interest expense on lease liabilities	**439**	447
Total interest expense	**73,104**	73,718
Principal repayment [1]	**59,263**	58,624
Debt service payments	**132,367**	132,342
Debt service coverage	**1.53**	1.57

[1] Principal repayment represents principal payments on outstanding mortgages excluding one-time lump sum payments at maturity.

12. REVENUE

Rental revenue, revenue from contracts with customers and revenue from other sources by region for the three months ended June 30, 2020:

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
Rental revenue	**8,871**	**15,989**	**28,229**	**4,681**	**17,270**	**75,040**
Revenue from contracts with customers						
Commercial common area maintenance services and execusuites	**815**	**2,282**	**69**	**-**	**40**	**3,206**
Residential service components	**2,938**	**4,475**	**6,114**	**997**	**4,398**	**18,922**
Other revenue	**166**	**44**	**614**	**47**	**219**	**1,090**
Total revenue	**12,790**	**22,790**	**35,026**	**5,725**	**21,927**	**98,258**

Rental revenue, revenue from contracts with customers and revenue from other sources by region for the three months ended June 30, 2019:

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
Rental revenue	8,804	15,098	26,640	4,346	17,389	72,277
Revenue from contracts with customers						
Commercial common area maintenance services and execusuites	1,217	3,143	31	-	29	4,420
Residential service components	3,206	5,023	5,698	1,181	4,551	19,659
Other revenue	169	54	663	66	259	1,211
Total revenue	13,396	23,318	33,032	5,593	22,228	97,567

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

Rental revenue, revenue from contracts with customers and revenue from other sources by region for the six months ended June 30, 2020:

	Atlantic Canada	**Northern Canada**	**Ontario**	**Quebec**	**Western Canada**	**Total**
Rental revenue	**16,990**	**30,048**	**55,120**	**8,824**	**34,736**	**145,718**
Revenue from contracts with customers						
Commercial common area maintenance services and execusuites	**1,889**	**5,400**	**117**	**-**	**54**	**7,460**
Residential service components	**6,949**	**10,650**	**13,521**	**2,492**	**9,123**	**42,735**
Other revenue	**334**	**87**	**1,254**	**95**	**453**	**2,223**
Total revenue	**26,162**	**46,185**	**70,012**	**11,411**	**44,366**	**198,136**

Rental revenue, revenue from contracts with customers and revenue from other sources by region for the six months ended June 30, 2019:

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
Rental revenue	16,277	28,294	51,190	7,867	33,491	137,119
Revenue from contracts with customers						
Commercial common area maintenance services and execusuites	2,226	6,818	66	-	44	9,154
Residential service components	7,720	11,636	12,632	3,037	10,158	45,183
Other revenue	356	96	1,248	117	518	2,335
Total revenue	26,579	46,844	65,136	11,021	44,211	193,791

13. FINANCING COSTS

	Three months ended June 30		**Six months ended June 30**	
	2020	2019	**2020**	2019
Mortgage interest	**15,766**	16,275	**31,754**	32,275
Amortization of deferred financing cost	**1,040**	991	**2,037**	1,983
Amortization of fair value of debt	**(265)**	(785)	**(556)**	(1,581)
Interest expense on credit facilities	**1,137**	2,168	**2,820**	3,984
Interest expense on 2019 Debentures	**-**	161	**-**	379
Interest expense on Class B LP Units	**767**	3,510	**1,535**	6,995
Interest and other income	**97**	171	**(92)**	122
Loss on extinguishment of debt	**96**	27	**366**	41
Interest expense on lease liabilities	**108**	112	**217**	225
Financing costs from operations	**18,746**	22,630	**38,081**	44,423
Fair value loss (gain) on Class B LP Units	**3,844**	(18,115)	**9,686**	20,718
Fair value loss (gain) on 2019 Debentures	**-**	(995)	**-**	2,065
Fair value loss (gain) on other financial liabilities (Note 14)	**3,844**	(19,110)	**9,686**	22,783
Financing costs from operations	**18,746**	22,630	**38,081**	44,423
Fair value loss (gain) on other financial liabilities	**3,844**	(19,110)	**9,686**	22,783
Total financing costs	**22,590**	3,520	**47,767**	67,206

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

14. FAIR VALUE LOSS (GAIN)

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
Investment properties	**10,205**	(27,888)	**23,622**	(32,201)
Unit-based payments	**713**	(167)	**1,472**	349
Other financial liabilities (Note 13)	**3,844**	(19,110)	**9,686**	22,783
Total	**14,762**	(47,165)	**34,780**	(9,069)

15. CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
Restricted cash	**115**	(156)	**(98)**	2,384
Accounts receivable	**2,477**	(3,399)	**1,359**	(5,529)
Prepaid expenses and other assets	**(2,823)**	(5,381)	**(2,291)**	(7,509)
Other long-term assets	**328**	308	**584**	516
Trade and other payables	**(336)**	(11,145)	**1,332**	(5,334)
Changes in non-cash working capital from operating activities	**(239)**	(19,773)	**886**	(15,472)

For the three and six months ended June 30, 2020, the changes in non-cash working capital from investing activities are a $2.3 million cash outflow (June 30, 2019 – $1.7 million cash inflow) and a $4.4 million cash outflow (June 30, 2019 – $7.5 million cash outflow), respectively, due to the change in trade and other payables related to work-in-progress on investment property improvements and land held for development.

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

16. SEGMENTED INFORMATION

Management uses geographic segments (i.e. groups of provinces and territories) to manage the properties. The geographic segments consist of Atlantic Canada (Newfoundland and Labrador, Nova Scotia, and New Brunswick), Northern Canada (Northwest Territories and Nunavut), Ontario, Quebec, and Western Canada (Alberta, British Columbia, and Saskatchewan). In addition, due to the differences between the commercial & execusuite and the residential markets, Management also reviews operations by market segment.

Northview's residential portfolio is comprised of a multi-family segment: apartments, town homes, and single-family rental units, where the rental period ranges from six to 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.

a) Geographic Segments

	Atlantic Canada	**Northern Canada**	**Ontario**	**Quebec**	**Western Canada**	**Total**
Three months ended June 30, 2020						
Revenue	**12,790**	**22,790**	**35,026**	**5,725**	**21,927**	**98,258**
Operating expenses	**(5,781)**	**(7,800)**	**(14,380)**	**(2,211)**	**(8,939)**	**(39,111)**
Net operating income	**7,009**	**14,990**	**20,646**	**3,514**	**12,988**	**59,147**
Six months ended June 30, 2020						
Revenue	**26,162**	**46,185**	**70,012**	**11,411**	**44,366**	**198,136**
Operating expenses	**(12,842)**	**(17,681)**	**(29,152)**	**(5,045)**	**(18,290)**	**(83,010)**
Net operating income	**13,320**	**28,504**	**40,860**	**6,366**	**26,076**	**115,126**
As at June 30, 2020						
Total assets	**463,768**	**680,549**	**2,039,069**	**242,491**	**1,151,575**	**4,577,452**
Investment properties	**449,617**	**655,500**	**2,032,779**	**241,307**	**1,136,577**	**4,515,780**
Total liabilities	**253,629**	**322,505**	**924,268**	**153,000**	**483,327**	**2,136,729**

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
Three months ended June 30, 2019						
Revenue	13,396	23,318	33,032	5,593	22,228	97,567
Operating expenses	(6,251)	(8,614)	(12,924)	(2,466)	(9,086)	(39,341)
Net operating income	7,145	14,704	20,108	3,127	13,142	58,226
Six months ended June 30, 2019						
Revenue	26,579	46,844	65,136	11,021	44,211	193,791
Operating expenses	(13,841)	(18,964)	(27,342)	(5,437)	(18,751)	(84,335)
Net operating income	12,738	27,880	37,794	5,584	25,460	109,456
As at December 31, 2019						
Total assets	463,506	678,965	2,015,622	241,227	1,132,014	4,531,334
Investment properties	449,453	651,589	2,008,719	240,210	1,119,365	4,469,336
Total liabilities	253,669	328,085	901,407	157,304	501,562	2,142,027

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

b) Market Segments

	Multi-family	**Commercial & Execusuite**	**Total**
Three months ended June 30, 2020			
Revenue	**88,614**	**9,644**	**98,258**
Operating expense	**(34,643)**	**(4,468)**	**(39,111)**
Net operating income	**53,971**	**5,176**	**59,147**
Six months ended June 30, 2020			
Revenue	**177,749**	**20,387**	**198,136**
Operating expense	**(73,388)**	**(9,622)**	**(83,010)**
Net operating income	**104,361**	**10,765**	**115,126**
As at June 30, 2020			
Total assets	**4,318,491**	**258,961**	**4,577,452**
Investment properties	**4,294,704**	**221,076**	**4,515,780**
Total liabilities	**1,969,656**	**167,073**	**2,136,729**

	Multi-family	Commercial & Execusuite	Total
Three months ended June 30, 2019			
Revenue	86,748	10,819	97,567
Operating expense	(34,704)	(4,637)	(39,341)
Net operating income	52,044	6,182	58,226
Six months ended June 30, 2019			
Revenue	171,781	22,010	193,791
Operating expense	(74,512)	(9,823)	(84,335)
Net operating income	97,269	12,187	109,456
As at December 31, 2019			
Total assets	4,260,485	270,849	4,531,334
Investment properties	4,237,930	231,406	4,469,336
Total liabilities	1,975,220	166,807	2,142,027

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

c) Reconciliation of reportable segment net income

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
Total NOI from reportable segments	**59,147**	58,226	**115,126**	109,456
Financing costs from operations	**(18,746)**	(22,630)	**(38,081)**	(44,423)
Administration	**(4,546)**	(4,825)	**(9,440)**	(8,839)
Depreciation and amortization	**(1,446)**	(1,423)	**(2,924)**	(2,844)
Loss on disposition	**(5)**	(630)	**(787)**	(646)
Equity income from joint ventures	**106**	287	**234**	541
Fair value (loss) gain	**(14,762)**	47,165	**(34,780)**	9,069
Proceeds on insurance settlement	**-**	2,169	**-**	2,845
Transaction costs	**(4,418)**	-	**(7,032)**	-
Net and comprehensive income	**15,330**	78,339	**22,316**	65,159

d) Reconciliation of reportable segment assets

	June 30, 2020	December 31, 2019
Total assets attributed to reportable segments	**4,577,452**	4,531,334
Investment in joint ventures	**8,087**	7,937
Other assets	**4,350**	6,067
Restricted cash	**8,017**	7,919
Cash and cash equivalents	**4,096**	4,380
Assets held for sale	**-**	17,600
Total assets	**4,602,002**	4,575,237

e) Reconciliation of reportable segment liabilities

	June 30, 2020	December 31, 2019
Total liabilities attributed to reportable segments	**2,136,729**	2,142,027
Class B LP Units	**65,543**	55,857
Credit facilities	**267,813**	216,932
Trade and other payables	**37,794**	33,311
Distributions and Class B LP interest payable	**9,414**	9,364
Unit-based payments	**8,126**	10,407
Liabilities related to assets held for sale	**-**	10,497
Total liabilities	**2,525,419**	2,478,395

17. RELATED PARTIES

Related party transactions

Related party transactions are conducted in the normal course of operations and are made on terms equivalent to arm's length transactions.

During the year ended December 31, 2019, Starlight exchanged 6,855,486 Class B LP Units for Trust Units. As a result, Starlight's retained interest in the underlying limited partnerships and properties were reduced, resulting in $5.9 million of land transfer tax.

During the year ended December 31, 2019, Northview purchased a property from Starlight for a total purchase price of $52.7 million excluding closing costs. The property was purchased at a value consistent with an independent third-party assessment of the fair value of the property. Fair value was calculated using the expected NOI of that property divided by the market Cap Rate at the time of the valuation. In conjunction with the transaction, Northview issued 186,567 Class B LP Units to Starlight with a fair value of $5.0 million. The transaction was approved by the independent Trustees of Northview.

Pursuant to an income supplement agreement dated November 15, 2017, Starlight is to provide Northview an annual payment of $0.2 million, for a period of ten years, effective January 2018 until December 2027, to pay down the net effective ground rent under the ground lease for a property in Toronto, ON acquired by Northview during the fourth quarter of 2017. The amounts for the three and six months ended June 30, 2020 have been recognized as a reduction of operating expenses.

The balance outstanding and receivable from Starlight is $0.1 million as at June 30, 2020 (December 31, 2019 – $0.1 million) related to instalment notes receivable.

ICP and ICS are related parties as Northview has a 50% interest in ICP and a 50% interest in ICS. For the three and six months ended June 30, 2020, revenue from ICP and ICS related to management fees was $0.1 million and $0.1 million, respectively (June 30, 2019 − $0.1 million and $0.2 million, respectively). The balance outstanding and payable to Northview from ICP and ICS related to management fees is $0.1 million (December 31, 2019 − $0.1 million) and is included in accounts receivable.

18. SUBSEQUENT EVENTS

On July 30, 2020, Northview entered into a new $85 million credit facility with a six-month term and interest rate at prime plus 0.70% or Banker's Acceptance plus 1.70%.

In July 2020, Northview repaid construction financing loan of $21.3 million related to a property in Canmore, AB.

In July 2020, Northview also provided assistance to enable the pre-closing reorganization requested by the Purchasers. All costs related to the pre-closing reorganization were paid by the Purchasers in accordance with the Arrangement Agreement.