Northview™

APARTMENT REIT

2015

ANNUAL REPORT

Corporate Profile

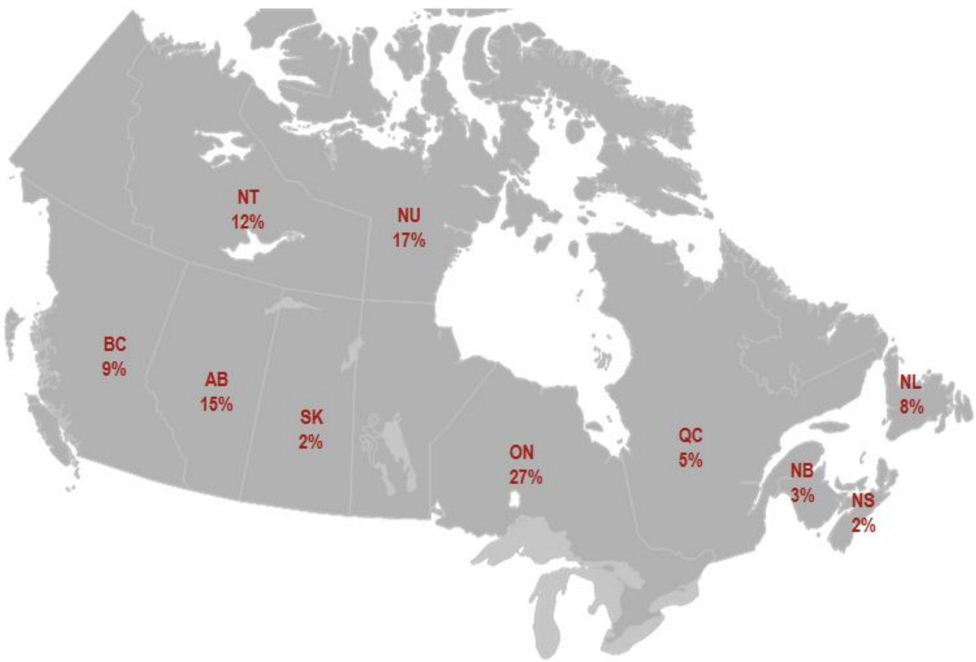
Northview Apartment Real Estate Investment Trust ("Northview") is primarily a multi-family residential real estate investor and operator providing a broad spectrum of rental accommodations with a portfolio of more than 24,000 quality residential suites in more than 60 markets across Canada, which provides Northview the means to deliver stable and growing profitability and cash distributions to Unitholders. The REIT's residential portfolio is comprised of a multi-family segment: apartments, town homes, and single family rental units; and an execusuites and hotel segment where the rental period ranges from a few days to several months. Northview also has a portfolio of commercial buildings focused on government and quality corporate tenants predominantly located in the Northwest Territories, Nunavut, and Newfoundland and Labrador.

Geographically Diversified

Northview operates in eight Canadian provinces and two territories. The geographical segments include Ontario, Western Canada, Atlantic Canada, Northern Canada, and Québec. The Ontario and Québec regions include only the operations of properties located in those respective provinces. The Western Canada segment includes the operations of properties located in British Columbia, Alberta, and Saskatchewan. The Northern Canada segment includes the operations of properties located in Nunavut and the Northwest Territories. The Atlantic Canada segment includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Nova Scotia.

While our roots are in Canada's north, we are also located in some of Canada's largest urban areas and key secondary markets across the country. In many of our regions, we are the leading residential landlord, including in key centers for commodity-based industries. Our diverse locations enable us to deliver stable and growing profitability and cash distributions to our Unitholders over time. The map below highlights how Northview derives net operating income ("NOI") from across Canada.

Portfolio NOI by Region



Northview's cities and towns are multi-faceted economically. Some have an important natural resource component and are in communities that have leadership positions in oil, natural gas, diamonds, forestry products or agriculture. These communities represent Northview's roots and remain an important part of its strategy, which has now been expanded to include higher growth markets.

Following the completion of a transformational transaction in 2015, Northview's portfolio is now diversified across more than 60 Canadian rental markets located in eight provinces and two territories, with reduced exposure to occasionally volatile resource prices. Northview's new markets in eastern and central Canada provide opportunities for both internal and external growth from growing populations, increasing demand for rental apartments, and lower market penetration relative to Northern Property REIT ("NPR") traditional markets.

	Market Penetration	Percentage of Canadian Population
NPR (Northern Markets)	31%	1%
NPR (Other Markets)	8%	2%
Properties Acquired in 2015	1%	33%

Residential/Government Focus

Northview's primary business is providing residential rental property to Canadians in selected markets. Our definition of housing is broad. Northview owns and operates rental apartments, town homes and mixed use properties. Northview is a significant provider of housing to government and corporations in Northern Canada, which sublet our units to their staff. Northview also provides furnished executive-suite and hotel accommodation in selected locations.

In addition, Northview has a portfolio of commercial properties primarily located in its Northern communities and Newfoundland and Labrador. Our commercial properties most often involve government or corporate covenants and longer-term leases.

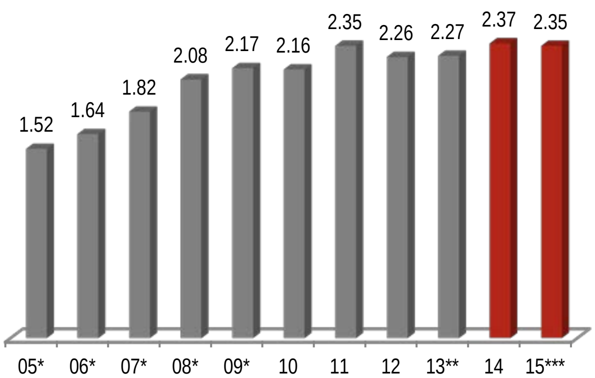
297-301 Base Line Road West, London Ontario

Qilaut Commercial Building, Iqaluit, Nunavut

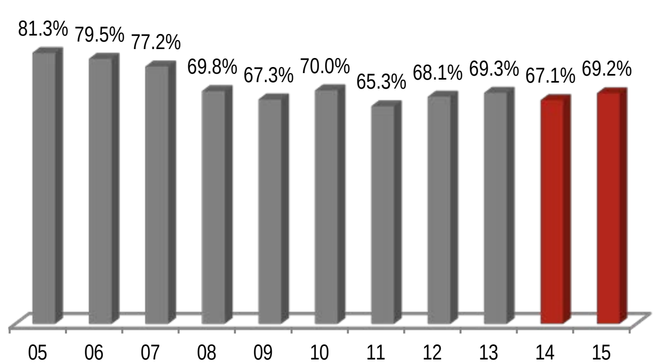
Conservatively Managed

The REIT operates on a financially prudent basis. Northview's debt to the gross book value of its assets for year ended December 31, 2015, was 59.2 percent. Our debt ratios remain strong and will further improve through our disposition program and newly restructured credit facilities to reduce overall debt levels. Northview also has an extended track record of increasing its funds from operations ("FFO") and distributions while maintaining conservative payout and debt ratios to ensure distributions remain sustainable to Unitholders.

Funds from Operations per Unit ($)



FFO Payout Ratio



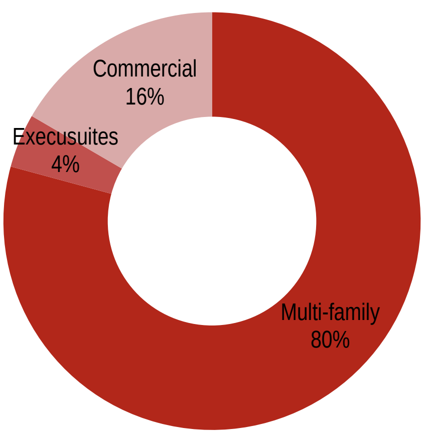
*In accordance with Previous GAAP.
**Excluding Trust Unit current income taxes.
***Funds from operations per Trust Unit – basic.

Table of Contents

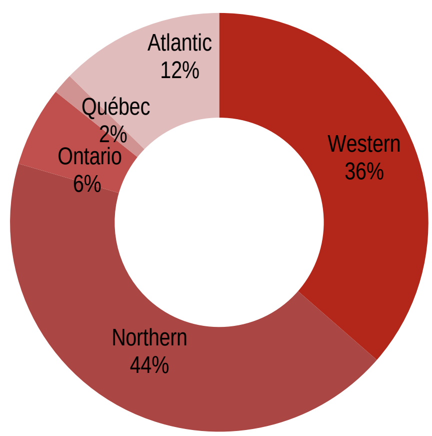
Our Results

	2015	2014
Total revenue ($000s)	217,578	187,841
Net operating income ($000s)	126,699	109,607
Assets ($000s)	3,132,617	1,666,171
Funds from operations – basic ($000s)	82,833	75,450
Funds from operations – diluted ($000s)	83,054	75,450
Funds from operations per Trust Unit – basic	$2.35	$2.37
Funds from operations per Trust Unit – diluted	$2.34	$2.37
FFO payout ratio – basic	69.2%	67.1%
FFO payout ratio – diluted	69.0%	67.1%
Distributions per Trust Unit	$1.63	$1.59
Number of residential units at December 31	24,621	10,910
Total commercial square feet at December 31	1,143,000	1,142,000

Business Segment as a % of NOI (1)



Regions as a % of NOI (1)



(1) The charts provides the breakdown of the NOI by business and geographical segments for the year ended December 31, 2015.

Northview APARTMENT REIT

Letter to Trust Unitholders

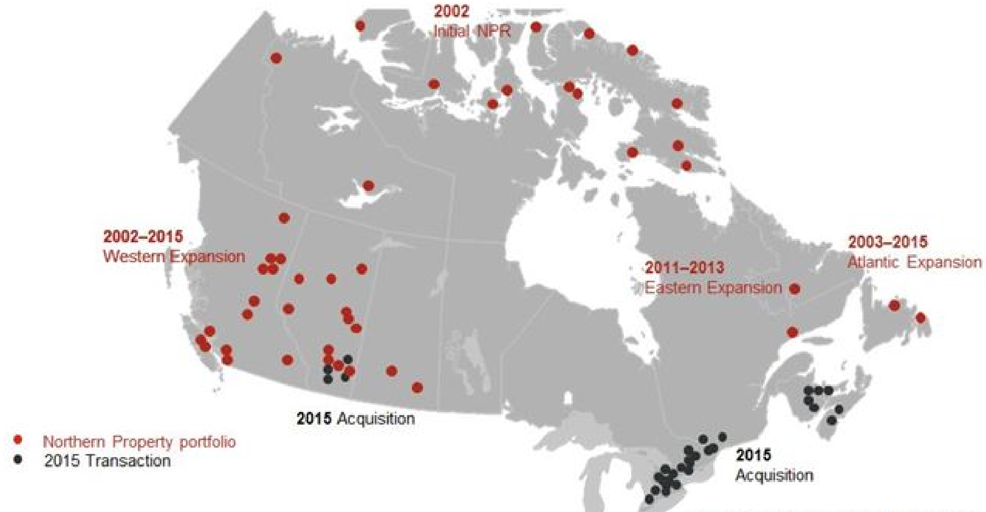
March 24, 2016

Dear Fellow Trust Unitholders:

2015 was a transformational year for the REIT. I would like to share a few thoughts on where we have been and our outlook for 2016 and beyond.

We entered 2015 with higher uncertainty in our resource based markets as sustained low commodity prices, specifically in the price of crude oil, continued to impact our financial results and growth opportunities. While close to two thirds of NOI was generated from our real estate located in Canada's north and other areas of Canada that are unaffected by low commodity prices, our unit price continued to trade with a high correlation to the price of oil. During the year it became apparent that the high correlation of our unit price to the price of oil needed to be addressed by the Trust, as it could potentially impact our long record of providing sustained and increasing distributions to our Unitholders.

Our diversification strategy prior to 2015 had somewhat insulated our financial results from the impact of the low natural resource prices, but early last year we found ourselves in the position of having limited growth opportunities through organic growth, acquisitions and developments. In short, our strong position in markets that we operated in limited the potential for internal growth or growth via acquisitions and developments. The answer to the growth challenge was the transformational transaction that we completed in October of 2015.

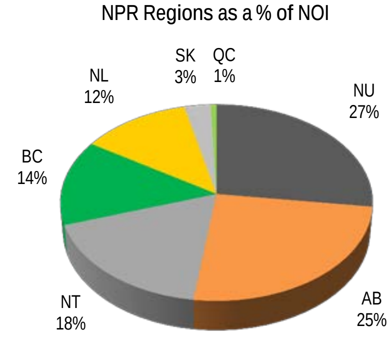


Multi-family Residential Units

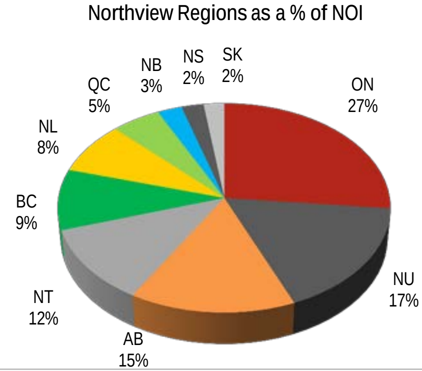
BC	NT	AB	SK	NU	ON	QC	NB	NS	NL
2,767	1,309	3,905	429	1,093	8,235	2,285	1,163	1,288	1,728

The transaction to acquire almost 14,000 multi-family units through the acquisition of True North Apartment REIT and a portfolio of apartments from Starlight and PSP accelerated the growth and diversification strategy that NPR had been executing since inception, albeit on a much larger scale. NPR has been transformed into a nationally diverse apartment REIT, reducing its exposure to volatile natural resource economies and providing both near term and long-term growth opportunities, which were not available to the REIT and its Unitholders prior to completion of the transaction. On October 31, 2015, we completed the transaction and rebranded ourselves as Northview Apartment REIT. In addition to enhanced growth opportunities, NOI from resource based regions has been reduced from 30% to 22%.

NPR Regions as a % of NOI



Northview Regions as a % of NOI



Sustaining and Enhancing Value Creation for Unitholders

The operating environment is challenging, as Canada's resource sector is in a cyclical trough and the economy adjusts to weakened buying power associated with a lower Canadian dollar, but Northview is well positioned to weather the storm and to continue delivering value to Unitholders. In support of this focus, our strategic priorities for the next 12 to 24 months are as follows:

1. Execution of Strategic Value Creation Initiatives: Northview will continue to execute on the value creation initiatives identified in the Transaction and continue to identify areas throughout the existing portfolio where similar benefits would be expected to materialize. These include the execution of the high-end renovation program, increasing rents to market, completing the sub-metering program in Ontario, and the achievement of approved above guideline rent increases in Ontario.

   NPR has a long and successful history of managing its properties directly. Management plans to internalize the property management of the properties acquired in the Transaction over the next two years, with 7,600 units in Ontario being internalized effective April 1, 2016, with expected annualized savings of $2.0 million.

2. Disposition of Non-Core Assets: Management has identified approximately $150 million of non-core properties across the portfolio and it intends to divest these properties in 2016 and 2017. Proceeds from these dispositions will be used to reduce overall debt levels, to fund development activities and repurchase Trust Units. Management plans to implement a Normal Course Issuer Bid program that can be utilized if the REIT's units continue to trade at a significant discount to NAV.

3. Restructure Credit Facilities: Management expects to repay the bridge facility of $350 million obtained to purchase the Institutional Portfolios in the Transaction by obtaining new mortgage financing on these properties. To date, 35% of the bridge facility has been repaid, with the remainder of the facility expected to be repaid early in the second quarter of 2016. Management also intends to restructure Northview's current operating credit facilities, including the consolidation of the facilities and the negotiation of more favourable terms.

4. Maintain Current Conservative Distribution Levels: Through continued disciplined revenue and expense management, Northview will maintain its current conservative distribution levels, with a low annual FFO payout ratio of approximately 70%, to ensure that distributions remain sustainable in a challenging operating environment.

While 2015 was a transformational year for Northview, as we expanded our traditional strategy of focusing on northern and secondary markets to include higher growth markets, we remain true to our roots and will continue to execute on aspects of our proven strategy. For example, our successful development program will continue on a smaller scale, with our current development in Calgary well underway with expected turnover dates to start later in the year. The REIT has accelerated its growth strategy but will execute on new opportunities with the same discipline that Unitholders have been accustomed to.

I look forward to working with our very strong team to deliver on the commitments we have made. We remain focused on delivering continued growth and value and thank our Unitholders for your continued support of Northview Apartment REIT.

Respectfully submitted,

TR Cook

Todd R. Cook, *President and Chief Executive Officer*

Northview
APARTMENT REIT

Management's Discussion and Analysis

ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 9, 2016, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the Northview Apartment REIT ("Northview" or the REIT") (formerly Northern Property Real Estate Investment Trust ("Northern Property REIT")) audited consolidated financial statements and notes thereto for the years ended December 31, 2015, and 2014. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is intended to provide readers with management's assessment of the performance of Northview, as well as its financial position and future prospects. All amounts in the following MD&A are in Canadian Dollars unless otherwise stated. Additional information relating to Northview, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), filed with the Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com.

Cautionary statement regarding forward-looking information

Certain information contained in this MD&A may constitute forward-looking statements within the meaning of securities laws relating to the business and financial outlook of Northview. Statements which reflect Northview's current objectives, plans, goals, and strategies are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking statements. In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking statements include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, tenant incentives, and occupancy levels. Such statements involve significant risks and uncertainties and are not meant to provide guarantees of future performance or results. All of the statements and information contained in this MD&A incorporating forward-looking information are qualified by these cautionary statements.

Forward-looking statements are made as of March 9, 2016, and are based on information available to management as of that date. Management believes that the expectations reflected in forward-looking statements are based upon information and reasonable assumptions available at the time they are made; however, management can give no assurance that the actual results will be consistent with these forward-looking statements. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, general economic conditions, the availability of new competitive supply of real estate which may become available through construction, Northview's ability to maintain occupancy and the timely lease or re-lease of residential and execusuite and hotel units and commercial space at current market rates, tenant defaults, changes in interest rates, changes in operating costs, governmental regulations and taxation, fluctuations in commodity prices, and the availability of financing. Additional risks and uncertainties not presently known to Northview, or those risks and uncertainties that Northview currently believes to be not material, may also adversely affect Northview. Northview cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance, and results may vary materially from those expected. This statement also qualifies any predictions made regarding Northview's future funds from operations, debt to gross book value, coverage ratios, and FFO payout ratio.

Except as specifically required by applicable Canadian law, Northview assumes no obligation to update or revise publicly any forward-looking statements to reflect new events or circumstances that may arise after March 9, 2016.

Non-GAAP and additional GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and therefore, are considered non-GAAP measures. These measures are provided to enhance the reader's overall understanding of our current financial condition. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a more consistent basis for comparison between periods. These measures include widely accepted measures of performance for Canadian real estate investment trusts; however, the measures are not defined by IFRS. In addition, the definitions of these measures are subject to interpretation by the preparers of financial statements and may not be applied consistently between real estate entities.

Please refer to page 31 of this MD&A for definitions of non-GAAP and additional GAAP measures, including net operating income ("NOI"), funds from operations ("FFO"), debt to gross book value, debt service coverage, and interest coverage.

BUSINESS OVERVIEW

Northview is primarily a multi-family residential real estate investor and operator providing a broad spectrum of rental accommodations with a portfolio of more than 24,000 quality residential suites in more than 60 markets across Canada, which provides Northview the means to deliver stable and growing profitability and cash distributions to Unitholders. The REIT's residential portfolio is comprised of a multi-family segment: apartments, town homes, and single family rental units; and an execusuites and hotel segment where the rental period ranges from a few days to several months. Northview also has a portfolio of commercial buildings focused on government and quality corporate tenancies predominantly located in the Northwest Territories, Nunavut, and Newfoundland and Labrador. Northview currently trades on the TSX under the ticker symbol: NVU.UN.

Completion of Transformational Transaction

Northern Property REIT ("NPR") acquired all of the assets and properties of True North Apartment Real Estate Investment Trust ("TN") in exchange for NPR Trust Units and NPR Special Voting Units, through a plan of arrangement, on October 30, 2015. TN Trust Unitholders received 0.3908 NPR Trust Unit or NPR Special Voting Unit per one TN Trust Unit. The Trust issued 7,587,375 NPR Trust Units and 5,445,820 NPR Special Voting Units as consideration for the TN units outstanding on the date of acquisition. The transactions were overwhelmingly approved at special meetings of both NPR Unitholders and TN Unitholders held separately on October 14, 2015, with 88% and 90%, respectively, voting in favour of the transaction. Upon completion of the transactions, NPR changed its name to Northview Apartment Real Estate Investment Trust.

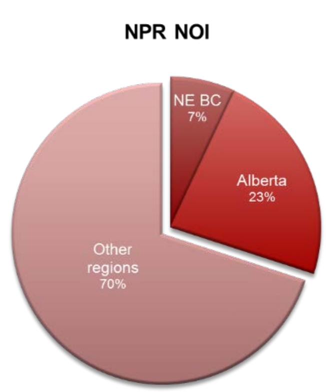
In addition, NPR acquired seven apartment properties held by Starlight Investments Ltd. ("Starlight" or "SL") for aggregate consideration of $105.3 million and 26 apartment properties from a joint venture between affiliates of SL and affiliates of the Public Sector Pension Investment Board ("PSP") for aggregate consideration of $429.8 million, collectively referred to as "the Portfolio Acquisitions". The aggregate purchase price of $535.1 million for the Portfolio Acquisitions was satisfied with cash, the assumption of debt, and the issuance of NPR Trust Units and NPR Special Voting Units, which are economically equivalent to and exchangeable for Trust Units of NPR. The acquisition of the assets and liabilities of TN and the Portfolio Acquisitions are referred to as "the Transaction".

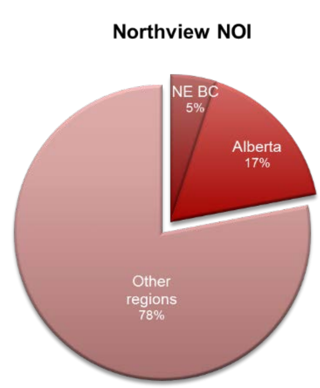
Upon completing the Transaction, NPR has almost doubled in size with total assets now in excess of $3.1 billion and over 24,000 residential units. The Transaction significantly enhanced Northview's geographic diversification and provided opportunities for near term growth in FFO and value creation for unitholders, notwithstanding the prospect for significant headwinds in 2016 as a result of a continued tough economic outlook for natural resource prices. Management's focus for the near term is on the integration of the assets acquired via the Transaction and continuing to execute on its value creation initiatives. Transaction-associated initiatives include driving synergies from the internalization of property management, continued execution of the high-end renovation and sub-metering programs, increasing rents on tenant turnover, implementing approved Above Guideline Increases ("AGI's") for rent in properties that have completed significant capital improvements in Ontario, and occupancy improvements in certain regions where current occupancy is below market rates.

The primary benefits of the Transaction are the improved geographic diversity, reduced exposure to resource dependant markets, and increased potential for near term profitable growth and increasing distributions for unitholders.

The key benefits and drivers of completing the Transaction included:

- *Portfolio diversification:* Northview's portfolio is now diversified across more than 60 Canadian rental markets located in eight provinces and two territories, with reduced exposure to occasionally volatile resource prices and markets. In turn, this mitigates the impact of fluctuations in occupancy and rental rates in resource markets and increases the stability of Northview's overall financial performance. The charts below show how the exposure to natural resource markets has decreased from 30% to 22% of total NOI, following the closing of the Transaction.





- *Expanded field of opportunity:* With a significantly enhanced portfolio in established stable markets characterized by expanding populations, growing economies, high occupancy levels and rising rents, Northview has greatly improved its ability to increase profitability and cash distributions over time.
- *Financial Strength:* The Transaction provides opportunities for organic FFO growth through internalization of property management, rent increases as a result of previous capital investment, and occupancy improvements. Further, management believes that the more diversified portfolio provides enhanced stability in future financial results.
- *Unique opportunity to add a high quality multi-family portfolio*: The portfolios acquired in the Transaction have received significant CAPEX investment over the last several years. Since 2012, over $120 million has been invested to improve their physical appearance and attractiveness to tenants, and to enhance their physical and structural attributes.
- *Near-term prospects for growth*: The Transaction provides opportunities for near-term growth through synergies obtained from internalization of property management, continued execution of the high-end renovation and sub-metering programs, increasing rents on tenant turnover, approved AGI's to rents in properties that have significant capital improvements in Ontario, and improvements in occupancy in certain regions where current levels are below market rates.
- *New strategic partner and potential acquisition pipeline*: Through completing the Transaction, Northview formed a relationship with Starlight, which holds interests in approximately 12,000 additional multi-family suites in Canada that may be considered for future acquisitions.

2016 Strategic Priorities

The strategic priorities for Northview in 2016 are sustaining value creation for the REIT's Unitholders and maintaining financial stability. This will be achieved through carrying out the following initiatives:

1. Execution of Strategic Value Creation Initiatives

A key driver of the Transaction was Northview's enhanced ability to drive growth in FFO organically. Management has identified several areas that will drive FFO growth over the next three to five years:

(i) *Execute high-end renovation program:* Management has identified several properties acquired in the Transaction that will undergo a significant renovation to increase rental rates. These renovations will involve extensive upgrades to many of the properties common areas and high-end in-suite improvements, including: enhanced landscaping and complete bathroom and kitchen renovations. The expected post renovation increase in rents is approximately $250 to $300 per month and provides a return on equity of 15 to 20% on the additional capital invested.

(ii) *Address below market rents:* At the time of the Transaction, monthly rents in the portfolios acquired were on average $32 below current market rents. Management believes these rents can be moved to market levels on turnover, with the completion of standard renovations.

(iii) *Complete sub-metering program:* The sub-metering program in Ontario provides individual electric meters for each suite, which allows tenants to pay their electricity bill directly. On tenant turnover, this reduces the utility costs to the landlord, which could result in estimated average monthly savings of $40 per suite.

(iv) *Above guideline increases:* The significant capital that has been invested in the assets acquired in the Transaction has enabled management to submit applications to the Ontario Landlord and Tenant Board to increase rents by more than the regulated annual increase. These AGI's have resulted in rental rates increasing by approximately 4% compared to the 1.6% permitted in Ontario in 2015.

(v) *Property management internalization:* NPR has a long and successful history of managing its properties directly. Management has a plan in place to internalize the property management of the properties acquired in the Transaction over the next two years, with 7,600 units in Ontario being internalized in 2016. Internal property management will bring added benefits of direct control over the properties and reduced operating costs.

2. Disposition of Non-Core Assets

Management has identified approximately $150 million of non-core properties across the portfolio that will be disposed throughout 2016 and 2017. The proceeds from these dispositions will be used to reduce overall debt levels and repurchase its Trust Units though a Normal Course Issuer Bid ("NCIB") that is intended to be implemented in the first quarter of 2016. Management believes the repurchase of Northview Trust Units is a prudent use of the sale proceeds as they currently trade at a significant discount to Net Asset Value and remain highly correlated to the price of crude oil.

3. *Restructure Credit Facilities*

During the first half of 2016, Northview intends to repay the Bridge Facility that was put in place to purchase the Portfolio Acquisitions in the Transaction by obtaining new mortgage financing on these properties. To date, 35% of the Bridge Facility has been repaid, with the remainder of the facility expected to be repaid in Q2 2016. Management also intends to restructure Northview's current operating facilities, including the consolidation of the facilities and the negotiation of more favourable terms.

4. *Maintain Current Conservative Distribution Levels*

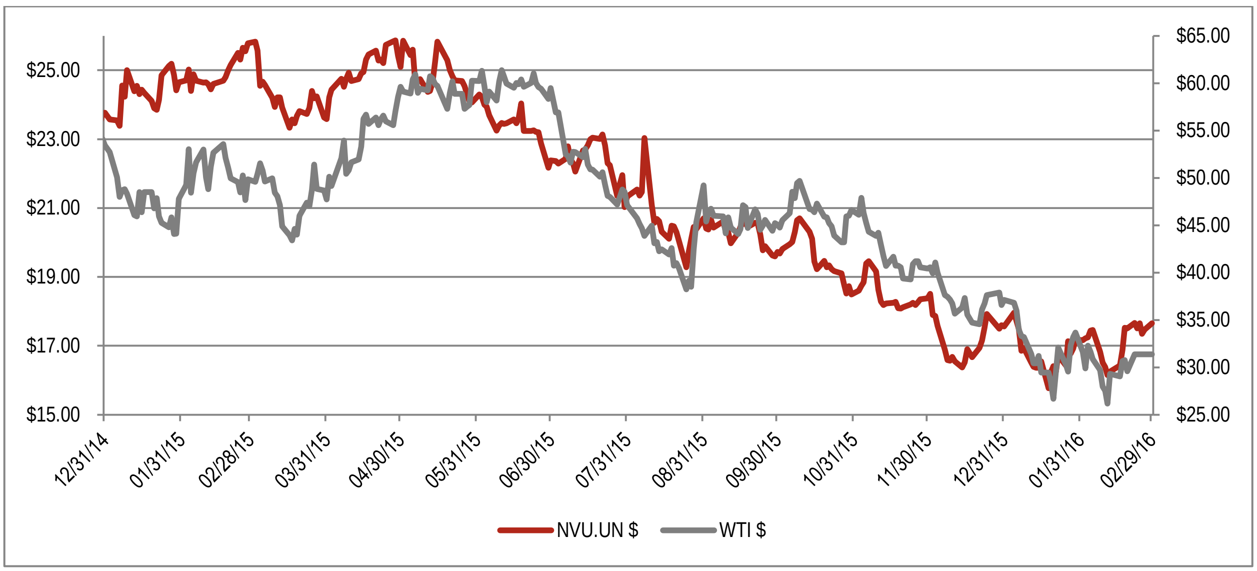
Through continued disciplined revenue and expense management across the entire portfolio, Northview will maintain its current conservative distribution levels, with a low annual FFO payout ratio of approximately 70%, to ensure that distributions remain sustainable in a challenging operating environment.

2015 OVERVIEW

The following MD&A is for the financial results of Northview for the years ended December 31, 2015, and 2014, and includes November and December 2015 operating results of the portfolios acquired in the Transaction.

Northview Apartment REIT Unit Price Performance

The trading price of Northview's Trust Units remains closely correlated to the price of crude oil. Management believes that the enhanced geographic diversification following completion of the Transaction further reduces Northview's exposure to the natural resource sector and that the trading price will, over time, become less correlated to oil. The chart below highlights the correlation between the NVU.UN unit trading price and the price of West Texas Intermediate Crude Oil ("WTI") since the beginning of 2015.



2015 Results

FFO for the year ended December 31, 2015, was $82.8 million compared to $75.5 million for 2014. The increase from the prior year is due to the completion of the Transaction on October 30, 2015. On a per unit basis, basic FFO for the year ended December 31, 2015, decreased by 0.8% to $2.35, compared to $2.37 per unit for the year ended December 31, 2014. The decrease on a per unit basis was attributable to the following:

- Continued same door NOI decline of approximately 4% in the second half of 2015. The same door NOI decline was driven by the resource based regions in Alberta, Northeastern British Columbia, and Labrador, offset in part by positive growth in Northern Canada.
- Higher administration costs compared to the prior year as a result of higher professional fees, bank charges and lower than normal incentive compensation in 2014.
- Lower than planned occupancy in certain properties acquired in the Transaction, specifically Montreal.

- Additional interest expense from the floating rate Bridge Facility used in completing the Portfolio Acquisitions.
- Additional Trust and Class B LP Units issued in the Transaction.
- Positive contributions from NPR acquisitions and developments completed in 2014 and 2015 partially offset the items detailed above.

Outside of natural resource based markets, the remainder of Northview's portfolio continues to perform as expected. Southern British Columbia continues to operate with high occupancy and Northern Canada remains one of the best real estate markets in Canada. The portfolios in Ontario and Atlantic Canada have added stability to the portfolio with high occupancy and rising rental rates.

Select financial information

(thousands of dollars, except per unit amounts)	2015	2014	2013	2012
Total revenue	217,578	187,841	175,325	166,653
NOI	126,699	109,607	104,759	103,769
NOI margin	58.2%	58.4%	59.8%	62.3%
Net and comprehensive income	31,852	74,264	87,070	82,486
FFO – basic	82,833	75,450	71,499	70,851
FFO – diluted	83,054	75,450	71,499	70,851
FFO per Trust Unit, basic	$2.35	$2.37	$2.23	$2.26
FFO per Trust Unit, diluted	$2.34	$2.37	$2.23	$2.26
FFO payout ratio – basic	69.2%	67.1%	69.3%	68.1%
FFO payout ratio – diluted	69.0%	67.1%	69.3%	68.1%
Weighted average number of units outstanding – Basic (000's)	35,234	31,871	32,029	31,374
Weighted average number of units outstanding – Diluted (000's)	35,458	31,900	32,048	31,397
Distributions declared to Trust Unitholders	57,312	50,615	49,536	48,224
Distributions declared per Trust Unit	$1.63	$1.59	$1.55	$1.53

(thousands of dollars, except per unit amounts)	2015	2014	2013	2012
Total assets	3,132,617	1,666,171	1,516,822	1,350,072
Total liabilities	2,083,511	829,190	697,862	564,110
Mortgages payable	1,359,889	734,553	633,809	518,123
Debt to gross book value (excluding convertible debentures)	59.2%	48.6%	45.0%	41.0%
Interest coverage ratio (times)	3.31	3.70	3.87	3.65
Debt service coverage ratio (times)	1.86	2.10	2.20	2.17
Weighted average mortgage interest rate	3.33%	3.67%	3.84%	4.37%
Weighted average term to maturity (years)	5.0	5.0	4.8	4.1
Weighted average capitalization rate	6.83%	7.97%	8.01%	8.04%
Occupancy	90.3%	91.6%	93.5%	95.7%
Number of residential units	24,621	10,910	10,310	9,597
Commercial square feet	1,143,000	1,142,000	1,067,000	1,073,000

Please refer to page 31 of this MD&A for the definitions of non-GAAP measures.

Portfolio Summary (including joint ventures at 100%) – December 31, 2015

Regions	Multi-family	Execusuites & Hotel	% Portfolio	Total Residential (units)	Commercial (sq. ft.)
Ontario	8,235	-	-	8,235	-
Western Canada	7,101	-	-	7,101	136,000
Atlantic Canada	4,179	142	33.9%	4,321	225,000
Northern Canada	2,402	277	66.1%	2,679	779,000
Québec	2,285	-	-	2,285	3,000
Total	24,202	419	100.0%	24,621	1,143,000

Portfolio reconciliation (including joint ventures at 100%) – December 31, 2015

(Commercial square footage rounded to the nearest thousand)

	Multi-family	Execusuites & Hotel	Total Residential (units)	Commercial (sq. ft.)
Balance, December 31, 2014	10,491	419	10,910	1,142,000
Acquisitions	13,698	-	13,698	39,000
Developments completed	299	-	299	-
Dispositions	(245)	-	(245)	(38,000)
Adjustments[1]	(41)	-	(41)	-
Total net change for the period	13,711	-	13,711	1,000
Balance, December 31, 2015	24,202	419	24,621	1,143,000

(1) Includes 17 units lost due to a building fire in Yellowknife, NT, during the year.

Acquisition activity

The key transaction of 2015 for Northview was the acquisition of TN and the Portfolio Acquisitions of multi-family suites from SL and PSP, which is discussed on page 7 of this MD&A.

Acquisitions for the year ended December 31, 2015

(thousands of dollars)

Property Type	Location	Acquisition Date	Units/ Commercial sq. ft.	Total Costs
Multi-family/Commercial[1]	Various	October 30, 2015	13,558 / 7,000	1,385,087
Multi-family	Pangnirtung, NU	October 08, 2015	1	82
Commercial	Yellowknife, NT	May 13, 2015	2,800	684
Multi-family	St. John's, NL	March 20, 2015	139	11,732
Commercial	St. John's, NL	January 14, 2015	29,400	6,801
			13,698 / 39,200	1,404,386

(1) The Transaction

Development activity

Northview's growth strategy includes both the development of new properties and the acquisition of existing properties. Development activity is focused in areas with high asking prices for existing apartments, and long term potential for high occupancy and increasing rents. New developments tend to be in existing markets where Northview leverages its local presence and internal knowledge of the region. New properties have a modern design, obtain higher rental rates, and have lower initial ongoing capital maintenance requirements, all of which allow Northview to generate returns 100 to 200 basis points higher than those associated with acquiring existing apartments. Northview's extensive in-house development expertise provides the flexibility to adjust development activities as market conditions change. Units constructed are typically four storey wood frame buildings with large balconies, elevators, and six appliances, including in-suite laundry.

Development is currently focused on larger centres and the surrounding areas, with 401 multi-family units started in 2015.

As of December 31, 2015, Northview has 48.0 acres of land held for future development which allows for the construction of approximately 1,700 units. In addition, there are a number of development opportunities that will be evaluated within the portfolios acquired in the Transaction.

Projects under development – December 31, 2015

(thousands of dollars)

Property Type	Location	Units	Start Date	Expected Completion Date	% Complete	Expected Total Costs	Expected Cap Rate
Multi-family	Airdrie, AB	140	Q1 2015	Q1 2016	90%	25,000	7.0% to 7.5%
Multi-family	Calgary, AB	261	Q3 2015	Q4 2016 – Q2 2017	20%	45,000	7.0% to 7.5%
		401				70,000	

The first building of the project in Airdrie, AB, opened on February 1, 2016, and the second building on March 1, 2016. The project is approximately 50% leased and committed at March 1, 2016. The project is being well received and currently achieving pro-forma rents. The Airdrie project was developed with additional amenities to give a competitive edge in the larger rental market.

While economic conditions in Calgary, AB, have weakened over the past year, management continues to believe there is an opportunity to successfully develop suburban purpose built rental properties in this market. Northview's first Calgary, AB, development commenced late in the third quarter of 2015, with the total project expected to have 419 units. The first phase of development, consisting of 261 units, is anticipated to be completed between Q4 2016 and Q2 2017. Similar to the project in Airdrie, the Calgary project will include additional amenities to give a competitive edge in the larger urban market.

Developments completed during the year ended December 31, 2015

(thousands of dollars)

Property Type	Location	Total Approved Units	Units Completed	Completion Date	Total Costs	Expected Cap Rate
Multi-family	Bonnyville, AB	181	110	Q3 2015	18,100	8.0% to 8.5%
Multi-family	Fort St. John, BC	189	118	Q2 2015	21,800	7.0% to 7.5%
Multi-family(1)	Grande Prairie, AB	213	142	Q1 2015	22,800	7.0% to 7.5%
		583	370		62,700	

(1) 71 of the 142 units reported were completed in December 2014, making up $11.5 million of the $22.8 million in costs.

Dispositions

Investment property dispositions for the year ended December 31, 2015

(thousands of dollars)

Property Type	Location	Period Disposed	Units/ Commercial sq. ft.	Gross Proceeds
Multi-family	Courtenay, BC	Q4 2015	33	2,700
Commercial	Redcliff, AB	Q4 2015	37,540	3,800
Multi-family	Sachs Harbour, NT	Q3 2015	2	110
Multi-family	Quesnel, BC	Q3 2015	156	3,400
Multi-family	Bonavista, NL	Q1 2015	54	2,300
			245 / 37,540	12,310

During the second quarter of 2015, Northview disposed of a parcel of land held for development in St. John's, NL, for $3.7 million, after an application to have the land rezoned for residential development was denied.

Management has identified approximately $150 million of properties that it considered to be non-core for the REIT, and it intends to divest these properties throughout 2016 and 2017. The proceeds from these dispositions will be used to reduce overall debt levels and to repurchase its Trust Units through an NCIB that is expected to be implemented in the first quarter of 2016.

FFO

Northview measures its performance by using industry accepted non-GAAP performance metrics such as FFO, which has been calculated in accordance with the Real Property Association of Canada's ("RealPAC") White Paper. The IFRS measurement most comparable to FFO is net income (for which reconciliation is provided below). See page 31 for additional information on non-GAAP measures.

FFO for the three months ended December 31, 2015, was $24.4 million for FFO basic and $24.6 million for FFO diluted, an increase of 28.0% and 29.1%, respectively, compared to $19.0 million, basic and diluted, for the same period of 2014. On a per unit basis, FFO basic for Q4 2015 was $0.54 and FFO diluted was $0.53 compared to $0.60 for FFO basic and diluted for the fourth quarter of 2014, a decrease of 10.0% for FFO basic and 11.7% for FFO diluted. For the year ended December 31, 2015, FFO basic was $82.8 million or $2.35 per unit, while FFO diluted was $83.1 million or $2.34 per unit, compared to $75.5 million or $2.37 per unit for both basic and diluted for the same period of 2014.

The decrease in FFO on a per unit basis in the quarter and the year was driven by the same door NOI decline in the resource based regions in Alberta, Northeastern British Columbia, and Labrador, higher administration costs, lower than planned occupancy in certain properties acquired in the Transaction, additional interest expense from the floating rate Bridge Facility, and the additional units issued in the Transaction. Partially offsetting the decline was positive same door NOI growth from Northern Canada, and positive contributions from NPR acquisitions and developments completed in 2014 and 2015.

Northview's FFO payout ratio basic was 75.9% and FFO payout ratio diluted was 75.2% for the three months ended December 31, 2015, compared to 67.3%, basic and diluted, for the same period of 2014.

FFO calculation

	Three months ended December 31			Year ended December 31		
(thousands of dollars, except per unit amounts)	2015	2014	Change	2015	2014	Change
Net and comprehensive income from operations	21,153	23,078	(8.3%)	31,852	74,264	(57.1%)
Adjustments						
Non-controlling interests	(160)	(70)	128.6%	(154)	(292)	(47.3%)
Depreciation of property, plant and equipment	1,242	875	41.9%	3,951	3,468	13.9%
Amortization of intangible assets	148	153	(3.3%)	594	615	(3.4%)
Deferred income tax expense	-	-	n/m	-	393	(100.0%)
Amortization of tenant inducements	118	117	0.9%	476	456	4.4%
Loss (gain) on sale of property, plant and equipment	307	-	n/m	762	(341)	n/m
Unrealized fair value changes	14,907	(4,845)	n/m	55,103	(2,813)	n/m
Bargain purchase gain	(50,893)	-	n/m	(50,893)	-	n/m
Business combination transaction costs	35,277	-	n/m	38,959	-	n/m
Class B LP Unit distributions recorded as interest	2,130	28	n/m	2,213	108	n/m
Fair value adjustments for non-controlling interest and equity investments	142	(293)	(148.5%)	(30)	(408)	(92.6%)
FFO basic	24,371	19,043	28.0%	82,833	75,450	9.8%
Add: Interest on 2019 Debentures	221	-	n/m	221	-	n/m
FFO diluted	24,592	19,043	29.1%	83,054	75,450	10.1%
FFO per Trust Unit – basic	$0.54	$0.60	(10.0%)	$2.35	$2.37	(0.8%)
FFO payout ratio – basic	75.9%	67.3%	8.6%	69.2%	67.1%	2.1%
FFO per Trust Unit – diluted	$0.53	$0.60	(11.7%)	$2.34	$2.37	(1.3%)
FFO payout ratio – diluted	75.2%	67.3%	7.9%	69.0%	67.1%	1.9%
Weighted average number of units outstanding:						
Basic (000's)	45,540	31,800	43.2%	35,234	31,871	10.6%
Effect of dilution:						
LTIP units issued	83	28	196.4%	59	29	100.9%
Deferred Units issued	6	-	n/m	1	-	n/m
2019 Debentures	651	-	n/m	164	-	n/m
Diluted (000's)	46,280	31,828	45.4%	35,458	31,900	11.1%
Distributions declared to Trust Unitholders	18,493	12,820	44.3%	57,312	50,615	13.2%
Distributions declared to Trust Unitholders per unit	$0.41	$0.40	2.5%	$1.63	$1.59	2.5%

2015 RESULTS OF OPERATIONS

The following section provides a comparison of the financial results for the three months and year ended December 31, 2015, with the same period of 2014. Operations include residential, commercial, and execusuites and hotel business segments. The financial results discussed below are those of Northview for the year ended December 31, 2015, and 2014, and includes November and December 2015 operating results of the portfolios acquired in the Transaction.

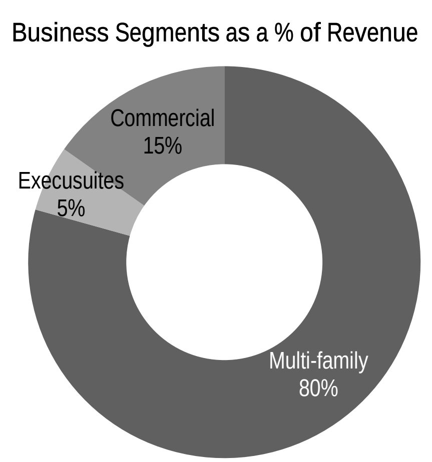
Rental revenue

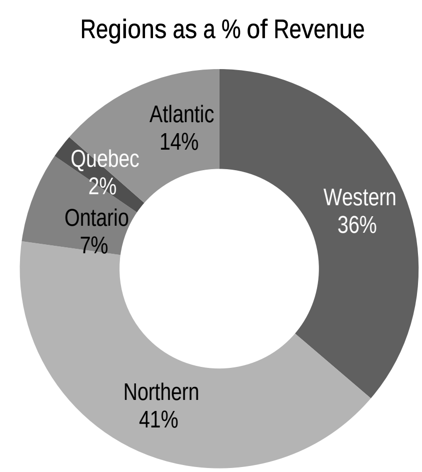
	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Residential						
Multi-family	59,389	37,329	59.1%	172,361	144,403	19.4%
Execusuites and hotel	2,837	2,879	(1.5%)	11,932	12,383	(3.6%)
	62,226	40,208	54.8%	184,293	156,786	17.5%
Commercial	8,509	7,883	7.9%	33,285	31,055	7.2%
Total	70,735	48,091	47.1%	217,578	187,841	15.8%

Total rental revenue for the year ended December 31, 2015, increased 15.8% from the same period of 2014, largely as a result of an increase in the multi-family business segment, which increased by 19.4% from the same period of 2014. The increase was related to the completion of the Transaction on October 30, 2015, and revenue contribution from NPR developments and acquisitions completed during the year.

Execusuites and hotel revenue decreased 3.6% for the year ended December 31, 2015, compared to the same period of 2014. The decrease was a result of suites taken out of inventory for the extensive capital improvement projects underway during the period. In addition, reduced government and industry travel to Northern Canada impacted revenue during 2015. The increase in commercial revenue is mainly due to the addition of the final phase of the Bristol Court Office Park project in St. John's, NL, partially offset by the sale of a warehouse property in Redcliff, AB.

The charts below show the percentage of overall revenue contributed by business segment and geographic region for the year ended December 31, 2015. The portfolios acquired in the Transaction have two months of operating results in the twelve months presented in these charts.





Operating expenses

(thousands of dollars)	Three months ended December 31 2015	% of Total Operating Expense	2014	% of Total Operating Expense	Year ended December 31 2015	% of Total Operating Expense	2014	% of Total Operating Expense
Operating expenses								
Utilities	8,466	27.0%	5,495	26.7%	23,312	25.6%	21,339	27.3%
Property taxes	6,356	20.3%	2,820	13.7%	15,976	17.6%	11,205	14.3%
Salaries and benefits	4,067	13.0%	3,161	15.3%	13,085	14.4%	11,613	14.8%
Maintenance	4,769	15.2%	2,864	13.9%	11,806	13.0%	10,734	13.7%
Cleaning	1,626	5.1%	1,478	7.1%	6,232	6.9%	5,801	7.4%
Other expenses	6,098	19.4%	4,800	23.3%	20,468	22.5%	17,542	22.5%
Total	31,382	100.0%	20,618	100.0%	90,879	100.0%	78,234	100.0%

Operating expenses as a percentage of revenues were 44.4% for the three months ended December 31, 2015, compared to 42.9% in the fourth quarter of 2014. For the year ended December 31, 2015, operating expenses were 41.8% of revenues compared to 41.7% for the same period of 2014.

Utilities increased to 27.0% of total operating costs in the fourth quarter of 2015, from 26.7% in the fourth quarter of 2014. For the year ended December 31, 2015, utility costs decreased to 25.6% from 27.3% for the same period of 2014. The more moderate weather experienced in 2015 compared to 2014 is the main reason for the decrease for year ended December 31. Additionally, lower utility rates have also contributed to the decreased utility costs.

Property taxes as a percentage of total operating costs for the three months and year ended December 31, 2015, increased to 20.3% and 17.6%, respectively, from 13.7% and 14.3% for the comparable periods of 2014. The increase is mainly due to property tax rates being significantly higher as a percentage of overall operating costs in the Ontario portfolio acquired in the Transaction. Additionally, 2015 was a reassessment year in a number of key markets, resulting in higher property taxes in those regions.

Net operating income

Northview uses NOI as a key indicator to measure the financial performance of a region or business segment. NOI is an additional GAAP measure. Refer to the audited consolidated statements of net and comprehensive income for NOI calculation. See page 31 for details about non-GAAP and additional GAAP measures.

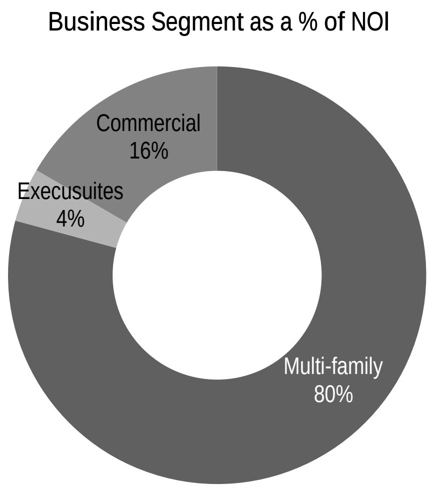
(thousands of dollars)	Three months ended December 31 2015	2014	Change	Year ended December 31 2015	2014	Change
Residential						
Multi-family	33,263	21,655	53.6%	100,884	86,368	16.8%
Execusuites and hotel	1,236	1,042	18.6%	5,300	4,756	11.4%
	34,499	22,697	52.0%	106,184	91,124	16.5%
Commercial	4,854	4,776	1.6%	20,515	18,483	11.0%
Total	39,353	27,473	43.2%	126,699	109,607	15.6%

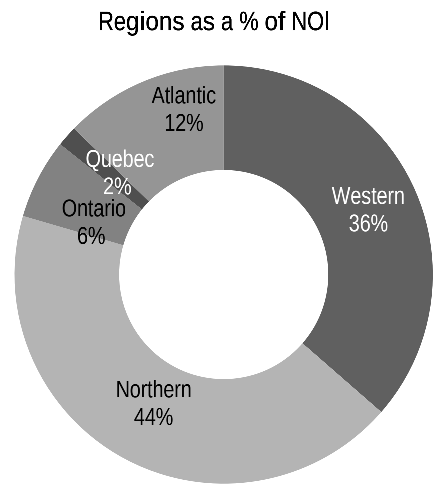
Multi-family NOI increased 53.6% for the three months ended December 31, 2015, largely driven by the Transaction.

Commercial NOI increased by 1.6% for the fourth quarter compared to 2014, primarily due to the final phase of the Bristol Court Office Park project in St. John's, NL, being fully leased. As the lease up of most new developments and the lease renewals from 2014 have been in place for more than a year, the year over year growth trend for the commercial business segment will be lower than experienced in recent years.

Execusuites and hotel NOI increased by 18.6% compared to 2014, as the operating expenses for most of the business segment were considerably lower due to a reduction in controllable expenses, partially offset by lower revenues. The extensive ongoing CAPEX and rebranding program in the execusuite properties in Yellowknife, NT, and St. John's, NL, has negatively impacted revenues in the current year due to the suites that were taken out of inventory for the extensive capital improvements underway during the period.

The charts below provide the breakdown of the NOI by business and geographical segments for the year ended December 31, 2015. The 2015 contribution from the business segments was consistent with 2014, as the multi-family properties acquired in the Transaction had only two months of operating results. Multi-family continued to contribute the majority of NOI at 80%, the commercial segment accounted for 16%, and the execusuites and hotel segment remained at 4%.

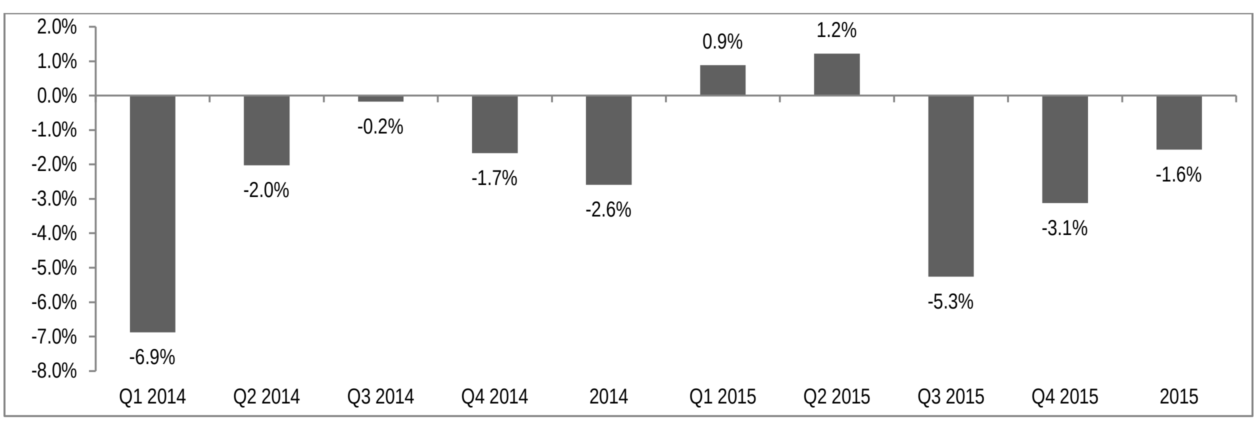




Same door performance

Same door performance is calculated on properties owned by Northview for both the current and previous reporting periods. For the purpose of this discussion, properties that were owned by Northview on or before January 1, 2014, are included in the calculation. This calculation excludes all properties acquired, developed, or divested during the 2014 and 2015 fiscal years, including the portfolios acquired in the Transaction. Same door revenue for the three months ended December 31, 2015, decreased $2.6 million or 5.7%, led by a 22.4% decrease in Alberta due to lower occupancy resulting from current economic conditions.

Same door NOI quarterly change is represented in the chart below:



For the three months and year ended December 31, 2015, same door NOI decreased 3.1% and 1.6% compared to the same period of 2014, respectively. The decrease in same door results in 2015 was attributable to lower revenue from lower occupancy in Alberta and Northeastern British Columbia; coupled with decreased rental rates. This was partially offset by lower utility costs from lower utility rates and more moderate weather.

Same door NOI quarterly change by business segment

Business Segment	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Multi-family	(7.1%)	(0.9%)	(2.0%)	(3.2%)	(3.4%)	(1.1%)	(2.6%)	(5.0%)	(4.4%)	(3.3%)
Execusuites and Hotel	(29.4%)	(37.2%)	(19.1%)	(10.2%)	(24.5%)	(6.8%)	30.1%	1.5%	4.1%	6.5%
Commercial	7.5%	8.0%	21.5%	8.0%	11.2%	12.1%	14.1%	(8.9%)	0.8%	4.6%
Total	(6.9%)	(2.0%)	(0.2%)	(1.7%)	(2.6%)	0.9%	1.2%	(5.3%)	(3.1%)	(1.6%)

From a business segment perspective, multi-family same door NOI decreased 4.4%, commercial increased 0.8%, and the execusuites and hotel increased 4.1% for the three months ended December 31, 2015. For the year ended December 31, 2015, multi-family same door NOI decreased 3.3%, commercial increased 4.6%, and the execusuites and hotel increased 6.5%.

Throughout 2015 there has been a decline in same door NOI in the multi-family business segment due to economic conditions and resulting vacancy in resource based markets. The effects are most notable in the second half of the year when adjustments to markets rents and aggressive lease incentives were utilized to combat the declines in occupancy in these markets. The diversity in the portfolios acquired in the Transaction are expected to reduce the overall impact of the volatility in the resource dependant markets.

Multi-family operations

On completion of the Transaction, Northview now operates in eight Canadian provinces and two territories. As such, Management has changed the geographical segment reporting to Ontario, Western Canada, Atlantic Canada, Northern Canada, and Québec, from the previous provincial and territorial reporting. The Ontario and Québec regions include only the operations of properties located in those respective provinces. The Western Canada segment includes the operations of properties located in British Columbia, Alberta, and Saskatchewan. The Northern Canada segment includes the operations of properties located in Nunavut and the Northwest Territories. The Atlantic Canada segment includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Nova Scotia.

Properties located in Ontario, Québec, Nova Scotia, and New Brunswick acquired as part of the Transaction are currently managed by third-party property managers for a fee. The contracts are cancellable with 30 to 60 days' notice. During Q2 2016, approximately 7,600 residential units in Ontario will be internalized and managed by Northview. The internalization of the remainder of the 5,150 units in Nova Scotia, New Brunswick, Québec and Ontario is to be completed in 2017.

Occupancy

Occupancy is a measure used by management to evaluate the performance of its properties on a comparable basis.

Occupancy for the three months ended December 31, 2015, was 91.5%, consistent with 91.3% for the same period of 2014. Due to the weak economic conditions in a number of resource based regions, Northview continued to experience a higher than normal amount of tenant move outs in certain regions in 2015. The addition of the Atlantic Canada and Ontario portfolios acquired in the Transaction has added stability to the overall results and decreased Northview's dependence on high natural resource prices. Through dedicated leasing teams, select rental incentives, and the organization-wide focus on customer service, occupancy has remained stable throughout 2015. The efforts of the "Street to Suite" capital program have had a direct impact in increasing occupancy in Yellowknife, NT, and stabilizing occupancy in Fort McMurray, AB.

Occupancy by region

	Q4 2014	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Ontario	n/a	n/a	n/a	n/a	n/a	96.2%	96.2%
Western Canada	88.5%	89.5%	85.8%	84.7%	84.5%	84.3%	84.8%
Atlantic Canada	96.2%	95.6%	94.4%	93.7%	91.3%	93.1%	93.1%
Northern Canada	93.7%	93.0%	93.1%	96.1%	97.4%	96.5%	95.8%
Québec	99.8%	99.6%	99.6%	99.0%	99.3%	90.6%	92.5%
Overall	91.3%	91.6%	89.4%	89.9%	90.0%	91.5%	90.3%

Ontario operations

Occupancy for the Ontario operations was 96.2% for the fourth quarter of 2015. Large scale infrastructure projects currently under construction such as the LRT expansions in Hamilton and Kitchener/Waterloo and the extension of Highway 407 to Oshawa are expected to have a positive impact given Northview's strong presence in these regions.

Residential Occupancy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Number of Units
Eastern	n/a	n/a	n/a	n/a	n/a	n/a	n/a	97.6%	1,831
Toronto and Area	n/a	n/a	n/a	n/a	n/a	n/a	n/a	97.3%	1,779
Southwestern	n/a	n/a	n/a	n/a	n/a	n/a	n/a	95.1%	4,625
Ontario	n/a	n/a	n/a	n/a	n/a	n/a	n/a	96.2%	
Total number of units	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,235	8,235

Revenues for the two months of operations for the Ontario segment for the fourth quarter of 2015 were $16.1 million, while operating expenses for the same period were $8.2 million. As Northview intends to internalize the management of approximately 7,600 residential units in Ontario April 1, 2016, it is expected that there will be a reduction in certain controllable expenses, and NOI margins will improve over time.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Revenue	16,089	n/a	n/m	16,089	n/a	n/m
Operating expenses	(8,245)	n/a	n/m	(8,245)	n/a	n/m
Net operating income	7,844	n/a	n/m	7,844	n/a	n/m

Western Canada operations

Occupancy for the Western Canada operations was 84.3% for the three months ended December 31, 2015, compared to 88.5% in the same period of 2014. The decrease in occupancy is attributable to the resource dependant markets in Alberta, mainly Fort McMurray, Lloydminster, and Grande Prairie. In this current period of lower than normal occupancy, Northview is continuing to invest in its buildings through the "Street to Suite" program. The program, which is substantially completed, focused on ensuring properties are well maintained, secure, and renovated. Northview increased its regular annual CAPEX spending in Fort McMurray in 2015 to ensure that when the market recovers, Northview will be well positioned to be the first choice for new residents. Almost all Northview regions in British Columbia experienced improvements in occupancy from the third quarter of 2015, especially Abbotsford and Nanaimo.

Residential Occupancy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Number of Units
British Columbia	85.2%	88.0%	87.3%	87.8%	86.6%	82.3%	84.4%	87.0%	2,767
Alberta	93.4%	92.9%	92.4%	88.3%	84.5%	85.2%	83.3%	81.8%	3,905
Saskatchewan	78.3%	81.0%	89.0%	93.1%	92.2%	92.4%	94.2%	94.5%	429
Western Canada	89.2%	90.3%	90.3%	88.5%	85.8%	84.7%	84.5%	84.3%	
Total number of units	5,510	5,789	5,789	6,018	6,089	6,207	6,317	7,101	7,101

Revenues in the Western Canada operations for the fourth quarter of 2015 were down 2.1% compared to the same period of 2014, and increased by 3.9% for the full year comparison. Operating expenses decreased by 4.5% in the fourth quarter of 2015 compared to the same period of 2014, with expenses for the full year increasing by 9.0%. The increase in revenue was due to the southern Alberta portfolio that was acquired as part of the Transaction, along with the newly developed Alberta properties in Lloydminster, Grande Prairie and Bonnyville, and was partially offset by lower occupancy levels throughout Alberta. These newly acquired and developed properties also accounted for most of the increase in operating expenses, while the remainder of the increase resulted from higher property taxes and leasing incentives throughout the rest of the Alberta portfolio. In addition, there was an increase in bad debts experienced during 2015 as a result of higher turnover and vacancy. Performance of the British Columbia and Saskatchewan portfolios remained strong, with results consistent with the prior year.

Western Canada operations (continued)

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Revenue	18,674	19,083	(2.1%)	75,683	72,857	3.9%
Operating expenses	(7,207)	(7,550)	(4.5%)	(30,916)	(28,376)	9.0%
Net operating income	11,467	11,533	(0.6%)	44,767	44,481	0.6%

Atlantic Canada operations

Occupancy for the Atlantic Canada operations was 93.1% for the three months ended December 31, 2015, compared to 96.2% for the same period of 2014, as a result of lower occupancy in Labrador City. In Labrador City, occupancy has remained at approximately 60% for the second half of the year, compared to approximately 90% in 2014. The Labrador City economy is linked to the iron ore industry, which has seen lower prices over the last year, resulting in mine closures and layoffs. The rental market in St. John's continues to perform well, with occupancy of 95.2% for the fourth quarter of 2015.

Residential Occupancy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Number of Units
Newfoundland and Labrador	94.7%	95.3%	96.2%	96.2%	94.4%	93.7%	91.3%	90.7%	1,728
Nova Scotia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	97.1%	1,288
New Brunswick	n/a	n/a	n/a	n/a	n/a	n/a	n/a	95.0%	1,163
Atlantic Canada	94.7%	95.3%	96.2%	96.2%	94.4%	93.7%	91.3%	93.1%	
Total number of units	1,589	1,589	1,589	1,589	1,728	1,728	1,728	4,179	4,179

Revenues in the Atlantic Canada operations for the fourth quarter of 2015 were up 78.2% compared to the same period of 2014, and increased by 20.4% for the full year comparison. Operating expenses increased by 89.5% in the fourth quarter of 2015 compared to the same period of 2014, with expenses for the full year increasing by 24.3%. The New Brunswick and Nova Scotia portfolios acquired in the Transaction contributed $3.4 million of revenues and $2.0 million of additional operating expenses in the two months of operations. The Newfoundland and Labrador portfolio had an NOI increase of 15.7% for the fourth quarter of 2015 compared to the same period of 2014, and an increase of 4.5% for the full year due to the 139 multi-family units acquired during the first quarter of 2015.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Revenue	7,512	4,216	78.2%	20,095	16,693	20.4%
Operating expenses	(3,684)	(1,944)	89.5%	(9,093)	(7,314)	24.3%
Net operating income	3,828	2,272	68.5%	11,002	9,379	17.3%

Northern Canada operations

Occupancy for the Northern Canada operations was 96.5% for the three months ended December 31, 2015, compared to 93.7% for the same period of 2014. Yellowknife occupancy had significant improvement from the fourth quarter of 2014, increasing to 94.2% from 86.5%. Yellowknife has undergone a significant CAPEX program in 2015, whereby the focus was to improve the overall condition of the buildings, specifically the exteriors, landscaping, and common areas, which has had a positive impact on occupancy in the region. Iqaluit continues to be one of the strongest performing regions with high market rents and occupancy above 97%.

Residential Occupancy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Number of Units
Northwest Territories	88.1%	87.9%	87.1%	88.6%	88.8%	93.8%	96.2%	94.9%	1,309
Nunavut	96.6%	96.5%	97.6%	97.9%	96.4%	97.9%	98.3%	97.7%	1,093
Northern Canada	92.7%	92.6%	92.8%	93.7%	93.1%	96.1%	97.4%	96.5%	
Total number of units	2,401	2,425	2,425	2,425	2,425	2,425	2,423	2,402	2,402

Northview APARTMENT REIT

Revenues in the Northern Canada operations for the fourth quarter of 2015 increased by 1.7% from the same period of 2014 and increased by 5.4% for the full year. The increases are mainly due to lease renewals in Iqaluit and higher occupancy in Yellowknife. Operating expenses decreased mainly due to lower utility costs from both rate decreases and lower consumption, as the 2015 weather was not as severe as in 2014.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Revenue	13,961	13,722	1.7%	56,401	53,517	5.4%
Operating expenses	(4,656)	(5,896)	(21.0%)	(21,071)	(22,692)	(7.1%)
Net operating income	9,305	7,826	18.9%	35,330	30,825	14.6%

Québec operations

Occupancy for the Québec operations was 90.6% for the fourth quarter of 2015. Sept-Iles continues to be a consistent and strong performing market for Northview with occupancy at 99.4%. The Montreal portfolio acquired as part of the Transaction had occupancy of 89.7% in the fourth quarter of 2015. While a number of properties in Montreal are performing at or near market occupancy, the Norgate and Renaissance properties had occupancy of 86.6% during the fourth quarter due to renovation downtime. As renovation downtime decreases, the focus for 2016 will be to bring occupancy levels closer in line with current market levels in Montreal.

Residential Occupancy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Number of Units
Montreal	n/a	n/a	n/a	n/a	n/a	n/a	n/a	89.7%	2,124
Sept-Iles	99.8%	99.4%	99.5%	99.8%	99.6%	99.0%	99.3%	99.4%	161
Quebéc	99.8%	99.4%	99.5%	99.8%	99.6%	99.0%	99.3%	90.6%	
Total number of units	161	161	161	161	161	161	161	2,285	2,285

Revenues for the two months of operations for the Montreal portfolio for the fourth quarter of 2015 were $2.8 million, while operating expenses for the same period were $1.6 million. For the fourth quarter and year ended December 31, 2015, NOI in the Sept-Iles portfolio increased by 27.1% and 6.7%, respectively, compared to the same period of 2014.

Residential Operating Results	Three months ended December 31			Year ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Revenue	3,176	329	865.3%	4,173	1,312	218.1%
Operating expenses	(1,727)	(163)	959.5%	(2,151)	(577)	272.8%
Net operating income	1,449	166	772.9%	2,022	735	175.1%

Commercial operations

Northview's commercial properties are located primarily in regions where it has existing multi-family operations. Commercial properties consist of office, warehouse, retail, and mixed-use buildings, which are largely leased to federal or territorial governments and other quality commercial tenants under long term leases. Commercial rental revenue for the three months ended December 31, 2015, was $8.5 million, 7.9% higher than the $7.9 million for the corresponding period of 2014. The increase in revenue was primarily due to the lease up of the final phase of the Bristol Court Office Park project in St. John's, NL.

Commercial vacancy was 38,100 square feet or 3.3% at December 31, 2015, compared to 34,100 square feet or 3.0% vacancy at December 31, 2014. The 37,540 square foot warehouse property in southern Alberta that became vacant in the third quarter of 2015 due to a tenant bankruptcy was sold in the fourth quarter. There was approximately 169,000 square feet of commercial space up for lease renewal in 2016, of which approximately 79,000 has been renewed as of March 1, 2016.

Commercial portfolio summary (including joint ventures at 100%) – December 31

Region	Commercial sq. ft.		$ Average Rent/sq. ft. (i)	
	2015	2014	2015	2014
Atlantic Canada	225,000	196,000	17.86	15.96
Northern Canada	779,000	777,000	24.56	23.98
Québec	3,000	-	21.89	-
Western Canada	136,000	169,000	14.88	14.96
Total / Average	1,143,000	1,142,000	21.94	21.26

(i) Average rent per square foot is for the three months ended December 31.

The increase in the average rent per square foot in the Atlantic segment was due to the completion of the final phase of the Bristol Court Office Park project being leased and the increases obtained on lease renewals of the warehouse leases.

Execusuites and hotel operations

Northview operates five execusuite and hotel properties: one in Yellowknife, NT; two in Iqaluit, NU; one in St. John's, NL; and a 50% joint venture in Inuvik, NT. The execusuite properties consist of four execusuite apartment style properties which are rented for both short and long term stays. The hotel property, located in Iqaluit, NU, is a full service hotel with food and beverage operations that are leased to an independent operator.

For the year ended December 31, 2015, the execusuites and hotel operated at an average occupancy of 52.2%, compared to 53.7% for the same period of 2014. The execusuite properties in Yellowknife, NT, and St. John's, NL, had suites taken out of inventory during the year due to the extensive capital improvements that are currently underway, which contributed to the lower occupancy. The ongoing CAPEX and rebranding program in the execusuite properties in Yellowknife, NT, and St. John's, NL, is expected to yield improvements in operating results in 2016. Execusuites and hotel rental revenue for the year ended December 31, 2015, was $12.0 million, a decrease from $12.4 million in 2014. There were revenue decreases in the execusuite properties in Yellowknife, NT, and St. John's, NL, which were partially offset by revenue increases in both the hotel and execusuite properties in Iqaluit, NU. During the year, the execusuites and hotel incurred lower controllable costs, contributing to the higher NOI in the period.

Other expenses (income)

	Three months ended December 31		Year ended December 31	
(thousands of dollars)	2015	2014	2015	2014
Financing costs	14,501	6,805	37,957	27,887
Administration	2,899	1,802	8,999	6,617
Depreciation and amortization	1,408	1,149	5,030	4,600
Loss (gain) on sale of property, plant and equipment	307	-	762	(341)
Equity income from joint ventures	(206)	(516)	(1,070)	(1,212)
Bargain purchase gain	(50,893)	-	(50,893)	-
Business combination transaction costs	35,277	-	38,959	-
Unrealized fair value changes	14,907	(4,845)	55,103	(2,813)
Total	18,200	4,395	94,847	34,738

Financing costs

Financing costs consist of mortgage interest, deferred financing costs, interest expense on operating facilities, interest expense on Limited Partnership Class B Units ("Class B LP Units"), and other interest expense. Financing costs were $14.5 million and $38.0 million for the three months and year ended December 31, 2015, respectively. The increase was a result of the $350 million bridge operating facility used to fund part of the Transaction and additional mortgages assumed. Additionally, higher operating facility balances and increased mortgage leverage contributed to the increased expense in 2015, and was partially offset by the decrease in the weighted average interest rate to 3.33% at December 31, 2015, from 3.67% at December 31, 2014. Included in the year ended December 31, 2015, amount were costs of $0.8 million incurred on the early renewal of a number of mortgages to access up-financing capacity at historically low rates for 10 year terms.

Administration

Administration expense for the three months and year ended December 31, 2015, increased by 60.9% and 36.0%, respectively, when compared to the same period of 2014. The increase for the year ended December 31, 2015, was due mainly to 2014 having lower than normal salary and benefit expenses, and variable incentive costs, along with additional staff retained as part of the Transaction. There were also increases in professional fees incurred and bank charges. There was a new variable incentive compensation plan approved by unitholders in May 2015. Under the new plan, performance units granted to individuals now have up to a three year vesting period, with the expense being recognized proportionately each year.

Business combination transaction costs

The costs recorded for business combinations for the three months and year ended December 31, 2015, relate to the completion of the Transaction on October 30, 2015. They consist mainly of advisory services and other fees related to the Transaction.

Bargain purchase gain

The bargain purchase income recorded on the Transaction relates to the difference between the fair market value of the assets acquired and the fair market value of the consideration paid. At the time that the agreements were signed for the Transaction, the NPR units that were being given as consideration in the deal were valued at $23.03 per unit and the unit price on the date the deal closed was $18.49, resulting in a bargain purchase gain as the proceeds given theoretically had a lower value than the value of the assets purchased.

Unrealized fair value changes

	Three months ended December 31			Twelve months ended December 31		
(thousands of dollars)	2015	2014	Change	2015	2014	Change
Expense (income)						
Unrealized fair value change to investment properties	1,183	(9,412)	112.6%	8,391	(19,836)	142.3%
Sustaining CAPEX	21,462	4,939	334.5%	54,910	17,343	216.6%
Interest rate swap	234	-	n/m	234	-	n/m
2019 Debentures	(460)	-	n/m	(460)	-	n/m
Unit based payments	(166)	(77)	115.6%	(351)	(71)	394.4%
Class B LP Units	(7,346)	(295)	n/m	(7,621)	(249)	n/m
Net unrealized fair value decrease (increase)	14,907	(4,845)	407.7%	55,103	(2,813)	n/m

Management monitors certain trigger events that could substantiate a change in an investment property's fair market value, such as a change in market conditions, added competition through new supply, an other than temporary increase or decrease in market occupancy or rental rates, recent transactions at Cap Rates different than ones previously experienced, independent appraisals, or an other than temporary change in a property's NOI.

The change in fair value of investment properties for the three months ended December 31, 2015, related mainly to multi-family properties held in Fort McMurray, AB. Due to the decline in natural resource prices and demand, the economies in Western Canada are struggling, which has led to sustained decreases in rental rates and changes to assumptions regarding long term occupancy levels. There was also a write down of specific assets in Québec, which was mostly offset by increases in fair value of specific properties in Ontario.

Sustaining CAPEX represents ongoing expenditures required to maintain or improve the productive capacity of Northview's portfolio. Northview's focus on improving and maintaining the quality of its multi-family buildings is the reason for the increase in sustaining CAPEX for the three months ended December 31, 2015, when compared to the same period of 2014.

As part of the Transaction, Northview acquired $23.0 million of convertible unsecured subordinated debentures, which bear interest at 5.75% per annum. These debentures are marked to market each reporting period, with the change in value being recorded to unrealized fair value gain or loss.

As partial consideration paid for the assets acquired in the Transaction, Northview issued 7,741,743 Special Voting Units to holders of Class B LP Units, which are exchangeable for regular REIT units. Class B LP Units are marked to market each reporting period, with the change in value being recorded to unrealized fair value gain or loss. The increase in the number of Class B LP Units outstanding will make the fair value changes between reporting periods more pronounced.

Working capital requirements

Northview requires working capital resources to fund day to day operating expenditures, sustaining CAPEX, distributions to REIT Unitholders, and mortgage interest costs. Northview expects that funds generated from operations will be sufficient to cover these expenditures. Principal repayments on existing mortgages are funded in part through the funds generated from operations.

Capital improvements and sustaining CAPEX

(thousands of dollars, except per unit amounts)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Capital improvements	330	1,423	3,783	14,083
Sustaining CAPEX	21,462	4,939	54,910	17,343
	21,792	6,362	58,693	31,426
Number of multi-family units	24,202	10,491	24,202	10,491

Capital improvements are capital repairs or additions, improvements to the properties to meet investment requirements, and expenditures generally made in the 18 months following the acquisition of a property to complete any deferred maintenance or to reposition the property following the acquisition. Capital improvements are generally funded from borrowings associated with the improvement projects.

Sustaining CAPEX represents ongoing expenditures required to maintain or improve the productive capacity of Northview's portfolio. These include expenditures to maintain and renew common areas, HVAC systems, building envelopes, investments in wood pellet boilers, expenditures to reduce energy consumption, and to refurbish units on resident turnover. Sustaining CAPEX is generally funded through cash flow from operations. Northview's focus on improving and maintaining the quality of its multi-family buildings is the reason for the increase in sustaining CAPEX for 2015, when compared to the same period of 2014. The largest increases in the current year were noted in Fort McMurray, AB, and Yellowknife, NT, where the majority of the "Street to Suite" CAPEX program spending was utilized. During the fourth quarter of 2015, there was also a significant amount of sustaining CAPEX work performed on specific properties acquired in Ontario and Québec in the Transaction. In addition, in Iqaluit, NU, timing and availability of shipments of materials play a large factor on when costs are incurred, along with the overall higher costs of both materials and labour. Sustaining CAPEX incurred in the more remote Nunavut communities tends to be more expensive on a per door basis due to the higher cost of materials, freight, and labour.

Tax status

Northview is a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust ("DOT"), distributions to Trust Unitholders are declared at the discretion of the Board of Trustees ("Trustees"). Pursuant to the DOT, the Trustees may, at their sole discretion, determine distributions or designate that all taxable income earned, including the taxable part of net realized capital gains, be distributed to Trust Unitholders and will deduct such distributions and designations for income tax purposes.

The Tax Act contains rules (the "SIFT Rules") that impose tax on certain mutual fund trusts and their Trust Unitholders at rates that approximate corporate and dividend income tax rates. The SIFT Rules do not apply to any mutual fund trust that qualifies as a "real estate investment trust" (a "Tax REIT") as defined in the Tax Act (the "Tax REIT Exemption"). A REIT must hold less than 10% of non-qualifying assets and earn less than 10% of non-qualifying revenue to keep its status as a Tax REIT. As of December 31, 2015, the REIT met all the requirements related to the qualification of the REIT as a real estate investment trust for tax purposes.

The Tax REIT Exemption does not apply to corporate subsidiaries of Northview, which are therefore subject to Canadian income taxes. Northview does not currently hold any income producing property or operations in taxable corporate subsidiaries. As such, there is currently no provision for current or deferred income tax expense required in the current reporting period.

Income tax expense incurred in 2014 related to the stapled security structure still in place for part of the year. The securities were unstapled and NorSerCo was dissolved during the first quarter of 2014.

The Transaction completed on October 30, 2015, will not affect the REIT's status as a Tax REIT.

On February 18, 2016, the Ontario Ministry of Finance published amendments to the Land Transfer Act (Ontario) that may impact the transfers of partnership interests in prior fiscal periods. The impact of the amendments is currently being evaluated by the REIT.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes Northview's financial results for the last eight fiscal quarters:

(thousands of dollars, except per unit amounts)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	70,735	48,621	49,401	48,821	48,091	48,240	46,102	45,408
NOI	39,353	30,965	30,041	26,340	27,473	30,649	27,613	23,872
Distributions to Trust Unitholders	18,493	12,940	12,940	12,940	12,820	12,584	12,591	12,620
Distributions per Trust Unit	$0.41	$0.41	$0.41	$0.41	$0.40	$0.40	$0.40	$0.40
FFO – basic	24,371	21,561	20,327	16,574	19,043	21,482	19,432	15,493
FFO per Trust Unit – basic	$0.54	$0.68	$0.64	$0.52	$0.60	$0.67	$0.61	$0.49
FFO payout ratio – basic	75.9%	60.0%	63.7%	78.1%	67.3%	58.6%	64.8%	81.5%
FFO – diluted	24,592	21,561	20,327	16,574	19,043	21,482	19,432	15,493
FFO per Trust Unit – diluted	$0.53	$0.68	$0.64	$0.52	$0.60	$0.67	$0.61	$0.49
FFO payout ratio – diluted	75.2%	60.0%	63.7%	78.1%	67.3%	58.6%	64.8%	81.5%

Northview's quarterly financial results have a seasonal component resulting from higher utility costs in the first and fourth quarters of each year.

LIQUIDITY AND CAPITAL RESOURCES

In recent years, Northview has grown through successful acquisition and development activities that have been funded internally, resulting in increased debt to gross book value. The Transaction completed in 2015 has also temporarily increased debt to gross book value from 52.2% at September 30, 2015, to 59.2% at December 31, 2015. Northview's coverage ratios remain strong and among the best in the Canadian Multi-family sector. For the year ended December 31, 2015, interest coverage ratio was 3.31x and the debt service coverage ratio was 1.86x.

Management has a clear debt strategy plan to reduce leverage over the next several years. The organic growth initiatives discussed earlier are expected to provide significant investment property value increases. This coupled with the non-core asset disposition plan should reduce debt to gross book value below 55% in the next three to five years with the long-term goal of maintaining debt to gross book value in the 50% to 55% range.

Credit facilities and mortgages

Management's responsibility is to ensure that Northview has sufficient liquidity to fund sustaining CAPEX, investment property capital improvements, Trust Unit distributions, and to provide for future developments and acquisitions by maintaining a reasonable amount of credit facilities. Northview is able to finance its commitments with cash flow from operations, revolving operating facilities, construction financing, mortgage debt secured by investment properties, and equity issuances.

Borrowings under credit facilities	December 31, 2015	December 31, 2014
Operating facilities (i)	88,450	20,500
Operating facility – single advance (ii)	-	10,000
Bridge facility(iii)	350,000	-
Land financing(iv)	6,004	6,004
Construction financing(v)	39,289	15,548
Total	483,743	52,052

(i) At December 31, 2015, Northview had three revolving operating facilities with borrowing capacity of $135.0 million (December 31, 2014 – $90.0 million) for acquisition, development, and operating purposes.

The $75.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 12, 2016. As of December 31, 2015, the maximum borrowing capacity was $56.0 million (December 31, 2014 – $58.8 million) based on the investment properties pledged. At December 31, 2015, $42.2 million had been drawn (December 31, 2014 – $20.5 million). Specific investment properties with a fair value of $160.5 million (December 31, 2014 – $161.7 million) have been pledged as collateral security for the operating facility. Northview also has $5.5 million (December 31, 2014 – $7.1 million) in Letters of Credit ("LOC") outstanding as security for construction projects and mortgage holdbacks. The LOC reduces the amount available under the $75.0 million operating facility.

The $15.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of July 23, 2016. As of December 31, 2015, the maximum borrowing capacity was $15.0 million (December 31, 2014 – $7.5 million) based on the investment properties pledged. At December 31, 2015, $7.0 million had been drawn (December 31, 2014 – $nil). Specific investment properties with a fair value of $34.5 million (December 31, 2014 – $11.1 million) have been pledged as collateral security for the operating facility. During the first quarter of 2016, the maximum borrowing capacity has been increased to $20.0 million.

As part of the Transaction, Northview acquired a $45.0 million credit facility. The $45.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 31, 2016. As of December 31, 2015, the maximum borrowing capacity was $40.6 million based on the investment properties pledged. At December 31, 2015, $39.3 million had been drawn. Specific investment properties with a fair value of $123.5 million have been pledged as collateral security for the operating facility. This facility is subject to certain covenants, including occupancy achievement and debt service coverage. As of December 31, 2015, Northview was in compliance with all covenants.

(ii) In June 2014, Northview received $10.0 million under a single advance non-revolving demand operating facility bearing interest at prime plus 0.75% with a maturity date of December 31, 2014. The investment properties held as collateral security for the $75.0 million operating facility are also held for the single advance operating facility. On January 8, 2015, this single advance non-revolving demand operating facility was repaid.

(iii) Northview entered into two Bridge Facilities for a total of $350.0 million to fund the Transaction, completed on October 30, 2015. The first Bridge Facility is a two-year senior secured non-revolving term loan facility bearing interest at prime plus 0.7% or Bankers' Acceptance plus 1.95% for the amount of $325.0 million with a maturity date of October 30, 2017. The second Bridge Facility is a six month term, with a six month extension subject to lender approval, senior secured non-revolving equity bridge facility bearing interest at prime plus 1.25% or Bankers' Acceptance plus 2.5% for the amount of $25.0 million with a maturity date of April 30, 2016. Specific investment properties with a fair value of $550.4 million have been pledged as collateral security for the Bridge Facilities.

Repayment of the Bridge Facility is well underway with all financing committed. Repayment to date is $122 million, with an average term of 7.9 years and an average interest rate of 2.77%. The remainder of the repayment is expected to be completed in Q2 2016.

(iv) The land financing relates to land held for development, is due on demand, has a maturity date of December 31, 2016, and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00%. Financing is secured by two parcels of land held for development.

(v) At December 31, 2015, Northview had three construction financing loans outstanding relating to the developments in Airdrie, AB; Fort St. John, BC; and Bonnyville, AB. Interest rates range from prime plus 0.50% to 0.75% or Banker's Acceptance plus 2.00% to 2.20%. Maturity dates range from April 16, 2016, to December 31, 2016. A mortgage was obtained in 2015 on the new development in Grande Prairie, AB, and the funds were used to repay the 2014 construction financing related to the project.

During the year ended December 31, 2015, Northview completed $214.2 million in mortgage financings and renewals with a weighted average interest rate of 3.10% and a term to maturity of 8.5 years compared to $207.8 million, 3.03%, and 7.2 years, respectively, in the same period of 2014. The majority of the funding in 2015 was on multi-family residential properties, which qualify for Canada Mortgage and Housing Corporation ("CMHC") rates. The net proceeds were used to repay existing mortgages and operating facilities, and fund developments and acquisitions. Northview continues to extend the term on new and renewed mortgages, utilizing 10 year terms where possible.

Northview continuously monitors interest rates to identify opportunities for the reduction of its weighted average interest rate. Northview's weighted average interest rate on mortgage debt at December 31, 2015, decreased to 3.33%, compared to 3.67% at December 31, 2014. At December 31, 2015, the weighted average term to maturity was 5.0 years, compared to 5.0 years at December 31, 2014.

Northview utilizes CMHC insured mortgage lender financing when possible to obtain loans of up to 75% of CMHC's assessed value of a multi-family property. Northview can obtain a lower borrowing cost on properties financed using insured mortgage lender financing after including the cost of the insurance when compared to conventional financing.

The following table outlines Northview's mortgages payable maturity schedule as at December 31, 2015, for the next ten years and thereafter:

	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2016	37,194	122,040	159,234	11.7%	3.59%
2017	35,457	67,178	102,635	7.6%	3.31%
2018	33,542	169,342	202,884	14.9%	3.94%
2019	28,666	182,520	211,186	15.6%	3.29%
2020	23,300	169,756	193,056	14.2%	2.74%
2021	17,261	110,220	127,481	9.4%	3.87%
2022	14,669	42,290	56,959	4.2%	3.25%
2023	13,222	81,118	94,340	7.0%	3.24%
2024	9,580	67,242	76,822	5.8%	3.13%
2025 and thereafter	4,089	128,529	132,618	9.8%	3.19%
	216,980	1,140,235	1,357,215	100.0%	3.33%

Covenants

Northview is subject to financial covenants on its mortgages payable and credit facilities. The principal financial covenants are debt to gross book value, debt service coverage, and interest coverage. Debt to gross book value has increased from December 31, 2014, as a result of completion of the Transaction. As part of Northview's debt management strategy, Management has identified approximately $150 million of assets considered to be non-core that will be divested in 2016 and 2017, with the net proceeds of disposition being used to reduce overall debt levels.

The following debt to gross book value, interest coverage, and debt service coverage excludes the 2019 Debentures and interest expenses on the 2019 Debentures.

(thousands of dollars)	December 31, 2015	December 31, 2014
Cash	(4,487)	-
Credit facilities	483,743	52,052
Mortgages payable	1,357,215	750,805
Debt	1,836,471	802,857
Investment properties	3,025,468	1,582,011
Property, plant and equipment	55,510	51,775
Accumulated depreciation and amortization	22,156	18,285
Gross book value	3,103,134	1,652,071
Debt to gross book value	59.2%	48.6%

Interest and debt service coverage

(thousands of dollars)	Year ended December 31, 2015	Year ended December 31, 2014
Income before income taxes	31,852	74,869
Depreciation and amortization	5,030	4,600
Mortgage interest and deferred financing costs	32,250	28,044
Interest expense on credit facilities	3,315	338
Interest expense to Class B LP Unitholders	2,213	108
Bargain purchase gain	(50,893)	-
Business combination transaction costs	38,959	-
Unrealized fair value changes	55,103	(2,813)
Earnings before interest, taxes and depreciation ("EBITDA"), bargain purchase gain, and business combination transaction costs	117,829	105,146
Mortgage interest and deferred financing costs	32,250	28,044
Interest expense on credit facilities	3,315	338
Total interest expense	35,565	28,382
Principal repayments	27,757	21,593
Debt service payments	63,322	49,975
Interest coverage	3.31	3.70
Debt service coverage	1.86	2.10

Interest coverage and debt service coverage are calculated based on the previous twelve months. Interest coverage for December 31, 2015, was 3.31 compared to 3.70 for the year ended December 31, 2014. Debt service coverage for December 31, 2015, was 1.86 compared to 2.10 for the year ended December 31, 2014. Both ratios declined as a result of leveraging the recent acquisitions and new developments, however, they are still within management's expectation. Northview's operating facilities interest coverage ratio covenant is 1.90 and debt service coverage ratio covenant is 1.50.

Debt to gross book value, interest coverage, and debt service coverage including the 2019 Debentures and interest expenses on the 2019 Debentures is 59.9%, 3.30, and 1.86, respectively.

EQUITY

Northview's issued and outstanding Trust Units, along with Trust Units potentially issuable, are as follows:

(number of units)	December 31, 2015	December 31, 2014
Issued and outstanding		
Trust Units	44,410,640	31,674,160
Class B LP Units	7,809,539	67,796
	52,220,179	31,741,956
Units potentially issuable		
Units from long-term incentive plans	2,980	36,895
Units from unit award plan	72,910	-
Units from Deferred Units	10,026	-
Units from 2019 Debenture	966,386	-
Total Trust Units potentially issuable	1,052,302	36,895
Total outstanding and potentially issuable Trust Units	53,272,481	31,778,851

Normal Course Issuer Bid

On July 31, 2014, the TSX approved Northview's notice of intention to renew the NCIB for its Trust Units. Northview's NCIB was made in accordance with the policies of the TSX. Northview was allowed to purchase Trust Units during the period from August 6, 2014, to August 5, 2015, or an earlier date had Northview completed its maximum purchases. As of December 31, 2015, the NCIB has expired and was not renewed.

Northview would have paid the market price at the time of acquisition for any Trust Units in accordance with the rules and policies of the TSX and applicable securities laws. Purchases under the NCIB would have been funded out of Northview's working capital.
Northview was authorized to purchase, in a 12 month period, up to 3,095,587 Trust Units, representing 10% of its public float, through the facilities of the TSX and other Canadian trading platforms. On any trading day, Northview would not have purchased more than 12,474 Trust Units, which is equal to 25% of Northview's average daily trading volume over the previous six months, except where such purchases were made in accordance with the block purchase exemptions under the TSX rules.

During the year ended December 31, 2015, Northview did not purchase and subsequently cancel any Trust Units under its NCIB (December 31, 2014 – Northview purchased and subsequently cancelled 137,600 Trust Units under its NCIB for total consideration of $3.8 million).

Management intends to initiate an NCIB program during the first quarter of 2016.

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 approved by the Trustees. During the three months ended December 31, 2015, Northview declared monthly cash distributions of $0.1358 per Trust Unit. For the year ended December 31, 2015, Northview declared distributions totaling $57.3 million (December 31, 2014 – $50.6 million). The 2015 increase in distributions relates to the additional units issued in the Transaction.

For the year ended December 31, 2015, total distributions of $53.4 million were paid to Trust Unitholders from $51.6 million of cash flow from operations in the same period. Management expects cash flow from operations to exceed distributions paid in future years due to the additional stability added to the portfolio through the Transaction and through the execution of strategic growth initiatives.

RELATED PARTY TRANSACTIONS

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

During the period, revenue from associates related to management fees and maintenance service fees received from Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") and Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS"), and receipt of services from associates related to rent paid by Northview to ICP, was as follows:

	Transactions for the three months ended December 31		Transactions for the years ended December 31		Balance Outstanding as at December 31	
	2015	2014	2015	2014	2015	2014
Revenue from associates	141	58	379	402	118	53
Receipt of services from associates	13	13	53	53	1	2

Northview has engaged Starlight to perform certain services, as outlined below. Starlight is a related party as it is controlled by a significant Unitholder of Northview.

Pursuant to the Transitional Services Agreement dated October 30, 2015, Starlight is to provide transitional services of an asset management nature for a monthly fee equal to 0.125% of the sum of: (i) the agreed upon allocated values of the properties acquired from True North and its affiliates in connection with the Transaction; (ii) the third party appraised values of the private portfolio acquired by Northview in connection with the Transaction; (iii) the purchase price of new sourced properties; (iv) the third party appraised values of added properties; and (v) the cost of any capital expenditures incurred by Northview or any of its affiliates in respect of the properties since the closing date of the Transaction. This agreement is for a term of three years ending October 30, 2018, with Northview having the option to exclude the New Brunswick and Nova Scotia properties from the agreement after the second year. At Northview's option, the term may be renewed for two additional one year terms.

For the year ended December 31, 2015, the costs of these services aggregated to $0.4 million. Of this amount, $0.1 million has been capitalized, while the remaining $0.3 million has been recognized as administration expenses in the consolidated statements of net and comprehensive income.

ACCOUNTING

Critical accounting estimates and judgments

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

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 Cap Rates and NOI. A change to either of these inputs could significantly alter the fair value of an investment property.

(ii) Depreciation and amortization

Depreciation and amortization are calculated to write off 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.

(iii) Allowance for doubtful accounts

Northview must make an assessment of whether accounts receivable are collectible from tenants. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration tenant creditworthiness, current economic trends, and past experience. If future collections differ from estimates, future income would be affected.

(iv) Accrued liabilities

Northview must estimate accrued liabilities when invoices have not been received in order to ensure all expenditures have been recognized. If future expenditures differ from estimates, future income would be affected. Accrued liabilities are included in Trade and other payables.

(v) Capital adequacy

Northview prepares estimated cash flow projections on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, and investment activities and uses these estimates to assess capital adequacy. Management reviews the current financial results and the annual business plan in determining appropriate capital adequacy and uses this to determine distribution levels. Changes in these estimates affect distributions to the Trust Unitholders and Northview's cost of capital, which in turn affects income.

(vi) Income taxes

Under current tax legislation, a real estate investment trust is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders during the year. Northview is a real estate investment trust if it meets prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue (the "REIT Conditions"). Northview has reviewed the REIT Conditions and has assessed their interpretation and application to Northview's assets and revenue, and it has determined that it qualifies as a real estate investment trust.

Northview expects to qualify as a real estate investment trust under the Income Tax Act (Canada); however, should it no longer qualify, it would not be able to flow-through its taxable income to Unitholders and Northview would, therefore, be subject to tax.

Judgments

(i) Purchase of investment properties

Northview reviews its purchases of investment property to determine whether or not the purchase is part of a business combination, as IFRS requires differing treatment of property acquisitions depending on whether or not the purchase is part of a business combination. Judgment is involved in determining whether or not 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 immediately and earnings are affected. If the purchase is an asset acquisition, these costs form part of the purchase price and earnings are not immediately affected.

(ii) Fair value of investment properties

While investment properties are recorded at fair value on a quarterly basis, not every property is independently appraised every year. Significant judgment is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties affect income.

(iii) Componentization

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

(iv) Impairment

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

(v) Control over Icicle Joint Venture ("Icicle")

Northview controlled 49% of Icicle joint operations until the joint venture was dissolved on August 31, 2015. Northview controlled less than a majority interest in Icicle, therefore, judgment is involved in determining whether there was control over the entity. Northview had the practical ability to direct the relevant activities of the joint venture since Northview managed all aspects of the joint venture's operations and hence Northview had control over Icicle.

(vi) Classification of ICP and ICS as joint ventures

The ownership of ICS is for the purpose of investing in an income producing execusuite property in Inuvik, NT, and the ownership of ICP is for the purpose of investing in a portfolio of commercial and mixed-use income producing properties in Inuvik, NT. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, ICP and ICS are classified as joint ventures for Northview.

Recent accounting pronouncements

The International Accounting Standards Board ("IASB") has issued the following standards that have not been applied in preparing the audited consolidated financial statements as their effective dates fall within annual periods subsequent to the current reporting period.

Proposed Standard	Description	Previous Standard	Effective Date
Amendments to IFRS 11 – Joint Arrangement: Accounting for Acquisitions of Interests	The amendments to IFRS 11 require an acquirer of an interest in a joint operation in which the activity constitutes a business combination as defined in IFRS 3 – Business Combinations to apply the relevant principles on accounting for business combinations in IFRS 3 and other standards.	No direct replacement.	Effective date for annual periods beginning on or after January 1, 2016.
IFRS 15 – Revenue from Contracts with Customers	Introduces a principle to report information about nature, timing, and uncertainty of revenue from contracts with customers in a single, comprehensive revenue recognition model.	IAS 18 – Revenue, IAS 11 – Construction Contracts, and related interpretations.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 9 – Financial Instruments	The IASB has undertaken a three-phase project to replace IAS 39 with IFRS 9. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value; and introduces a new hedge accounting model. The standard was finalized in July 2014.	IAS 39 – Financial Instruments: Recognition and Measurement.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 16 – Leases	The IASB issued IFRS 16 – Leases, which provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	IAS 17 – Leases	Effective date for annual periods beginning on or after January 1, 2019.

Management continues to evaluate the potential qualitative and quantitative impact of these new standards on Northview's financial statement measurements and disclosures. Northview is not early adopting these standards.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") have been designed and implemented by or under the supervision of the REIT's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Senior Management.

Disclosure controls and procedures

DC&P are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and the CFO, on a timely basis so that appropriate decisions can be made regarding public disclosures. The presented information has been reviewed by the Disclosure Committee, the Audit Committee, and the Board of Trustees of the REIT, which approved it prior to its publication.

An evaluation was conducted by management under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO concluded that as at December 31, 2015, Northview's DC&P, as defined in National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuer's Annual and Interim Filings, was effective and provided reasonable assurance that information required to be disclosed in reports that were filed or submitted under Canadian securities legislation related to Northview.

Changes in controls over financial reporting

During 2015, there have been no changes to the REIT's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the REIT's internal control over financial reporting, except as noted below.

On October 30, 2015, NPR and TN announced the completion of the Transaction. Management has not fully completed its review of internal controls over financial reporting for portfolios acquired in the Transaction. Since the acquisition occurred within the 365 days of the reporting period, management has limited the scope of design and subsequent evaluation of disclosure controls and procedures and internal controls over financial reporting, as permitted under Section 3.3 of NI 52-109.

The contribution to Northview's audited consolidated financial statements of portfolios acquired in the Transaction for the year ended December 31, 2015, was approximately 10.3% of consolidated revenues and 35.9% of consolidated net and comprehensive income. Additionally, at December 31, 2015, the values of current assets and current liabilities of portfolios acquired in the Transaction were approximately 31.3% and 15.4% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 42.1% and 45.2% of consolidated non-current assets and non-current liabilities, respectively.

In accordance with the provisions of NI 52-109, Management has limited the scope of their design of the REIT's DC&P and ICFR for the period ending December 31, 2015, to exclude controls, policies and procedures of TN, SL, and PSP. The scope limitation is primarily based on the time required to assess the DC&P and ICFR of the portfolios acquired in the Transaction in a manner consistent with the REIT's other operations.

NON-GAAP AND ADDITIONAL GAAP MEASURES

The following non-GAAP and additional GAAP measures are used to monitor Northview's financial performance. All non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Net operating income: NOI is calculated by deducting the direct operating costs of maintaining and operating investment properties from the revenue which they generate. The most significant direct operating costs affecting NOI are: utilities, property taxes, insurance, cleaning, and repairs and maintenance. Refer to the audited consolidated statements of net and comprehensive income for NOI calculation.

Same door NOI: Measured as the annual change in NOI from properties that have been owned by Northview for both the current and prior year reporting periods. See page 16 for discussion of same door NOI.

Funds from operations: FFO is calculated as prescribed by RealPAC's White Paper. FFO measures operating performance by adjusting net and comprehensive income for: unrealized fair value changes; depreciation of income producing property, plant and equipment; gains or losses on disposal of investment property and property, plant and equipment; amortization of tenant cash incentives; amortization of business combination transaction costs; deferred income taxes; distributions to Trust Unitholders reported in net income as interest; and other non-cash item adjustments that do not provide an accurate portrait of Northview's past or recurring performance. See page 12 for FFO calculation.

FFO payout ratio: calculated as distributions declared during the period divided by FFO for the same period.

Debt: the sum of credit facilities and mortgages payable less cash (bank indebtedness). See page 26 for debt calculation.

Gross book value: the book value of the assets of Northview and its consolidated subsidiaries, as shown on its then most recent audited consolidated statements of financial position, plus the amount of accumulated depreciation and amortization included therein or in the notes thereto, plus the amount of deferred income tax liability arising out of indirect acquisitions or, if approved by a majority of the Trustees, the appraised value of the real property held directly or indirectly by Northview, calculated in accordance with GAAP. See page 26 for gross book value calculation.

Debt to gross book value: calculated as debt over gross book value and is a measure of leverage. See page 26 for debt to gross book value calculation.

Interest coverage: calculated as net income before interest (excluding distributions classified as interest paid on Trust Units or Class B LP Units), unrealized fair value adjustments, taxes, and depreciation, divided by total interest expense (excluding distributions classified as interest paid on Trust Units or Class B LP Units). See page 27 for interest coverage calculation.

Debt service coverage: calculated as net income before interest (excluding distributions classified as interest paid on Trust Units or Class B LP Units), unrealized fair value adjustments, taxes, and depreciation divided by the debt service payments: total interest expense (excluding distributions classified as interest paid on Trust Units or Class B LP Units) and principal repayments. See page 27 for debt service coverage calculation.

MANAGEMENT'S REPORT

To the Unitholders of Northview Apartment Real Estate Investment Trust:

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

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

The Board of Trustees oversees management's responsibility for financial reporting through an Audit and Risk Management Committee which is comprised of four independent trustees. The Audit and Risk Management 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.

Deloitte LLP, the auditors appointed by the Unitholders, has examined 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 and Risk Management Committee to discuss their audit and related findings.

"Signed"

Todd R. Cook
Chief Executive Officer

"Signed"

Robert J. Palmer
Chief Financial Officer

Deloitte LLP
700, 850 - 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: (403) 267-1700
Fax: (587) 774-5379
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Northview Apartment Real Estate Investment Trust:

We have audited the accompanying consolidated financial statements of Northview Apartment Real Estate Investment Trust (formerly Northern Property Real Estate Investment Trust), which comprise the consolidated statements of financial position as at December 31, 2015, and December 31, 2014, and the consolidated statements of net and comprehensive income, consolidated statements of changes in Unitholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Northview Apartment Real Estate Investment Trust as at December 31, 2015, and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
March 9, 2016
Calgary, Alberta

Northview Apartment Real Estate Investment Trust
Consolidated Statements of Financial Position
(thousands of Canadian dollars)

	Note	December 31, 2015	December 31, 2014
Assets			
Non-current assets			
Investment properties	5	3,025,468	1,582,011
Property, plant and equipment	6	55,510	51,775
Other long-term assets		5,593	5,187
Investment in joint ventures	7	6,210	5,310
Intangible assets	8	520	1,093
Loans receivable	9	6,112	4,796
Instalment notes receivable	10	1,136	-
		3,100,549	1,650,172
Current assets			
Instalment notes receivable	10	666	-
Prepaid expenses and other assets		4,760	2,667
Accounts receivable	20(b)(ii)	12,417	6,244
Restricted cash	2(j)	9,738	7,088
Cash		4,487	-
		32,068	15,999
		3,132,617	1,666,171
Liabilities			
Non-current liabilities			
Class B LP Units	17(b)	137,135	1,612
Mortgages payable	12	1,228,857	604,931
Convertible debentures	13	22,885	-
Derivative instruments	12	1,515	-
		1,390,392	606,543
Current liabilities			
Mortgages payable	12	131,032	129,622
Credit facilities	14	483,743	52,052
Trade and other payables		70,467	36,186
Distributions payable		7,089	4,311
Unit based payments	15	788	476
		693,119	222,647
		2,083,511	829,190
Unitholders' equity			
Equity attributable to Unitholders		1,047,296	835,113
Non-controlling interests		1,810	1,868
Total equity		1,049,106	836,981
		3,132,617	1,666,171

See accompanying notes to the consolidated financial statements.
Guarantees, commitments and contingencies (Note 19).

Northview Apartment Real Estate Investment Trust
Consolidated Statements of Net and Comprehensive Income

Years ended December 31
(thousands of Canadian dollars)

	Note	2015	2014
Revenue			
Rental revenue		211,182	182,612
Other revenue		6,396	5,229
		217,578	187,841
Operating expenses		90,879	78,234
Net operating income		126,699	109,607
Other expense (income)			
Financing costs	23	37,957	27,887
Administration		8,999	6,617
Depreciation and amortization		5,030	4,600
Loss (gain) on sale of property, plant and equipment		762	(341)
Equity income from joint ventures		(1,070)	(1,212)
Bargain purchase gain	4	(50,893)	-
Business combination transaction costs	4	38,959	-
Unrealized fair value changes	24	55,103	(2,813)
		94,847	34,738
Income before income taxes		31,852	74,869
Income tax expense			
Current	11	-	213
Deferred	11	-	392
		-	605
Net and comprehensive income		31,852	74,264
Net and comprehensive income attributable to:			
Unitholders		31,698	73,972
Non-controlling interests		154	292
Net and comprehensive income		31,852	74,264

See accompanying notes to the consolidated financial statements.

Northview Apartment Real Estate Investment Trust
Consolidated Statements of Changes in Unitholders' Equity

Years ended December 31
(thousands of Canadian dollars)

	Note	2015	2014
Units	17		
Balance, January 1		818,041	830,646
Long-term incentive plan units issued		715	858
Units issued, net of issue costs	17	234,870	-
NorSerCo unstapling	1	-	(7,613)
Units repurchased and cancelled	17(d)	-	(5,850)
Balance, December 31		1,053,626	818,041
Retained earnings			
Cumulative net income			
Balance, January 1		251,106	177,109
Units cancelled	17(d)	-	(260)
NorSerCo unstapling	1	-	285
Net and comprehensive income attributable to Unitholders		31,698	73,972
Balance, December 31		282,804	251,106
Cumulative distributions to Unitholders			
Balance, January 1		(234,034)	(190,882)
Distributions declared to Unitholders		(55,100)	(50,509)
NorSerCo unstapling		-	7,357
Balance, December 31		(289,134)	(234,034)
Cumulative (deficit) retained earnings, December 31		(6,330)	17,072
Equity attributable to Unitholders		1,047,296	835,113
Non-controlling interests			
Balance, January 1		1,868	2,087
Net and comprehensive income		154	292
Distributions to non-controlling interests		(212)	(181)
Acquisition of interest held by non-controlling interest	1	-	(330)
Balance, December 31		1,810	1,868
Total Unitholders' equity		1,049,106	836,981

See accompanying notes to the consolidated financial statements.

Northview Apartment Real Estate Investment Trust
Consolidated Statements of Cash Flows
Years ended December 31
(thousands of Canadian dollars)

	Note	2015	2014
Operating activities:			
Net and comprehensive income		31,852	74,264
Adjustments:			
Deferred rental revenue		83	(389)
Tenant inducements amortization		476	456
Depreciation and amortization		5,030	4,600
Mortgage and credit facilities interest expense		35,570	28,382
Mortgage and credit facilities interest paid		(33,752)	(26,129)
Interest expense to Class B LP Unitholders		2,213	108
Distribution interest paid to Class B LP Unitholders		(1,162)	(107)
Interest expense on convertible debentures		221	-
Interest on convertible debentures paid		(667)	-
Unrealized fair value changes	24	55,103	(2,813)
Loss (gain) on sale of property, plant and equipment		762	(341)
Equity income from joint ventures		(1,070)	(1,212)
Long-term incentive plan compensation		1,255	704
Bargain purchase gain		(50,893)	-
Income tax expense		-	605
Income tax paid		-	(213)
Changes in non-cash working capital	25	6,877	2,786
		51,898	80,701
Financing activities:			
Proceeds from mortgages		162,549	125,722
Repayment of mortgages		(103,986)	(42,296)
Draw of credit facilities, net		394,690	26,557
Payments to non-controlling interests		(212)	(181)
Acquisition of interest held by non-controlling interest		-	(325)
Units repurchased in normal course issuer bid	17(d)	-	(6,110)
Distributions paid to Unitholders	17(c)	(53,371)	(50,403)
		399,670	52,964
Investing activities:			
Acquisition of investment properties and land for future development	5	(34,322)	(39,819)
Acquisition of Starlight and IMH portfolios	4	(317,136)	-
Cash acquired in True North acquisition	4	1,582	-
Investment properties under development	5	(45,424)	(63,808)
Investment property improvements	5	(58,694)	(28,632)
Proceeds from sale of investment properties		15,745	662
Acquisition of property, plant and equipment	6	(6,401)	(1,952)
Distributions received from equity investees		170	1,210
Acquisition of intangible assets	8	(21)	(278)
Changes in non-cash working capital	25	(2,580)	(1,092)
		(447,081)	(133,709)
Net increase (decrease) in cash		4,487	(44)
Cash, beginning of year		-	44
Cash, end of year		4,487	-

See accompanying notes to the consolidated financial statements.

1. Description of the consolidated entities

Northview Apartment Real Estate Investment Trust ("Northview" or the "REIT" or the "Trust") (formerly Northern Property Real Estate Investment Trust ("NPR")) is an unincorporated, open-ended real estate investment trust created pursuant to a declaration of trust ("DOT") dated January 2, 2002, and last amended October 30, 2015, 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 a broad spectrum of rental accommodations with a portfolio of more than 24,000 quality residential suites in more than 60 markets across Canada, which provides Northview the means to deliver stable and growing profitability and cash distributions to Unitholders. Northview's registered office is located at 110, 6131 6th Street SE, Calgary, Alberta.

On October 30, 2015, through a plan of arrangement, NPR acquired all of the assets and properties of True North Apartment Real Estate Investment Trust ("TN" or "True North") in exchange for NPR Trust Units and NPR Special Voting Units. In addition, NPR acquired seven apartment properties held by Starlight Investment Ltd. ("SL" or "Starlight") and 26 apartment properties from a joint venture between affiliates of SL and affiliates of the Public Sector Pension Investment Board ("PSP"), collectively the "Transaction", see Note 4(a)(b) for more details.

Upon completion of the Transaction, NPR changed its name to "Northview Apartment Real Estate Investment Trust". NPR units were delisted from the Toronto Stock Exchange ("TSX") under the trading symbol NPR.UN. On November 5, 2015, Northview was listed and began trading on the TSX under the symbol "NVU.UN". Northview continues to qualify as a real estate investment trust for tax purposes.

On August 31, 2015, Northview sold the last duplex property in Sachs Harbour, NT for $110,000 which was jointly operated with Icicle Joint Venture ("Icicle"). Subsequent to the sale, Northview has no further investments in Icicle and the joint venture has been dissolved. Northview no longer consolidates its 49% ownership of Icicle and no longer records a 51% non-controlling interest.

On March 20, 2014, Northview purchased the remaining 51% ownership of Aqsaqniq Ninety North Limited ("Aqsaqniq") from its partner for $120,000 in cash and a duplex property in Taloyoak, NU, with a fair value of $45,000. Northview has 100% ownership of Aqsaqniq.

Northview unstapled its stapled unit structure, NorSerCo Inc. ("NorSerCo"), effective February 3, 2014, and transferred all of its active business to Northview and filed articles of dissolution with the Registrar of Corporations (Alberta), pursuant to the resolutions that were approved by NorSerCo shareholders at a special meeting held on July 13, 2012. As a result, the NorSerCo common shares were de-listed (the NorSerCo common shares had previously traded as part of a stapled security) from the Toronto Stock Exchange ("TSX").

Immediately prior to the unstapling and dissolution of the NorSerCo shares, Northview purchased all operating assets of NorSerCo and assumed all remaining liabilities through a subsidiary entity. As a result of the unstapling, the NorSerCo share capital and distributions paid by NorSerCo have been removed from Unitholders' equity.

2. Significant accounting policies

a) Basis of preparation and statement of compliance

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

These consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars rounded to the nearest thousand except where indicated. The accounting policies set out below have been applied consistently to all 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 a fair presentation of the respective years presented.

Within the consolidated statements of cash flows, a reclassification was made between cash flows from investment properties under development and investment property improvements for the year ended December 31, 2015.

The consolidated financial statements were authorized for release by the trustees of Northview (the "Trustees") on March 9, 2016.

b) Principles of consolidation

These consolidated financial statements include the accounts of Northview, wholly-owned subsidiaries, partially owned partnerships, and joint arrangements, collectively Northview. Subsidiaries are entities controlled by Northview. The financial transactions of subsidiaries are included in the consolidated financial statements to the date that control ceases. The accounting policies of subsidiaries, partially owned partnerships, and joint arrangements are the same as those of the Trust. Northview has no controlling entity.

c) Investment properties

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

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

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 the investment properties, the highest and best use of the investment properties is their current use. Northview reviews the fair value of its investment property each reporting period and revises the carrying value when market circumstances change the underlying variables used to fair value investment properties. The fair value of investment property is based on valuations by a combination of independent appraisers and management estimates including any capital additions since the date of the most recent appraisal. External appraisals of investment property are performed throughout each year and continue to be used to verify certain variables used in the internal calculation of investment property values. Management relies on the external investment property appraisals to verify its assessment of regional vacancy, management overhead and Capitalization Rate ("Cap Rate") information which is then applied to the stabilized net operating income, which is projected annual net operating income that an investment property is likely to experience over the holding period, to calculate the fair value of the remainder of Northview's investment properties within the region. Where increases or decreases are warranted, Northview adjusts the fair value of its investment properties. Unrealized 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 year.

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), investment properties are reclassified to "Assets held for sale" when certain criteria are met. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of net and comprehensive income in the period in which the property is derecognized.

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

Investment property consists of several separate components which are included in the estimation of fair value for each property. Residential investment property includes prepaid land equity leases ranging in terms from 15 to 30 years, asset acquisition costs, furniture and fixtures, and sustaining CAPEX. In addition, commercial investment property includes above and below market leases, in-place leases, prepaid tenant improvements, and direct leasing costs.

Land held for development is measured initially at cost, and subsequently measured at fair value. Initial costs that are capitalized include any costs associated with the purchase of the land. Unrealized gains and losses arising from changes in the fair value of land held for development are included in the consolidated statements of net and comprehensive income in the period in which they arise.

Sustaining CAPEX represents ongoing expenditures required to maintain the productive capacity of Northview's portfolio. These include capital expenditures to maintain and renew common areas, heating ventilating and air conditioning ("HVAC") systems, building envelopes, investment in wood pellet boilers, expenditures to reduce energy consumption, and to refurbish interior finishes in units on tenant turnover.

Capital improvements are capital repairs or additions, improvements to the properties to meet investment requirements, and expenditures made in the 18 months following the acquisition of a property to complete any deferred maintenance.

Tenant inducements include cash payments made to tenants where no specific obligation exists on how the payment is utilized by the tenant. Tenant inducements are considered in the cash inflows modeled to measure the fair value of a commercial investment property. The lease incentive asset is separated on the statement of financial position by deducting this amount from the fair value of the property to avoid double counting of assets.

d) Asset acquisition / Business combination

In accordance with IFRS 3 – Business Combination ("IFRS 3"), a transaction is recorded as a business combination if the significant assets, liabilities, or activities in addition to property and related mortgage debt assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition.

Residential and commercial properties, developments and redevelopments are measured initially at cost. Cost includes all amounts relating to the acquisition, including transaction costs (except transaction costs related to a business combination) and improvement of the properties.

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

e) Borrowing costs

Borrowing costs associated with direct expenditures on investment properties under development or redevelopment are capitalized. Borrowing costs are also capitalized on the purchase cost of a site or property acquired specifically for redevelopment in the short-term but only where activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until the date of practical completion, normally the receipt of an occupancy permit. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Northview considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Where Northview has pre-leased space as of or prior to the start of the development and the lease requires Northview to construct tenant improvements which enhance the value of the property, practical completion is considered to occur on completion of such improvements.

f) Property, plant and equipment

Land and buildings used by Northview as administrative offices and warehouse properties, as well as the execusuites and hotels, are classified as property, plant and equipment ("PP&E") in accordance with IAS 16 – Property, Plant and Equipment ("IAS 16"). 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	maximum 50 years	straight-line basis
Parking lot	20 years	straight-line basis
Roof	15 years	straight-line basis
HVAC	15 years	straight-line basis
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

Cost includes 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. Northview has identified the significant components of a building to be the parking lot, roof, HVAC, and CAPEX which is defined as interior finishing including wallpaper, paint, flooring or carpeting, cabinets, and bathroom fixtures. The method of depreciation, estimated economic lives of tangible assets, and PP&E are evaluated annually by management and any changes in these estimates are accounted for on a prospective basis in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

Gains and losses on disposal of an item of PP&E are determined by comparing the proceeds from disposal with the carrying amount of PP&E, and are recognized net within expenses and other income.

g) Transfers between investment property and PP&E

Transfers between investment property and PP&E are based on change in use from earning passive income to serving an administrative purpose and vice versa. The change in use is tracked only for units which actively serve an administrative purpose. Northview reviews this allocation on an annual basis. Northview does not revise these allocations unless a significant change in the number of units or square footage occupied occurs.

Property transfers from investment property to PP&E are transferred at the fair value of the asset at the time of transfer. Differences in the fair value are recorded in net income.

Property transfers from PP&E to investment property are transferred at the fair value of the asset at the time of transfer. Differences in the fair value are recorded in other comprehensive income for fair value increases. Differences in the fair value are recorded in net income for fair value decreases.

h) Impairment

Significant assumptions are used in assessing PP&E for impairment including estimates of future operating cash flows, the time period over which they will occur, a discount rate and growth rates.

The carrying amounts of Northview's assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Northview estimates fair value based upon current prices for similar assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using the asset's original effective interest rate.

An impairment loss is recognized in the consolidated statement of net and comprehensive income in the amount by which the carrying amount of the asset exceeds the recoverable amount determined. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

i) Assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Amounts related to the disposal of non-current assets are classified as "Assets held for sale", and the results of operations and cash flows associated with the assets held for sale are reported separately as being related to assets held for sale or discontinued operations, less applicable income taxes. A non-current asset is classified as an "Asset held for sale" at the point in time when it is available for immediate sale, management has committed to a plan to sell the asset and is actively seeking a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and is expected to be completed within a one-year period. For unsolicited interest in a non-current asset, the asset is classified as held for sale only if all the conditions of the purchase and sale agreement have been met, a sufficient purchaser deposit has been received and the sale is probable and expected to be completed shortly after the end of the current period.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

The component will have been a cash-generating unit ("CGU") or group of CGUs while being held for use. Profits and gains or losses related to the disposal of discontinued operations are measured based on fair value less cost to sell, except for investment property which is valued at fair value, or on the disposal of assets and are presented in the consolidated financial statements on an after tax basis in accordance with IFRS 5. Comparative figures are restated to reflect retrospective application of discontinued operations.

j) Financial instruments

Financial assets and financial liabilities are recognized when Northview becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below:

i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of net and comprehensive income.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost, using the effective interest method, less a provision for impairment. A provision for impairment is established when there is objective evidence that collection will not be possible under the original terms of the contract. Indicators of impairment include delinquency of payment and significant financial difficulty of the holder. The carrying amount of the financial asset is reduced through an allowance account and the amount of loss is recognized in the consolidated statement of net and comprehensive income. Financial instruments that are subsequently measured at amortized cost are subject to testing for impairment each reporting period. Any subsequent reversal of an impairment loss is recognized in profit or loss.

iii) Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL if they are designated as such by management, or they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of net and comprehensive income.

iv) Other financial liabilities
Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Fair value measurements recognized in the consolidated statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair value:

i) Level 1: Quoted prices in active markets for identical assets or liabilities.
ii) Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
iii) Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

Classification and measurement of financial assets and liabilities:

Financial asset or financial liability	Classification	Measurement
Financial assets		
Non-current financial assets		
Other long-term assets	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Instalment notes receivable	Loans and receivables	Amortized cost
Current financial assets		
Accounts receivable	Loans and receivables	Amortized cost
Restricted cash	FVTPL	Fair value
Cash	FVTPL	Fair value
Financial liabilities		
Non-current financial liabilities		
Mortgages payable	Other financial liabilities	Amortized cost
Convertible debentures	FVTPL	Fair value
Derivative instruments	FVTPL	Fair value
Class B LP Units	FVTPL	Fair value
Current financial liabilities		
Distributions payable	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Unit based payments	FVTPL	Fair value
Bank indebtedness	FVTPL	Fair value
Credit facilities	Other financial liabilities	Amortized cost

Cash is comprised of cash balances and all deposits used in operations. Restricted cash is comprised of cash balances not available for immediate and general use by Northview related to security deposits paid by residential tenants. Security deposits are returned to the tenant upon move out net of any additional charges. Bank indebtedness, repayable on demand and forming an integral part of Northview's cash management, is included as a component of cash for the purpose of the statement of cash flows. Distributions or dividends payable declared on units with a record date of or prior to Northview's reporting date are recorded as a financial liability.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, other than financial assets and liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs on financial assets and liabilities measured at FVTPL are expensed in the period incurred. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate over the anticipated life of the related instrument.

Derivative instruments are recorded in the consolidated statement of financial position at fair value, including those derivatives that are embedded in financial or non-financial contracts and which are not closely related to the host contract.

k) Income taxes

Northview is taxed as a "mutual fund trust" for income tax purposes. Pursuant to the DOT, the Trustees may, at their sole discretion, determine distributions or designate all taxable income earned, including the taxable part of net realized capital gains, to Unitholders and will deduct such distributions and designations for income tax purposes. Northview meets the definition of a Real Estate Investment Trust under the Tax Act and is not subject to entity level income taxation provided that all of its taxable income is distributed to its Unitholders.

Northview follows the liability method for determining deferred income taxes. Under this method, deferred taxes are recognized on temporary differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax carrying values for the same assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax liabilities are not recognized for the temporary differences from investments in all subsidiaries and joint arrangements to the extent that:

i) Northview is able to control the timing of the reversal of the temporary differences; and
ii) the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured based on enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which these temporary differences are expected to reverse, and adjustments are recognized in earnings as they occur.

l) Unit based payments

(i) Unit award plan

Northview issues units to executives and key personnel under a unit award plan and a Long-Term Incentive Plan ("LTIP"). The unit award plan comprised of a Long-term Incentive ("LTI") plan, whereby performance units ("Performance Units") are issued to executives and key personnel of Northview. The unit award plan will be used in place of the former LTIP. Under these plans, the fair value of the units granted to executives and key personnel is recognized as compensation expense with an offsetting amount to unit based payments based on the market price at the time of vesting. Northview records compensation expense and unit based payments based on the fair values of the units over the vesting period, less an estimated forfeiture rate. The estimated forfeiture rate is based on the historical forfeiture rate. As units are forfeited or issued, this estimate is adjusted to actual over the vesting period. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of net and comprehensive income prospectively such that the cumulative expense reflects the revised estimate. Upon issue, the market value of the units is credited to capital with a corresponding reduction to unit based payments. In accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), the units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with Trust Units once the units vest. Under IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), the units are classified as 'fair value through profit or loss' and are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statements of net and comprehensive income. Fair value of the units is calculated based on the observable market price of Northview's units.

(ii) Deferred unit plan ("DUP")

Northview has a DUP whereby the Trustees receive a portion of their annual retainer in the form of deferred units ("Deferred Units") that vest immediately when granted. Deferred Units are redeemable upon the Trustee's retirement from Northview. The Deferred Units are equivalent in value to units and accumulate additional Deferred Units at the same rate that distributions are paid on units. Northview measures Deferred Units as a liability at their fair value which is equivalent to the fair value of units with changes in fair value being recognized in the consolidated statements of net and comprehensive income.

m) Investment in joint ventures

Under IFRS 11 – Joint Arrangements ("IFRS 11"), there are two types of joint arrangements – joint operations and joint ventures. Joint arrangements are 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 the 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 classifies its joint arrangements as joint ventures and accounts for them using the equity method. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for Northview's proportionate share of post-acquisition changes in the net assets of the joint ventures, or for post-acquisition changes in any excess of Northview's carrying amount over the net assets of the joint ventures, less any identified impairment loss. When Northview's share of losses of a joint venture equals or exceeds its interest in that joint venture, Northview discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that Northview has incurred legal or constructive obligations to fund the entity or made payments on behalf of that entity.

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

n) Subsidiaries and associates

Subsidiaries and associates are consolidated when Northview has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Subsidiary accounting policies are consistent with those of Northview and reporting dates are the same as Northview. The subsidiary financial statements are consolidated line by line, adding assets, liabilities, equity, revenue and expenses of similar types. Intercompany balances, transactions, income, and expense are eliminated and gains or losses on intercompany transactions are eliminated. Where Northview does not own 100% of the subsidiary or associate, non-controlling interest is classified as a component of equity.

o) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the intangible assets' estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

p) Revenue recognition

Revenue from an income producing property is recognized when a tenant commences occupancy of a property and rent is due. Northview retains all benefits and risks of ownership of its investment properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue includes rent and other sundry revenue recoveries. 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 term of the associated lease. Accordingly, the difference between the rental revenue recorded on a straight line basis and the rent that is contractually due from the tenant has been recorded as deferred rent receivable for accounting purposes.

Operational cost recoveries ("OCR") for commercial tenants and on selected residential leases are accrued monthly on a leased square footage based on budgeted operating costs. Operating costs are verified annually, usually within 90 days after year end, tenant accounts are reconciled and additional amounts are either invoiced or rebated. Deferred recoverable costs are recorded as other long-term assets and charged against expenses.

Tenant inducements for commercial tenants are recorded as other long-term assets and charged against revenue on a straight-line basis over the lease term.

q) Class B LP Units

The Class B LP Units are exchangeable into Trust Units at the option of the holder. The Trust Units are puttable and, therefore, the Class B LP Units meet the definition of a financial liability under IAS 32. Further, the Class B LP Units are designated as FVTPL financial liabilities and are measured at fair value at each reporting period with any changes in fair value recorded in the consolidated statements of net and comprehensive income. The distributions paid on the Class B LP Units are accounted for as financing costs.

r) Unit capital

The Trust Units are redeemable at the option of the holder and, therefore, are considered puttable instruments in accordance with IAS 32. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as Unitholders' equity. The Trust Units meet the conditions of IAS 32 and are, therefore, presented as Unitholders' equity.

As a result of the redemption feature of Trust Units, these units are considered financial liabilities under IAS 33 – Earnings Per Share, and they may not be considered as equity for the purposes of calculating net and comprehensive income on a per unit basis. Consequently, Northview has elected not to report an Earnings Per Unit calculation, as permitted under IFRS.

s) Unit repurchases

If Northview repurchases its own Trust Units, those Trust Units are deducted from Unitholders' equity and the associated Trust Units are cancelled. No gain or loss is recognized and the consideration paid, including any directly attributable incremental costs, is recognized in Unitholders' equity.

t) Distributions to Unitholders and Class B LP 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). Where the Trustees determine that Northview does not have sufficient cash to pay distributions, the payment may, at the Trustees' discretion, include the issuance of additional units.

Distributions declared to Class B LP Unitholders are classified as financing costs for reporting purposes because the units are treated as financial liabilities.

u) Convertible debentures

The convertible debentures are convertible into Trust Units. As the Trust Units are redeemable at the option of the holder and are considered puttable instruments in accordance with IAS 32, the convertible debentures are considered a financial liability containing liability-classified embedded derivatives. Northview has elected to reflect the full outstanding amount of each convertible debenture at its fair value and are designated as FVTPL with the changes in fair value being recognized in the consolidated statements of net and comprehensive income. The interests paid on the convertible debentures are accounted for as financing costs.

v) Finance cost and finance income

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

Mortgage interest and interest on credit facilities is recognized by applying the effective interest rate to the principal outstanding.

w) Critical accounting estimates and judgments

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

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 net operating income (which is influenced by inflation rates and vacancy rates). A change to any one of these inputs could significantly alter the fair value of an investment property.

(ii) Depreciation and amortization

Depreciation and amortization are calculated to write off 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.

(iii) Allowance for doubtful accounts

Northview must make an assessment of whether accounts receivable are collectible from tenants. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer creditworthiness, current economic trends, and past experience. If future collections differ from estimates, future income would be affected.

(iv) Accrued liabilities

Northview must estimate accrued liabilities when invoices have not been received in order to ensure all expenditures have been recognized. If future expenditures differ from estimates, future income would be affected. Accrued liabilities are included in trade and other payables.

(v) Capital adequacy

Northview prepares estimated cash flow projections on a regular basis to ensure there will be adequate liquidity to maintain operating, capital and investment activities and uses these estimates to assess capital adequacy. Management reviews the current financial results and the annual business plan in determining appropriate capital adequacy and uses this to determine distribution levels. Changes in these estimates affect distributions to the Unitholders and Northview's cost of capital, which in turn affects income.

(vi) Income taxes

Under current tax legislation, a real estate investment trust is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders during the year. Northview is a real estate investment trust if it meets prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue (the "REIT Conditions"). Northview has reviewed the REIT Conditions and has assessed their interpretation and application to Northview's assets and revenue, and it has determined that it qualifies as a real estate investment trust.

Northview expects to qualify as a real estate investment trust under the Income Tax Act (Canada); however, should it no longer qualify, it would not be able to flow-through its taxable income to Unitholders and Northview would, therefore, be subject to tax.

Judgments

(i) Purchase of investment properties

Northview reviews its purchases of investment property to determine whether or not the purchase is part of a business combination as IFRS requires differing treatment of property acquisitions depending on whether or not the purchase is part of a business combination. Judgment is involved in determining whether or not 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 immediately and earnings are affected. If the purchase is an asset acquisition, these costs form part of the purchase price and earnings are not immediately affected.

(ii) Fair value of investment properties

While investment properties are recorded at fair value on a quarterly basis, not every property is independently appraised every year. Significant judgment is applied in arriving at these fair values, particularly as the properties are in smaller communities with limited trading activity. Changes in the value of the investment properties affect income.

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

(iii) Componentization

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

(iv) Impairment

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

(v) Classification of Inuvik Commercial Properties Zheh Gwizu' Limited Partnership ("ICP") and Inuvik Capital Suites Zheh Gwizuh Limited Partnership ("ICS") as joint ventures

Note 7 describes that the ownership of ICS is for the purpose of investing in an income producing execusuite property in the Northwest Territories and the ownership of ICP is for the purpose of investing in a portfolio of commercial and mixed-use income producing properties in the Northwest Territories. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, ICP and ICS are classified as joint ventures for Northview.

3. Application of new and revised IFRSs

a) Recent accounting pronouncements

The IASB has issued the following standards that have not been applied in preparing these consolidated financial statements as their effective dates fall within annual periods subsequent to the current reporting period.

Proposed Standard	Description	Previous Standard	Effective Date
Amendments to IFRS 11 – Joint Arrangement: Accounting for Acquisitions of Interests	The amendments to IFRS 11 require an acquirer of an interest in a joint operation in which the activity constitutes a business combination as defined in IFRS 3 – Business Combinations to apply the relevant principles on accounting for business combinations in IFRS 3 and other standards.	No direct replacement.	Effective date for annual periods beginning on or after January 1, 2016.
IFRS 15 – Revenue from Contracts with Customers	Introduces a principle to report information about the nature, timing, and uncertainty of revenue from contracts with customers in a single, comprehensive revenue recognition model.	IAS 18 – Revenue, IAS 11 – Construction Contracts, and related interpretations.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 9 – Financial Instruments	The IASB has undertaken a three-phase project to replace IAS 39 with IFRS 9. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value; and introduces a new hedge accounting model. The standard was finalized in July 2014.	IAS 39 – Financial Instruments: Recognition and Measurement.	Effective date for annual periods beginning on or after January 1, 2018.
IFRS 16 – Leases	The IASB issued IFRS 16 – Leases, which provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	IAS 17 – Leases	Effective date for annual periods beginning on or after January 1, 2019.

Management continues to evaluate the potential qualitative and quantitative impact of these new standards on Northview's financial statement measurements and disclosures. Northview is not early adopting these standards.

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

4. Business combinations

a) True North acquisition

On October 30, 2015, NPR acquired 100% of the outstanding Trust Units and Class B LP Units of TN, a real estate investment trust listed on the TSX. TN held a portfolio of residential rental apartments in Alberta, Ontario, Québec, Nova Scotia, and New Brunswick, and the acquisition provided NPR a unique opportunity to achieve scale and diversification in central and eastern Canada and access to those rental markets. The existing strategic management functions and associated processes were acquired with the properties and, as such, this transaction constitutes the acquisition of a business rather than an asset acquisition.

The fair value of the identifiable assets and liabilities of TN as at the date of acquisition:

	Fair value recognized on TN acquisition
Assets acquired:	
Cash	1,582
Restricted cash	3,681
Accounts receivable	686
Prepaid expenses and other assets	2,568
Instalment notes receivable	1,917
Other long-term assets	919
Property, plant, and equipment	886
Investment property	846,959
Fair value of assets obtained	859,198
Liabilities assumed:	
Trade and other payables	22,202
Derivative instruments	1,280
Credit facilities	37,000
Convertible debentures	23,345
Mortgages and loans payable	513,658
Fair value of liabilities assumed	597,485
Fair value of net assets	261,713
Fair value of purchase consideration transferred	240,984
Bargain purchase gain	(20,729)

The TN acquisition was funded through a unit exchange, where each of the outstanding TN Trust Units and Class B LP Units were exchanged for 0.3908 NPR Trust Units and NPR Special Voting Units (“NPR Units”), respectively. NPR issued to each holder of TN Class B LP Units, for each TN Special Voting Unit held by such holder, such number of NPR Special Voting Units that is equal to the product obtained by multiplying the number of TN Class B LP Units held by such holder by the exchange ratio of 0.3908. The 7,587,375 NPR Trust Units and 5,445,820 NPR Special Voting Units issued as consideration are measured at fair value using the closing market price on the date of acquisition.

The net asset value after fair value adjustments exceeded the purchase consideration transferred, and the resulting bargain purchase gain of $20,729 is recognized as bargain purchase gain in the REIT’s consolidated statements of net and comprehensive income on the acquisition date. The transaction resulted in a gain primarily due to the decrease in market price of the equity considerations issued, observed between the agreement date and acquisition date. The decrease in NPR Units’ market price is primarily attributable to the economic downturn of the energy market and the market responding to the acquisitions. The investment properties acquired were not impaired as favourable Canadian real estate market conditions continue to support their fair valuation.

The transaction costs of $28,507 incurred in connection with the TN acquisition have been expensed in the consolidated statements of net and comprehensive income.

The fair value at the date of acquisition of the accounts receivable amounted to $686, of which $442 was tenant rent receivable net of allowance for doubtful accounts, and $244 was other receivables. The gross amounts of the tenant rent receivable and other receivables are $4,086 and $244, respectively. None of the accounts receivables have been impaired and it is expected that the full contractual amounts can be collected.

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

From the date of acquisition, TN has contributed $12.1 million to the net and comprehensive loss and $13.4 million to revenues. If the business combination had taken place at the beginning of the year, the estimated net and comprehensive loss for the REIT would have been $7.5 million and revenue would have been $281.1 million.

b) Starlight and IMH acquisitions

On October 30, 2015, NPR acquired the undivided interest of seven investment properties from Starlight (the "SL Portfolio") and 26 investment properties from a joint venture between Public Sector Pension Investment Board and Starlight Investments Ltd., together with its affiliates (the "IMH Portfolio"), collectively the "Portfolio Acquisitions". The portfolios consist of residential rental apartments in Ontario, Nova Scotia, and New Brunswick, and the acquisition provided NPR a unique opportunity to achieve scale and diversification in central and eastern Canada and access to those rental markets. The existing strategic management functions and associated processes were acquired with the properties and, as such, this transaction constitutes the acquisition of a business rather than an asset acquisition.

The fair value of the identifiable assets and liabilities of the SL Portfolio as at the date of acquisition:

	Fair value recognized on SL acquisition
Assets acquired:	
Investment property	108,318
Property, plant, and equipment	238
Prepaid expenses and other assets	843
Fair value of assets obtained	109,399
Liabilities assumed:	
Mortgages and loans payable	16,927
Trade and other payables	790
Fair value of liabilities assumed	17,717
Fair value of net assets	91,682
Fair value of purchase consideration transferred	88,350
Bargain purchase gain	(3,332)

The fair value of the identifiable assets and liabilities of the IMH Portfolio as at the date of acquisition:

	Fair value recognized on IMH acquisition
Assets acquired:	
Investment property	429,810
Prepaid expenses and other assets	1,948
Fair value of assets obtained	431,758
Liabilities assumed:	
Mortgages and loans payable	35,002
Trade and other payables	4,107
Fair value of liabilities assumed	39,109
Fair value of net assets	392,649
Fair value of purchase consideration transferred	365,817
Bargain purchase gain	(26,832)

The acquisition of the SL Portfolio was funded through a combination of (i) issuance of 879,053 of NPR Special Voting Units with an agreed upon value of $23.03 per unit to satisfy $20,245 of the purchase price, and (ii) cash consideration of $72,097 funded by a new credit facility. The fair value adjustment premiums on mortgages payable is $660. The NPR Special Voting Units issued as consideration are measured at fair value using the closing market price on the date of acquisition. The net asset value after fair value adjustments exceeded the purchase consideration transferred, and the resulting bargain purchase gain of $3,332 is recognized as bargain purchase gain in the REIT's consolidated statements of net and comprehensive income on the acquisition date.

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

The acquisition of the IMH Portfolio was funded through a combination of (i) issuance of 5,115,190 of NPR Trust Units with an agreed upon value of $23.03 per unit to satisfy $117,803 of purchase price, (ii) issuance of 1,416,870 of NPR Special Voting Units with an agreed upon value of $23.03 per unit to satisfy $32,631 of purchase price, and (iii) cash consideration of $245,039 funded by a new credit facility. The fair value adjustment premiums on mortgages payable is $2,824. The NPR Units and NPR Special Voting Units issued as consideration are measured at fair value using the closing market price on the date of acquisition. The net asset value after fair value adjustments exceeded the purchase consideration transferred, and the resulting bargain purchase gain of $26,832 is recognized as bargain purchase gain in the REIT's consolidated statements of net and comprehensive income on the acquisition date.

The transaction costs of $2,057 and $8,395 incurred in connection with the respective SL and IMH acquisitions have been expensed in the consolidated statements of net and comprehensive income.

From the date of acquisition, the SL portfolio has contributed $1.1 million to the net and comprehensive loss and $1.7 million to revenues. If the business combination had taken place at the beginning of the year, the net and comprehensive income for the REIT would have been $29.4 million and revenue would have been $206.8 million.

From the date of acquisition, the IMH portfolio contributed $24.6 million to the net and comprehensive income and $7.2 million to revenues. If the business combination had taken place at the beginning of the year, the net and comprehensive income for the REIT would have been $70.5 million and revenue would have been $239.8 million.

5. Investment properties

	2015	2014
Investment properties	2,956,571	1,522,052
Investment properties under development	38,490	31,871
Land held for development	30,407	28,088
	3,025,468	1,582,011

Changes to investment properties for the years:

	2015	2014
Balance, January 1	1,582,011	1,412,051
Acquisitions of investment properties	19,299	43,165
Acquisitions of land for future development	15,023	11,913
Business combinations (Note 4)	1,385,087	-
Disposals	(16,010)	(45)
Transfers (to) from property, plant and equipment	(759)	9,469
Transfers from assets held for sale	-	7,731
Investment properties under development	45,424	63,808
Investment property improvements	58,694	31,426
Unrealized fair value changes	(63,301)	2,493
Balance, end of year	3,025,468	1,582,011

As at December 31, 2015, Northview capitalized borrowing costs of $0.9 million (as at December 31, 2014 – $1.2 million) to investment properties under development.

During the year ended December 31, 2015, 18.4 acres of land (December 31, 2014 – 22.6 acres) were purchased for a total of $15.0 million (year ended December 31, 2014 – $11.9 million). During 2015, Northview disposed of a parcel of land in St. John's, NL, for $3.7 million as disclosed in Note 19.

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

Dispositions for the year ended December 31, 2015, were as follows:

Disposition Date	Property Type	Units / sq ft	Region	Gross Proceeds
December 10, 2015	Commercial	37,540	Redcliff, AB	3,800
November 20, 2015	Multi-family	33	Courtenay, BC	2,700
August 31, 2015	Multi-family	2	Sachs Harbour, NT	110
July 8, 2015	Multi-family	156	Quesnel, BC	3,400
February 27, 2015	Multi-family	54	Bonavista, NL	2,300
		245 / 37,540		12,310

During 2014, as part of the purchase of Aqsaqniq disclosed in Note 1, an investment property with a fair value of $45,000 was transferred to the partner as part of the purchase price.

Acquisitions for the year ended December 31, 2015, were as follows:

Acquisition Date	Property Type	Units / sq ft	Region	Total Acquisition Costs	Mortgage Funding	Cash Paid
October 8, 2015	Multi-family	1	Pangnirtung, NU	82	-	82
May 13, 2015	Commercial(i)	2,800	Yellowknife, NT	684	-	684
March 20, 2015	Multi-family	139	St. John's, NL	11,732	-	11,732
January 14, 2015	Commercial	29,400	St. John's, NL	6,801	-	6,801
		140 / 32,200		19,299	-	19,299

(i) Northview acquired the commercial building for its own use as administrative space

On October 30, 2015, Northview acquired 13,558 multi-family units and 7,095 commercial square footage in various regions as part of the Transaction, as discussed in Note 4.

Acquisitions for the year ended December 31, 2014, were as follows:

Acquisition Date	Property Type	Units / sq ft	Region	Total Acquisition Costs	Mortgage Funding	Cash Paid
June 25, 2014	Multi-family	247	Slave Lake, AB	30,294	15,241	15,053
June 25, 2014	Multi-family	32	Lloydminster, SK	4,424	-	4,424
January 31, 2014	Commercial	30,000	St. John's, NL	6,655	-	6,655
January 15, 2014	Multi-family	5	Iqaluit, NU	1,792	-	1,792
		284 / 30,000		43,165	15,241	27,924

Northview uses the capitalization rate ("Cap Rate") method to value investment properties. As at December 31, 2015, Cap Rates ranging from 4.35% to 13.00% (December 31, 2014 – 4.75% to 13.00%) were applied to a projected stabilized net operating income ("NOI"). The weighted average Cap Rate applied to fair value Northview's investment properties as at December 31, 2015, is 6.83% (December 31, 2014 – 7.97%).

A summary of the Cap Rates used for the December 31, 2015, and December 31, 2014, valuations is as follows:

	2015			2014		
Regions	Minimum	Maximum	Effective Weighted Average	Minimum	Maximum	Effective Weighted Average
Atlantic Canada	5.50%	9.50%	6.85%	6.73%	9.50%	7.56%
Northern Canada	6.86%	13.00%	9.20%	6.86%	13.00%	8.92%
Ontario	4.35%	6.00%	5.30%	n/a	n/a	n/a
Québec	5.85%	7.55%	6.07%	7.55%	7.55%	7.55%
Western Canada	4.75%	11.00%	7.19%	4.75%	11.00%	7.41%
Overall	4.35%	13.00%	6.83%	4.75%	13.00%	7.97%

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

The impact of a 10 basis point change in Cap Rates used to value the investment properties would affect the fair value as follows:

	2015			2014		
Regions	Effective Weighted Average	Increase	Decrease	Effective Weighted Average	Increase	Decrease
Atlantic Canada	6.85%	(5,460)	5,622	7.56%	(2,562)	2,630
Northern Canada	9.20%	(6,206)	6,343	8.92%	(6,414)	6,561
Ontario	5.30%	(18,072)	18,767	n/a	n/a	n/a
Québec	6.07%	(2,771)	2,864	7.55%	(115)	120
Western Canada	7.19%	(12,695)	13,050	7.41%	(10,860)	11,159
Overall	6.83%	(45,204)	46,646	7.97%	(19,951)	20,470

The impact of a 1% change in stabilized NOI used to value the investment properties would increase or decrease the fair value as follows:

Regions	2015	2014
Atlantic Canada	3,797	1,962
Northern Canada	5,771	5,721
Ontario	9,764	n/a
Québec	1,710	550
Western Canada	9,258	7,658
Overall	30,300	15,891

6. Property, plant and equipment

	Land	Buildings	Furniture & Fixtures	Automotive	Other Assets	Total
Cost or deemed cost						
Balance at January 1, 2014	2,026	68,132	2,198	2,795	2,461	77,612
Additions for the year	-	940	509	257	246	1,952
Transfers to investment property	(157)	(9,173)	(139)	-	-	(9,469)
Transfers from assets held for sale	1	25	-	-	-	26
Disposals for the year	-	-	-	(61)	-	(61)
Balance at December 31, 2014	1,870	59,924	2,568	2,991	2,707	70,060
Additions for the year	-	5,322	82	381	616	6,401
Business combinations (Note 4)	22	697	11	-	394	1,124
Transfers from investment property	294	465	-	-	-	759
Disposals for the year	(1)	(25)	-	(185)	(467)	(678)
Balance at December 31, 2015	2,185	66,383	2,661	3,187	3,250	77,666
Accumulated depreciation						
Balance at January 1, 2014	-	9,894	1,138	1,652	1,675	14,359
Depreciation for the year	-	2,800	458	423	304	3,985
Disposals for the year	-	-	-	(59)	-	(59)
Balance at December 31, 2014	-	12,694	1,596	2,016	1,979	18,285
Depreciation for the year	-	3,202	519	400	315	4,436
Disposals for the year	-	-	-	(148)	(417)	(565)
Balance at December 31, 2015	-	15,896	2,115	2,268	1,877	22,156
Carrying amounts						
December 31, 2014	1,870	47,230	972	975	728	51,775
December 31, 2015	2,185	50,487	546	919	1,373	55,510

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

7. Investment in joint ventures

Northview has a 50% interest in ICS and a 50% interest in ICP. The ownership of ICS is between the Zheh Gwizu' Limited Partnership and NPRLP for the purpose of investing in an income producing execusuite property in the Northwest Territories. The ownership of ICP is between the Zheh Gwizu' Limited Partnership and NPRLP for the purpose of investing in a portfolio of commercial and mixed use income producing properties in the Northwest Territories.

The table below summarizes key financial position balances, revenue and expenses as well as Northview's share for the periods noted.

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Northview share of net assets
December 31, 2015								
ICP	2,539	16,604	19,143	6,551	2,742	9,293	9,850	4,925
ICS	582	5,556	6,138	397	3,171	3,568	2,570	1,285
Total	3,121	22,160	25,281	6,948	5,913	12,861	12,420	6,210
December 31, 2014								
ICP	1,587	16,625	18,212	6,397	3,428	9,825	8,387	4,193
ICS	306	5,698	6,004	378	3,393	3,771	2,233	1,117
Total	1,893	22,323	24,216	6,775	6,821	13,596	10,620	5,310

Years ended December 31	Revenue	Expenses	Income	Northview share of income
2015				
ICP	3,929	2,465	1,464	732
ICS	2,207	1,531	676	338
Total	6,136	3,996	2,140	1,070
2014				
ICP	4,237	2,319	1,918	959
ICS	2,243	1,737	506	253
Total	6,480	4,056	2,424	1,212

There has been no change in Northview's 50% ownership and voting interests in these joint ventures for the reported periods.

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

8. Intangible assets

Intangible assets consist of a non-compete clause acquired in a business combination on April 15, 2011, a non-compete clause acquired with a real estate portfolio on June 25, 2014, and computer software.

	Non-compete agreements	Computer Software	Total
Cost or deemed cost			
Balance at January 1, 2014	2,521	332	2,853
Additions for the year	250	28	278
Disposals for the year	-	(30)	(30)
Balance at December 31, 2014	2,771	330	3,101
Additions for the year	-	21	21
Balance at December 31, 2015	2,771	351	3,122
Accumulated amortization			
Balance at January 1, 2014	1,260	163	1,423
Amortization for the year	517	98	615
Disposals for the year	-	(30)	(30)
Balance at December 31, 2014	1,777	231	2,008
Amortization for the year	529	65	594
Balance at December 31, 2015	2,306	296	2,602
Carrying amounts			
December 31, 2014	994	99	1,093
December 31, 2015	465	55	520

9. Loans receivable

Loans receivable consists of tenant inducement loans and vendor take back loans ("VTB") on disposals of investment properties as follows:

	2015	2014
Balance, January 1	4,796	3,314
Tenant inducement loans additions	1,150	2,305
VTB loans additions	1,720	-
Repayments received	(1,554)	(823)
Balance, December 31	6,112	4,796

	2015	2014
Current	326	288
Non-current	5,786	4,508
Balance, end of year	6,112	4,796

VTB receivable on asset disposals are a receivable over terms of 3 to 10 years at interest rates of between 6.0% and 10.0%, maturing between March 1, 2017, and January 31, 2022. Loans are secured by investment properties which had a fair value of $26.0 million at the time of sale. Should the purchasers default on the loans, Northview has the option to reacquire the properties as settlement of the outstanding loan balances. At December 31, 2015, there are $4.1 million in VTB receivable outstanding (December 31, 2014 – $2.6 million).

Tenant inducement loans are repayable over terms of 5 to 10 years, matching the lease terms, at interest rates of between 0.0% to 10.0%, maturing between September 1, 2017, and March 1, 2024. At December 31, 2015, there are $2.0 million in tenant inducement loans outstanding (December 31, 2014 – $2.2 million).

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

10. Instalment notes receivable

Pursuant to the acquisition of TN, as discussed in Note 4, Northview acquired certain non-interest bearing instalment notes, with a present value of $1,794. As at December 31, 2015, instalment notes receivable include $1,000 from an entity under the same common ownership as Starlight, a related party. For the year ended December 31, 2015, Northview received principal instalment note receipts of $110 (December 31, 2014 - nil), of which $83 (December 31, 2014 - nil) represents instalment note receipts from an entity under the same common ownership as Starlight, a related party. These instalment notes extend over the maturity dates of the assumed mortgages, expiring on various dates between June 1, 2017 and December 1, 2022.

The following table summarizes the instalment notes receivable and principal receipts on instalment notes receivable:

	2015	2014
Balance, January 1	-	-
Present value of instalment notes receivable – October 2015	1,794	-
Fair value adjustment on instalment notes receivable	123	-
Principal receipts on instalment notes receivable	(110)	-
Amortization of instalment note premium	(5)	-
Balance, December 31, 2015	1,802	-

11. Income taxes

Northview is a mutual fund trust for Canadian income tax purposes. In accordance with the DOT, distributions to Unitholders are declared at the discretion of the Board of Trustees ("Trustees"). Pursuant to the DOT, the Trustees may, at their sole discretion, determine distributions or designate that all taxable income earned, including the taxable part of net realized capital gains, be distributed to Unitholders and will deduct such distributions and designations for income tax purposes.

The Tax Act contains rules (the "SIFT Rules") that impose tax on certain mutual fund trusts and their Unitholders at rates that approximate corporate and dividend income tax rates. A REIT must hold less than 10% of non-qualifying assets and earn less than 10% of non-qualifying revenue to keep its status as a Tax REIT. The SIFT Rules do not apply to any mutual fund trust that qualifies as a "real estate investment trust" (a "Tax REIT") as defined in the Tax Act (the "Tax REIT Exemption"). As of December 31, 2015, Northview met all the requirements related to the qualification of Northview as a real estate investment trust for tax purposes.

The Tax REIT Exemption does not apply to corporate subsidiaries of Northview, which are therefore subject to Canadian income taxes.

The continuity schedule for the deferred income tax asset is as follows:

	2015	2014
NorSerCo		
Balance, January 1	-	392
Deferred income tax expense – NorSerCo unstapling	-	(392)
Balance, December 31	-	-

Income tax expense:

	2015	2014
NorSerCo	-	213
Current income tax	-	213

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

12. Mortgages payable

	2015	2014
Mortgages payable	1,357,215	750,805
Fair value adjustment	20,838	904
Deferred financing costs	(18,164)	(17,156)
Total	1,359,889	734,553

Current	131,032	129,622
Non-current	1,228,857	604,931
Total	1,359,889	734,553

Mortgages payable bear interest at rates ranging from 1.41% to 6.48% (December 31, 2014 – 1.81% to 6.48%) and have a weighted average rate of 3.33% as at December 31, 2015 (December 31, 2014 – 3.67%). Mortgages are payable in monthly installments of blended principal and interest of approximately $6.7 million (December 31, 2014 – $4.2 million). The mortgages mature between 2016 and 2025 (December 31, 2014 – 2015 and 2025) and are secured by charges against specific properties. Land and buildings with a carrying value of $2.3 billion (December 31, 2014 – $1.4 billion) have been pledged to secure the mortgages payable of Northview.

The fair value of mortgages payable at December 31, 2015, is approximately $1.4 billion (December 31, 2014 – $742.6 million). The fair value is determined by discounting the future cash payments by the current market borrowing rate. Most of the mortgages on Northview's investment properties are insured by Canada Mortgage and Housing Corporation ("CMHC"). Pursuant to standard mortgage terms, each mortgagee has a first position security interest in the specified property funded with mortgage proceeds. As well, there are some mortgagees with a second position security interest. In addition, certain investment properties are cross-securitized providing the lender with preferential security rights to those properties.

The following table summarizes certain aspects of Northview's mortgage maturities as at December 31, 2015:

	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2016	37,194	122,040	159,234	11.7%	3.59%
2017	35,457	67,178	102,635	7.6%	3.31%
2018	33,542	169,342	202,884	14.9%	3.94%
2019	28,666	182,520	211,186	15.6%	3.29%
2020	23,300	169,756	193,056	14.2%	2.74%
2021	17,261	110,220	127,481	9.4%	3.87%
2022	14,669	42,290	56,959	4.2%	3.25%
2023	13,222	81,118	94,340	7.0%	3.24%
2024	9,580	67,242	76,822	5.8%	3.13%
Thereafter	4,089	128,529	132,618	9.6%	3.19%
	216,980	1,140,235	1,357,215	100.0%	3.33%

Northview may, from time to time, enter into derivative financial instruments to mitigate interest rate risk.

Pursuant to the acquisition of TN, as discussed in Note 4, Northview acquired an interest rate swap. At December 31, 2015, Northview held the following interest rate swap, for which hedge accounting is not being applied:

(i) A cash-settled interest rate swap contract for $35.0 million of mortgages payable maturing in July 2017. The contract carries a swap rate of 2.44% with an effective term of five years.

During the year ended December 31, 2015, the fair value adjustment of the interest rate swap was $234 and has been recognized as unrealized fair value (Note 24) in the consolidated statements of net and comprehensive income.

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

13. Convertible debentures

Pursuant to the acquisition of TN, as discussed in Note 4, Northview acquired a $23,000 principal amount of convertible unsecured subordinated debentures at par (the “2019 Debentures”). The 2019 Debentures bear interest at 5.75% per annum, are payable semi-annually in arrears and mature on June 30, 2019 (the "Maturity Date"). The 2019 Debentures are convertible with each $1,000 (actual dollars) of face value being convertible into 42.0 Trust Units, being 107.5 TN Trust Units multiplied by an exchange ratio of 0.3908 of a Trust Unit for each TN Trust Unit, representing a conversion price of $23.80 per Trust Unit, for a total of 966,386 Trust Units.

On and after June 30, 2017, but prior to June 30, 2018, the 2019 Debentures will be redeemable, in whole or in part, at par plus accrued and unpaid interest, at the sole option of Northview, on not more than 60-day and not less than 30-day prior notice, provided that the market price of a Unit, calculated with reference to the date on which notice of redemption is given, is not less than 125% of the conversion price.

On and after June 30, 2018, but prior to the Maturity Date, the 2019 Debentures are redeemable, in whole or in part, at par plus accrued and unpaid interest, at the sole option of Northview, on not more than 60-day and not less than 30-day prior notice.

Northview may, at its sole option, subject to certain restrictions, elect to satisfy its obligation to pay all or any portion of the principal amount on the 2019 Debentures by delivering to debenture holders on the redemption date that number of Trust Units obtained by dividing the principal amount redeemed by 95% of the current market price of the Trust Units on the redemption date.

The following table summarizes the changes in the 2019 Debentures during the year ended December 31, 2015:

	Convertible Debentures Principal	Amount
Outstanding, December 31, 2014	-	-
Outstanding, October 30, 2015	23,000	23,345
Fair value adjustment	-	(460)
Outstanding, December 31, 2015	23,000	22,885

The following table reconciles the face value of the 2019 Debentures to their fair value:

	2015	2014
Face value	23,000	-
Cumulative fair value adjustment	(115)	-
Fair value	22,885	-

During the year ended December 31, 2015, interest on the 2019 Debentures was $221, and has been recognized as finance costs (Note 23) in the consolidated statements of net and comprehensive income.

14. Credit facilities

	2015	2014
Operating facilities(i)	88,450	20,500
Operating facility – single advance(ii)	-	10,000
Bridge facility(iii)	350,000	-
Land financing(iv)	6,004	6,004
Construction financing(v)	39,289	15,548
	483,743	52,052

(i) At December 31, 2015, Northview had three revolving operating facilities with borrowing capacity of $135.0 million (December 31, 2014 – $90.0 million) for acquisition, development, and operating purposes.

The $75.0 million facility bears interest at prime plus 0.75% or Bankers’ Acceptance plus 2.00% with a maturity date of May 12, 2016. As of December 31, 2015, the maximum borrowing capacity was $56.0 million (December 31, 2014 – $58.8 million) based on the investment properties pledged. At December 31, 2015, $42.2 million had been drawn (December 31, 2014 – $20.5 million). Specific investment properties with a fair value of $160.5 million (December 31, 2014 – $161.7 million) have been pledged as collateral security for the operating facility. This facility is subject to certain covenants, including vacancy achievement and debt service coverage. As of December 31, 2015, Northview was in compliance with all covenants. Northview also has $5.5 million (December 31, 2014 – $7.1 million) in Letters of Credit (“LOC”) outstanding as security for construction projects and mortgage holdbacks. The LOC reduces the amount available under the $75.0 million operating facility.

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

The $15.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of July 23, 2016. As of December 31, 2015, the maximum borrowing capacity was $15.0 million (December 31, 2014 – $7.5 million) based on the investment properties pledged. At December 31, 2015, $7.0 million had been drawn (December 31, 2014 – $nil). Specific investment properties with a fair value of $34.5 million (December 31, 2014 – $11.1 million) have been pledged as collateral security for the operating facility. This facility is subject to certain covenants, including lease term minimums and debt service coverage. As of December 31, 2015, Northview was in compliance with all covenants.

Pursuant to the acquisition of TN, as discussed in Note 4, Northview acquired a $45.0 million credit facility. The $45.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 31, 2016. As of December 31, 2015, the maximum borrowing capacity was $40.6 million based on the investment properties pledged. At December 31, 2015, $39.3 million had been drawn. Specific investment properties with a fair value of $123.5 million have been pledged as collateral security for the operating facility. This facility is subject to certain covenants, including vacancy achievement and debt service coverage. As of December 31, 2015, Northview was in compliance with all covenants.

(ii) In June 2014, Northview received $10.0 million under a single advance non-revolving demand operating facility bearing interest at prime plus 0.75% with a maturity date of December 31, 2014. The investment properties held as collateral security for the $75.0 million operating facility were also held for the single advance operating facility. On January 8, 2015, this single advance non-revolving demand operating facility was repaid.

(iii) Northview entered into two bridge facilities for a total of $350.0 million to fund the Transaction, as discussed in Note 4, on October 30, 2015. The first bridge facility is a two-year senior secured non-revolving term loan facility bearing interest at prime plus 0.7% or Bankers' Acceptance plus 1.95% for the amount of $325.0 million with a maturity date of October 30, 2017. The second bridge facility is a six month term, with a six month extension subject to lender approval, senior secured non-revolving equity bridge facility bearing interest at prime plus 1.25% or Bankers' Acceptance plus 2.5% for the amount of $25.0 million with a maturity date of April 30, 2016. Specific investment properties with a fair value of $550.4 million have been pledged as collateral security for the bridge facility.

(iv) The land financing relates to land held for development, is due on demand, has a maturity date of December 31, 2016, and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00%. Financing is secured by two parcels of land held for development.

(v) At December 31, 2015, Northview had three construction financing loans outstanding relating to the developments in Airdrie, AB; Fort St. John, BC; and Bonnyville, AB. Interest rates range from prime plus 0.50% to 0.75% or Banker's Acceptance plus 2.00% to 2.20%. Maturity dates range from April 16, 2016, to December 31, 2016. The 2014 construction financing related to the new development in Grande Prairie, AB, was repaid using the funds received from the mortgage obtained in 2015.

15. Unit based payments

a) Performance Units

On May 6, 2015, the Trustees approved a new unit award plan comprised of an LTI plan, whereby Performance Units are issued to executives and key personnel of Northview. The unit award plan will be used in place of the former LTIP. Each Performance Unit entitles the employees to receive payment upon vesting in the form of voting units of Northview. Performance Units vest over a period of up to three years and incorporate performance criteria established at the time of grant. Northview intends to settle all Performance Units with units either through the purchase of voting units on the open market or the issuance of new units from treasury; however, wholly at its own discretion, Northview may settle the units in cash. Compensation expense is recognized in net and comprehensive income over the service period.

Total Performance Units granted under the LTI plan are as follows:

	2015		2014	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	-	-	-	-
Units granted	74,535	-	-	-
Changes in plan participants	(1,625)	-	-	-
Balance, end of year	72,910	-	-	-

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

Performance Units granted under the LTI plan to key management personnel (also included in the above table) are as follows:

	2015		2014	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	-	-	-	-
Units granted	33,266	-	-	-
Balance, end of year	33,266	-	-	-

b) Long-term incentive plan

Northview has an LTIP for the executives and key personnel, based on the results of each fiscal year. This plan was replaced with the LTI plan described in Note 15(a). As such, Northview does not intend to grant any additional securities under the LTIP. The total amount of LTIP awards are determined at the end of each fiscal year by the Trustees based on an assessment of the performance of Northview and the individual performance of the executives and key personnel. The number of units granted is based on the weighted average trading price on December 31 of each year. Pursuant to the policy, rights to units generally vest in 1/3 tranches: immediately upon award, then 12 and 24 months following.

Total Units granted and issued under the LTIP are as follows:

	2015		2014	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	36,895	-	58,342	-
Units issued, January	(20,030)	$23.50	(30,131)	$28.21
Units issued, December	(13,885)	$17.55	-	-
Units granted	-	-	8,964	-
Changes in plan participants	-	-	(280)	$29.11
Balance, end of year	2,980	-	36,895	-

Units granted and issued under the LTIP to key management personnel (also included in the above table) are as follows:

	2015		2014	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	16,052	-	28,204	-
Units issued, January	(8,355)	$23.50	(16,031)	$28.31
Units issued, December	(6,404)	$17.55	-	-
Units granted	-	-	3,879	-
Balance, end of year	1,293	-	16,052	-

c) Deferred Units

On May 6, 2015, the Unitholders approved a new unit award plan, whereby Deferred Units are issued to Trustees of Northview. The DUP is an alternative form of compensation for non-executive Trustees of Northview. Total compensation expense is recognized at the time of grant. Fluctuations in the market value are recognized in fair value in the consolidated statements of net and comprehensive income in the period in which the fluctuations occur. For the year ended December 31, 2015, 10,026 Deferred Units were granted. During the year ended December 31, 2015, Northview did not settle any Deferred Units. The carrying amount of the liability, included in unit based payments, relating to the cash-settled Deferred Units at December 31, 2015 is $179. At December 31, 2015, 10,026 Deferred Units are vested and outstanding. Deferred Units are redeemable upon the Trustee's retirement from Northview.

Total Deferred Units granted under the DUP are as follows:

	2015		2014	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	-	-	-	-
Units granted	10,026	-	-	-
Balance, end of year	10,026	-	-	-

16. Employee unit purchase plan

Changes to the Employee Unit Purchase Plan (the "EUPP") were approved by the Board and made effective May 11, 2012. Under the terms of the revised EUPP, employees may invest a maximum of 5% of their salary in Northview units and Northview contributes one unit for every four units acquired by an employee. The units are purchased on the TSX at market prices. During the year ended December 31, 2015, employees invested a total of $284 (December 31, 2014 – $210) and Northview contributed $71 (December 31, 2014 – $53). During the year ended December 31, 2015, 18,076 units (December 31, 2014 – 9,995 units) were purchased at an average cost of $21.56 per unit (December 31, 2014 – $28.00).

17. Unitholders' equity

a) Trust Units

The aggregate number of Trust Units and Special Voting Units which is authorized and may be issued is unlimited.

Each Trust Unit represents an equal undivided beneficial interest in any distributions from Northview, and in any of the net assets of Northview in the event of termination or winding up of Northview. All Trust Units are of the same class with equal rights and privileges and are not subject to future calls or assessments. Each Trust Unit entitles the holder of record thereof to one vote for each whole Trust Unit held at all meetings of Trust Unitholders. Except as set out under "Redemption Rights" below, the Trust Units have no conversion, retraction, redemption or pre-emptive rights.

The Trust Units should not be viewed by potential investors as shares in Northview. A Trust Unitholder has substantially all of the same protections, rights and remedies as a shareholder would have under the Canada Business Corporations Act ("CBCA"), except that Trust Unitholders will not have the statutory rights normally associated with ownership of shares of a CBCA corporation including, for example, "dissent rights" in respect of certain corporate transactions and fundamental changes, rights to submit shareholder proposals at shareholder meetings, or the right to bring "derivative" or "oppression" actions. The Trustees of Northview have powers, responsibilities and duties analogous to those of a board of directors of a corporation governed by the CBCA. The protections, rights and remedies available to a Trust Unitholder are contained in the DOT.

Transfer of Trust Units
Pursuant to the DOT, the Trust Units are freely transferable.

Repurchase of Trust Units
Northview shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Trust Units, at a price per Trust Unit and on a basis to be determined by the Trustees in compliance with all applicable securities regulatory laws, regulations or policies or the policies of any applicable stock exchange.

Redemption Rights
Trust Units are redeemable at any time on demand by the holders. A Trust Unitholder not otherwise holding a fully registered Trust Unit certificate who wishes to exercise the redemption right is required to obtain a written redemption notice (the "Redemption Notice") from his or her investment dealer who is then required to deliver the completed Redemption Notice to Northview. Upon receipt by Northview of the Redemption Notice, the Trust Unitholder shall thereafter cease to have any rights with respect to the Trust Units tendered for redemption (other than to receive the redemption payment thereof) including the right to receive any distributions thereon which are declared payable to the Trust Unitholders of record on a date which is subsequent to the day of receipt by Northview of such notice. Trust Units shall be considered to be tendered for redemption on the date that Northview has, to the satisfaction of the Trustees, received the Redemption Notice and all other required documents or evidence.

Upon receipt of the Redemption Notice by Northview, the holder of the Trust Units tendered for redemption shall be entitled to receive a price per Trust Unit (the "Redemption Price") equal to the lesser of:

a) 90% of the "market price" of the Trust Units on the principal market on which the units are quoted for trading during the 20 trading day period commencing immediately subsequent to the day on which the units were surrendered to Northview for redemption (the "Redemption Date"); and
b) 100% of the "closing market price" on the principal market on which the Trust Units are quoted for trading on the Redemption Date.

For the purposes of calculating the Redemption Price, "market price" shall be an amount equal to the weighted average of the closing price of the Trust Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Trust Units traded on a particular day, the "market price" shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the "market price" shall be the weighted average of the following prices established for each of the 20 trading days:

(i) the weighted average of the last bid and last asking prices for the Trust Units for each day on which there was no trading;
(ii) the closing price of the Trust Units for each day that there was trading if the exchange or market provides a closing price; and

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

(iii) the weighted average of the highest and lowest prices of the Trust Units for each day that there was trading if the market provides only the highest and lowest prices of Trust Units traded on a particular day.

Where the holder of Trust Units tendered for redemption is entitled to receive a price per unit equal to 100% of the "closing market price" on the principal market on which the units are quoted for trading on the Redemption Date, the "closing market price" shall be:

(i) an amount equal to the closing price of the Trust Units if there was a trade on the date and the exchange or market provides a closing price;
(ii) an amount equal to the weighted average of the highest and lowest prices of Trust Units if there was trading on the date and the exchange or other market provides only the highest and lowest trading prices of Trust Units traded on a particular day; and
(iii) the weighted average of the last bid and last asking prices of the Trust Units if there was no trading on the date.

The aggregate Redemption Price payable by Northview in respect of any Trust Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the calendar month following the month in which the 20 trading day period referred to above ended, provided that there is no entitlement for Trust Unitholders to receive cash upon the redemption of their Trust Units if:

(i) the total amount payable by Northview in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month exceeds $50,000; provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any particular calendar month. Trust Units tendered for redemption in any calendar month in which the total amount payable by Northview exceeds the Monthly Limit will be redeemed for cash and, subject to any applicable regulatory approvals, by a distribution in specie of securities on a pro rata basis;
(ii) at the time the Trust Units are tendered for redemption, the outstanding Trust Units (or, as applicable, instalment receipts) are not listed on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Trust Units (or, as applicable, instalment receipts); or
(iii) the normal trading of the outstanding Trust Units (or, as applicable, instalment receipts) is suspended or halted on any stock exchange on which the Trust Units (or, as applicable, instalment receipts) are listed for trading or, if not so listed, on any market on which the Trust Units (or, as applicable, instalment receipts) are quoted for trading, on the Redemption Date or for more than five trading days during the 20 trading day period commencing immediately after the Redemption Date.

If a Trust Unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of any one of the foregoing limitations, then the Redemption Price per Trust Unit to which the Unitholder is entitled shall be the fair market value thereof as determined by the Trustees and, subject to any applicable regulatory approvals, shall be paid out and satisfied by way of a distribution in specie consisting of such assets of Northview as the Trustees determine.

Based on historic information over the past year, redemption levels are expected to be nil. However, the actual level of redemptions may differ significantly from historic experience.

Special Voting Units
The DOT provide for the issuance of the Special Voting Units which have no economic entitlement in Northview or in the distribution or assets of Northview, but are used to provide voting rights proportionate to the votes of the Trust Units to holders of securities exchangeable into Trust Units, including the Class B LP Units. Each Special Voting Unit is not transferable separately from the Class B LP Unit to which it is attached and will be automatically redeemed and cancelled upon exchange of the attached Class B LP Unit into a Unit. Each Special Voting Unit will entitle the holder to one vote, either in person or by proxy, at the meeting of Unitholders of the Trust as if he or she was a Unitholder of the Trust.

The number of Trust Units issued and outstanding at December 31, 2015, and December 31, 2014, is as follows:

	2015		2014	
	Number of Units	Amount	Number of Units	Amount
Balance, January 1	31,674,160	818,041	31,870,249	830,646
LTIP units issued	33,915	715	30,411	858
Units issued (Note 4)	12,702,565	234,870	-	-
Units repurchased and cancelled in NCIB	-	-	(226,500)	(5,850)
NorSerCo unstapling	-	-	-	(7,613)
Balance, end of year	44,410,640	1,053,626	31,674,160	818,041

b) Class B LP Units and Special Voting Units

The Class B LP Units are units issued by subsidiaries of Northview and can be issued in conjunction with property acquisitions. The Class B LP Units can be exchanged for Trust Units at any time at the option of the holder. Each Class B LP Unit will have a "Special Voting Unit" attached to it, which will entitle the holder to one vote, either in person or by proxy, at the meeting of Unitholders of the Trust as if he or she was a Unitholder of the Trust.

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

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

The total number of Class B LP Units and Special Voting Units outstanding as at December 31, 2015 is 7,809,539 (December 31, 2014 – 67,796) with a corresponding liability of $137.1 million (December 31, 2014 - $1.6 million). During 2014, 67,796 of NorSerCo Special Shares were dissolved due to the unstapling of NorSerCo. During 2015, 7,741,743 (December 31, 2014 – nil) Class B LP Units were issued.

On October 30, 2015, pursuant to the Transaction, as discussed in Note 4, Northview issued 5,445,820 NPR Special Voting Units, 879,053 NPR Special Voting Units, and 1,416,870 NPR Special Voting Units as part of the consideration for the TN acquisition, acquisition of the SL portfolio, and IMH portfolio, respectively.

The continuity schedule for the Class B LP and Special Voting Units classified as liabilities is as follows:

Date	Description	Issue Price/ Call Price	Number of Units	Amount
January 1, 2014		$27.75	67,796	1,881
Q1, 2014	Fair value adjustment	$27.72	-	(2)
Q2, 2014	Fair value adjustment	$28.69	-	66
Q3, 2014	Fair value adjustment	$28.12	-	(39)
Q4, 2014	Fair value adjustment	$23.77	-	(294)
December 31, 2014		$23.77	67,796	1,612
Q1, 2015	Fair value adjustment	$23.58	-	(13)
Q2, 2015	Fair value adjustment	$22.38	-	(81)
Q3, 2015	Fair value adjustment	$19.73	-	(180)
October 30, 2015	Issuance of Special Voting Units	$18.49	7,741,743	143,144
Q4, 2015	Fair value adjustment	$17.56	-	(7,347)
December 31, 2015		$17.56	7,809,539	137,135

c) Distributions to 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 approved by the Trustees. During the year ended December 31, 2015, Northview declared monthly cash distributions of $0.1358 per Unit. For the year ended December 31, 2015, Northview declared distributions totaling $57.3 million (December 31, 2014 – $50.6 million).

d) Normal course issuer bid (“NCIB”)

On July 31, 2014, the TSX approved Northview’s notice of intention to renew the NCIB for its Trust Units. Northview's NCIB was made in accordance with the policies of the TSX. Northview was allowed to purchase Trust Units during the period from August 6, 2014, to August 5, 2015, or an earlier date had Northview completed its maximum purchases. As of December 31, 2015, the NCIB has expired and has not been renewed.

Northview would have paid the market price at the time of acquisition for any Trust Units in accordance with the rules and policies of the TSX and applicable securities laws. Purchases under the NCIB would have been funded out of Northview's working capital.

Northview was authorized to purchase, in a 12 month period, up to 3,095,587 Trust Units, representing 10% of its public float, through the facilities of the TSX and other Canadian trading platforms. On any trading day, Northview would not have purchased more than 12,474 Trust Units, which is equal to 25% of Northview's average daily trading volume over the previous six months, except where such purchases were made in accordance with the block purchase exemptions under the TSX rules.

During the year ended December 31, 2015, Northview did not purchase and subsequently cancel any Trust Units under its NCIB (December 31, 2014 – Northview purchased and subsequently cancelled 226,500 Trust Units under its NCIB for total consideration of $6.1 million).

18. Non-controlling interests

Northview holds investments in a joint operation. Northview owns 55% of GoGa Cho Building Limited Partnership ("GoGa Cho") and, accordingly, consolidates the operations and records a 45% non-controlling interest. Northview manages all aspects of the joint operation, prepares budgets which follow Northview operating policies and determines whether distributions should be paid to the joint venture partners. Due to the inherent control over the joint operation, Northview consolidates their operations and records non-controlling interests.

19. Guarantees, commitments and contingencies

In the ordinary course of business, 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 do 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 consolidated financial statements with respect to these indemnification commitments.

In the normal course of operations, from time to time, Northview becomes subject to various legal and other claims. Management and its legal counsel evaluate these claims and, where required, accrue the best estimate of costs relating to these claims. Management believes the outcome of claims of this nature at December 31, 2015, will not have a material impact on Northview.

During the normal course of operations, Northview provided 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.

At December 31, 2015, Northview has provided guarantees on mortgages secured by investment properties totaling $12.0 million (December 31, 2014 – $10.2 million) of its equity accounted joint ventures, ICP and ICS. These mortgages bear interest at rates ranging from 2.43% to 5.50% and mature between January 2016 and March 2020 (December 31, 2014 – 2.79% to 5.50% and mature between January 2015 and July 2017). As at December 31, 2015, land and buildings with a carrying value of $16.2 million have been pledged to secure these mortgages payable (December 31, 2014 – $24.7 million). Due to the equity accounting of ICP and ICS, the mortgage balances have not been recorded in Northview's consolidated financial statements. Management believes no default will occur and, accordingly, no amount has been recorded by Northview in these consolidated financial statements.

On May 9, 2014, Northview purchased 4.9 acres of land for development in St. John's, NL, for a total cost of $3.7 million, of which $2.0 million was paid in cash and the remaining $1.7 million was to be paid upon Northview receiving formal approval from the municipality of an application to rezone the land for multi-family development. During the first quarter of 2015, the municipality declined the rezoning. As a result, in the second quarter of 2015, the vendor repurchased the land for $3.7 million, of which $2.0 million was paid in cash and $1.7 million in the settlement of the liability.

20. Financial instruments and risk management

a) Fair value of financial assets and financial liabilities

Northview's financial assets and financial liabilities are carried at amortized cost, which approximates fair value, 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.

Fair value measurements recognized in the consolidated statements of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair value:

i) Level 1: Quoted prices in active markets for identical assets or liabilities.
ii) Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
iii) Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

The tables below present the fair value of Northview's assets and liabilities, reflecting the significance of inputs used when determining the fair value as at December 31, 2015 and 2014:

	2015			2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	-	-	3,025,468	-	-	1,582,011
Instalment notes receivable	-	1,813	-	-	-	-
Cash	4,487	-	-	-	-	-
Restricted cash	9,738	-	-	7,088	-	-
Liabilities						
Mortgages payable	-	1,394,358	-	-	742,611	-
Convertible debentures	22,885	-	-	-	-	-
Class B LP Units	-	137,135	-	-	1,612	-
Derivative instruments	-	1,515	-	-	-	-
Unit based payments	-	788	-	-	476	-

Northview had no embedded derivatives requiring separate recognition as at December 31, 2015, or December 31, 2014.

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 year ended December 31, 2015, and year ended December 31, 2014, there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities. Northview had no credit derivatives over financial assets at December 31, 2015, or December 31, 2014, and throughout the intervening periods.

The following summarizes the significant methods and assumptions used in estimating fair values of Northview's assets and liabilities measured at fair value and other financial instruments:

(i) Investment properties
Northview determined the fair value of each investment property using the valuation methodology and key assumptions described in Note 5.

(ii) Instalment notes receivable
The fair value of instalment notes receivable is estimated based on the present value of future receipts, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying instalment note, plus an estimated credit spread at the reporting date for a comparable financial instrument. The credit spread used at December 31, 2015 ranged from 2.08% to 2.13%, depending on the maturity dates of the respective instalment notes.

(iii) 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 at December 31, 2015 ranged from 1.04% to 2.24% (December 31, 2014 - 1.03% to 2.15%), depending on the nature and terms of the respective mortgages.

(iv) Convertible debentures
The fair value of the convertible debentures is determined based on the market trading prices of the convertible debentures as at the valuation date. As allowed under IFRS 13, Fair Value Measurement ("IFRS 13"), if an asset or liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to determine fair value. Northview has chosen to use the closing price of the convertible debentures as the fair value for the convertible debentures.

(v) Class B LP Units
The fair value of the Class B LP Units is estimated based on the market trading prices of the Trust Units at the valuation date. As allowed under IFRS 13, if an asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to determine fair value. Northview has chosen to use the closing price of its Trust Units for fair value measurement for its Class B LP Units.

(vi) Derivative instruments
The fair value of the interest rate swap is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The fair value is determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on expectation of future interest rates (forward curves) derived from observable market rate curves. The fixed cash payments are based on the rates disclosed in Note 12.

(vii) Unit based payments

Northview determines the fair value of Unit based payments and Deferred Units using the valuation methodology and key assumptions described in Note 2(l), respectively.

(viii) Other financial assets and financial liabilities

The fair values of Northview's other financial assets, which include cash, restricted cash, accounts receivable, prepaid expenses and other assets, as well as Northview's other financial liabilities, which include credit facilities, trade and other payables, and distributions payable, approximate their recorded values due to their short-term nature.

b) Risk management related to financial instruments

Northview is exposed to utility, 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 continuous 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 generally provide for recovery of operating costs from tenants, including utilities. Due to the northern locations of a significant 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 preventative measures, including retrofitting properties with energy efficient appliances, fixtures, and windows. Northview does not utilize hedges or forward contracts to manage exposure to utility cost risk.

Heating oil is the primary source 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, Québec, Saskatchewan, and Inuvik, NT. Natural gas prices in Alberta, British Columbia, and Ontario are not subject to regulated price control. Northview does not use financial instruments to manage the exposure to the utility cost risk.

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 net income by approximately $1.2 million for the year ended December 31, 2015 (December 31, 2014 – $542).

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. Loan receivables consist mainly of amounts due from commercial tenants. 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 a large number 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, Nunavut and the Northwest Territories, 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 of the month, obtaining security deposits approximating one month's rent from residents where legislation permits, and geographic diversification in its portfolio. Northview records a specific bad debt provision on balances owed from past residents and provides an allowance for receivables, net of security deposits, from current residents where the expected amount to be collected is less than the actual accounts receivable. The aging of current residents and resident receivables are net of allowance for doubtful accounts from current and past residents.

Northview classifies residents as past residents on the date of their move out from a residential unit. Any subsequent recovery of balances owed from past residents is recorded as a reduction in the bad debt provision for the period. The amounts disclosed on the consolidated statements of financial position are net of allowances for uncollectible accounts from current and past residents and other receivables, estimated by management based on prior experience and current economic conditions.

As at December 31, 2015, allowance for doubtful accounts of $5 relates to hotel and execusuites. As at December 31, 2014, allowance for doubtful accounts of $848 mainly relates to the Bonavista, NL property sold by Northview on February 27, 2015.

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

The following is an aging of current residents and other receivables:

	2015	2014
0-30 days	1,519	1,382
31-60 days	429	504
61-90 days	310	42
Over 90 days	2,062	1,830
Resident receivables	4,320	3,758
Other receivables	8,102	3,334
Allowance for doubtful accounts	(5)	(848)
	12,417	6,244

Other receivables consist of goods and services tax rebates, mortgage holdbacks, insurance claims, and miscellaneous receivables.

As at December 31, 2015, other receivables include $453 (December 31, 2014 - nil) due from an entity under the same common ownership as Starlight, a related party.

The reconciliation of changes in allowance for doubtful accounts is as follows:

	2015	2014
Balance, January 1	848	700
Increase (decrease) in allowance for doubtful accounts	(843)	148
Balance, end of year	5	848

Age of impaired trade receivables:

	2015	2014
Current	-	47
31-60 days	-	47
61-90 days	-	47
Over 90 days	5	707
Total	5	848

(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 mortgages payable and its credit facilities and does not hold any financial instruments to mitigate that risk. In the current economic environment, it is difficult to predict what future interest rates will be and, as such, Northview may not be able to continue to renew mortgage loans with interest rates that are lower than 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 with the objective of achieving relatively even annual debt maturities. To the extent possible, Northview maximizes the amount of mortgages on residential rental properties where it is possible to lower interest rates through CMHC mortgage insurance.

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 net income for the year ended December 31, 2015, by approximately $513 (December 31, 2014 – $222). For the year ended December 31, 2015, the average floating rate debt was $4.2 million and the average credit facilities balance was $240.0 million (December 31, 2014 – average floating rate debt was $13.2 million and the average credit facilities balance was $44.3 million).

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

(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 to ensure a relatively even amount of mortgage maturities in each year. Cash flow projections are completed on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, and investment activities in addition to making monthly distributions to Unitholders. The Trustees review the current financial results and the annual business plan in determining appropriate distribution levels.

Contractual maturity for non-derivative financial liabilities at December 31, 2015:

	Carrying Amount	Contractual Cash Flows	0 – 6 months	6 months to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,359,889	1,558,717	104,111	97,987	826,730	529,889
Credit facilities	483,743	483,743	483,743	-	-	-
Trade and other payables [(i)]	70,467	70,467	70,467	-	-	-
Distributions payable	7,089	7,089	7,089	-	-	-

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

Contractual maturity for derivative financial liabilities at December 31, 2015:

	Carrying Amount	Contractual Cash Flows	0 – 6 months	6 months to 1 year	1 – 5 years	Over 5 years
Unit based payments	788	788	788	-	-	-

Contractual maturity for non-derivative financial liabilities at December 31, 2014:

	Carrying Amount	Contractual Cash Flows	0 – 6 months	6 months to 1 year	1 – 5 years	Over 5 years
Mortgages payable	734,553	856,687	84,810	68,546	366,365	336,966
Credit facilities	52,052	52,052	52,052	-	-	-
Trade and other payables [(i)]	36,186	36,186	36,186	-	-	-
Distributions payable	4,311	4,311	4,311	-	-	-

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

Contractual maturity for derivative financial liabilities at December 31, 2014:

	Carrying Amount	Contractual Cash Flows	0 – 6 months	6 months to 1 year	1 – 5 years	Over 5 years
Unit based payments	476	476	476	-	-	-

Management believes that future cash flows from operations, mortgage refinancing, and cash available under the current operating facilities provide sufficient available funds through the foreseeable future to support these financial liabilities.

21. 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.

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. Northview follows conservative guidelines which are set out in the DOT. In determining the most appropriate debt, consideration is given to strength of cash flow generated from the specific property, interest rate, amortization period, maturity of the debt in relation to the existing debt of Northview, interest and debt service ratios, and limits on the amount of floating rate debt. 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. Consistent with others in the industry, 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%. For the purposes of these consolidated financial statements, Debt to Gross Book Value is calculated on the consolidated entities.

Northview's calculations of its adherence to bank covenants are considered non-GAAP measures. As at December 31, 2015, Northview was in compliance with all covenants.

The following debt to gross book value, interest coverage, and debt service coverage excludes the 2019 Debentures and interest expenses on 2019 Debentures.

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

	2015	2014
Debt to gross book value		
Cash	(4,487)	-
Credit facilities	483,743	52,052
Mortgages payable	1,357,215	750,805
Debt	1,836,471	802,857
Investment properties	3,025,468	1,582,011
Property, plant and equipment	55,510	51,775
Accumulated depreciation and amortization	22,156	18,285
Gross book value	3,103,134	1,652,071
Debt to gross book value	59.2%	48.6%

	2015	2014
Interest coverage and debt service coverage		
Income before income taxes	31,852	74,869
Depreciation and amortization	5,030	4,600
Mortgage interest and deferred financing costs	32,250	28,044
Interest expense on credit facilities	3,315	338
Interest expense to Class B LP Unitholders	2,213	108
Bargain purchase gain	(50,893)	-
Business combination transaction costs	38,959	-
Unrealized fair value changes	55,103	(2,813)
Income before interest, taxes, depreciation and amortization, unrealized fair value changes, bargain purchase gain, and business combination transaction costs	117,829	105,146
Mortgage interest and deferred financing costs	32,250	28,044
Interest expense on credit facilities	3,315	338
Total interest expense	35,565	28,382
Principal repayment	27,757	21,593
Debt service payments	63,322	49,975
Interest coverage	3.31	3.70
Debt service coverage	1.86	2.10

Interest coverage and debt service coverage are calculated based on the previous 12 months. Northview's interest coverage ratio covenant is 1.90 and debt service coverage ratio covenant is 1.50 relating to the operating facilities.

Debt to gross book value, interest coverage, and debt service coverage including the 2019 Debentures and interest expenses on 2019 Debentures is 59.9%, 3.30, and 1.86, respectively.

22. Personnel costs

	2015	2014
Salaries, wages and benefits	37,861	34,402
Equity settled unit based compensation	715	858
	38,576	35,260
Personnel costs capitalized to investment properties	(12,731)	(10,114)
	25,845	25,146

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

23. Financing costs

	2015	2014
Mortgage interest	29,761	25,870
Deferred financing costs	2,489	2,174
Interest expense on 2019 debentures	221	-
Interest expense on credit facilities	3,315	338
Interest expense to Class B LP Unitholders	2,213	108
Interest and other income	(832)	(603)
Loss on extinguishment of debt	790	-
	37,957	27,887

24. Unrealized fair value changes

	2015	2014
Unrealized fair value change to investment properties	8,391	(19,836)
Sustaining CAPEX	54,910	17,343
Interest rate swap	234	-
2019 debentures	(460)	-
Unit based payments	(351)	(71)
Class B LP Units	(7,621)	(249)
Net unrealized fair value decrease (increase)	55,103	(2,813)

25. Changes in non-cash working capital

	2015	2014
Restricted cash	404	(39)
Accounts receivable	(5,568)	2,927
Prepaid expenses and other assets	2,068	1,907
Loans receivable	(1,316)	(1,482)
Instalment notes receivable	110	-
Other long-term assets	23	(3,069)
Trade and other payables	11,156	2,542
Changes in non-cash working capital from operating activities	6,877	2,786

The changes in non-cash working capital from investing activities for the year ended December 31, 2015, of $2.6 million cash outflow (December 31, 2014 – $1.1 million cash outflow) is due to the change in trade and other payables related to work in progress with respect to investment property improvements and land held for development.

26. Operating leases

As lessor, Northview leases commercial investment property held under operating leases. Commercial property operating leases have lease terms of between 1 to 15 years, with an option to extend for a further period. All commercial operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The future minimum lease payments receivable on commercial investment properties are as follows:

	2015	2014
Less than 1 year	20,370	19,621
Between 1 and 5 years	59,758	46,823
More than 5 years	31,341	33,179
	111,469	99,623

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

27. Related parties

a) Key management personnel

Key management personnel are comprised of Northview's Board of Trustees and the Trust's executive officers. The remuneration of Northview's key management personnel is as follows:

	2015	2014
Salaries, wages and benefits	2,327	1,890
Equity settled unit based compensation	504	454
	2,831	2,344

b) Related party transactions

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

During the year, revenue from associates related to management fees and maintenance service fees received from ICP and ICS and receipt of services from associates related to rent paid by Northview to ICP, as follows:

	Transactions for the years ended December 31		Balance Outstanding December 31	
	2015	2014	2015	2014
Revenue from associates	379	402	118	53
Receipt of services from associates	53	53	1	2

Northview has engaged Starlight to perform certain services, as outlined below. Starlight is a related party as it is controlled by a significant Unitholder of Northview.

Pursuant to the Transitional Services Agreement dated October 30, 2015, Starlight is to provide transitional services of an asset management nature for a monthly fee equal to 0.125% annually of the sum of: (i) the agreed upon allocated values of the properties acquired from True North and its affiliates in connection with the Transaction; (ii) the third party appraised values of the private portfolio acquired by Northview in connection with the Transaction; (iii) the purchase price of new sourced properties; (iv) the third party appraised values of added properties; and (v) the cost of any capital expenditures incurred by Northview or any of its affiliates in respect of the properties since the closing date of the Transaction. This agreement is for a term of three years ending October 30, 2018. At Northview's option, the term may be renewed for two additional one year terms.

For the year ended December 31, 2015, the costs of these services aggregated to $356. Of this amount, $113 has been capitalized, while the remaining $243 has been recognized as administration expenses in the consolidated statements of net and comprehensive income.

28. 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, Québec, and Western Canada (British Columbia, Alberta, and Saskatchewan). In addition, due to the differences between the commercial and the residential markets, management also reviews operations by market segment. Within the residential property market, execusuites and hotel are reviewed and managed as separate sub-segments.

Northview's residential portfolio is comprised of a multi-family segment: apartments, town homes, and single family rental units; and an execusuites and hotel segment where the rental period ranges from a few days to several months. The commercial business segment is comprised of office, industrial, and retail properties primarily in areas where Northview has residential operations.

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

a) Geographic Segments

	Atlantic Canada	Northern Canada	Ontario	Québec	Western Canada	Total
Year ended December 31, 2015						
Rental revenue	28,896	87,216	15,561	4,141	75,368	211,182
Other revenue	682	2,308	528	34	2,844	6,396
Operating expense	(13,508)	(34,920)	(8,245)	(2,151)	(32,055)	(90,879)
Net operating income	16,070	54,604	7,844	2,024	46,157	126,699
As at December 31, 2015						
Total assets	397,842	624,109	981,084	172,993	928,606	3,104,634
Investment properties	378,434	576,806	975,821	170,562	923,845	3,025,468
Total liabilities	195,385	305,734	343,364	141,541	436,343	1,422,367

	Atlantic Canada	Northern Canada	Ontario	Québec	Western Canada	Total
Year ended December 31, 2014						
Rental revenue	24,476	83,696	-	1,282	73,158	182,612
Other revenue	545	2,059	-	30	2,595	5,229
Operating expense	(11,512)	(36,588)	-	(577)	(29,557)	(78,234)
Net operating income	13,509	49,167	-	735	46,196	109,607
As at December 31, 2014						
Total assets	210,922	615,556	-	8,933	814,346	1,649,757
Investment properties	195,445	568,319	-	8,900	809,347	1,582,011
Total liabilities	124,140	269,688	-	5,932	369,728	769,488

b) Market Segments

	Multi-family	Execusuites & Hotel	Total Residential	Commercial	Total
Year ended December 31, 2015					
Rental revenue	167,104	11,791	178,895	32,287	211,182
Other revenue	5,257	141	5,398	998	6,396
Operating expense	(71,477)	(6,632)	(78,109)	(12,770)	(90,879)
Net operating income	100,884	5,300	106,184	20,515	126,699
As at December 31, 2015					
Total assets	2,809,539	46,483	2,856,022	248,612	3,104,634
Investment properties	2,787,123	-	2,787,123	238,345	3,025,468
Total liabilities	1,267,209	25,941	1,293,150	129,217	1,422,367

	Multi-family	Execusuites & Hotel	Total Residential	Commercial	Total
Year ended December 31, 2014					
Rental revenue	140,296	12,277	152,573	30,039	182,612
Other revenue	4,107	106	4,213	1,016	5,229
Operating expense	(58,035)	(7,627)	(65,662)	(12,572)	(78,234)
Net operating income	86,368	4,756	91,124	18,483	109,607
As at December 31, 2014					
Total assets	1,363,933	44,368	1,408,301	241,456	1,649,757
Investment properties	1,351,261	-	1,351,261	230,750	1,582,011
Total liabilities	657,156	26,497	683,653	85,835	769,488

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

c) Reconciliation of reportable segment net income

	2015	2014
Total net operating income for reportable segments	126,699	109,607
Financing costs	(37,957)	(27,887)
Administration	(8,999)	(6,617)
Depreciation and amortization	(5,030)	(4,600)
Gain (loss) on sale of property, plant and equipment	(762)	341
Equity income from joint ventures	1,070	1,212
Bargain purchase gain	50,893	-
Business combination transaction costs	(38,959)	-
Unrealized fair value changes	(55,103)	2,813
Income tax expense	-	(605)
Net and comprehensive income	31,852	74,264

d) Reconciliation of reportable segment assets

	2015	2014
Total assets for reportable segments	3,104,634	1,649,757
Property, plant and equipment	329	153
Investment in joint ventures	6,210	5,310
Intangible assets	(383)	(340)
Cash	1,805	-
Restricted cash	8,743	7,088
Accounts receivable	5,682	1,812
Loans receivable	3,941	2,362
Instalment notes receivable	1,802	-
Prepaid expenses and other assets	(146)	29
Total assets	3,132,617	1,666,171

e) Reconciliation of reportable segment liabilities

	2015	2014
Total liabilities for reportable segments	1,422,367	769,488
Credit facilities	483,743	52,052
Convertible debentures	22,885	-
Trade and other payables	7,989	1,251
Derivative instruments	1,515	-
Distributions payable	7,089	4,311
Unit based payments	788	476
Class B LP Units	137,135	1,612
Total liabilities	2,083,511	829,190

29. Subsequent events

Between January 1, 2016, and March 9, 2016, Northview completed new financing and renewals of $135.1 million with interest rates between 1.72% and 5.47% and terms to maturity of 5 to 10 years. Proceeds were used to pay down existing debt and pay down the credit facilities.

On February 18, 2016, the Ontario Ministry of Finance published amendments to regulation 70/91 to the Land Transfer Act (Ontario) that may impact the transfers of partnership interests in prior fiscal years and the Transaction. Northview is currently evaluating the impact of the amendments to its consolidated financial statements.

Trustees of Northview

Officers

Corporate Information

ANNUAL GENERAL AND SPECIAL MEETING

Thursday, May 5, 2016
2:30 p.m. MT, 4:30 p.m. ET
Harford Room,
The Ranchmen's Club
710 – 13th Avenue SW
Calgary, AB T2R 0K9

STOCK EXCHANGE

Toronto Stock Exchange (TSX)
Trading Symbol: NVU.UN

LEGAL COUNSEL

Borden Ladner Gervais LLP

AUDITORS

Deloitte LLP

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

CORPORATE OFFICE

110, 6131 – 6th Street SE
Calgary, AB T2H 1L9
Tel: 403.531.0720
Fax: 403.531.0727
Email: info@northviewreit.com
www.northviewreit.com