



# Northview™

APARTMENT REIT

*ANNUAL REPORT*  
*2016*



# Corporate Profile

Northview Apartment Real Estate Investment Trust (“Northview”) is one of Canada’s largest publicly traded multi-family REITs with a portfolio of approximately 24,000 quality residential suites in more than 60 markets across eight provinces and two territories. Northview’s portfolio includes markets characterized by expanding populations, growing economies, high occupancy levels, and rising rents, which provides Northview the means to deliver stable and growing profitability and cash distributions to Unitholders of Northview over time. Northview’s residential portfolio is comprised of a multi-family segment, including apartments, town homes, and single family rental units; and an executives 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 corporate tenants.

## Strategy

Northview’s strategy is based on the following:

### **Portfolio Diversification**

Northview’s portfolio is diversified across more than 60 Canadian rental markets located in eight provinces and two territories.

### **Organic Growth**

Northview’s high quality portfolio includes investments in stable markets characterized by expanding populations, growing economies, high occupancy levels, and rising rents which enable same door NOI growth.

### **Growth through Acquisitions**

Northview invests in strong and growing markets across the country where it has established operations and market knowledge. Northview also has a strategic relationship with Starlight that may be considered for future acquisitions.

### **Growth through Developments**

Northview has in-house development capabilities that enable it to develop high quality multi-family rental properties that generate returns that are 100 to 200 basis points higher than acquiring existing properties. Northview has 49 acres of land held for development in Northern and Western Canada along with opportunities in Ontario that are being assessed for future developments.

# Mission Statement



Across Canada,  
Northview's passion  
is providing our  
customers with a  
place to call home



# Vision

We are a passionate, community-focused team dedicated to making our properties the best they can be. We are proud to live, work and play in the neighbourhoods we serve, next to our residents, hotel guests and commercial tenants. At Northview, we will:

- Treat our customers respectfully and promptly, with thoughtfulness and consideration;
- Create neighbourhoods that have a safe and friendly environment for the people we serve;
- Provide our team with a supportive environment in which their unique talents and skills are appreciated and valued;
- Pursue growth where opportunities allow us to create value for our Unitholders; and
- Invest in the communities we serve.



# Values



Customer Satisfaction



Service Excellence



Integrity



Social Responsibility



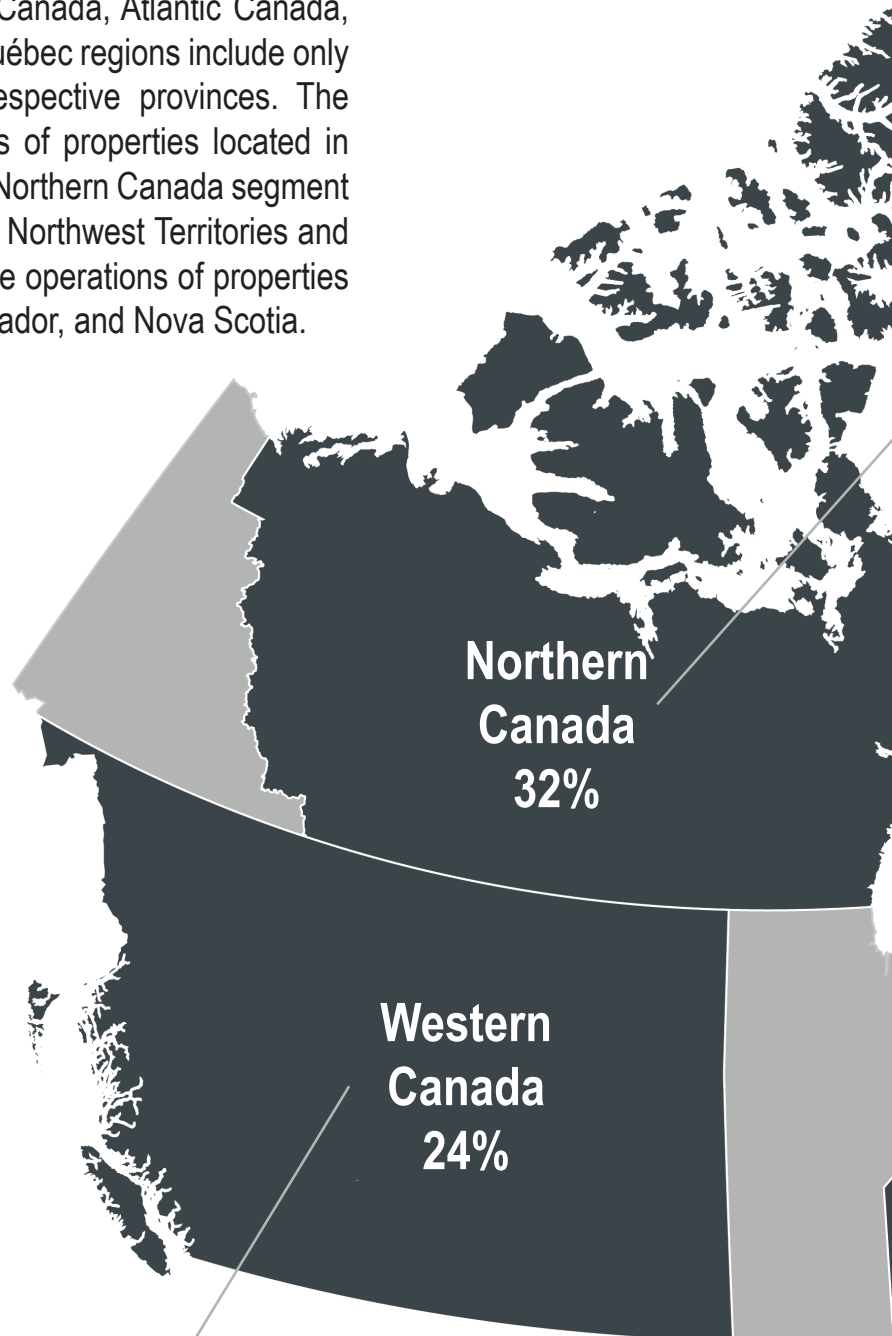
People

# 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 Alberta, British Columbia, and Saskatchewan. The Northern Canada segment includes the operations of properties located in the Northwest Territories and Nunavut. The Atlantic Canada segment includes the operations of properties located in New Brunswick, Newfoundland and Labrador, 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.

**24,094 Multi-Family Residential Units**





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.

Northview's portfolio is diversified across more than 60 Canadian rental markets located in eight provinces and two territories, reducing exposure to occasionally volatile resource prices. Northview's 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.



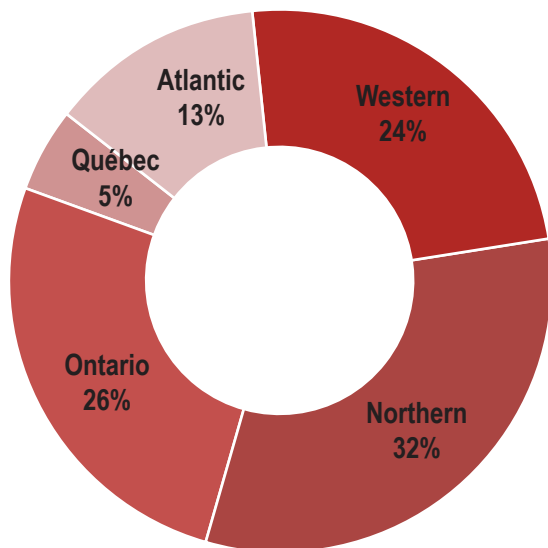
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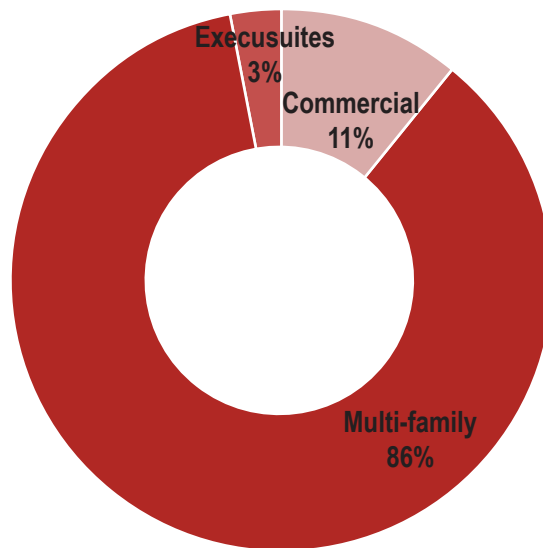


# Our Results

Regions as a % of NOI<sup>(1)</sup>



Business Segment as a % of NOI<sup>(1)</sup>



## 2016 Highlights

<p><b>\$332 Million</b> Total Revenue</p> <p>2015: \$218 Million</p>	<p><b>\$186 Million</b> Net Operating Income</p> <p>2015: \$127 Million</p>	<p><b>\$3.2 Billion</b> Assets</p> <p>2015: \$3.1 Billion</p>
<p><b>\$1.63</b> Distributions per Trust Unit</p> <p>2015: \$1.63</p>	<p><b>\$2.14</b> FFO per Trust Unit - Diluted<sup>(2)</sup></p> <p>2015: \$2.34</p>	<p><b>76.7%</b> FFO Payout Ratio - Diluted<sup>(2)</sup></p> <p>2015: 69.0%</p>

<sup>(1)</sup> The graphs provide the breakdown of the NOI by business and geographical segments for the year ended December 31, 2016

<sup>(2)</sup> Excludes Non-recurring Items

March 23, 2017

## Letter to Trust Unitholders

Dear Fellow Trust Unitholders:

It is my privilege to provide you with an update of Northview's activities over the past year, and insight into our focus for the upcoming year.

Our main focus for 2016 was the absorption of the major transaction completed in 2015, which effectively doubled the size of Northern Property REIT, and transformed us into Northview Apartment REIT. Our accomplishments in 2016 include the successful internalization of property management in Ontario, generating over \$2.0 million in annualized savings; execution on the Value Creation Initiatives which has realized almost \$2.8 million in annual NOI growth; leverage reduction of 2.7% through growth in asset values; sale of \$49 million in non-core assets; the successful \$75 million equity raise completed in October; and a total unitholder return of 23.7% for 2016.

From an operating perspective, the challenges in our resource based markets in Western Canada persisted as occupancy and rents declined throughout the year. Our nationally diversified platform reduced the impact of these operating challenges with continued strong performance from our northern markets and our portfolios in Ontario and Atlantic Canada acquired in 2015. Other factors contributing to the financial results this year included the reduction of NOI from the non-core asset sales and, to a lesser extent, the dilution from our \$75 million equity offering later in 2016.

I am extremely proud of our team and their efforts in how they handled the impact of the wildfires in Fort McMurray this past year. Our first priority was providing a safe place to call home to the team and residents who have been affected by the wildfires. The second priority was supporting our displaced residents by providing free accommodations during the evacuation period for the months of May and June. Our team did an extraordinary job of ensuring our buildings were safe, clean, and ready for occupancy as the residents started to return to their homes in late June.

Looking forward to 2017, we remain committed to our long term goal of generating value for our Unitholders. To that end, we have set out the following strategic priorities for 2017:

### 1. Organic Growth

Northview will continue to focus on improving occupancy, monthly rents and operating expense management, which would drive increases in same door NOI. Continued execution of the Value Creation Initiatives in 2017 is expected to contribute positive NOI.

### 2. Managing Leverage

The REIT's long-term target for debt to gross book value is 50% to 55%. With the significant reduction in leverage achieved in 2016, leverage reduction for the near to mid-term will be achieved through improvements in asset values driven by successful execution of the Value Creation Initiatives and developments.

### 3. Capital Deployment Supporting External Growth

Proceeds from the remaining sales of non-core assets, and potentially other assets, will be deployed in support of growth through the continued development program and selected acquisitions in Northview's stronger markets, primarily in Ontario. Northview will continue to utilize its existing land investments for developments, in addition to recycling selected investments in land to expand the in-house development program to Ontario.

I believe that the on-going execution of our strategic priorities will continue to set the stage for Northview to deliver Unitholder value, through both internal and external growth across our nationally diversified portfolio. Your Northview team is committed to the delivery of our strategic priorities to create Unitholder value, and we look forward to delivering on our priorities in 2017.

We thank our Unitholders for your continued support of Northview Apartment REIT and look forward to keeping you updated on our progress through the upcoming year.

Respectfully submitted,



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



## Management's Discussion and Analysis

### ADVISORIES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 9, 2017, 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") audited consolidated financial statements and notes thereto for the years ended December 31, 2016, and 2015. 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, filed with the Canadian securities regulatory authorities, is available on SEDAR at [www.sedar.com](http://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 in this MD&A 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. These cautionary statements qualify all of the statements and information contained in this MD&A incorporating forward-looking information.

Forward-looking statements are made as of March 9, 2017, 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 a 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, executive 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 ("FFO"), 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, 2017.

#### 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 are, therefore, considered non-GAAP measures. These measures are provided to enhance the reader's overall understanding of Northview's current financial condition. They are included to provide investors and management with an alternative method for assessing Northview's operating results in a manner that is focused on the performance of Northview's 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 definitions of non-GAAP and additional GAAP measures, including net operating income ("NOI"), FFO, debt to gross book value, debt service coverage, and interest coverage in this MD&A.

The following MD&A is for the financial results of Northview for the years ended December 31, 2016 and 2015. Units in the MD&A refer to the publicly traded Northview Trust Units ("Trust Units") and the Limited Partnership Class B units ("Class B LP Units"). Unitholders in the MD&A refer to the Northview unitholders ("Trust Unitholders") and the Class B LP unitholders ("Class B LP Unitholders").

## BUSINESS OVERVIEW

Northview is one of Canada's largest publicly traded multi-family REITs with a portfolio of approximately 24,000 quality residential suites in more than 60 markets across eight provinces and two territories. Northview's portfolio includes investments in markets characterized by expanding populations, growing economies, high occupancy levels, and generally rising rents, which provides Northview the means to deliver stable and growing profitability and distributions to unitholders of Northview ("Unitholders") over time. Northview currently trades on the TSX under the symbol: NVU.UN.

On October 30, 2015, through a plan of arrangement, Northern Property Real Estate Investment Trust ("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 Investments 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". Upon completion of the Transaction, NPR changed its name to Northview Apartment Real Estate Investment Trust.

Northview's strategy is based on the following:

- **Portfolio diversification:** Northview's portfolio is diversified across more than 60 Canadian rental markets located in eight provinces and two territories.
- **Organic growth:** Northview's high quality portfolio includes investments in stable markets characterized by expanding populations, growing economies, high occupancy levels, and rising rents which enable same door NOI growth.
- **Growth through acquisitions:** Northview invests in strong and growing markets across the country where it has established operations and market knowledge. Northview also has a strategic relationship with Starlight that may be considered for future acquisitions.
- **Growth through development:** Northview has in-house development capabilities that enable it to develop high quality multi-family rental properties that generate returns that are 100 to 200 basis points higher than acquiring existing properties. Northview has 49 acres of land held for development in Northern and Western Canada along with opportunities in Ontario that are being assessed for future developments.

## 2016 HIGHLIGHTS

The following are highlights of Northview's results for the year ended December 31, 2016:

- Multi-family residential portfolio occupancy of 90.4% in the fourth quarter of 2016 and 90.7% for the year ended December 31, 2016.
- Achieved fair value increase on investment properties in 2016 of \$54 million including \$46 million in Ontario and \$9 million for newly developed properties in Alberta.
- Northview significantly reduced leverage in the second half of 2016, reducing debt to gross book value by 270 basis points through an equity offering and non-core asset dispositions. Debt to gross book value, excluding convertible debentures, as at December 31, 2016, was 57.5% compared to 60.2% as at June 30, 2016.
- Interest and debt service coverage ratios remain strong at 2.98 and 1.70, respectively, for the year ended December 31, 2016.
- Successful equity offering of \$74.8 million closed on October 31, 2016, accelerating management's strategy to reduce leverage.
- Diluted FFO per unit of \$2.21 for the year ended December 31, 2016, or \$2.14, excluding Non-recurring Items, compared to \$2.34 for the same period in 2015. Diluted FFO payout ratio of 74.1% for 2016, or 76.7%, excluding Non-recurring Items.

## PROGRESS MADE AGAINST 2016 STRATEGIC PRIORITIES

### 1. Value Creation Initiatives (“VCIs”)

Execution of the VCIs in 2016 were consistent with management’s expectations heading into the year. Excluding property management internalization, annualized NOI increase from VCIs was \$2.8 million, which supported a fair value increase of approximately \$46 million in Ontario.

VCIs included:

- (i) **High-end renovation program:** 268 units were completed under this program, result in an annualized NOI increase of \$0.6 million in 2016.
- (ii) **Below market rents:** Excluding the other VCIs and guideline increase, management achieved an \$11 increase in average monthly rents, with annualized NOI increase of \$1.7 million.
- (iii) **Sub-metering program:** 3,471 units had sub-metering installed and 1,497 units had enrolled in the program as at December 31, 2016. A total of 333 units enrolled in 2016, driving an annualized NOI increase of \$0.2 million for the year.
- (iv) **Above guideline increases:** The increase of average monthly rent of the 2,851 units approved for above guideline increases in 2016 was approximately 4%, including a guideline increase of 2% in Ontario, which produced an annualized NOI increase of \$0.3 million.
- (v) **Property management internalization:** Northview internalized the management of approximately 7,600 units in Ontario, resulting in annualized NOI increase of \$2.1 million in 2016.

### 2. Disposition of Non-Core Assets

Northview completed \$48.6 million of non-core asset sales in 2016 and \$23.4 million to date in 2017, with a further \$16.3 million in dispositions currently under contract. In total, these sales reduced debt to gross book value by 100 basis points. Proceeds were used for leverage reduction and in support of VCIs.

### 3. Restructure Credit Facilities

Northview consolidated its operating facilities into a new \$150 million facility and implemented a new \$30 million credit facility in 2016. As of December 31, 2016, the borrowing capacities under these facilities were \$108.4 million and \$21.7 million respectively.

### 4. Maintain Current Conservative Distribution Levels

Northview’s long term target for annual FFO payout ratio is approximately 70%. For the year ended December 31, 2016, fully diluted payout ratio was 74.1%, or 76.7% excluding Non-recurring Items. Northview’s distribution is sustainable long term.

## 2017 OUTLOOK

The portfolios acquired in the Transaction are performing as expected and producing top line revenue growth. Northview’s Northern, Central and Atlantic Canada markets are expected to continue to provide positive organic growth, which partially offset the negative impact that low natural resource prices continue to have on many of the REIT’s Western Canada markets.

The continued execution of Northview’s VCIs in 2017 will continue to contribute positive NOI growth. The VCIs will continue to support the REIT’s organic growth in earnings and asset values, contributing to the longer term goal of reducing debt to gross book value to 50% to 55%.

The economic outlook remains uncertain for Western Canada as the economic decline continues to negatively impact properties in these markets. It is uncertain when natural resource prices will recover to levels where economic activity increases sufficiently to improve demand for rental accommodations. Northview will continue to invest in our portfolio to optimize its performance and be ready for when demand turns around.

## 2017 STRATEGIC PRIORITIES

### 1. Organic Growth

Northview will continue to focus on improving occupancy, monthly rents and operating expense management, which would drive increases in same door NOI. Continued execution of the VCIs in 2017 is expected to contribute to organic growth.

### 2. Managing Leverage

The REIT's long-term target for debt to gross book value is 50% to 55%. With the significant reduction in leverage achieved in 2016, leverage reduction for the near to mid-term will be achieved through improvements in asset values driven by the successful execution of the VCIs and developments.

### 3. Capital Deployment in Support of External Growth

With significant progress on leverage reduction achieved in 2016 through the successful equity offering and asset sales, management will focus on organic growth, capital recycling and external growth opportunities through developments and limited acquisitions. Proceeds from sale of non-core assets will be deployed in support of growth through developments and selected acquisitions in Northview's stronger markets, primarily in Ontario. Northview will continue to utilize its existing land investments for developments, in addition to recycling selected investments in land to expand the in-house development program to Ontario.

## 2016 RESULTS

### Select financial information

(thousands of dollars, except per unit amounts)	2016	2015	2014
Total revenue	332,455	217,578	187,841
NOI	185,529	126,699	109,607
NOI margin	55.8%	58.2%	58.4%
Net and comprehensive income	77,475	31,852	74,264
FFO – diluted	119,276	83,054	75,450
FFO per Trust Unit – diluted	\$2.21	\$2.34	\$2.37
FFO payout ratio – diluted	74.1%	69.0%	67.1%
Excluding Non-recurring Items:			
FFO – diluted <sup>(i)</sup>	115,331	83,054	75,450
FFO per Trust Unit – diluted	\$2.14	\$2.34	\$2.37
FFO payout ratio – diluted	76.7%	69.0%	67.1%
Weighted average number of Trust Units outstanding - diluted (000's)	53,962	35,458	31,900
Distributions declared to Trust Unitholders	88,403	57,312	50,615
Distributions declared per Trust Unit	\$1.63	\$1.63	\$1.59

(i) Non-recurring Items for the year ended December 31, 2016, include \$7.1 million of insurance proceeds received in the year, partially offset by \$1.6 million of lost revenue and \$1.6 million of incremental costs relating to the Fort McMurray wildfires, a decrease to diluted FFO of \$3.9 million.

For the year ended December 31, 2016, basic FFO, basic FFO per Trust Unit, basic FFO payout ratio, and basic weighted average number of units outstanding (000's) were \$117.9 million, \$2.23, 73.4%, and 52,810, respectively.

Select information

(thousands of dollars, except per unit amounts)	2016	2015	2014
Total assets	3,185,672	3,132,617	1,666,171
Total liabilities	2,032,452	2,083,511	829,190
Total non-current liabilities	1,708,411	1,390,392	606,543
Mortgages payable	1,661,532	1,359,889	734,553
Debt to gross book value (excluding convertible debentures)	57.5%	59.2%	48.6%
Interest coverage ratio (times)	2.98	3.31	3.70
Debt service coverage ratio (times)	1.70	1.86	2.10
Weighted average mortgage interest rate	3.23%	3.33%	3.67%
Weighted average term to maturity (years)	5.0	5.0	5.0
Weighted average capitalization rate	6.67%	6.83%	7.97%
Occupancy	90.7%	90.3%	91.6%
Number of residential units	24,513	24,621	10,910
Commercial square feet (rounded to nearest thousand)	1,135,000	1,143,000	1,142,000

Portfolio Summary (including joint ventures at 100%) – December 31, 2016

Regions	Multi-family	Execusuites & Hotel	% Portfolio	Total Residential (units)	Commercial (sq. ft.)
Ontario	7,754	-	32%	7,754	-
Western Canada	7,502	-	30%	7,502	136,000
Atlantic Canada	4,152	142	18%	4,294	225,000
Northern Canada	2,401	277	11%	2,678	771,000
Quebec	2,285	-	9%	2,285	3,000
<b>Total</b>	<b>24,094</b>	<b>419</b>	<b>100%</b>	<b>24,513</b>	<b>1,135,000</b>

Portfolio reconciliation (including joint ventures at 100%) – December 31, 2016

(Commercial square footage rounded to the nearest thousand)	Multi-family	Execusuites & Hotel	Total Residential (units)	Commercial (sq. ft.)
Balance, December 31, 2015	24,202	419	24,621	1,143,000
Developments completed	411	-	411	-
Dispositions	(519)	-	(519)	(8,000)
<b>Balance, December 31, 2016</b>	<b>24,094</b>	<b>419</b>	<b>24,513</b>	<b>1,135,000</b>



### Development activity

Development activity is focused in areas with high asking prices for existing properties and long-term potential for high occupancy and rent increases. New developments tend to be in existing markets where Northview leverages its local presence and knowledge of the region. This enables Northview to generate returns 100 to 200 basis points higher than acquiring existing apartments. Northview's in-house development expertise provides the flexibility to adjust development activities as market conditions change. In 2017, management is evaluating the disposal of selected land investments in Western Canada with potential redeployment of proceeds to acquire land for development in stronger markets, particularly Ontario. Management continues to evaluate development opportunities in Ontario and to date has identified an opportunity where approximately 100 new units can be developed on an existing site.

The development consisting of 140 units in Airdrie, AB, was completed in March 2016, has reached stabilized occupancy. Total development costs were \$26.1 million with expectations for a stabilized Cap Rate between 7.0% and 7.5%. The fair value of this property increased by \$2.2 million or 8% from development cost as at December 31, 2016.

Northview's first Calgary, AB, development consists of three buildings with 261 total units. Leasing is underway for all three buildings and occupancy has reached 33% which is in line with expectations. Total development costs were consistent with budget at \$46.3 million with expectations for a stabilized Cap Rate between 7.0% and 7.5%. The fair value of this property has increased by \$7.1 million or 15% from development cost as at December 31, 2016.

During the fourth quarter of 2016, Northview continued the development of the 36 units in Cambridge Bay, NU, with occupancy to commence in the second quarter of 2017. Total costs are estimated to be \$10.5 million with an expected Cap Rate between 10.0% and 10.5%. Through January 2017, 26 units were pre-leased.

For the year ended December 31, 2016, 4 acres of land were purchased for a total of \$5.6 million. Northview holds 49 acres of land for potential future development, primarily in Western Canada, which would allow for the development of approximately 1,800 units.



FFO calculation

(thousands of dollars, except per unit amounts)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Net and comprehensive income from operations	43,968	21,153	108%	77,475	31,852	143%
Adjustments:						
Non-controlling interests	(139)	(160)	(13%)	(190)	(154)	23%
Depreciation of property, plant and equipment	1,051	1,242	(15%)	4,179	3,951	6%
Amortization of other long term assets	11	148	(93%)	307	594	(48%)
Amortization of tenant inducements	107	118	(9%)	459	476	(4%)
Loss on sale of property, plant and equipment	164	307	(47%)	722	762	(5%)
(Increase) decrease in fair value	(20,630)	14,907	(238%)	10,268	55,103	(81%)
Bargain purchase gain	-	(50,893)	(100%)	-	(50,893)	(100%)
Business combination transaction costs	43	35,277	(100%)	14,579	38,959	(63%)
Class B LP Unit distributions recorded as interest	2,368	2,130	11%	9,822	2,213	344%
Fair value adjustments for non-controlling interest and equity investments	115	142	(19%)	331	(30)	n/a
FFO basic	27,058	24,371	11%	117,952	82,833	42%
Add: Interest on 2019 Debentures	313	221	42%	1,324	221	499%
FFO diluted	27,371	24,592	11%	119,276	83,054	44%
FFO per Trust Unit – diluted	\$0.49	\$0.53	(8%)	\$2.21	\$2.34	(6%)
FFO payout ratio – diluted	84.7%	75.2%	10%	74.1%	69.0%	5%
Weighted average number of units outstanding:						
Basic (000's)	54,565	45,540	16%	52,810	35,234	50%
Effect of dilution:						
LTIP units	2	83	(98%)	3	59	(95%)
LTI units	167	-	n/a	160	-	n/a
Deferred units	30	6	400%	23	1	n/a
2019 Debentures	966	651	48%	966	164	489%
Diluted (000's)	55,730	46,280	17%	53,962	35,458	52%
Distributions declared to Trust Unitholders	23,188	18,493	23%	88,403	57,312	51%
Distributions declared per Trust Unit	\$0.41	\$0.41	n/a	\$1.63	\$1.63	n/a

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's") White Paper. The IFRS measurement most comparable to FFO is net income for which a reconciliation is provided in this MD&A.

For the year ended December 31, 2016, Northview received insurance proceeds of \$7.1 million for the Fort McMurray, AB wildfires, the 2015 fire in Yellowknife, NT and a property in Fort McMurray, AB. Additionally, Northview incurred \$1.6 million of revenue loss and \$1.6 million of incremental costs relating to the Fort McMurray wildfires for the year ended December 31, 2016. These items have been defined as "Non-recurring Items", as they are not considered normal operating conditions, and management has presented specific performance metrics excluding Non-recurring Items where appropriate in this MD&A.

Excluding Non-recurring Items, basic FFO and diluted FFO for the three months ended December 31, 2016 were \$26.7 million and \$27.0 million, respectively, increases of 9% and 10%, compared to \$24.4 million and \$24.6 million for the same periods of 2015, primarily due to the growth in Northview's portfolio from the Transaction. On a per unit basis, excluding Non-recurring Items, basic FFO and diluted FFO for Q4 2016 were \$0.49 and \$0.48, respectively, compared to \$0.54 and \$0.53 for the same periods of 2015.



Basic FFO and diluted FFO for the year ended December 31, 2016, were \$114.0 million and \$115.3 million, respectively excluding Non-recurring Items, increases of 38% and 39%, compared to \$82.8 million and \$83.1 million for the same periods of 2015, primarily due to the growth in Northview's portfolio from the Transaction. On a per unit basis, excluding Non-recurring Items, basic FFO and diluted FFO for the year ended December 31, 2016, were \$2.16 and \$2.14, respectively, compared to \$2.35 and \$2.34 for the same periods of 2015.

The decrease in FFO on a per unit basis in the quarter and the year was driven primarily by lower operating performance in natural resource based markets, dilution from the equity offering completed in October 2016 and higher interest expense from additional mortgages.

Basic FFO payout ratio and diluted FFO payout ratio for the three months ended December 31, 2016, were 85.1% and 85.9%, respectively excluding Non-recurring Items, compared to 75.9% and 75.2% for the same period of 2015. For the year ended December 31, 2016, basic FFO payout ratio and diluted FFO payout ratio were 75.9% and 76.7%, respectively excluding Non-recurring Items, compared to 69.2% and 69.0% for the same period of 2015. The increase in FFO payout ratio in 2016 was mainly due to weak operating conditions in resource based markets, the recent equity offering and asset sales completed in 2016.

## 2016 OPERATING RESULTS

The following section provides a comparison of the financial results for the three months and year ended December 31, 2016, with the same period of 2015. Operations include residential, commercial, executives and hotel business segments.

Management presents geographical segment reporting for Ontario, Western Canada, Atlantic Canada, Northern Canada, and Quebec. The Ontario and Quebec regions include only the operations of properties located in those respective provinces. The Western Canada segment includes the operations of properties located in Alberta, British Columbia, and Saskatchewan. The Northern Canada segment includes the operations of properties located in the Northwest Territories and Nunavut. The Atlantic Canada segment includes the operations of properties located in Newfoundland and Labrador, New Brunswick, and Nova Scotia.

### Rental revenue

(thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Multi-family residential	69,986	59,389	18%	286,498	172,361	66%
Execusuites and hotel	2,843	2,837	-	12,683	11,932	6%
Commercial	8,700	8,509	2%	33,274	33,285	-
<b>Total</b>	<b>81,529</b>	<b>70,735</b>	<b>15%</b>	<b>332,455</b>	<b>217,578</b>	<b>53%</b>

Rental revenue in the multi-family business segment increased by 18% and 66% for the three months and year ended December 31, 2016, respectively, compared to the same periods of 2015. The increase was due to the completion of the Transaction on October 30, 2015, and the contribution from developments and VCIs completed in 2016. Rental revenues in the executives and hotel, and commercial business segments for the three months and year ended December 31, 2016, were consistent with the same periods of 2015.

### Operating expenses

(thousands of dollars)	Three months ended December 31				Year ended December 31			
	2016	% of Total Operating Expense	2015	% of Total Operating Expense	2016	% of Total Operating Expense	2015	% of Total Operating Expense
Operating expenses								
Utilities	10,158	27%	8,466	27%	38,999	27%	23,312	26%
Property taxes	8,011	21%	6,356	20%	32,664	22%	15,976	18%
Salaries and benefits	5,121	14%	4,067	13%	20,980	14%	13,085	14%
Maintenance	4,273	11%	4,769	15%	12,958	9%	11,806	13%
Cleaning	1,706	5%	1,626	5%	6,091	4%	6,232	7%
Other expenses	8,257	22%	6,098	20%	35,234	24%	20,468	22%
<b>Total</b>	<b>37,526</b>	<b>100%</b>	<b>31,382</b>	<b>100%</b>	<b>146,926</b>	<b>100%</b>	<b>90,879</b>	<b>100%</b>



The increase in operating expenses for the three months and year ended December 31, 2016, compared to the same periods of 2015, is due to the completion of the Transaction on October 30, 2015. For the year ended December 31, 2016, property taxes as a percentage of total operating costs increased to 22%, from 18% for the same period of 2015. The increase was mainly due to property tax rates being higher in the Ontario portfolio acquired in the Transaction.

### 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.

### NOI by business segment

(thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Multi-family residential	37,844	33,263	14%	159,250	100,884	58%
Execusuites and hotel	1,128	1,236	(9%)	5,826	5,300	10%
Commercial	5,031	4,854	4%	20,453	20,515	-
<b>Total</b>	<b>44,003</b>	<b>39,353</b>	<b>12%</b>	<b>185,529</b>	<b>126,699</b>	<b>46%</b>

Multi-family NOI increased 14% and 58% for the three months and year ended December 31, 2016, respectively, primarily driven by the increased portfolio from the Transaction, compared to the same periods of 2015.

### NOI by region

(thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Ontario	12,068	7,844	54%	48,856	7,844	523%
Western Canada	10,708	11,104	(4%)	43,639	46,157	(5%)
Atlantic Canada	5,695	5,083	12%	23,592	16,070	47%
Northern Canada	13,247	13,872	(5%)	59,857	54,604	10%
Quebec	2,285	1,450	58%	9,585	2,024	374%
<b>Total</b>	<b>44,003</b>	<b>39,353</b>	<b>12%</b>	<b>185,529</b>	<b>126,699</b>	<b>46%</b>

The portfolios acquired in the Transaction contributed revenue, operating expense, and NOI of \$34.6 million, \$17.3 million, and \$17.3 million, respectively, for the fourth quarter of 2016. For the year ended December 31, 2016, the portfolios acquired in the Transaction contributed revenue, operating expense, and NOI of \$139.9 million, \$68.1 million, and \$71.8 million, respectively.

### Same door operating performance

Same door operating performance is calculated as the percentage change in NOI for the current quarter, compared to the same period of the prior year, for 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, 2015, are included in the calculation. Accordingly, no properties acquired as part of the Transaction have been included. Same door NOI for the three months ended December 31, 2016, decreased \$1.6 million or 5.7% compared to the same period of 2015, led by a 23.1% decrease in Alberta due to lower occupancy and rental rates resulting from current economic conditions in the region. Same door results for the second, third and fourth quarters of 2016 exclude Non-recurring Items.

### Same door NOI quarterly change by business segment

Business Segment	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015	Q1 2016	Q2 2016*	Q3 2016*	Q4 2016*	2016*
Multi-family	(1.1%)	(2.6%)	(5.0%)	(4.4%)	(3.3%)	(3.5%)	(12.4%)	(8.6%)	(6.2%)	(7.9%)
Execusuites and Hotel	(6.8%)	30.1%	1.5%	4.1%	6.5%	39.5%	(11.9%)	22.0%	(8.7%)	9.9%
Commercial	12.1%	14.1%	(8.9%)	0.8%	4.6%	2.3%	(3.9%)	0.2%	3.6%	(0.3%)
<b>Total</b>	0.9%	1.2%	(5.3%)	(3.1%)	(1.6%)	(0.8%)	(11.0%)	(5.4%)	(5.7%)	(5.9%)

\*Represents same door NOI excluding Non-recurring Items. Including Non-recurring Items, Q4 2016 multi-family and total same door NOI decreased 4.4% and 4.3%, respectively, compared to the same period of 2015; for the year ended December 31, 2016, multi-family and total same door NOI decreased 3.3% and 2.4%, respectively, compared to the same period of 2015.

The same door NOI for the multi-family business segment for the three months and year ended December 31, 2016, decreased by 6.2% and 7.9%, respectively, compared to the same periods of 2015. The decline in same door NOI in the multi-family business segment is due to weak economic conditions and resulting vacancy in resource based markets. Reduction to market rents and lease incentives were utilized in response to the declines in occupancy in these markets. The diversity in the portfolios acquired in the Transaction has partially reduced the impact of natural resource based markets on NOI.

The same door NOI for the execusuites and hotel business segment in the fourth quarter of 2016 decreased by 8.7% compared to the same period of 2015. The decline in same door NOI is mainly due to lower occupancy throughout the portfolio and higher operating expenses in the hotel property in Iqaluit, NU during the fourth quarter of 2016. The same door NOI for the year ended December 31, 2016 increased 9.9% compared to the same period of 2015. The increase in same door NOI is mainly due to higher average occupancy in 2016 than in 2015.

The same door NOI for the commercial business segment for the three months ended December 31, 2016, increased by 3.6%, compared to the same period of 2015. The same door NOI for the year ended December 31, 2016, decreased by 0.3%, compared to the same period of 2015. Same door NOI for the commercial business segment in the current year is consistent with prior year.

### VCIs

In addition to broadening portfolio diversification, a key driver of the Transaction completed in 2015 was Northview's enhanced ability to organically grow FFO. Management has identified several areas that will drive FFO growth over the next three to five years:

- (i) **Execute high-end renovation program:** Management identified properties suitable for significant renovations to increase rental rates. These renovations involve extensive upgrades to many of the properties' common areas and high-end suite improvements, including enhanced landscaping and complete bathroom and kitchen renovations. The target for post renovation increase in rents is approximately \$200 to \$300 per month and provides a return of 15% to 20% on the additional capital invested.
- (ii) **Address below market rents:** At the time of the Transaction, monthly average market rents in the portfolios acquired were on average \$32 below market rents. Management is in the process of converting these rents to market levels on turnover, with the completion of standard renovations.
- (iii) **Sub-metering program:** The sub-metering program in Ontario provides individual electricity 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 results in estimated average monthly savings of \$40 per suite. Northview does not incur any cost related to the sub-metering program as the installation cost of sub-metering is incurred by the third-party energy providers and it is not reimbursed by Northview.
- (iv) **Above guideline increases:** The significant capital that was previously 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.
- (v) **Property management internalization:** Northview has a history of successfully managing its own properties directly. Management is currently assessing the options for internalizing the remaining externally managed properties that were acquired in the Transaction. These properties are located in Nova Scotia, New Brunswick, Quebec, and Ontario and management expects that some of the remaining properties to be internalized by the fourth quarter of 2017.

The progress made on the VCIs in 2016 was on target with management's expectations. The following summarizes the progress made in 2016.

VCIs (thousands of dollars, except unit amounts)	Initial Five-Year Target		2016 Progress		Comments
	Units	Annualized NOI Increase	Units Completed	Annualized NOI Increase	
High-end renovation program	1,754	5,800	268	614	The program is achieving an rate of return of approximately 15%, with average monthly rent increase of approximately \$200.
Below market rents	n/a	5,200	n/a	1,644	Excluding the other VCIs and guideline increases, management has achieved an \$11 increase in average monthly rents, or \$22 increase in average monthly rent including guideline increases.
Sub-metering program	5,221	2,500	333	181	As of December 31, 2016, 3,471 units have installed sub-metering and 1,497 units have enrolled.
Above guideline increases	n/a	800	n/a	312	In 2016, the increase of average monthly rent of the 2,851 units is approximately 4%, including the guideline increase of 2% in Ontario.
<b>Total</b>		<b>14,300</b>		<b>2,751</b>	
Assumed capitalization rate		5.5%		5.5%	
Estimated value creation		<b>260,000</b>		<b>50,000</b>	

Northview internalized the management of approximately 7,600 units in Ontario with annualized NOI increase of \$2.1 million in 2016. The internalization of the remaining 5,086 units in Nova Scotia, New Brunswick, Quebec, and Ontario is being evaluated for completion in the fourth quarter of 2017.

## Multi-family operations

### Occupancy by region

	Q4 2015	2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
Ontario	96.2%	96.2%	95.9%	95.9%	96.2%	96.1%	96.0%
Western Canada	84.3%	84.8%	81.9%	81.3%*	82.1%	81.3%	81.6%
Atlantic Canada	93.1%	93.1%	92.9%	93.5%	93.0%	92.0%	92.8%
Northern Canada	96.5%	95.8%	94.6%	95.3%	94.9%	93.9%	94.7%
Quebec	90.6%	92.5%	90.7%	91.4%	91.4%	92.5%	91.4%
<b>Overall</b>	<b>91.5%</b>	<b>90.3%</b>	<b>90.7%</b>	<b>90.8%</b>	<b>91.1%</b>	<b>90.4%</b>	<b>90.7%</b>

\*Western Canada occupancy for Q2 2016 has been adjusted to exclude the impact of the mandatory evacuation of Fort McMurray, AB, due to the wildfires.

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

### Ontario operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Southwestern	-	-	-	95.1%	94.8%	94.5%	95.5%	95.6%	4,313
Eastern	-	-	-	97.6%	96.8%	97.1%	96.3%	96.4%	1,685
Toronto and Area	-	-	-	97.3%	97.5%	97.7%	97.6%	96.8%	1,756
<b>Ontario</b>	-	-	-	96.2%	95.9%	95.9%	96.2%	96.1%	
<b>Total number of units</b>	-	-	-	8,235	8,235	8,235	7,786	7,754	7,754

Occupancy for the Ontario region was 96.1% for the three months ended December 31, 2016, compared with 96.2% in Q3, 2016 and in the same period of 2015. The Ontario portfolio continues to deliver high occupancy and average monthly rent increases. Occupancy is temporarily impacted by the high-end renovation program, which requires units to be vacant for 30 days to complete the upgrades. During the three months ended December 31, 2016, 59 high-end renovation units were completed.

Residential Operating Results (thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Revenue	23,369	16,089	45%	95,076	16,089	491%
Operating expenses	(11,301)	(8,245)	37%	(46,220)	(8,245)	461%
Net operating income	12,068	7,844	54%	48,856	7,844	523%
Net operating income margin	51.6%	48.8%	6%	51.4%	48.8%	5%

Revenues for the three months and year ended December 31, 2016, were \$23.4 million and \$95.1 million, respectively, compared to \$16.1 million for the same periods of 2015. Operating expenses for the three months and year ended December 31, 2016, were \$11.3 million and \$46.2 million, respectively, compared to \$8.2 million for the same periods of 2015.

NOI for the three months and year ended December 31, 2016, were \$12.1 million and \$48.9 million, respectively, compared to \$7.8 million for the same periods of 2015. The increase in revenues, operating expenses and NOI for the three months and year ended December 31, 2016, compared to the same periods of 2015, was due to only two months of operations for the Ontario region included in the three months and year ended December 31, 2015.

NOI margins for the three months and the year ended December 31, 2016, were 51.6% and 51.4%, respectively, compared to 48.8% for the same periods of 2015. The increase in NOI margin was largely attributable to the cost savings from internalization.

### Western Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Alberta	84.5%	85.2%	83.3%	81.8%	78.5%	77.5%	80.0%	77.8%	4,306
British Columbia	86.6%	82.3%	84.4%	87.0%	86.4%	85.5%	83.5%	86.2%	2,767
Saskatchewan	92.2%	92.4%	94.2%	94.5%	90.9%	95.1%	94.0%	90.6%	429
<b>Western Canada</b>	85.8%	84.7%	84.5%	84.3%	81.9%	81.3%	82.1%	81.3%	
<b>Total number of units</b>	6,089	6,207	6,317	7,101	7,241	7,241	7,241	7,502	7,502

Occupancy for the Western Canada region was 81.3% for the three months ended December 31, 2016, compared to 82.1% in Q3, 2016 and 84.3% in the same period of 2015. The decrease in occupancy is largely attributed to the lower demand for rental accommodation in Lloydminster, AB, a resource based market and Saskatchewan. Management expects the weakness in the Western Canada region to continue in light of the economic decline in Western Canada resource based markets, and is actively managing to maintain current occupancy levels through lease incentives and reduced market rents.

The occupancy in Fort McMurray, AB, has improved by 3.7% to 80.1% since the third quarter of 2016. Dawson Creek and Chetwynd, BC, have also seen improvements as a result of a recent increase in natural gas and mining operations in the region. The recently completed Airdrie, AB, development has continued to experience strong demand and reached stabilized occupancy. Occupancy in the Calgary, AB, development commenced in the fourth quarter of 2016, and leasing to date has been in line with expectation.

Residential Operating Results	Three months ended December 31			Year ended December 31			
	(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue		18,910	18,674	1%	76,585	75,683	1%
Operating expenses		(8,414)	(7,207)	17%	(33,828)	(30,916)	9%
Net operating income		10,496	11,467	(8%)	42,757	44,767	(4%)
Net operating income margin		55.5%	61.4%	(10%)	55.8%	59.2%	(6%)

Revenues for the three months and year ended December 31, 2016, were \$18.9 million and \$76.6 million, respectively, compared to \$18.7 million and \$75.7 million for the same periods of 2015. Excluding the impact of Non-recurring Items, revenue for the quarter was \$18.5 million, and \$74.7 million for the year ended December 31, 2016. When excluding Non-recurring Items, revenue for the fourth quarter of 2016 was consistent with revenue for the same period of 2015, and revenue for the year ended December 31, 2016 decreased \$1.0 million, compared to revenue for the same period of 2015. The decrease was mainly due to lower rental revenue levels in the resource based markets in Alberta and northern British Columbia. These decreases were partially offset by the southern Alberta portfolio that was acquired in the Transaction, along with the newly developed properties in Alberta.

Operating expenses for the three months and the year ended December 31, 2016, were \$8.4 million and \$33.8 million, respectively, compared to \$7.2 million and \$30.9 million for the same periods of 2015. Excluding the impact of Non-recurring Items, operating expenses for the quarter was \$8.4 million and \$32.2 million for the year ended December 31, 2016. While the total number of units in Western Canada in 2016 increased 6% from the fourth quarter of 2015, through the management of controllable costs, operating expenses for the year ended December 31, 2016 increased by only 4% compared to the same period of 2015 when excluding Non-recurring Items.

For the fourth quarter of 2016, revenues, operating expenses, and NOI for the portfolios acquired in the Transaction were \$1.8 million, \$1.1 million, and \$0.7 million, respectively. For the year ended December 31, 2016, revenues, operating expenses, and NOI for the portfolios acquired in the Transaction were \$7.4 million, \$4.0 million, and \$3.4 million, respectively.

Excluding Non-recurring Items, NOI for the three months and the year ended December 31, 2016, were \$10.1 million and \$42.5 million, respectively, compared to \$11.5 million and \$44.8 million for the same periods of 2015.

Excluding Non-recurring Items, NOI margin for the three months ended December 31, 2016, was 54.6%, compared to 61.4% in the same period of 2015, and NOI margin for the year ended December 31, 2016, was 56.8%, compared to 59.2% in the same period of 2015. The decrease in NOI and NOI margins is due to declining revenues in resource dependent markets in Alberta and northern British Columbia.

#### Atlantic Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of
									Units
Newfoundland and Labrador	94.4%	93.7%	91.3%	90.7%	89.9%	90.5%	89.3%	88.1%	1,728
Nova Scotia	-	-	-	97.1%	96.7%	96.5%	96.5%	94.9%	1,286
New Brunswick	-	-	-	95.0%	94.3%	95.5%	95.4%	95.9%	1,138
<b>Atlantic Canada</b>	94.4%	93.7%	91.3%	93.1%	92.9%	93.5%	93.0%	92.0%	
<b>Total number of units</b>	1,728	1,728	1,728	4,179	4,179	4,151	4,151	4,152	4,152

Occupancy for the Atlantic Canada region was 92.0% for the three months ended December 31, 2016, compared to 93.0% in Q3, 2016 and 93.1% in the same period of 2015. The rental market in St. John's, NL, has softened due to local economic weakness and new supply following the recent completion of approximately 500 purpose built student housing and multifamily units. Occupancy in St. John's, NL, was 91.5% for the three months ended December 31, 2016, compared to 94.3% in Q3, 2016. Management expects the weakness in the St. Johns, NL, market to continue in light of new supply and current market conditions, and is actively managing to maintain current occupancy levels, through lease incentives and an active lease renewal program. The higher occupancy in the Nova Scotia and New Brunswick portfolios acquired in the Transaction have increased the stability of the Atlantic Canada region.

Residential Operating Results	Three months ended December 31			Year ended December 31			
	(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue		8,932	7,512	19%	36,055	20,095	79%
Operating expenses		(4,440)	(3,684)	21%	(17,666)	(9,093)	94%
Net operating income		4,492	3,828	17%	18,389	11,002	67%
Net operating income margin		50.3%	51.0%	(1%)	51.0%	54.7%	(7%)

Revenues for the three months and year ended December 31, 2016, were \$9.0 million and \$36.1 million, respectively, compared to \$7.5 million and \$20.1 million for the same periods of 2015. The increase in revenue for the three months and year ended December 31, 2016, is due to the portfolios acquired in the Transaction, which contributed \$5.0 million and \$19.9 million in each period, respectively. The additional revenue from the portfolios acquired in the Transaction was partially offset by a decrease in rental revenue in Newfoundland and Labrador.

Operating expenses for the three months and year ended December 31, 2016, were \$4.5 million and \$17.7 million, respectively, compared to \$3.7 million and \$9.1 million during the same periods of 2015. The increase is due to the portfolios acquired in the Transaction, where expenses were \$2.7 million and \$10.4 million in each period, respectively.

NOI for the three months and year ended December 31, 2016, were \$4.5 million and \$18.4 million, respectively, compared to \$3.8 million and \$11.0 million during the same periods of 2015. The increase in the three months and year ended December 31, 2016, is due to the portfolios acquired in the Transaction, which contributed \$2.3 million and \$9.5 million in each period, respectively.

The NOI margin for the three months ended December 31, 2016, was 50.3%, compared to 51.0% in the same period of 2015. NOI margin for the year ended December 31, 2016, was 51.0%, compared to 54.7% in the same period of 2015. The decrease in NOI margins is due to the Nova Scotia and New Brunswick portfolios acquired in the Transaction operating at lower margins than Newfoundland and Labrador.

#### Northern Canada operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of
									Units
Northwest Territories	88.8%	93.8%	96.2%	94.9%	91.7%	93.6%	92.6%	91.2%	1,309
Nunavut	96.4%	97.9%	98.3%	97.7%	96.8%	96.6%	96.6%	95.9%	1,092
<b>Northern Canada</b>	<b>93.1%</b>	<b>96.1%</b>	<b>97.4%</b>	<b>96.5%</b>	<b>94.6%</b>	<b>95.3%</b>	<b>94.9%</b>	<b>93.9%</b>	
<b>Total number of units</b>	<b>2,425</b>	<b>2,425</b>	<b>2,423</b>	<b>2,402</b>	<b>2,402</b>	<b>2,402</b>	<b>2,402</b>	<b>2,401</b>	<b>2,401</b>

Occupancy for the Northern Canada region was 93.9% for the three months ended December 31, 2016, compared to 94.9% in Q3, 2016 and 96.5% in the same period of 2015. The decrease in occupancy for the three months ended December 31, 2016, was mainly due to the occupancy decrease in Yellowknife, NT, and Inuvik, NT. The Yellowknife, NT, market has been negatively affected by a reduction in corporate and construction leases. Further, in Inuvik, NT, leasing has slowed due to local infrastructure projects being completed, which has negatively affected the market. Nunavut continues to be a strong performing market with high market rents and occupancy of 95.9% in Q4, 2016.

Residential Operating Results	Three months ended December 31			Year ended December 31			
	(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue		14,057	13,961	1%	60,089	56,401	7%
Operating expenses		(5,554)	(4,656)	19%	(20,426)	(21,071)	(3%)
Net operating income		8,503	9,305	(9%)	39,663	35,330	12%
Net operating margin		60.5%	66.6%	(9%)	66.0%	62.6%	5%

Revenues for the three months ended December 31, 2016, were \$14.0 million, consistent with the same period of 2015. Revenues were \$60.1 million for the year ended December 31, 2016, compared to \$56.4 million for the same period of 2015. When excluding the impact of \$3.6 million of Non-recurring Items of insurance proceeds received in the first quarter of 2016, which related to a Yellowknife, NT, property destroyed by a fire in the second quarter of 2015, revenues for the year ended December 31, 2016, were \$56.5 million, consistent with the same period of 2015.





Operating expenses for the three months ended December 31, 2016, were \$5.6 million, compared to \$4.7 million for the same period of 2015. The increase in the three months ended December 31, 2016, was mainly due to higher utility usage as a result of colder weather conditions, compared to the same period of 2015. Operating expenses were \$20.4 million for the year ended December 31, 2016, compared to \$21.1 million in same period of 2015. The decrease in operating expenses for the year ended December 31, 2016, compared to the same period of 2015 is due to utility savings from lower average rates and usage on an annual basis.

NOI for the three months ended December 31, 2016, was \$8.5 million, compared to \$9.3 million for the same period of 2015. The decrease in the three months ended December 31, 2016, was mainly due to higher utility expenses as a result of colder weather conditions, compared to the same period of 2015. NOI was \$39.7 million for the year ended December 31, 2016, compared to \$35.3 million for the same period of 2015. The increase in NOI for the year ended December 31, 2016, compared to the same period of 2015 is due to a combination of insurance proceeds and utility cost savings.

NOI margin for the three months ended December 31, 2016, was 60.5%, compared to 66.6% for the same period of 2015. The decrease in NOI margins for the three months ended December 31, 2016, was mainly due to higher utility expenses as a result of colder weather conditions, compared to the same period of 2015. NOI margin for the year ended December 31, 2016, when excluding insurance proceeds of \$3.6 million, was 63.8% compared to 62.6% for the year ended December 31, 2015. The increase in NOI margin is due to cost savings and maintaining revenue levels.

### Quebec operations

Residential Occupancy	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Number of Units
Montreal	-	-	-	89.7%	90.2%	91.0%	90.9%	92.1%	2,124
Sept-Iles	99.6%	99.0%	99.3%	99.4%	97.8%	98.1%	98.4%	97.6%	161
Québec	99.6%	99.0%	99.3%	90.6%	90.7%	91.4%	91.4%	92.5%	
<b>Total number of units</b>	161	161	161	2,285	2,285	2,285	2,285	2,285	2,285

Occupancy for the Quebec region was 92.5% for the three months ended December 31, 2016, compared to 91.4% in Q3, 2016 and 90.6% in the same period of 2015. Occupancy in the Montreal, QC, portfolio increased to 92.1% in Q4, 2016, from 90.9% in Q3, 2016 and 89.7% in the same period of 2015. The improvement in Montreal, QC, occupancy is a result of improved occupancy at a large complex in St. Laurent. Vacancy at this property improved by 400 basis points in Q4, 2016 compared to Q4, 2015. Sept-Iles, QC, continues to be a strong performing market for Northview with occupancy of 97.6% in Q4, 2016.

Residential Operating Results	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
(thousands of dollars)						
Revenue	4,718	3,176	49%	18,694	4,175	348%
Operating expenses	(2,433)	(1,726)	41%	(9,109)	(2,151)	323%
Net operating income	2,285	1,450	58%	9,585	2,024	374%
Net operating income margin	48.4%	45.7%	6%	51.3%	48.5%	6%

Revenues for the three months and year ended December 31, 2016, were \$4.7 million and \$18.7 million, respectively, compared to \$3.2 million and \$4.2 million in the same periods of 2015. The increase was due to the portfolio acquired in the Transaction, which contributed \$4.4 million and \$17.4 million in the three months and year ended December 31, 2016, respectively.

Operating expenses in the three months and year ended December 31, 2016, were \$2.4 million and \$9.1 million, respectively, compared to \$1.7 million and \$2.2 million in the same periods of 2015. The increase was due to the portfolio acquired in the Transaction, which incurred \$2.2 million and \$8.2 million in the three months and year ended December 31, 2016, respectively. Expenses are consistent with management's expectations for the year.

NOI for the three months and year ended December 31, 2016, were \$2.3 million and \$9.6 million, respectively, compared to \$1.5 million and \$2.0 million during the same periods of 2015. The increase was due to the portfolios acquired in the Transaction, which contributed \$2.2 million and \$9.2 million in each period, respectively.

The NOI margin for the three months and year ended December 31, 2016, were 48.4% and 51.3%, respectively, compared to 45.7% and 48.5% in the same periods of 2015. The increase in NOI margin in the current year is due to cost savings and higher revenue, as a result of improved occupancy in the region.

## Commercial operations

Commercial Operating Results	Three months ended December 31			Year ended December 31			
	(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue		8,700	8,509	2%	33,274	33,285	-
Operating expenses		(3,669)	(3,655)	-	(12,821)	(12,770)	-
<b>Net operating income</b>		<b>5,031</b>	<b>4,854</b>	<b>4%</b>	<b>20,453</b>	<b>20,515</b>	<b>-</b>

Northview's commercial properties are located primarily in regions where Northview also has 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. NOI for the three months and year ended December 31, 2016, were \$5.0 million and \$20.5 million, respectively, compared to \$4.9 million and \$20.5 million during the same periods of 2015. NOI in the current year is consistent with prior year.

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

Region	Commercial sq. ft.		\$ Average Rent/sq. ft.			
			Three months ended December 31		Year ended December 31	
	2016	2015	2016	2015	2016	2015
Atlantic Canada	225,000	225,000	18.87	17.86	18.84	17.86
Northern Canada	771,000	779,000	23.96	24.56	23.98	24.56
Quebec	3,000	3,000	21.95	21.89	21.95	21.89
Western Canada	136,000	136,000	12.20	14.88	13.22	14.88
<b>Total / Average</b>	<b>1,135,000</b>	<b>1,143,000</b>	<b>22.97</b>	<b>21.94</b>	<b>21.69</b>	<b>21.94</b>

Commercial occupancy was 95.5% for the year ended December 31, 2016, compared to 96.7% for the same period of 2015. There was approximately 169,000 square feet of commercial space with leases renewing in 2016, of which approximately 120,000 square feet has been renewed as of December 31, 2016. The increase in vacancy was mainly due to a lease expiring on a warehouse in Ft. Nelson, BC during the fourth quarter of 2016.

For the three months and year ended December 31, 2016, the average rents per square foot were \$22.97 and \$21.69, respectively, compared to \$21.94 for the same periods of 2015. The increase in the average rent per square foot in the Atlantic Canada and Quebec regions was due to lease renewals and new leases. The decrease in the average rent per square foot in the Northern Canada and Western Canada regions was due to the sale of a property in Inuvik, NT in 2016, and the sale of a warehouse in Redcliff, AB in 2015, respectively.

Northview has 96,000 commercial square feet maturing in 2017.

## Execusuites and hotel operations

Execusuites Operating Results	Three months ended December 31			Year ended December 31			
	(thousands of dollars)	2016	2015	Change	2016	2015	Change
Revenue		2,843	2,837	-	12,683	11,932	6%
Operating expenses		(1,715)	(1,601)	7%	(6,857)	(6,632)	3%
<b>Net operating income</b>		<b>1,128</b>	<b>1,236</b>	<b>(9%)</b>	<b>5,826</b>	<b>5,300</b>	<b>10%</b>

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 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 three months ended December 31, 2016, the execusuites and hotel operated at an average occupancy of 52.0%, compared to 52.2% for the same period of 2015. For the year ended December 31, 2016, the execusuites and hotel operated at an occupancy of 57.3%, compared to 52.2% for the same period of 2015.

NOI for the three months and year ended December 31, 2016, were \$1.1 million and \$5.8 million, respectively, compared to \$1.2 million and \$5.3 million during the same periods of 2015. The decline in NOI during the fourth quarter of 2016 is mainly due to lower occupancy throughout the portfolio and higher operating expenses in the hotel property in Iqaluit, NU. The increase in NOI for the year ended December 31, 2016 is mainly due to higher revenue from renovated suites returning to inventory at the execsuite property in St. John's, NL, and higher occupancy in the properties in Yellowknife, NT, and Iqaluit, NU.

#### Other expenses (income)

(thousands of dollars)	Three months ended December 31			Year ended December 31		
	2016	2015	Change	2016	2015	Change
Financing costs	16,961	14,501	17%	68,552	37,957	81%
Administration	2,533	2,899	(13%)	9,830	8,999	9%
Depreciation and amortization	1,180	1,408	(16%)	4,967	5,030	(1%)
Loss on sale of property, plant and equipment	164	307	(47%)	722	762	(5%)
Equity income from joint ventures	(216)	(206)	5%	(864)	(1,070)	(19%)
Bargain purchase gain	-	(50,893)	n/a	-	(50,893)	n/a
Business combination transaction costs	43	35,277	(100%)	14,579	38,959	(63%)
Unrealized fair value changes	(20,630)	14,907	(238%)	10,268	55,103	(81%)
<b>Total</b>	<b>35</b>	<b>18,200</b>	<b>(100%)</b>	<b>108,054</b>	<b>94,847</b>	<b>14%</b>

#### Financing costs

Financing costs consist of mortgage interest, deferred financing costs, interest expense on credit facilities, interest expense on Class B LP Units, and other interest expense. Financing costs were \$17.0 million and \$68.6 million for the three months and year ended December 31, 2016, respectively, an increase of 17% and 81% from the same periods of 2015. The increase was a result of the \$350 million Bridge Facility used to fund part of the Transaction and additional mortgages assumed. Higher debt balances were partially offset by the decrease in the weighted average interest rate to 3.23% at December 31, 2016, from 3.33% at December 31, 2015.

#### Administration

Administration expense for the three months ended December 31, 2016 was \$2.5 million, a decrease of 13% compared to the same period of 2015. Administration expense for the year ended December 31, 2016 was \$9.8 million, an increase of 9% compared to the same period of 2015. The increase was mainly due to additional staff and related costs retained as part of the Transaction, an increase in professional fees and bank charges, which were partially offset by lower variable incentive compensation costs.

#### Business combination transaction costs

The costs recorded for business combinations for the three months and year ended December 31, 2016, were costs incurred in the current year related to the completion of the Transaction on October 30, 2015.

#### Unrealized fair value changes

(thousands of dollars)	Three months ended December 31			Twelve months ended December 31		
	2016	2015	Change	2016	2015	Change
Expense (income)						
Unrealized fair value change to investment properties	(21,860)	1,183	n/a	(47,779)	8,391	(669%)
Sustaining CAPEX	12,999	21,462	(39%)	44,551	54,910	(19%)
Interest rate swap	(904)	234	(486%)	(16)	234	(107%)
2019 Debentures	(253)	(460)	(45%)	575	(460)	(225%)
Unit based payments	(87)	(166)	(48%)	302	(351)	(186%)
Class B LP Units	(10,525)	(7,346)	43%	12,635	(7,621)	(266%)
<b>Net unrealized fair value decrease (increase)</b>	<b>(20,630)</b>	<b>14,907</b>	<b>(238%)</b>	<b>10,268</b>	<b>55,103</b>	<b>(81%)</b>



Management monitors certain trigger events that could indicate a change in an investment property's fair market value, such as a change in market conditions, added competition through new supply, sustained changes in market occupancy or rental rates, recent transactions, independent appraisals, or a long-term change in a property's NOI.

During 2016, Northview achieved a fair value increase on investment properties of \$54 million including \$46 million in Ontario and \$9 million for the newly developed properties in Alberta. Of the total \$54 million fair value increase achieved in 2016, the unrealized fair value increase was \$48 million. In addition, there was a fair value increase in Atlantic Canada, Northern Canada, and Quebec of \$34 million, offset by a fair value decrease in resource based markets of \$35 million. These fair value increases reflect the positive operating conditions in Ontario and Northview's ability to add value through its development projects.

The decrease in sustaining CAPEX for the three months and year ended December 31, 2016, when compared to the same periods of 2015, is mainly due to the completion of the "Street to Suite" capital program in 2015.

Class B LP Units are marked to market each reporting period, which is equal to the trading price of Northview Trust Units, with the change in value being recorded to unrealized fair value gain or loss.

### Capital improvements and sustaining CAPEX

	Three months ended December 31		Year ended December 31	
(thousands of dollars, except per unit amounts)	2016	2015	2016	2015
Capital improvements	506	330	5,700	3,783
Sustaining CAPEX	12,999	21,462	44,551	54,910
Total	13,505	21,792	50,251	58,693
Number of multi-family units	24,094	24,202	24,094	24,202
Sustaining CAPEX per multi-family unit	540	887	1,849	2,269

Capital improvements are expenditures associated with extending the economic life or improving the operating efficiency of the properties, other than ordinary repairs and maintenance. The high-end renovation program currently underway in the portfolios acquired in the Transaction is considered to be capital improvements, as the units are being upgraded with amenities exceeding their original condition and the program enhanced the earnings of the units.

Sustaining CAPEX represents ongoing expenditures required to maintain the operating efficiency of Northview's portfolio. These include expenditures to maintain common areas, HVAC systems, building envelopes, investments in boilers, expenditures to reduce energy consumption, and to refurbish units on resident turnover. Northview's focus on maintaining the quality of its multi-family buildings through its "Street to Suite" program was completed in 2015. Of the total \$54.9 million Sustaining CAPEX for the year ended December 31, 2015, \$23.8 million was related to the "Street to Suite" program. Sustaining CAPEX per unit for the three months and year ended December 31, 2016, decreased compared to the same periods of 2015. The decrease is mainly due to the completion of "Street to Suite" program in 2015. Sustaining CAPEX incurred in Ontario tends to be more expensive on a per unit basis due to the higher cost of materials 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 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 Income Tax Act (Canada) ("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, 2016, the REIT met all the requirements related to the qualification of the REIT as a Tax REIT.

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

## SUMMARY OF QUARTERLY RESULTS

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

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	81,529	83,507	81,112	86,307	70,735	48,621	49,401	48,821
NOI	44,003	50,213	44,330	46,979	39,353	30,965	30,041	26,340
Distributions to Trust Unit holders	23,188	21,267	21,275	21,276	18,493	12,940	12,940	12,940
Distributions per Trust Unit	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
FFO – basic <sup>(i)</sup>	27,058	33,896	26,987	30,007	24,371	21,561	20,327	16,574
FFO per Trust Unit – basic	\$0.50	\$0.65	\$0.52	\$0.57	\$0.54	\$0.68	\$0.64	\$0.52
FFO payout ratio – basic	83.9%	62.7%	78.8%	70.9%	75.9%	60.0%	63.7%	78.1%
FFO – diluted <sup>(i)</sup>	27,371	34,229	27,335	30,337	24,592	21,561	20,327	16,574
FFO per Trust Unit – diluted	\$0.49	\$0.64	\$0.51	\$0.57	\$0.53	\$0.68	\$0.64	\$0.52
FFO payout ratio – diluted	84.7%	63.5%	79.6%	71.7%	75.2%	60.0%	63.7%	78.1%

(i) Q1 2016, Q2 2016, Q3 2016 and Q4 2016 include Non-recurring Items.

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

NOI, basic FFO and diluted FFO for the three months ended December 31, 2016, were \$44.0 million, \$27.1 million and \$27.4 million, increased by 12%, 11% and 11%, respectively, compared to the same periods of 2015. The increases were primarily due to the growth in Northview's portfolio from the Transaction.

On a per unit basis, basic FFO and diluted FFO for three months ended December 31, 2016, were \$0.50 and \$0.49, respectively, compared to \$0.54 and \$0.53 for the same periods of 2015. The decrease in FFO on a per unit basis in the quarter was driven primarily by lower operating performance in natural resource based markets, dilution from the equity offering completed in October 2016 and higher interest expense from additional mortgages.

## LIQUIDITY AND CAPITAL RESOURCES

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

At December 31, 2016, Northview had a working capital deficiency of \$253 million. In the normal course of operations, a certain portion of Northview's borrowings under mortgages and credit facilities will be considered a current liability prior to being replaced with longer-term financing. Of the total deficiency of \$253 million, \$161 million related to the current portion of mortgages payable, of which \$126 million is expected to be refinanced with long-term mortgages and \$35 million is funded from cash flow from operations; \$50 million was the borrowing amount from construction financing, which is expected to be replaced by long-term mortgages upon the completion of the construction projects; \$18 million was the borrowing amount from an operating facility, which is expected to be replaced by a new operating facility upon maturity. The balance of the working capital deficiency is \$24 million, which will be funded by cash flow from operations in 2017.

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. Mortgage maturities normally enable replacement financing with excess capital available for other purposes. Changes in property NOI impact the borrowing base calculation. Adverse economic conditions may result in a decrease to the borrowing base which would reduce the amount of liquidity available to Northview. Cash flow projections are completed on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, investment activities and distributions to Trust Unitholders.



Northview's long-term target for FFO payout ratio is 70%, which allows the ability to maintain distributions long term. Northview's current FFO payout ratio is temporarily higher than target due to weak operating conditions in resource based markets, the recent equity offering and asset sales completed in 2016. The long-term target for debt to gross book value is between 50% to 55%. With significant progress on leverage reduction achieved in 2016 through the successful equity offering and asset sales, management will focus on organic growth, capital recycling and external growth opportunities through developments and limited acquisitions.

The total net proceeds of the equity offering completed on October 31, 2016 was approximately \$71.1 million. Northview stated to use the net proceeds of the equity offering prior to the over-allotment option for the following purpose: (i) \$54 million for leverage reduction, including the repayment of Credit Facilities, (ii) \$5 million for VCIs, (iii) \$3 million for ongoing development and acquisition opportunities, and (iv) if any, the remainder for working capital requirements.

Northview used the net proceeds of the equity offering to repay credit facilities in 2016. In 2017, Northview will use a portion of the net proceeds for VCIs and development opportunities.

### Contractual obligations

Contractual obligations at December 31, 2016:

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,661,532	1,918,758	213,537	1,084,217	621,004
Credit facilities	133,842	133,842	68,013	65,829	-
Trade and other payables	68,106	68,106	68,106	-	-
Distributions and Class B LP interest payable	7,571	7,571	7,571	-	-
Liabilities related to asset held for sale	18,008	18,008	18,008	-	-
Convertible debentures	23,460	23,460	-	23,460	-
Derivative instruments	1,499	1,499	1,499	-	-
Unit based payments	1,733	1,733	-	1,733	-

Contractual obligations at December 31, 2015:

(thousands of dollars)	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,359,889	1,558,717	202,098	826,730	529,889
Credit facilities	483,743	483,743	483,743	-	-
Trade and other payables	70,467	70,467	70,467	-	-
Distributions and Class B LP interest payable	7,089	7,089	7,089	-	-
Convertible debentures	22,885	22,885	-	22,885	-
Derivative instruments	1,515	1,515	-	1,515	-
Unit based payments	788	788	-	788	-

### Mortgages

During the three months ended December 31, 2016, Northview completed \$32.0 million in mortgage refinancing with a weighted average interest rate of 2.50% and an average term to maturity of 6.1 years. For the year ended December 31, 2016, Northview completed \$501.5 million in mortgage refinancing with a weighted average interest rate of 2.97% and an average term to maturity of 7.2 years. The proceeds from the mortgage financings were used to repay existing mortgages, construction financing, operating facilities, and to fund development and capital improvement activity.

Northview 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, 2016, decreased to 3.23%, compared to 3.33% at December 31, 2015. At December 31, 2016, the weighted average term to maturity was 5.0 years, compared to 5.0 years at December 31, 2015.

Northview utilizes Canada Mortgage and Housing Corporation ("CMHC") insured mortgage lender financing 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, 2016, for the next ten years and thereafter.

(thousands of dollars)	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2017	47,411	126,020	173,431	10.2%	3.85%
2018	45,706	162,811	208,517	12.3%	3.94%
2019	41,337	175,864	217,201	12.8%	3.29%
2020	36,353	174,622	210,975	12.5%	2.73%
2021	27,632	281,179	308,811	18.3%	3.48%
2022	22,332	52,122	74,454	4.4 %	2.98%
2023	20,261	93,591	113,852	6.7%	3.11%
2024	16,780	67,241	84,021	5.0%	3.18%
2025	11,461	153,415	164,876	9.8%	3.04%
2026	3,783	129,907	133,690	7.9%	2.46%
Thereafter	2,427	-	2,427	0.1%	3.20%
	<b>275,483</b>	<b>1,416,772</b>	<b>1,692,255</b>	<b>100.0%</b>	<b>3.23%</b>

#### Credit facilities

Borrowings under credit facilities	December 31, 2016	December 31, 2015
Operating facilities <sup>(i)</sup>	73,200	88,450
Construction financing <sup>(ii)</sup>	50,013	39,289
Land financing <sup>(iii)</sup>	10,629	6,004
Bridge facility <sup>(iv)</sup>	-	350,000
<b>Total</b>	<b>133,842</b>	<b>483,743</b>
Current	68,013	483,743
Non-current	65,829	-
<b>Total</b>	<b>133,842</b>	<b>483,743</b>

- (i) Effective September 30, 2016, Northview consolidated the \$75.0 million and \$45.0 million operating facilities into a new \$150.0 million facility. At December 31, 2016, Northview had three operating facilities with credit limits of \$150.0 million, \$23.0 million, and \$30.0 million, respectively, a total of \$203.0 million (December 31, 2015 – \$135.0 million) for acquisition, development, and operating purposes.

The \$150.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 12, 2018. As of December 31, 2016, the maximum borrowing capacity was \$108.4 million based on the investment properties pledged. At December 31, 2016, \$55.2 million had been drawn. Specific investment properties with a fair value of \$281.5 million have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants. Northview also has \$4.1 million (December 31, 2015 – \$5.5 million) in Letters of Credit ("LOC") outstanding as security for construction projects and mortgage holdbacks which reduces the amount available.

The \$23.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of July 22, 2017. As of December 31, 2016, the maximum borrowing capacity was \$23.0 million (December 31, 2015 – \$15.0 million) based on the investment properties pledged. At December 31, 2016, \$18.0 million had been drawn (December 31, 2015 – \$7.0 million). Specific investment properties with a fair value of \$38.3 million (December 31, 2015 – \$34.5 million) have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants.

The \$30.0 million facility bears interest at prime plus 1.15% or Bankers' Acceptance plus 2.40% with a maturity date of May 31, 2017. As of December 31, 2016, the maximum borrowing capacity was \$21.7 million (December 31, 2015 – \$nil) based on the investment properties pledged. At December 31, 2016, \$nil million had been drawn (December 31, 2015 – \$nil). Specific investment properties with a fair value of \$42.7 million (December 31, 2015 – \$nil) have been pledged as collateral security for the operating facility. As of December 31, 2016, Northview was in compliance with all financial covenants.

- (ii) At December 31, 2016, Northview had three construction financing loans outstanding relating to the developments in Calgary, AB; Cambridge Bay, NU; and Bonnyville, AB. Interest rates range from prime plus 0.50% to 1.00% or Banker's Acceptance plus 2.00% to 2.20%. Maturity dates range from May 31, 2017, to December 31, 2017.
- (iii) The land financing relates to land held for development and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00% with a maturity date of December 31, 2018. Financing is secured by five parcels of land held for development.
- (iv) Northview entered into two bridge facilities for a total of \$350.0 million to fund the Transaction on October 30, 2015. The first bridge facility was 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 was 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 2.50% for the amount of \$25.0 million with a maturity date of April 30, 2016. During the first quarter of 2016, the two bridge facilities were repaid in full.

### Capital management

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 guidelines which are set out in the DOT. 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%. Debt to gross book value as at December 31, 2016 was 57.5% compared to 59.2% as at December 31, 2015.

Interest coverage for December 31, 2016, was 2.98 compared to 3.31 for the year ended December 31, 2015. Debt service coverage for December 31, 2016, was 1.70 compared to 1.86 for the year ended December 31, 2015. Interest coverage and debt service coverage ratios are calculated based on the most recently completed four fiscal quarters. Both ratios declined as a result of a reduction in NOI in resource based markets.

Northview's credit facilities contain certain financial covenants. The principal financial covenants are debt to gross book value, debt service coverage, and interest coverage. The debt to gross book value ratio covenant maximum threshold is 70%. The interest coverage ratio and debt service coverage ratio covenant minimum thresholds are at least 1.90 and 1.50, respectively. As at December 31, 2016, Northview is in compliance with all financial covenants.

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

#### Debt to gross book value

(thousands of dollars)	December 31, 2016	December 31, 2015
Cash	(4,148)	(4,487)
Credit facilities	133,842	483,743
Mortgages payable	1,692,255	1,357,215
<b>Debt</b>	<b>1,821,949</b>	<b>1,836,471</b>
Investment properties	3,059,825	3,025,468
Property, plant and equipment	40,282	55,510
Properties held for sale	39,873	-
Accumulated depreciation	22,493	22,156
Accumulated depreciation on properties held for sale	4,074	-
<b>Gross book value</b>	<b>3,166,547</b>	<b>3,103,134</b>
<b>Debt to gross book value</b>	<b>57.5%</b>	<b>59.2%</b>





#### Interest and debt service coverage

(thousands of dollars)	Year ended December 31, 2016	Year ended December 31, 2015
Income before income taxes	77,475	31,852
Depreciation and amortization	4,967	5,030
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
Interest expense to Class B LP Unitholders	9,822	2,213
Bargain purchase gain	-	(50,893)
Business combination transaction costs	14,579	38,959
Unrealized fair value changes	10,268	55,103
<b>Adjusted earnings</b>	<b>176,158</b>	<b>117,829</b>
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
<b>Total interest expense excluding interest expense to Class B LP Unitholders</b>	<b>59,047</b>	<b>35,565</b>
Principal repayments	44,590	27,757
<b>Debt service payments</b>	<b>103,637</b>	<b>63,322</b>
<b>Interest coverage</b>	<b>2.98</b>	<b>3.31</b>
<b>Debt service coverage</b>	<b>1.70</b>	<b>1.86</b>

#### EQUITY

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

(number of units)	December 31, 2016	December 31, 2015
Issued and outstanding		
Trust Units	49,942,379	44,410,640
Class B LP Units	5,814,664	7,809,539
	<b>55,757,043</b>	<b>52,220,179</b>
Trust Units potentially issuable		
LTIP units	2,370	2,980
LTI units	146,179	72,910
Deferred units	31,843	10,026
2019 Debentures	966,386	966,386
Total Trust Units potentially issuable	<b>1,146,778</b>	<b>1,052,302</b>
<b>Total outstanding and potentially issuable Trust Units</b>	<b>56,903,821</b>	<b>53,272,481</b>

During the year ended December 31, 2016, 1,994,875 Class B LP Units and special voting units of Northview ("Special Voting Units") (December 31, 2015 – nil), subject to conversion in accordance with their terms, were exchanged for Trust Units, with a fair value of \$33.1 million, of which 1,910,853 Class B LP Units and Special Voting Units, subject to conversion in accordance with their terms, were exchanged for Trust Units, with a fair value of \$31.3 million by a Trustee, a related party. The exchange of Class B LP Units and Special Voting Units to Trust Units does not affect the Trustee's total ownership.



### Normal Course Issuer Bid ("NCIB")

On May 27, 2016, the TSX approved Northview's notice of intention to renew the NCIB for its Trust Units. Northview's NCIB will be made in accordance with the policies of the TSX. Northview may purchase Trust Units during the period from June 1, 2016 to May 31, 2017, or an earlier date should Northview complete its maximum purchases. Northview will pay 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 will be funded out of Northview's working capital. Northview is not obligated to make any purchases pursuant to the NCIB. Northview is authorized to purchase, in a 12 month period, up to 3,852,249 Trust Units, representing 10% of its public float as at May 26, 2016, through the facilities of the TSX and other Canadian trading platforms. On any trading day, Northview will not purchase more than 32,646 Trust Units, which is equal to 25% of Northview's average daily trading volume on the TSX for the most recently completed six calendar months preceding May 27, 2016, the date of acceptance of the NCIB by the TSX, except where such purchases are made in accordance with the block purchase exemptions under the TSX rules.

During the year ended December 31, 2016, Northview did not purchase any Trust Units under its NCIB.

### Distributions to Trust and Class B LP Unitholders

Pursuant to the DOT, Unitholders are entitled to receive distributions made on each distribution date as approved by the Trustees. During the year ended December 31, 2016, Northview declared monthly cash distributions of \$0.1358 per Unit, totaling \$88.4 million (December 31, 2015 – \$57.3 million). The 2016 increase in distributions relates to the additional units issued in the Transaction and the equity offering completed in October 2016. The Class B LP Units are treated as a financial liability for accounting purposes, and distributions on the Class B LP Units are recorded as a financing cost.

For the three months ended December 31, 2016, total distributions of \$23.2 million were paid to Trust Unitholders from \$26.3 million of cash flow from operations in the same period. For the year ended December 31, 2016, total distributions of \$88.4 million were paid to Trust Unitholders from \$97.7 million of cash flow from operations in the same period. In any given financial period, total distributions may differ from cash flow from operations, primarily due to the short-term fluctuations in non-cash working capital and the temporary fluctuations of earnings. Temporary deficiencies in operating cash flow may be funded by revolving operating facilities, construction financing, mortgage debt secured by investment properties, equity issuances, and asset sales. If Northview were unable to raise additional funds or renew existing maturing debt on acceptable terms, then capital expenditures and acquisition or development activities may be reduced, or asset sales increased. Management expects cash flow from operations to continue to exceed distributions paid in future years.

## 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.

Northview has engaged Starlight to perform certain services, as outlined below. Starlight is a related party as it is controlled by a Trustee and 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 October 30, 2017. At Northview's option, the term may be renewed for two additional one year terms. On October 31, 2016, Northview provided notice to Starlight terminating asset management services for the properties located in New Brunswick and Nova Scotia, effective October 31, 2017.

For year ended December 31, 2016, the costs of these services aggregated to \$1.9 million. Of this amount, \$1.5 million has been capitalized, while the remaining \$0.4 million has been recognized as administration expenses in the consolidated statements of net and comprehensive income. Balance outstanding and payable to Northview from Starlight as at December 31, 2016, is \$0.4 million and is included in accounts receivable in the consolidated statements of financial position. Balance outstanding and payable to Starlight from Northview as at December 31, 2016, is \$0.2 million and is included in trade and other payables in the consolidated statements of financial position.



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, were as follows:

(thousands of dollars)	Transactions for the three months ended December 31		Transactions for the years ended December 31		Balance Outstanding as at December 31	
	2016	2015	2016	2015	2016	2015
Revenue from associates	93	141	370	379	7	118
Receipt of services from associates	13	13	53	53	32	1

During the third quarter of 2016, Northview sold two properties to Starlight for a total cash proceeds of \$15.5 million. The properties were sold at a value consistent with the internal assessment of the fair value of the properties. Fair value was calculated using expected net operating income of that property divided by the market capitalization rate at the time of the valuation. This internal assessment of fair value is consistent with Northview's method and policy when assessing fair value of properties for period end reporting and third party sales.

During the year ended December 31, 2016, 1,910,853 Class B LP and Special Voting Units, subject to conversion in accordance with their terms, were exchanged for Trust Units with a fair value of \$31.3 million by a Trustee, a related party. Exchange of Class B LP Units to Trust Units does not affect the Trustee's total ownership.

## CRITICAL ACCOUNTING POLICIES, ESTIMATES and JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated each period and 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 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 periodically for any change to estimates and assumptions.

#### (iii) 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, including an estimate of any applicable taxes, are included in Trade and other payables.

#### (iv) 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.

#### (v) 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 Tax Act 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 Tax Act. Should it no longer qualify, it would not be able to flow-through its taxable income to Unitholders and would 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) Financial instrument

Northview's accounting policies and risk management relating to financial instrument are described in note 2 (j) and note 18 to the consolidated financial statements for the years ended December 31, 2016, and 2015. Critical judgments inherent in these policies related to applying the criteria set out in IAS 39 to designate financial instruments into categories, and determine the identification of embedded derivatives, if any.

#### (iv) 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.

#### (v) 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.

#### (vi) Classification of ICP and ICS as joint ventures

The ownership of ICS is for the purpose of investing in an income producing executive 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.

### New accounting standards and interpretations

Northview has applied the following new and revised IFRS issued by the International Accounting Standards Board ("IASB") that is mandatorily effective for an accounting period that begins on January 1, 2016.

New Standard	Description	Previous Standard	Impact of Application
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.	No material recognition or measurement impact on the consolidated financial statements.

### Recent accounting pronouncements

The 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	Possible Impact	Effective Date
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.	Northview is in the process of assessing the impact of IFRS 15 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	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.	Northview is in the process of assessing the impact of IFRS 9 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	Effective date for annual periods beginning on or after January 1, 2018.
IAS 40 – Investment Properties	During December 2016, the IASB issued an amendment to IAS 40 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.	Northview is in the process of assessing the impact of amendment to IAS 40 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	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.	Northview is in the process of assessing the impact of IFRS 16 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview will determine the potential impact on the consolidated financial statement.	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

As at December 31, 2016, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused it to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that (i) material information relating to Northview is made known to the CEO and the CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by Northview in its annual filings, interim filings or other reports filed or submitted by Northview under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at December 31, 2016, management conducted an evaluation of the design and operating effectiveness of Northview's DC&P under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's DC&P were effective as at December 31, 2016.

### Internal control over financial reporting

As at December 31, 2016, the CEO and the CFO have designed, or caused it to be designed under their supervision, internal control over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of Northview's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design Northview's ICFR is the framework set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

As at December 31, 2016, management conducted an evaluation of the design and operating effectiveness of Northview's ICFR under the supervision of the CEO and the CFO. Based on the evaluation, the CEO and the CFO concluded that Northview's ICFR was effective as at December 31, 2016. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the control system will prevent all errors and fraud.

During the fourth quarter of 2016, there were no changes in Northview's ICFR that have materially affected, or are reasonably likely to materially affect, Northview's ICFR.

## SUBSEQUENT EVENTS

Between January 1, 2017, and March 9, 2017, Northview disposed of four non-core properties with a fair value of \$23.4 million.

Between January 1, 2017, and March 9, 2017, Northview completed new financing and renewals of \$7.4 million with interest rates between 2.50% and 3.60% and terms to maturity of approximately 1 to 10 years. Proceeds were used to pay down existing debt and credit facilities.



## 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.

**Funds from operations:** FFO is calculated as prescribed by RealPAC's White Paper. FFO measures operating performance by adjusting net and comprehensive income.

**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).

**Gross book value:** the book value of the assets of Northview and its consolidated subsidiaries.

**Debt to gross book value:** calculated as debt as a percentage of gross book value and is a measure of leverage.

**Interest coverage:** calculated as net income before interest divided by total interest expense.

**Debt service coverage:** calculated as net income before interest divided by the debt service payments.

## 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"

Travis Beatty  
Chief Financial Officer



## 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, which comprise the consolidated statements of financial position as at December 31, 2016, and 2015, 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

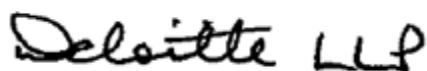
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2016, and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants  
March 9, 2017  
Calgary, Alberta

**Northview Apartment Real Estate Investment Trust**  
**Consolidated Statements of Financial Position**

(thousands of Canadian dollars)

	Note	December 31, 2016	December 31, 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	5	3,059,825	3,025,468
Property, plant and equipment	6	40,282	55,510
Other long-term assets		6,150	6,113
Investment in joint ventures		6,274	6,210
Loans receivable	8	2,190	6,922
		<b>3,114,721</b>	<b>3,100,223</b>
<b>Current assets</b>			
Loans receivable	8	3,061	992
Prepaid expenses and other assets		3,187	4,760
Accounts receivable	18(b)(ii)	9,428	12,417
Restricted cash		11,254	9,738
Cash		4,148	4,487
Assets held for sale	25	39,873	-
		<b>70,951</b>	<b>32,394</b>
		<b>3,185,672</b>	<b>3,132,617</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Class B LP Units	15(b)	116,701	137,135
Mortgages payable	10	1,500,688	1,228,857
Credit facilities	12	65,829	-
Convertible debentures	11	23,460	22,885
Derivative instruments	10	-	1,515
Unit based payments	13	1,733	788
		<b>1,708,411</b>	<b>1,391,180</b>
<b>Current liabilities</b>			
Mortgages payable	10	160,844	131,032
Credit facilities	12	68,013	483,743
Trade and other payables		68,106	70,467
Derivative instruments	10	1,499	-
Distributions and Class B LP interest payable		7,571	7,089
Liabilities related to assets held for sale	25	18,008	-
		<b>324,041</b>	<b>692,331</b>
		<b>2,032,452</b>	<b>2,083,511</b>
<b>Unitholders' equity</b>			
Equity attributable to Unitholders		1,152,010	1,047,296
Non-controlling interests		1,210	1,810
<b>Total equity</b>		<b>1,153,220</b>	<b>1,049,106</b>
		<b>3,185,672</b>	<b>3,132,617</b>

See accompanying notes to the consolidated financial statements.  
 Guarantees, commitments and contingencies (Note 17).  
 Subsequent events (Note 28).

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

Years ended December 31  
(thousands of Canadian dollars)

	Note	2016	2015
<b>Revenue</b>			
Rental revenue		313,667	211,182
Other revenue		18,788	6,396
		332,455	217,578
Operating expenses		146,926	90,879
Net operating income		185,529	126,699
<b>Other expense (income)</b>			
Financing costs	21	68,552	37,957
Administration		9,830	8,999
Depreciation and amortization		4,967	5,030
Loss on sale of properties		722	762
Equity income from joint ventures		(864)	(1,070)
Bargain purchase gain		-	(50,893)
Business combination transaction costs	4	14,579	38,959
Unrealized fair value changes	22	10,268	55,103
		108,054	94,847
<b>Net and comprehensive income</b>		<b>77,475</b>	<b>31,852</b>
<b>Net and comprehensive income attributable to:</b>			
Unitholders		77,285	31,698
Non-controlling interests		190	154
<b>Net and comprehensive income</b>		<b>77,475</b>	<b>31,852</b>

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	2016	2015
<b>Units</b>	15		
Balance, January 1		1,053,626	818,041
Long-term incentive plan units issued		12	715
Units issued, net of issue costs		104,136	234,870
<b>Balance, December 31</b>		<b>1,157,774</b>	<b>1,053,626</b>
<b>Retained earnings</b>			
<b>Cumulative net income</b>			
Balance, January 1		282,804	251,106
Net and comprehensive income attributable to Unitholders		77,285	31,698
<b>Balance, December 31</b>		<b>360,089</b>	<b>282,804</b>
<b>Cumulative distributions to Unitholders</b>			
Balance, January 1		(289,134)	(234,034)
Distributions declared to Unitholders		(76,719)	(55,100)
<b>Balance, December 31</b>		<b>(365,853)</b>	<b>(289,134)</b>
<b>Cumulative deficit, December 31</b>		<b>(5,764)</b>	<b>(6,330)</b>
<b>Equity attributable to Unitholders</b>		<b>1,152,010</b>	<b>1,047,296</b>
<b>Non-controlling interests</b>			
Balance, January 1		1,810	1,868
Net and comprehensive income		190	154
Distributions to non-controlling interests		(790)	(212)
<b>Balance, December 31</b>		<b>1,210</b>	<b>1,810</b>
<b>Total Unitholders' equity</b>		<b>1,153,220</b>	<b>1,049,106</b>

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	2016	2015
<b>Operating activities:</b>			
Net and comprehensive income		77,475	31,852
Adjustments:			
Depreciation and amortization		4,967	5,030
Mortgage and credit facilities interest expense		59,047	35,570
Mortgage and credit facilities interest paid		(59,302)	(33,752)
Interest expense to Class B LP Unitholders		9,822	2,213
Distribution interest paid to Class B LP Unitholders		(10,093)	(1,162)
Interest expense on convertible debentures		1,324	221
Interest paid on convertible debentures		(1,328)	(667)
Unrealized fair value changes	22	10,268	55,103
Loss on sale of properties		722	762
Equity income from joint ventures		(864)	(1,070)
Long term incentive plan compensation		654	1,255
Bargain purchase gain		-	(50,893)
Changes in non-cash working capital	23	5,018	7,436
		<b>97,710</b>	<b>51,898</b>
<b>Financing activities:</b>			
Proceeds from mortgages		461,412	162,549
Repayment of mortgages		(141,507)	(103,986)
Repayment (borrowing) of credit facilities, net		(349,902)	394,690
Payments to non-controlling interests		(790)	(212)
Units issued		71,066	-
Distributions paid to Unitholders	15c	(75,965)	(53,371)
		<b>(35,686)</b>	<b>399,670</b>
<b>Investing activities:</b>			
Acquisition of investment properties and land for future development	5	(5,630)	(34,322)
Acquisition of Starlight and IMH portfolios	4	-	(317,136)
Cash acquired in True North acquisition	4	-	1,582
Investment properties under development	5	(48,965)	(45,424)
Investment property improvements	5	(50,251)	(58,694)
Proceeds from sale of assets and investment properties, net		47,241	15,745
Acquisition of property, plant and equipment	6	(4,218)	(6,401)
Distributions received from equity investees		800	170
Acquisition of intangible assets		-	(21)
Changes in non-cash working capital	23	(1,340)	(2,580)
		<b>(62,363)</b>	<b>(447,081)</b>
<b>Net (decrease) increase in cash</b>		<b>(339)</b>	<b>4,487</b>
<b>Cash, beginning of year</b>		<b>4,487</b>	<b>-</b>
<b>Cash, end of year</b>		<b>4,148</b>	<b>4,487</b>

See accompanying notes to the consolidated financial statements.

# Northview Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

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### 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 May 5, 2016, under the laws of the Province of Alberta (and the federal laws of Canada applicable therein). Northview is primarily a multi-family residential real estate investor and operator, providing a broad spectrum of rental accommodations with a portfolio of approximately 24,000 quality residential suites in more than 60 markets across eight provinces and two territories, which provides Northview the means to deliver stable and growing profitability and distributions to Unitholders. Northview's registered office is located at 200, 6131 6<sup>th</sup> 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 ("NPR Trust Units") and NPR special voting units ("NPR Special Voting Units" and together with NPR Trust Units, the "NPR 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, collectively the "Transaction".

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.

### 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.

The consolidated financial statements were approved by the Trustees of Northview (the "Trustees") on March 9, 2017.

#### Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with current year presentations. During the first quarter of 2016, Northview concluded it was appropriate to reclassify instalment notes receivable as loans receivable due to being similar in nature. The prior year amounts for the year ended December 31, 2015, current instalment notes receivable of \$0.7 million and non-current instalment notes receivable of \$1.1 million, were reclassified to loans receivable. Unit based payments as at December 31, 2015, was reclassified from current liabilities to non-current liabilities in 2016. These reclassifications had no effect on the reported results of operations and did not impact Northview's cash flows.

#### 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 management estimates including any capital additions since the date of the most recent appraisal, and independent appraisers, who hold a recognized and relevant professional qualification and have recent experience in the location and category of the investment property being valued. 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 uses the external investment property appraisals to verify its assessment

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

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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 sold.

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.

#### **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 substantial 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 Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

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#### f) Property, plant and equipment

Land and buildings used by Northview as administrative offices and warehouse properties, as well as the executives 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.



## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

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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.

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

#### 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 of Northview (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 Northview unitholders ("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.

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

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#### 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 is comprised of a Long-term Incentive ("LTI") plan, whereby performance units ("Performance Units") are issued to executives and key personnel of Northview. 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 ("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 Trust 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 Trust Units and accumulate additional Deferred Units at the same rate that distributions are paid on Trust Units. Northview measures Deferred Units as a liability at their fair value which is equivalent to the fair value of Trust 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

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

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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 ("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 15<sup>th</sup> 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.

# Northview Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

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### 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.

#### (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.

## Northview Apartment Real Estate Investment Trust

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- (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 executive 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) New accounting standards and interpretations

Northview has applied a new and revised IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on January 1, 2016.

New Standard	Description	Previous Standard	Impact of Application
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.	No material recognition or measurement impact on the consolidated financial statements.

#### b) 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	Possible Impact	Effective Date
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.	Northview is in the process of assessing the impact of IFRS 15 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	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.	Northview is in the process of assessing the impact of IFRS 9 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on the consolidated financial statements.	Effective date for annual periods beginning on or after January 1, 2018.
IAS 40 – Investment Properties	During December 2016, the IASB issued an amendment to IAS 40 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.	Northview is in the process of assessing the impact of amendment to IAS 40 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview does not expect significant impact on	Effective date for annual periods beginning on or after January 1, 2018.

## Northview Apartment Real Estate Investment Trust

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		the consolidated financial statements.	
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.	Northview is in the process of assessing the impact of IFRS 16 may have on the consolidated financial statements and plans to adopt the new standard on the effective date. Northview will determine the potential impact on the consolidated financial statement.	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.

#### 4. Business combinations

##### a) True North acquisition

On October 30, 2015, NPR acquired 100% of the outstanding trust units ("TN Trust Units") and Class B LP units ("TN 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, Quebec, Nova Scotia, and New Brunswick, and the acquisition provided NPR with 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
<b>Assets acquired:</b>	
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
<b>Fair value of assets obtained</b>	<b>859,198</b>
<b>Liabilities assumed:</b>	
Trade and other payables	22,202
Derivative instruments	1,280
Credit facilities	37,000
Convertible debentures	23,345
Mortgages and loans payable	513,658
<b>Fair value of liabilities assumed</b>	<b>597,485</b>
Fair value of net assets	261,713
Fair value of purchase consideration transferred	240,984
<b>Bargain purchase gain</b>	<b>20,729</b>

The TN acquisition was funded through a unit exchange, where each of the outstanding TN Trust Units and TN Class B LP Units were exchanged for 0.3908 NPR Trust Units and NPR Special Voting 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 was equal to the product obtained by multiplying the number of TN

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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.

During the year ended December 31, 2015, the transaction costs of \$28.5 million 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.

Excluding the transaction costs incurred in the period, for the year ended December 31, 2016, the TN acquisition has contributed \$37.3 million to the net and comprehensive income, and \$86.3 million to revenues.

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



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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
<b>Fair value of assets obtained</b>	<b>431,758</b>
Liabilities assumed:	
Mortgages and loans payable	35,002
Trade and other payables	4,107
<b>Fair value of liabilities assumed</b>	<b>39,109</b>
Fair value of net assets	392,649
Fair value of purchase consideration transferred	365,817
<b>Bargain purchase gain</b>	<b>26,832</b>

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 \$20.2 million of the purchase price, and (ii) cash consideration of \$72.1 million funded by a new credit facility. Excluding the transaction costs incurred in the period, for the year ended December 31, 2016, the SL Portfolio has contributed \$6.3 million to the net and comprehensive income, and \$10.4 million to revenues.

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 \$117.8 million 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 \$32.6 million of purchase price, and (iii) cash consideration of \$245.0 million funded by a new credit facility. Excluding the transaction costs incurred in the period, for the year ended December 31, 2016, the IMH Portfolio has contributed \$26.0 million to the net and comprehensive income, and \$43.2 million to revenues.

During the year ended December 31, 2015, the transaction costs of \$2.1 million and \$8.4 million incurred in connection with the respective SL Portfolio and IMH Portfolio acquisitions have been expensed in the consolidated statements of net and comprehensive income.

During the year ended December 31, 2016, transaction costs of \$14.6 million incurred in connection with the Transaction have been expensed in the consolidated statements of net and comprehensive income.

## 5. Investment properties

	2016	2015
Investment properties	3,010,817	2,956,571
Investment properties under development	14,471	38,490
Land held for development	34,537	30,407
	<b>3,059,825</b>	<b>3,025,468</b>

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#### Changes to investment properties for the years:

	2016	2015
Balance, January 1	3,025,468	1,582,011
Acquisitions of investment properties	-	19,299
Acquisitions of land for future development	5,630	15,023
Business combinations (Note 4)	-	1,385,087
Disposals	-	(16,010)
Transfers to property, plant and equipment	(303)	(759)
Transfers to assets held for sale	(73,414)	-
Investment properties under development	48,965	45,424
Investment property improvements	50,251	58,694
Unrealized fair value changes	3,228	(63,301)
Balance, end of year	3,059,825	3,025,468

During the year ended December 31, 2016, Northview transferred \$73.0 million (December 31, 2015 – \$38.8 million) from investment properties under development to investment properties for development projects completed during period.

As at December 31, 2016, Northview capitalized borrowing costs of \$0.8 million (as at December 31, 2015 – \$0.9 million) to investment properties under development.

During the year ended December 31, 2016, 4 acres of land were purchased for a total of \$5.6 million (December 31, 2015 – 18.4 acres were purchased for a total of \$15.0 million).

During the year ended December 31, 2016, Northview disposed of eleven investment properties previously classified as assets held for sale. See Note 26 for assets held for sale disposals. During the year ended December 31, 2015, Northview disposed of the last seniors' property for proceeds which equaled its fair value of \$2.3 million and a parcel of land in St. John's, NL, for \$3.7 million.

For the year ended December 31, 2016, Northview did not acquire any properties.

Acquisitions for the year ended December 31, 2015, other than those acquired through business combinations, were as follows:

Property Type	Units / sq ft	Region	Total Acquisition Costs
Multi-family	139	Atlantic Canada	11,732
Commercial	29,400	Atlantic Canada	6,801
Mutli-family	1	Northern Canada	82
Commercial <sup>(i)</sup>	2,800	Northern Canada	684
	<b>140 / 32,200</b>		<b>19,299</b>

<sup>(i)</sup> 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.

Northview uses the capitalization rate ("Cap Rate") method to value investment properties. As at December 31, 2016, Cap Rates ranging from 4.25% to 13.00% (December 31, 2015 – 4.35% 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, 2016, is 6.67% (December 31, 2015 – 6.83%).

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A summary of the Cap Rates used for the December 31, 2016, and December 31, 2015, valuations is as follows:

Regions	2016			2015		
	Minimum	Maximum	Effective Weighted Average	Minimum	Maximum	Effective Weighted Average
Atlantic Canada	5.50%	9.50%	6.82%	5.50%	9.50%	6.85%
Northern Canada	6.86%	13.00%	9.13%	6.86%	13.00%	9.20%
Ontario	4.25%	6.00%	5.12%	4.35%	6.00%	5.30%
Quebec	5.85%	7.55%	6.06%	5.85%	7.55%	6.07%
Western Canada	4.75%	11.00%	6.92%	4.75%	11.00%	7.19%
Overall	4.25%	13.00%	6.67%	4.35%	13.00%	6.83%

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

Regions	2016			2015		
	Effective Weighted Average	Increase	Decrease	Effective Weighted Average	Increase	Decrease
Atlantic Canada	6.82%	(5,644)	5,812	6.85%	(5,460)	5,622
Northern Canada	9.13%	(6,446)	6,588	9.20%	(6,206)	6,343
Ontario	5.12%	(18,710)	19,457	5.30%	(18,072)	18,767
Quebec	6.06%	(2,960)	3,060	6.07%	(2,771)	2,864
Western Canada	6.92%	(13,469)	13,864	7.19%	(12,695)	13,050
Overall	6.67%	(47,230)	48,781	6.83%	(45,204)	46,646

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	2016	2015
Atlantic Canada	3,905	3,797
Northern Canada	5,949	5,771
Ontario	9,758	9,764
Quebec	1,823	1,710
Western Canada	9,459	9,258
Overall	30,894	30,300

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**6. Property, plant and equipment**

	Land	Buildings	Furniture & Fixtures	Automotive	Other Assets	Total
Cost or deemed cost						
Balance at January 1, 2015	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	22	697	11	-	394	1,124
Transfers from investment property	294	465	-	-	-	759
Disposals for the year	(1)	(25)	-	(185)	(467)	(678)
<b>Balance at December 31, 2015</b>	<b>2,185</b>	<b>66,383</b>	<b>2,661</b>	<b>3,187</b>	<b>3,250</b>	<b>77,666</b>
Additions for the year	-	3,753	153	104	208	4,218
Transfers from investment property	6	295	2	-	-	303
Transfers to assets held for sale	(57)	(18,532)	(561)	-	-	(19,150)
Disposals for the year	-	(33)	-	(156)	(72)	(261)
<b>Balance at December 31, 2016</b>	<b>2,134</b>	<b>51,866</b>	<b>2,255</b>	<b>3,135</b>	<b>3,386</b>	<b>62,776</b>
Accumulated depreciation						
Balance at January 1, 2015	-	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)
<b>Balance at December 31, 2015</b>	<b>-</b>	<b>15,896</b>	<b>2,115</b>	<b>2,268</b>	<b>1,877</b>	<b>22,156</b>
Depreciation for the year	-	3,483	414	352	410	4,659
Transfers to assets held for sale	-	(3,600)	(474)	-	-	(4,074)
Disposals for the year	-	(33)	-	(149)	(65)	(247)
<b>Balance at December 31, 2016</b>	<b>-</b>	<b>15,746</b>	<b>2,055</b>	<b>2,471</b>	<b>2,222</b>	<b>22,494</b>
Carrying amounts						
December 31, 2015	2,185	50,487	546	919	1,373	55,510
<b>December 31, 2016</b>	<b>2,134</b>	<b>36,120</b>	<b>200</b>	<b>664</b>	<b>1,164</b>	<b>40,282</b>

## Northview Apartment Real Estate Investment Trust

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#### 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 NPR Limited Partnership ("NPRLP") for the purpose of investing in an income producing excusable 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, 2016								
ICP	2,162	15,213	17,375	1,538	6,213	7,751	9,624	4,812
ICS	831	5,407	6,238	375	2,940	3,315	2,923	1,462
<b>Total</b>	<b>2,993</b>	<b>20,620</b>	<b>23,163</b>	<b>1,913</b>	<b>9,153</b>	<b>11,066</b>	<b>12,547</b>	<b>6,274</b>
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
<b>Total</b>	<b>3,121</b>	<b>22,160</b>	<b>25,281</b>	<b>6,948</b>	<b>5,913</b>	<b>12,861</b>	<b>12,420</b>	<b>6,210</b>

#### Years ended December 31

	Revenue	Expenses	Net Income	Northview share of net income
2016				
ICP	3,716	2,741	975	487
ICS	2,167	1,414	753	377
<b>Total</b>	<b>5,883</b>	<b>4,155</b>	<b>1,728</b>	<b>864</b>
2015				
ICP	3,929	2,465	1,464	732
ICS	2,207	1,531	676	338
<b>Total</b>	<b>6,136</b>	<b>3,996</b>	<b>2,140</b>	<b>1,070</b>

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

#### 8. Loans receivable

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

	2016	2015
Balance, January 1	7,914	4,796
Present value of instalment notes receivable – October 2015	-	1,794
Fair value adjustment on instalment notes receivable	-	123
Amortization of instalment note premium	(33)	(5)
Tenant inducement loans additions	-	1,150
VTB loans additions	-	1,720
Repayments received	(2,630)	(1,664)
<b>Balance, end of year</b>	<b>5,251</b>	<b>7,914</b>
Current	3,061	992
Non-current	2,190	6,922
<b>Balance, end of year</b>	<b>5,251</b>	<b>7,914</b>

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

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VTB receivable on asset disposals are 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 \$9.5 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 VTB loans balance. At December 31, 2016, there are \$2.4 million in VTB loans (December 31, 2015 – \$4.1 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, 2016, there are \$1.8 million in tenant inducement loans outstanding (December 31, 2015 – \$2.0 million).

Pursuant to the acquisition of TN, Northview acquired certain non-interest bearing instalment notes, with a present value of \$1.8 million. At December 31, 2016, there is \$1.1 million in instalment notes receivable outstanding (December 31, 2015 – \$1.8 million). These instalment notes extend over the maturity dates of the assumed mortgages, expiring on various dates between June 1, 2017, and December 1, 2022.

## 9. 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 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 real estate investment trust ("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 defined below). 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, 2016, Northview met all the requirements of a REIT 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.

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

## 10. Mortgages payable

	2016	2015
Mortgages payable	1,692,255	1,357,215
Fair value adjustment upon assumption	14,685	20,838
Deferred financing costs	(27,400)	(18,164)
	1,679,540	1,359,889
Mortgages related to assets held for sale	(18,008)	-
Total	1,661,532	1,359,889
Current	160,844	131,032
Non-current	1,500,688	1,228,857
Total	1,661,532	1,359,889

Mortgages payable bear interest at rates ranging from 1.41% to 6.48% (December 31, 2015 – 1.41% to 6.48%) and have a weighted average rate of 3.23% as at December 31, 2016 (December 31, 2015 – 3.33%). Mortgages are payable in monthly installments of blended principal and interest of approximately \$8.6 million (December 31, 2015 – \$6.7 million). The mortgages mature between 2017 and 2031 (December 31, 2015 – 2016 and 2025) and are secured by charges against specific properties. Land and buildings with a carrying value of \$2.8 billion (December 31, 2015 – \$2.3 billion) have been pledged to secure the mortgages payable of Northview.

The fair value of mortgages payable at December 31, 2016, is approximately \$1.7 billion (December 31, 2015 – \$1.4 billion). 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.

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

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The following table summarizes Northview's mortgages as at December 31, 2016:

(thousands of dollars)	Principal Repayments During the Year	Principal on Maturity	Total	% of Total	Weighted Average Interest Rate
2017	47,411	126,020	173,431	10.2%	3.85%
2018	45,706	162,811	208,517	12.3%	3.94%
2019	41,337	175,864	217,201	12.8%	3.29%
2020	36,353	174,622	210,975	12.5%	2.73%
2021	27,632	281,179	308,811	18.3%	3.48%
2022	22,332	52,122	74,454	4.4 %	2.98%
2023	20,261	93,591	113,852	6.7%	3.11%
2024	16,780	67,241	84,021	5.0%	3.18%
2025	11,461	153,415	164,876	9.8%	3.04%
2026	3,783	129,907	133,690	7.9%	2.46%
Thereafter	2,427	-	2,427	0.1%	3.20%
	<b>275,483</b>	<b>1,416,772</b>	<b>1,692,255</b>	<b>100.0%</b>	<b>3.23%</b>

Northview may, from time to time, enter into derivative financial instruments to mitigate interest rate risk. Pursuant to the acquisition of TN, Northview acquired interest rate swaps. At December 31, 2016, Northview held one cash-settled interest rate swap contract for \$35.0 million of mortgages payable maturing in July 2017. The contract carries a fixed swap rate of 2.44% per annum maturing in July 2017. Hedge accounting is not being applied to this swap contract. At December 31, 2016, the liability related to the interest rate swap is \$1,499 (December 31, 2015 - \$1,515).

During the year ended December 31, 2016, the fair value adjustment of the interest rate swap was \$16 (December 31, 2015 - \$234) has been recognized as unrealized fair value (Note 22) in the consolidated statements of net and comprehensive income.

#### 11. Convertible debentures

Pursuant to the acquisition of TN, 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.

During the year ended December 31, 2016, interest on the 2019 Debentures was \$1,324 (December 31, 2015 - \$221), and has been recognized as finance costs (Note 21) in the consolidated statements of net and comprehensive income.

## Northview Apartment Real Estate Investment Trust

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The following table summarizes the changes in the 2019 Debentures during the year ended December 31, 2016:

	Convertible Debentures	
	Principal	Amount
Outstanding, January 1, 2015	-	-
Issued, October 30, 2015	23,000	23,345
Fair value adjustment	-	(460)
Outstanding, December 31, 2015	23,000	22,885
Fair value adjustment	-	575
Outstanding, December 31, 2016	23,000	23,460

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

	2016	2015
Face value	23,000	23,000
Fair value adjustment	460	(115)
Fair value	23,460	22,885

## 12. Credit facilities

Borrowings under credit facilities	2016	2015
Operating facilities <sup>(i)</sup>	73,200	88,450
Construction financing <sup>(ii)</sup>	50,013	39,289
Land financing <sup>(iii)</sup>	10,629	6,004
Bridge facility <sup>(iv)</sup>	-	350,000
<b>Total</b>	<b>133,842</b>	<b>483,743</b>
Current	68,013	483,743
Non-current	65,829	-
<b>Total</b>	<b>133,842</b>	<b>483,743</b>

- (i) Effective September 30, 2016, Northview finalized the consolidation of the drawn balances under the \$75.0 million and \$45.0 million operating facilities into a new \$150.0 million facility. At December 31, 2016, Northview had three operating facilities with credit limits of \$150.0 million, \$23.0 million, and \$30.0 million, respectively, a total of \$203.0 million (December 31, 2015 – \$135.0 million) for acquisition, development, and operating purposes.

The \$150.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of May 12, 2018. As of December 31, 2016, the maximum borrowing capacity was \$108.4 million based on the investment properties pledged. At December 31, 2016, \$55.2 million had been drawn. Specific investment properties with a fair value of \$281.5 million have been pledged as collateral security for the operating facility. This facility is subject to certain financial covenants. As of December 31, 2016, Northview was in compliance with all financial covenants. Northview also has \$4.1 million (December 31, 2015 – \$5.5 million) in Letters of Credit ("LOC") outstanding as security for construction projects and mortgage holdbacks. The LOC reduces the amount available under the \$150.0 million operating facility.

The \$23.0 million facility bears interest at prime plus 0.75% or Bankers' Acceptance plus 2.00% with a maturity date of July 22, 2017. As of December 31, 2016, the maximum borrowing capacity was \$23.0 million (December 31, 2015 – \$15.0 million) based on the investment properties pledged. At December 31, 2016, \$18.0 million had been drawn (December 31, 2015 – \$7.0 million). Specific investment properties with a fair value of \$38.3 million (December 31, 2015 – \$34.5 million) have been pledged as collateral security for the operating facility. This facility is subject to certain financial covenants. As of December 31, 2016, Northview was in compliance with all financial covenants.

The \$30.0 million facility bears interest at prime plus 1.15% or Bankers' Acceptance plus 2.40% with a maturity date of May 31, 2017. As of December 31, 2016, the maximum borrowing capacity was \$21.7 million (December 31, 2015 – \$nil) based on the investment properties pledged. At December 31, 2016, \$nil million had been drawn (December 31, 2015 – \$nil). Specific investment properties with a fair value of \$42.7 million (December 31, 2015 – \$nil) have been pledged as collateral security for the operating facility. This facility is subject to certain financial covenants. As of December 31, 2016, Northview was in compliance with all financial covenants.



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- (ii) At December 31, 2016, Northview had three construction financing loans outstanding relating to the developments in Calgary, AB; Cambridge Bay, NU; and Bonnyville, AB. Interest rates range from prime plus 0.50% to 1.00% or Banker's Acceptance plus 2.00% to 2.20%. Maturity dates range from May 31, 2017, to December 31, 2017.
- (iii) The land financing relates to land held for development and bears interest at prime plus 0.50% or Bankers' Acceptance plus 2.00% with a maturity date of December 31, 2018. Financing is secured by five parcels of land held for development.
- (iv) Northview entered into two bridge facilities for a total of \$350.0 million to fund the Transaction on October 30, 2015. The first bridge facility was 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 was 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 2.50% for the amount of \$25.0 million with a maturity date of April 30, 2016. During the first quarter of 2016, the two bridge facilities were repaid in full.

### 13. Unit based payments

#### a) Performance Units

On May 6, 2015, the Trustees approved a unit award plan comprised of a Long Term Incentive ("an LTI") plan, whereby Performance Units are issued to executives and key personnel of Northview. The LTI plan is being used in place of the former Long Term Incentive Plan ("LTIP"). Each Performance Unit entitles the employees to receive payment upon vesting in the form of Trust Units of Northview. Performance Units vest over a period of up to three years and incorporate performance criteria established at the time of grant. Performance Units accumulate additional Performance Units at the same rate that distributions are paid on units from the time of granting until vesting. Northview intends to settle all Performance Units with units either through the purchase of Trust 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 and cancelled under the LTI plan are as follows:

	2016	2015
	Number of Units	Number of Units
Balance, January 1	72,910	-
Units granted	120,831	74,535
Units cancelled	(47,562)	(1,625)
Balance, end of year	146,179	72,910

Key management personnel are comprised of Trustees and the Trust's executive officers. Performance Units granted and cancelled under the LTI plan to key management personnel (also included in the above table) are as follows:

	2016	2015
	Number of Units	Number of Units
Balance, January 1	33,266	-
Units granted	50,885	33,266
Units cancelled	(14,658)	-
Balance, end of year	69,493	33,266

## Northview Apartment Real Estate Investment Trust

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#### b) Long-term incentive plan ("LTIP")

Prior to 2015, Northview had 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 13(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 Trust Units granted is based on the weighted average trading price on December 31 of each year. Pursuant to the policy, rights to Trust Units generally vest in 1/3 tranches: immediately upon award, then 12 and 24 months following.

Total Trust Units issued under the LTIP are as follows:

	2016		2015	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	2,980	-	36,895	-
Units issued	(610)	\$19.96	(33,915)	\$21.06
Balance, end of year	2,370	-	2,980	-

Key management personnel are comprised of Trustees and the Trust's executive officers. Trust Units issued under the LTIP to key management personnel (also included in the above table) are as follows:

	2016		2015	
	Number of Units	Issue Price	Number of Units	Issue Price
Balance, January 1	1,293	-	16,052	-
Units issued	(325)	\$18.46	(14,759)	\$20.92
Change in key management personnel	(323)	-	-	-
Balance, end of year	645	-	1,293	-

#### c) Deferred Units

On May 6, 2015, the Unitholders approved a deferred unit award plan ("the DUP"), whereby Deferred Units are issued to Trustees. The DUP is a form of compensation for non-executive Trustees. Total compensation expense is recognized at the time of grant. Deferred Units accumulate additional Deferred Units at the same rate that distributions are paid on Trust Units from the time of granting until vesting. 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. Deferred Units are redeemable upon the Trustee's retirement from Northview. The carrying amount of the liability, included in unit based payments, relating to the cash-settled Deferred Units at December 31, 2016 is \$0.6 million and at December 31, 2015 is \$0.2 million.

Total Deferred Units granted under the DUP are as follows:

	2016	2015
	Number of Units	Number of Units
Balance, January 1	10,026	-
Units granted	21,817	10,026
Balance, end of year	31,843	10,026

## 14. 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 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, 2016, employees invested a total of \$348 (December 31, 2015 – \$284) and Northview contributed \$87 (December 31, 2015 – \$71). During the year ended December 31, 2016, 25,007 units (December 31, 2015 – 18,076 units) were purchased at an average cost of \$19.60 per unit (December 31, 2015 – \$21.56).

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

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#### 15. Unitholders' equity

##### a) Trust Units

The aggregate number of Trust Units and special voting units of Northview ("Special Voting Units") which are 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 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 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 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 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 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 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 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
- (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.

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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 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 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 as if he or she was a Unitholder.

The number of Trust Units issued and outstanding at December 31, 2016, and December 31, 2015, is as follows:

	2016		2015	
	Number of Units	Amount	Number of Units	Amount
Balance, January 1	44,410,640	1,053,626	31,674,160	818,041
LTIP units issued	610	12	33,915	715
Units issued	5,531,125	104,136	12,702,565	234,870
Balance, end of year	49,942,375	1,157,774	44,410,640	1,053,626

#### **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 as if he or she was a Unitholder.

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, 2016 is 5,814,664 (December 31, 2015 – 7,809,539) with a corresponding liability of \$116.7 million (December 31, 2015 – \$137.1 million). During 2016, 1,994,875 Class B LP Units and Special Voting Units (December 31, 2015 – nil), subject to conversion in accordance with their terms, were exchanged for Trust Units with a fair value of \$33.1 million, of which 1,910,853 Class B LP Units and Special Voting Units were exchanged for Trust Units with a fair value of \$31.3 million, by a Trustee, a related party.

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.

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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, 2015		\$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 Class B LP and Special Voting Units	\$18.49	7,741,743	143,144
Q4, 2015	Fair value adjustment	\$17.56	-	(7,347)
<b>December 31, 2015</b>		<b>\$17.56</b>	<b>7,809,539</b>	<b>137,135</b>
February 11, 2016	Exchange of Class B LP and Special Voting Units	\$16.38	(1,910,853)	(31,300)
Q1, 2016	Fair value adjustment	\$18.68	-	4,369
Q2, 2016	Fair value adjustment	\$22.43	-	22,104
August 29, 2016	Exchange of Class B LP and Special Voting Units	\$20.48	(25,402)	(520)
September 26, 2016	Exchange of Class B LP and Special Voting Units	\$21.33	(58,620)	(1,250)
Q3 2016	Fair value adjustment	\$21.88	-	(3,314)
Q4 2016	Fair value adjustment	\$20.07	-	(10,523)
<b>December 31, 2016</b>		<b>\$20.07</b>	<b>5,814,664</b>	<b>116,701</b>

#### 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, 2016, Northview declared monthly cash distributions of \$0.1358 per Unit. For the year ended December 31, 2016, Northview declared distributions totaling \$88.4 million (December 31, 2015 – \$57.3 million).

#### d) Normal course issuer bid ("NCIB")

On May 27, 2016, the TSX approved Northview's notice of intention to renew the NCIB for its Trust Units. Northview's NCIB will be made in accordance with the policies of the TSX. Northview may purchase Trust Units during the period from June 1, 2016 to May 31, 2017, or an earlier date should Northview complete its maximum purchases. Northview will pay 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 will be funded out of Northview's working capital. Northview is not obligated to make any purchases pursuant to the NCIB. Northview is authorized to purchase, in a 12 month period, up to 3,852,249 Trust Units, representing 10% of its public float, through the facilities of the TSX and other Canadian trading platforms. On any trading day, Northview will not purchase more than 32,646 Trust Units, which is equal to 25% of Northview's average daily trading volume over the last six months, except where such purchases are made in accordance with the block purchase exemptions under the TSX rules.

During the year ended December 31, 2016, Northview did not purchase or subsequently cancel any Trust Units under its NCIB.

## 16. Non-controlling interests

Northview holds investments in a joint operation. Northview owns 55% of GoGa Cho Building Limited Partnership 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.

## Northview Apartment Real Estate Investment Trust

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#### 17. Guarantees, commitments and contingencies

In the normal course of operations, Northview may provide indemnification commitments to counterparties in transactions such as credit facilities, leasing transactions, service arrangements, director and officer indemnification agreements, and sales of assets. These indemnification agreements may require Northview to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by counterparties as a consequence of the transaction. The terms of these indemnification agreements vary based on the contract and 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, 2016 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, 2016, Northview has provided guarantees on mortgages secured by investment properties totaling \$10.6 million (December 31, 2015 – \$12.0 million) of its equity accounted joint ventures, ICP and ICS. These mortgages bear interest at rates ranging from 3.01% to 5.50% and mature between July 2017 and December 2020 (December 31, 2015 – 2.43% to 5.50% and mature between January 2016 and March 2020). As at December 31, 2016, land and buildings with a carrying value of \$23.4 million have been pledged to secure these mortgages payable (December 31, 2015 – \$16.2 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.

#### 18. 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 as applicable. Such fair value estimates are not necessarily indicative of the amounts Northview might pay or receive in actual market transactions.

The tables below present the fair value of Northview's assets and liabilities, as at December 31, 2016 and December 31, 2015:

	2016			2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment properties	-	-	3,059,825	-	-	3,025,468
Cash	4,148	-	-	4,487	-	-
Restricted cash	11,254	-	-	9,738	-	-
Assets held for sale	-	-	24,797	-	-	-
<b>Liabilities</b>						
Mortgages payable	-	1,692,821	-	-	1,394,358	-
Convertible debentures	23,460	-	-	22,885	-	-
Class B LP Units	-	116,701	-	-	137,135	-
Derivative instruments	-	1,499	-	-	1,515	-
Unit based payments	-	1,733	-	-	788	-

Northview had no embedded derivatives requiring separate recognition as at December 31, 2016, or December 31, 2015.

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, 2016, and year ended December 31, 2015, 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, 2016, or December 31, 2015, and throughout the intervening periods.

## Northview Apartment Real Estate Investment Trust

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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 4.

(ii) Mortgages payable

The fair value of mortgages payable is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage or the yield of a comparable mortgage. The spread rates used at December 31, 2016, ranged from 1.01% to 2.59% (December 31, 2015 - 1.04% to 2.24%), depending on the nature and terms of the respective mortgages.

(iii) 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 at the end of the period of the convertible debentures as the fair value for the convertible debentures.

(iv) 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.

(v) 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 11.

(vi) 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) of the consolidated financial statements for the year ended December 31, 2016.

(vii) 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 and Class B LP interest 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 executives 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 may utilize hedges or forward contracts to manage exposure to utility cost risk.

Northview continues to implement a sub-metering program in properties located in Ontario. Sub-metering provides individual electric meters for each multi-family rental unit, allowing tenants to pay their electricity bills directly. This reduces utility costs to the landlord. As a result, Northview's exposure to utility price fluctuations is minimized in Ontario.

Heating oil is the primary source of fuel for heating properties located in Nunavut and Yellowknife, NT.

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Natural gas is the main source of fuel for heating properties located in Alberta, parts of British Columbia, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan, and Inuvik, NT. Natural gas prices in Alberta, British Columbia, and Ontario are not subject to regulated price control. Northview 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 \$1.0 million for the year ended December 31, 2016 (December 31, 2015 – \$1.2 million).

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

#### (ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Northview's credit risk primarily arises from the possibility that residents may not be able to fulfill their lease commitments. 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 is 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.

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

	2016	2015
0-30 days	1,866	1,519
31-60 days	441	429
61-90 days	144	310
Over 90 days	1,979	2,057
Resident receivables	4,430	4,315
Other receivables	4,998	8,102
	9,428	12,417

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

#### (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, 2016, by approximately \$0.7 million (December 31, 2015 – \$0.5 million). For the year ended December 31, 2016, the average floating rate debt was \$10.2 million and the average



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credit facilities balance was \$82.2 million (December 31, 2015 – average floating rate debt was \$4.2 million and the average credit facilities balance was \$240.0 million). During the first quarter of 2016, the two bridge facilities with a total of \$350.0 million were repaid in full.

#### (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, 2016:

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,661,532	1,918,758	213,537	1,084,217	621,004
Credit facilities	133,842	133,842	68,013	65,829	-
Trade and other payables <sup>(i)</sup>	68,106	68,106	68,106	-	-
Distributions and Class B LP interest payable	7,571	7,571	7,571	-	-
Liabilities related to asset held for sale	18,008	18,008	18,008	-	-

<sup>(i)</sup> Security deposits payable are included in trade and other payables.

Contractual maturity for derivative financial liabilities at December 31, 2016:

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Convertible debentures	23,460	23,460	-	23,460	-
Derivative instruments	1,499	1,499	1,499	-	-
Unit based payments	1,733	1,733	-	1,733	-

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

	Carrying Amount	Contractual Cash Flows	Up to 1 year	1 – 5 years	Over 5 years
Mortgages payable	1,359,889	1,558,717	202,098	826,730	529,889
Credit facilities	483,743	483,743	483,743	-	-
Trade and other payables <sup>(i)</sup>	70,467	70,467	70,467	-	-
Distributions and Class B LP interest payable	7,089	7,089	7,089	-	-

<sup>(i)</sup> 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	Up to 1 year	1 – 5 years	Over 5 years
Convertible debentures	22,885	22,885	-	22,885	-
Derivative instruments	1,515	1,515	-	1,515	-
Unit based payments	788	788	-	788	-

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.

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#### 19. 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 financial covenants are considered non-GAAP measures. As at December 31, 2016 and December 31, 2015, Northview was in compliance with all financial covenants.

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

	2016	2015
<b>Debt to gross book value</b>		
Cash	(4,148)	(4,487)
Credit facilities	133,842	483,743
Mortgages payable	1,692,255	1,357,215
<b>Debt</b>	<b>1,821,949</b>	<b>1,836,471</b>
Investment properties	3,059,825	3,025,468
Property, plant and equipment	40,282	55,510
Properties held for sale	39,873	-
Accumulated depreciation	22,493	22,156
Accumulated depreciation for properties held for sale	4,074	-
<b>Gross book value</b>	<b>3,166,547</b>	<b>3,103,134</b>
<b>Debt to gross book value</b>	<b>57.5%</b>	<b>59.2%</b>

	2016	2015
<b>Interest coverage and debt service coverage</b>		
Income before income taxes	77,475	31,852
Depreciation and amortization	4,967	5,030
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
Interest expense to Class B LP Unitholders	9,822	2,213
Bargain purchase gain	-	(50,893)
Business combination transaction costs	14,579	38,959
Unrealized fair value changes	10,268	55,103
<b>Adjusted earnings</b>	<b>176,158</b>	<b>117,829</b>
Mortgage interest and deferred financing costs	53,004	32,250
Interest expense on credit facilities	6,043	3,315
Total interest expense excluding interest expense to Class B LP Unitholders	59,047	35,565
Principal repayment	44,590	27,757
<b>Debt service payments</b>	<b>103,637</b>	<b>63,322</b>
<b>Interest coverage</b>	<b>2.98</b>	<b>3.31</b>
<b>Debt service coverage</b>	<b>1.70</b>	<b>1.86</b>

## Northview Apartment Real Estate Investment Trust

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Northview's operating facilities contain certain financial covenants. The interest coverage ratio and debt service coverage ratio covenant minimum threshold is of at least 1.90 and 1.50, respectively. Interest coverage and debt service coverage are calculated based on the most recently completed four fiscal quarters.

Debt to gross book value, interest coverage, and debt service coverage including the 2019 Debentures and interest expenses on 2019 Debentures is 58.3%, 2.94, and 1.69, respectively (December 31, 2015 – 59.9%, 3.30, and 1.86, respectively).

#### 20. Personnel costs

	2016	2015
Salaries, wages and benefits	45,988	37,861
Equity settled unit based compensation	103	715
	46,091	38,576
Personnel costs capitalized to investment properties	(8,406)	(12,731)
	37,685	25,845

#### 21. Financing costs

	2016	2015
Mortgage interest	48,928	29,761
Deferred financing costs	4,076	2,489
Interest expense on 2019 debentures	1,324	221
Interest expense on credit facilities	6,043	3,315
Interest expense to Class B LP Unitholders	9,822	2,213
Interest and other income	(886)	(832)
(Gain) loss on extinguishment of debt	(755)	790
	68,552	37,957

#### 22. Unrealized fair value changes

	2016	2015
Unrealized fair value change to investment properties	(47,779)	8,391
Sustaining CAPEX	44,551	54,910
Interest rate swap	(16)	234
2019 debentures	575	(460)
Unit based payments	302	(351)
Class B LP Units	12,635	(7,621)
Net unrealized fair value decrease	10,268	55,103

**Northview Apartment Real Estate Investment Trust**  
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**23. Changes in non-cash working capital**

	2016	2015
Restricted cash	281	404
Accounts receivable	3,333	(5,568)
Prepaid expenses and other assets	1,219	2,068
Loans receivable	2,629	(1,206)
Other long term assets	(345)	582
Trade and other payables	(2,099)	11,156
Changes in non-cash working capital from operating activities	5,018	7,436

The changes in non-cash working capital from investing activities for the year ended December 31, 2016, of \$1.3 million cash outflow (December 31, 2015 – \$2.6 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.

**24. 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:

	2016	2015
Less than 1 year	20,063	20,370
Between 1 and 5 years	60,299	59,758
More than 5 years	22,228	31,341
	102,590	111,469

**25. Assets held for sale**

As at December 31, 2016, there are six (6) non-core properties across the portfolio classified as 'Assets held for sale' with a fair value of \$24.8 million and property, plant, and equipment with a book value of \$15.1 million which are expected to be disposed of within twelve (12) months. The associated mortgages on these properties in the amount of \$18.0 million have been reclassified from mortgages payables to 'Liabilities related to assets held for sale'. The revenue and expense for these properties are reported in net and comprehensive income in the consolidated statements of net and comprehensive income.

Dispositions of non-core properties for the year ended December 31, 2016, were as follows:

Property Type	Units	Region	Gross Proceeds
Multi-family	28	Atlantic Canada	1,770
Multi-family	2	Northern Canada	300
Multi-family	489	Ontario	46,500
	519		48,570

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

Property Type	Units / sq ft	Region	Gross Proceeds
Multi-family	54	Atlantic Canada	2,300
Multi-family	2	Northern Canada	110
Commercial	37,540	Western Canada	3,800
Multi-family	189	Western Canada	6,100
	245 / 37,540		12,310

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The results of the assets held for sale included in the consolidated statements of financial position are set out below:

Statement of financial position from assets held for sale	2016	2015
<b>Assets</b>		
Investment properties	24,797	-
Property, plant and equipment	15,076	-
	39,873	-
<b>Liabilities</b>		
Mortgages payable	18,008	-
	18,008	-
<b>Net assets held for sale</b>	<b>21,865</b>	<b>-</b>

## 26. Related parties

### a) Key management personnel

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

	2016	2015
Salaries, wages and benefits	1,805	2,327
Equity settled unit based compensation	429	504
	2,234	2,831

### b) Related party transactions

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

During the year, 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		Balance Outstanding	
	December 31		December 31	
	2016	2015	2016	2015
Revenue from associates	370	379	7	118
Receipt of services from associates	53	53	32	1

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 October 30, 2017. At Northview's option, the term may be renewed for two additional one year terms. On October 31, 2016, Northview provided notice to Starlight terminating asset management services for the properties located in New Brunswick and Nova Scotia, effective October 31, 2017.

For the year ended December 31, 2016, the costs of these services aggregated to \$1.9 million. Of this amount, \$1.5 million has been capitalized, while the remaining \$0.4 million has been recognized as administration expenses in the consolidated statements of net and comprehensive income.

Balance outstanding and payable to Northview from Starlight as at December 31, 2016, is \$0.4 million and is included in accounts receivable in the consolidated statements of financial position.

Balance outstanding and payable to Starlight from Northview as at December 31, 2016, is \$0.2 million and is included in trade and other payables in the consolidated statements of financial position.

## Northview Apartment Real Estate Investment Trust

### Notes to the Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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

During the third quarter of 2016, Northview sold two properties to Starlight for a total cash proceeds of \$15.5 million. The properties were sold at a value consistent with the internal assessment of the fair value of the properties. Fair value was calculated using expected net operating income of that property divided by the market capitalization rate at the time of the valuation. This internal assessment of fair value is consistent with Northview's method and policy when assessing fair value of properties for period end reporting and third party sales.

During the year ended December 31, 2016, 1,910,853 Class B LP and Special Voting Units, subject to conversion in accordance with their terms, were exchanged for Trust Units with a fair value of \$31.3 million by a Trustee, a related party. Exchange of Class B LP and Special Voting Units to Trust Units does not affect the Trustee's total ownership.

## 27. Segmented information

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

### a) Geographic Segments

	Atlantic Canada	Northern Canada	Ontario	Quebec	Western Canada	Total
<b>Year ended</b>						
<b>December 31, 2016</b>						
Rental revenue	45,061	88,255	89,725	18,401	72,225	313,667
Other revenue	955	5,644	5,351	293	6,545	18,788
Operating expense	(22,424)	(34,042)	(46,220)	(9,109)	(35,131)	(146,926)
Net operating income	23,592	59,857	48,856	9,585	43,639	185,529
<b>As at December 31, 2016</b>						
Total assets	408,728	626,385	986,206	184,192	949,714	3,155,225
Investment properties	383,722	594,599	970,131	181,856	929,517	3,059,825
Total liabilities	230,359	302,467	602,885	135,371	443,300	1,714,382
<b>Year ended</b>						
<b>December 31, 2015</b>						
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
<b>As at December 31, 2015</b>						
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

**Northview Apartment Real Estate Investment Trust**  
**Notes to the Consolidated Financial Statements**

Years ended December 31, 2016 and 2015

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

**b) Market Segments**

	Multi-family	Execusuites & Hotel	Total Residential	Commercial	Total
<b>Year ended December 31, 2016</b>					
Rental revenue	268,668	12,484	281,152	32,515	313,667
Other revenue	17,830	199	18,029	759	18,788
Operating expense	(127,249)	(6,856)	(134,105)	(12,821)	(146,926)
Net operating income	159,249	5,827	165,076	20,453	185,529
<b>As at December 31, 2016</b>					
Total assets	2,875,882	31,007	2,906,889	248,336	3,155,225
Investment properties	2,821,454	-	2,821,454	238,371	3,059,825
Total liabilities	1,569,525	16,668	1,586,193	128,189	1,714,382

	Multi-family	Execusuites & Hotel	Total Residential	Commercial	Total
<b>Year ended December 31, 2015</b>					
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
<b>As at December 31, 2015</b>					
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

**Northview Apartment Real Estate Investment Trust**  
**Notes to the Consolidated Financial Statements**

Years ended December 31, 2016 and 2015

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

**c) Reconciliation of reportable segment net income**

	2016	2015
Total net operating income for reportable segments	185,529	126,699
Financing costs	(68,552)	(37,957)
Administration	(9,830)	(8,999)
Depreciation and amortization	(4,967)	(5,030)
Loss on sale of properties	(722)	(762)
Equity income from joint ventures	864	1,070
Bargain purchase gain	-	50,893
Business combination transaction costs	(14,579)	(38,959)
Unrealized fair value changes	(10,268)	(55,103)
<b>Net and comprehensive income</b>	<b>77,475</b>	<b>31,852</b>

**d) Reconciliation of reportable segment assets**

	2016	2015
Total assets for reportable segments	3,155,225	3,104,634
Property, plant and equipment	427	329
Investment in joint ventures	6,274	6,210
Other long-term assets	(413)	(383)
Loans receivable	3,284	5,743
Prepaid expenses and other assets	(1,458)	(146)
Accounts receivable	536	5,682
Restricted cash	7,758	8,743
Cash	(1,037)	1,805
Assets held for sale	15,076	-
<b>Total assets</b>	<b>3,185,672</b>	<b>3,132,617</b>

**e) Reconciliation of reportable segment liabilities**

	2016	2015
Total liabilities for reportable segments	1,714,381	1,422,367
Class B LP Units	115,971	137,135
Convertible debentures	23,460	22,885
Derivative instruments	1,499	1,515
Credit facilities	133,842	483,743
Trade and other payables	15,975	7,989
Distributions and Class B LP interest payable	7,583	7,089
Unit based payments	1,733	788
Liabilities related to assets held for sale	18,008	-
<b>Total liabilities</b>	<b>2,032,452</b>	<b>2,083,511</b>

**28. Subsequent events**

Between January 1, 2017, and March 9, 2017, Northview disposed of four non-core properties with a fair value of \$23.4 million.

Between January 1, 2017, and March 9, 2017, Northview completed new financing and renewals of \$7.4 million with interest rates between 2.50% and 3.60% and terms to maturity of approximately 1 to 10 years. Proceeds were used to pay down existing debt and credit facilities.



## Trustees

Douglas H. Mitchell, CM, AOE, QC  
*Trustee and Chairman of the Board*

Todd R. Cook, CPA, CA  
*President, Chief Executive Officer, and Trustee*

Daniel Drimmer  
*Trustee*

Kevin E. Grayston, CPA, CA, ICD.D  
*Trustee*

Dennis J. Hoffman, FCPA, FCA, ICD.D  
*Trustee*

Christine McGinley, CPA, CA, ICD.D  
*Trustee*

Terrance L. McKibbin, ICD.D  
*Trustee*

Graham L. Rosenberg, CPA, CA  
*Trustee*

Scott Thon, ICD.D  
*Trustee*

## Officers

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

Travis Beatty, CPA, CA, CFA  
*Chief Financial Officer*

Leslie Veiner, CPA, CA  
*Chief Operating Officer*

Richard Anda  
*Vice President, Business Development*

Louise Elsey  
*Corporate Secretary*

Bo Rasmussen  
*Vice President, Property Development*

Lizaine Wheeler  
*Vice President, Residential Operations*

## Corporate Information

### ANNUAL GENERAL AND SPECIAL MEETING

Tuesday, May 9, 2017  
3:00 p.m. MT, 5:00 p.m. ET  
Card Room,  
The Petroleum Club  
319 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 0L6

### 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

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Northview<sup>TM</sup>

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