A YEAR IN TRANSITION

SEMI ANNUAL REPORT TO UNITHOLDERS

AS AT AND FOR THE PERIOD ENDING JUNE 30, 2013

NORTHERN VISION DEVELOPMENT LIMITED PARTNERSHIP
2013 SEMI ANNUAL REPORT TO UNITHOLDERS

We are pleased to provide unitholders with this report on the activities of Northern Vision Development Limited Partnership ("NVDLP" or "the Partnership") for the first six months of 2013. Included herewith are financial statements as at and for the period ended June 30, 2013, along with the appropriate comparable results. Current period results have been prepared by management and are not audited. Some of the comparable numbers provided were audited by BDO Canada LLP.

OVERVIEW AND BACKGROUND

NVDLP, a private real estate partnership, was established in February 2004 with a mandate to acquire properties with strong growth prospects located in Whitehorse, Yukon. Since inception, the Partnership has acquired, and partially developed or sold, a diverse base of commercial, residential, industrial and hospitality properties that provide regular cash flow and capital appreciation for unitholders. NVDLP is managed by its general partner, Northern Vision Development Corp., a private company based in Whitehorse and formed under the laws of the Yukon. The operations of the Partnership are overseen by a Board of Directors comprised of individuals with a diverse mix of skill sets and experience in the real estate and hospitality industries. Initially established with a term of ten years; in 2012 the Partnership sought and received unanimous approval from its unitholders to extend its activities over an unlimited term, while providing unitholders with liquidity from time to time when market and other conditions are favourable.

At the end of the reporting period there were 21,029,970 Limited Partner Units outstanding with no options or purchase warrants issued. No distributions were made during the six month reporting period.

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OVERVIEW

The first six months of 2013 marked a period of transition for the Partnership. Having completed the successful liquidity event in 2012, followed with an increase in the Partnership's distribution backed by improved operating performance and increased development and sales activity, the first half of 2013 saw investment of the Partnership's resources in activities that will lay the foundation for long-term growth and sustained returns. Being in transition has meant pressure on the profit performance in the current period, but this will begin to ease at the back end of 2013 and we anticipate the results of the transition will lead to improved profit performance and distributions over the long term.

During the period, a significant amount of human and financial resources were expended on the development of the former Canadian Tire store, which will be converted into a shopping centre and renamed *NVD Place*. Effort was also expended on completing the sales and leasing of the Waterfront Station project and the remaining River's Reach residential condo units, although the pace of sales and rentals of these projects has slowed. In late May, the *Edgewater Hotel* in Whitehorse was added to the Partnership's hospitality division. One month of

THE FIRST HALF OF 2013 SAW INVESTMENT IN ACTIVITIES THAT LAID THE FOUNDATION FOR LONG-TERM GROWTH AND SUSTAINED RETURNS.

Dawson's Downtown Hotel became the fourth hotel owned and managed by NVDLP in July 2013. It was acquired in 50/50 partnership with Dawson-based Chief Isaac Incorporated.

operating performance from that entity is included in this report. In early July 2013 a fourth hotel property, the *Downtown Hotel* in Dawson, was also acquired in a 50/50 partnership with Chief Isaac Incorporated. Both acquisitions consumed substantial management time during the period. Both are expected to deliver improved performance in future periods through operating synergies with our existing hotels, resulting in improved cash flows and supporting the Partnership's distribution program.

In order to undertake these activities, the Partnership completed a financing program involving the issuance of $3.25 million in Short Term Notes, $4 million in Convertible Debentures and $500,000 in working capital financing with BDC. All of this financing is planned to close subsequent to June 30, 2013 and prior to September 30, 2013. The Short Term Notes will ultimately be replaced with conventional mortgage debt secured by NVD Place, and the Convertible Debentures will provide acquisition and development financing over the next three year period. In addition conventional mortgage financing was put in place during the period to support the acquisition of the Edgewater Hotel. Short Term Note proceeds were used to complete the Downtown Hotel acquisition, and this will be partially taken out with mortgage and construction financing to be put in place on this project. A portion of the assets acquired in Dawson will be converted into Yukon Government staff housing, while the remainder of the property will continue to be operated as a hotel.

Subsequent to June 30, 2013 and in step with the launch of NVD Place, the Partnership adopted a new logo. This new logo marks the coming of age of the Partnership and its transition into a longer-term entity with a focus on growth and creating sustained returns for unitholders while seeking periodic opportunities for liquidity.

This report clearly shows that costs were up and net income was down for the six month period, however it is anticipated that sales activities will pick up in the latter half of the year. As at June 30, 2013 NVDLP had sold two Titanium Way lots. By the writing of this annual report a total of eleven more have been sold or conditionally sold. These sales will create significant gains for the Partnership. Hotel revenues, which have been slower than anticipated in the first half of 2013, look like they may outperform original expectations this fall, although they will likely fall short of 2011 and 2012 annual levels on

Construction is well underway at the former Canadian Tire store to be converted into a mall and renamed NVD Place.

a comparable basis due primarily to a slowdown in mining activity in the Territory. Due to both the softer economy, and the number of development projects underway by both NVDLP and others, it is anticipated that vacancies will continue to be present in the Partnership's lease portfolio. However a steady focus on leasing activity over the next eighteen month period should lead to a return to solid performance from this division by 2014.

OPERATIONAL HIGHLIGHTS

The new Visitor Information Centre in Carcross was completed and opened in May 2013. It is a 50/50 joint venture between NVDLP and the Carcross Tagish Management Corporation.

2013 is a *Year of Transition* for the Partnership. NVDLP has and will be engaged in substantial development and acquisition activity throughout this year. While these activities have yet to positively impact revenues and profits for the Partnership, they are taking up a considerable amount of the LP's human and financial resources. They are anticipated to positively impact sustained cash flow from operations in 2014 and beyond. Here are operational highlights for the period:

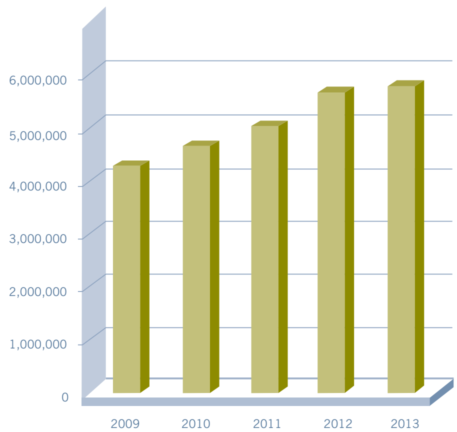
SOME NEW PROJECTS WERE STARTED AND OTHERS WERE COMPLETED IN A PERIOD THAT ALSO SAW NVDLP ACQUIRE TWO NEW HOTEL PROPERTIES.

- In May, the Carcross VIC was completed and the Yukon Territorial Government had taken occupancy – marking NVDLP's first project outside of Whitehorse. Construction was overseen by the Carcross Tagish Management Corporation. NVDLP is a 50% owner;
- Work commenced on the redevelopment of the former Canadian Tire store which will be converted into a mall and renamed NVD Place. This 50,000+ square foot project is well located and has been approximately 35% leased, with significant interest existing in the remaining spaces;
- The Edgewater Hotel was acquired on May 30, 2013 and is being actively integrated into the Partnership's hospitality division;
- Subsequent to period end, the Downtown Hotel was acquired in a 50/50 partnership with Chief Isaac Incorporated. This project will be operated as a hotel, with a portion being converted into long-term government staff housing for Yukon Housing Corporation;
- In July, NVDLP was recognized by the Assembly of First Nations with its Business Trailblazer Award, which recognized the Partnership's leadership in establishing business partnerships with First Nations entities;
- Work continued on the sales and lease up of Waterfront Station, with premises completed for Association of Yukon Communities and the leasing of one additional main floor unit. At the writing of this report the project is over 75% sold or leased;
- The High Country Inn commenced operations under the Coast Hotel flag during the period;
- By August 2013 a total of thirteen Titanium Way lots had been sold or conditionally sold, a total number that is substantially ahead of plan for the entire year; *and*
- The partnership occupied its new premises in Waterfront Station providing it with a presence in the midst of its core development activities.

FINANCIAL HIGHLIGHTS

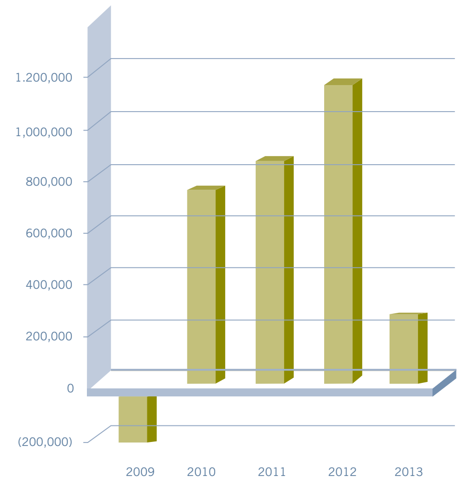
- During the period a total of $3.25 million in 8% Short Term Notes and $4.0 million in 6.75% Convertible Debentures were negotiated. These financial arrangements are scheduled to close in the third quarter of 2013;
- The Partnership entered into a $500,000 working capital loan arrangement with BDC at 4.5% and utilized $250,000 of this amount as financing for the Carcross VIC project;
- Net Book Value of total assets of the Partnership increased by 6.8% since December 31, 2012, from $45.8 million to $48.9 million;
- Gross revenues of the Partnership for the six month period increased by 3.3% from $5.5 million in 2012 to $5.7 million, driven in part by the inclusion of one month of revenue from the newly acquired Edgewater Hotel during 2013;
- Two Titanium Way Business Park lots were sold for total gains from assets held for sale of $93,000 ($153,000 in 2012);
- One condominium sale for Waterfront Station during the period accounted for gains of $77,000 ($653,000 in 2012);
- Gross margin from operations of $1.6 million was consistent with the first six months of 2012;
- A Loss from Operations of $35,000 was the result of flat margin versus the comparable period with depreciation, interest and other admin costs being up during 2013 (Profit from Operations of $319,000 in 2012);
- Income from interest earned was up 235% to $77,000 ($23,000 in 2012); *and*
- Net Income was down 81.5% to $213,000 ($1,149,000 for the first six months of 2012) due to lower gains from sales, higher depreciation, higher interest costs and increased overall general and administrative expenses.

Total Revenue ($ for the six months ended June 30)



Revenue continues to increase, however in 2013 this was primarily due to the inclusion of one months revenue from the Edgewater Hotel that contributed $135,000 or roughly three quarters of the increase over 2012.

Net Income ($ for the six months ended June 30)



Net income was well off for the first half of 2013 contrasted to previous comparable periods. The operating margins were flat while interest, amortization and human resource costs were all up. At the same time gains from sales were down considerably versus previous years. The combination led to a small level of operating profit in the first half of 2013. This will be reversed in the back half where sales activity has been brisk and operating margin contributions have begun to improve.

CEO'S LETTER TO UNITHOLDERS

Dear Unitholders:

The first six months of 2013 marked a very busy period for your Partnership. While the financial results appear disappointing, I report to you that we have laid a foundation during the past six months upon which both growth and sustained income will be possible. In July, we closed important financing arrangements. We also negotiated and/or closed sales of an additional eleven Titanium Way lots. If all close this year, we will recognize gains in excess of $830,000 for Titanium Way lot sales in 2013. While the economy is not as robust as it has been over the past three years, due mainly to a decline in mining exploration and a delay and/or reduction in mining production activity, your Partnership continues to invest the effort to ensure that sustained cash flow and solid returns are available in the future.

As we have done in the past, we do not provide an operations review in the Semi Annual Report. Instead I address operations in this letter to unitholders. The Management Discussion and Analysis provides an in-depth review of our financial results.

The Edgewater Hotel, located on Main Street in Whitehorse, was acquired at the end of May 2013. Our Hotel Division Management Team has done an excellent job integrating this hotel into our operations during high season.

HOTEL ACQUISITIONS

NVDLP has operated two hotels since the August 2007 acquisition of the High Country Inn. As previously reported, we responded to increased hotel competition in Whitehorse (the introduction of new flags by competitors) by adopting the Coast brand for the Coast High Country Inn at the beginning of 2013. In late May we added the Whitehorse-based Edgewater Hotel to our portfolio, and in July, just subsequent to the reporting period, we closed the acquisition of the Downtown Hotel in Dawson through a 50/50 partnership with Chief Isaac Incorporated. The Dawson partnership calls for us to earn a management fee for hotel operations of the main hotel property, while the annex building is converted into a housing project to be primarily occupied by Yukon Territorial Government workers under a long-term rental arrangement. Chief Isaac Incorporated will be responsible for construction and property management of the converted annex building. The acquisition also provides us with land in Dawson that can be used for future development.

The acquisition of these hotel properties provides our seasoned hotel management team with an opportunity to realize synergies through the operation of four Yukon-based hotels. We see the need for limited expansion of our hotel management team in order to operate these additional properties and we are pleased with the integration efforts to date. The Edgewater Hotel is located on Main Street. Combined with our Best Western Gold Rush Inn at the other end of Main Street, we now enjoy a dominant position in the centre of downtown Whitehorse. The quality of rooms in this 32-room boutique hotel fit well with our existing Whitehorse hotel product offering. The Downtown Hotel will require some Capex attention once we are through the busy summer season, however this well located hotel and related real estate assets provide us with substantial development upside.

Income from hotels is an important part of our sustained cash flow from operations which we utilize as the core source of annual distributions along with proceeds from our rental property division. The increased size of our hotel division, through acquisition that did not require the issuance of new units, will be accretive to the cash flow per unit from this division in the years to come, so long as the Yukon economy performs at reasonable levels.

2013 MARKED THE ADOPTION OF THE COAST BRAND AT THE COAST HIGH COUNTRY INN AND THE ADDITION OF ONE HOTEL IN WHITEHORSE AND ONE IN DAWSON.

In 2013 we have seen an overall decrease in occupancy at our hotels (and in the industry in general) driven by a decline in mining-related activity. Looking forward, it appears that relative occupancy performance may be strong as compared to previous years for most of the balance of 2013. As Average Daily Rates ("ADRs") have held, we expect solid revenue and profit contribution from this division for 2013, reflecting the increased contribution from the two new hotels. We are fortunate to have acquired both properties at the beginning of the busy hotel season. Future performance will depend on smooth integration with our existing properties, realization of operating synergies, and continued strong marketing efforts in addition to overall economic performance levels.

Overall we are pleased with the performance of the hotel division to date with a couple of exceptions. First, we have yet to see material positive impact from the Coast brand on High Country Inn performance levels. Signage was delayed due to a new brand program being developed at Coast, which may be a factor. Going forward, we will continue to work diligently with Coast to ensure that we realize on this brand investment. Second, we have seen costs escalate in a number of areas including energy commodity pricing, repairs and maintenance of properties and general administrative costs. We have taken effective steps in reducing energy consumption to hold the line on overall energy costs, and we have moved strategically to address the other areas of cost pressure which included poor performance from our food and beverage outlets at the Coast High Country Inn. With synergies available from a broader hotel footprint, and focused cost control, we expect gains in these areas throughout the balance of 2013, which should be positively reflected in year-end results.

WITH THE ADDITION OF WATERFRONT STATION AND NOW NVD PLACE, THE SIZE OF OUR RENTAL PORTFOLIO HAS ALMOST DOUBLED.

Finally, the front of house and kitchen staff at the Coast High Country Inn Food and Beverage outlets voted to unionize during this past reporting period. Accordingly we will be meeting with union representation and beginning the process of collective bargaining in August. We are hopeful that the collective bargaining process will provide another avenue for us to address the performance and productivity issues, in these outlets.

Financially, the hotel division contributed operating margin before depreciation and interest charges of $818,000 for the first six months of the year as compared to $879,000 for the first six months of 2012.

RENTAL PROPERTIES

As reported in our 2012 Annual Report, we are significantly increasing the available space NVD offers for lease in 2013. This is driven primarily by our redevelopment of the former Canadian Tire property to be renamed NVD Place.

Overall the leasing and commercial condo sale market has been less robust in the past six months. We were able to complete the sale of one Waterfront Station condominium over the first six months of 2013 and leased out one additional main floor unit, but we still have approximately 25% of that complex to lease or sell. We are making good progress on the leasing program for NVD Place, but we do have substantial inventory to move in that location during the renovation period which will be completed over the next three months. Leasing of our Titanium Way assets has been a challenge, and we currently have one open space available in our TW166 project and approximately half of TW170 is currently vacant. Consequently we are running a comprehensive marketing program commencing August 2013 which will rejuvenate the sales and leasing efforts for all of these projects. This program will also see us introduce the new NVD brand.

At the writing of this report, we are witness to a pickup in sales and leasing activity. We are hopeful that this will be sustained and that we can make significant progress on the leasing effort throughout the balance of the year. Once we hit a reasonable percentage threshold for lease up of the NVD Place project we will move to secure conventional mortgage debt on that property and replace the Short Term Notes we have negotiated to finance the landlord work and tenant fit up for that project.

Our inventory also increased during the period due to the completion of the Visitor Information Centre in Carcross, Yukon, which was completed in a 50/50 joint venture with Carcross Tagish Management Corporation ("CTMC") which is an entity of the Carcross Tagish First Nation ("CTFN"). Through another of their entities, the CTFN are a large unitholder in NVD and have been a terrific partner. We are pleased to have this initial project in Carcross completed with tenant in place and we look forward to more to come from this partnership.

We renovated the old EasyHome building and have repurposed it for office use. We are delighted that EDI Systems Inc. was able to take up tenancy in that building during the first half of 2013.

Success in future years for this division will rest on solid results from our leasing efforts throughout the balance of this year. This is because the costs associated with this division are predictable, and are primarily driven by interest rates as most of our leases are triple net. During the period, the mortgage associated with the Spook Creek Station project matured. We were able to replace a fixed interest facility with GE Real Estate at 6.78% with at fixed interest rate mortgage through RBC at 3.01%. While this mortgage represents only 6% of our long-term debt, the low rate helps to offset the higher rates we took on for both our Yukon Centre Mall and Best Western Gold Rush Inn properties in late 2012 when low variable rate GE loans matured and were replaced with slightly higher cost BDC fixed and variable rate debt.

We believe our mix of variable and fixed rate debt at competitive commercial pricing will allow this division to perform well so long as we make good progress on our leasing efforts throughout the balance of 2013. Because the size of the overall portfolio has increased significantly over the past few years, this division will have an increased importance with respect to sustained cash flow, keeping pace with growth through acquisition in our hotel division.

SALES ACTIVITY AT TITANIUM WAY PICKED UP CONSIDERABLY IN JULY 2013 AND THE YEAR WILL NOW BE OUR MOST ACTIVE EVER WITH RESPECT TO THE TITANIUM WAY BUSINESS PARK.

DEVELOPMENT ACTIVITIES

We continue to seek buyers for the remaining four residential condo units in River's Reach. Buyer interest has picked up in the past sixty day period, however in order to ensure these assets are not idle, we have begun a rental program for these units and we look to have most or all of them rented for a significant part of the remainder of the year. This type of program was very effective for NVDLP in dealing with the remaining Heights Condo inventory we held during the 2009 to 2011 period as we sold out the remainder of that project.

Waterfront Station is finally nearing full completion as the seasonal work is undertaken and the final building deficiencies are addressed. We are stepping up sales efforts for the remaining lease and sales inventory which includes one unit on the fourth floor, two units on the third floor, two units on the second floor and two spaces on the main retail level. We continue to hold out for full rental and sales rates for this project which we continue to believe is the premier business address in Whitehorse.

Construction is well underway on NVD Place and the first occupants will be in place in the third quarter. The project is being converted into a mall with an interior atrium (a unique feature in Whitehorse) and we expect this highly visible location with ample parking to be attractive to a wide range of tenants. Already we have a vocational group, a medical practice, a laundry and others signed up and we are working on leasing the smaller interior spaces.

Waterfront Station strikes a handsome pose alongside the banks of the Yukon River.

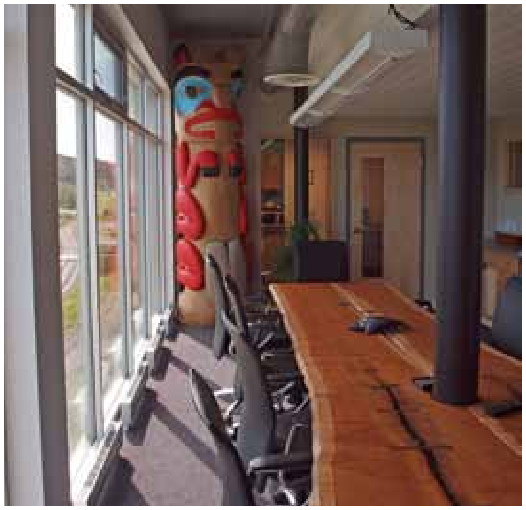
As we near completion of existing Waterfront Place projects we are beginning to focus attention to future opportunities for the remaining waterfront lands. We will not commence development of these projects until we have sold out the existing projects and witness demand for additional waterfront facilities; however we do plan to complete this waterfront project in a reasonable period of time. We will report more on this subject in our 2013 Annual Report.

Overall development activities are accretive to our distributions in a number of ways. First they convert assets with carrying costs into assets that productively contribute to cash flow. Second, they unlock the unrealized growth on our land holdings as the full market value of the land is reflected in lease rates. As we sell off our Titanium Way land inventory and develop our remaining land holdings, we will significantly decrease carrying costs while creating gains from sales and additional rental property income.

INVESTMENT IN THE NVD TEAM

A small group of employees have accomplished a lot for the Partnership over the past several years. However in the latter part of 2012 it became apparent that we could not handle the increased development and property management load with our existing compliment of staff. Accordingly, we moved to new and larger premises in Waterfront Station and added to our staff in ways that allow us to more professionally meet our increased property management and development requirements. While this has increased costs, it has allowed us to generate more property management revenues while ensuring that our leasing and development efforts can be properly supported from within. The payoff from this investment in human resources will be evident in the years to come.

The quality of our accounting function and property management group outputs improved materially in



Our new boardroom in our Waterfront Station Offices is dominated by a large Totem. This Totem which represents the Beaver Clan was loaned to NVDLP by the Carcross Tagish First Nation.

the first half of 2013 and I anticipate that we will be fully meeting our own professional management standards by the end of the year. This bodes well for our ability to continue to grow the Partnership.

FIRST NATIONS PARTNERSHIPS

As reported in our 2012 Annual Report, one major outcome of the liquidity transaction in 2012 was that NVDLP is now majority Yukon owned with over 40% of the Partnership owned by First Nation's entities. As part of the investment arrangements, NVDLP indicated that it would be interested in further partnerships with our First Nations investors, should opportunities present themselves that meet our investment criteria.

I am pleased to report that we were able to move forward on projects with both the Tr'ondëk Hwëch'in and the Carcross Tagish First Nation during the period. We completed the acquisition of the Downtown Hotel in early July 2013 in partnership with Chief Isaac Incorporated (the corporate arm of the Tr'ondëk Hwëch'in). The construction and leasing of the Carcross Tagish Visitor Information Centre in the heart of the Carcross Commons was an initial step in the partnership we are developing with the Carcross Tagish First Nation. We have not yet entered into a project with our third major partner – the Ta'an Kwach'an Council – however they did subscribe for $2.0 million out of our $3.25 million Short Term Note offering in July 2013. Tr'ondëk Hwëch'in Trust also subscribed for $1.0 million of this note, specifically related to the Downtown Hotel acquisition. We are tremendously appreciative of the partnerships that are being established with these First Nation entities and continue to value the longer term relationships established with the Selkirk First Nation, Yukon Indian Development Corp and Vuntut Gwitch'in Limited Partnership. All are part of our continuing success in the Yukon.

As many of you may be aware, the traditional lands of the Ta'an Kwach'an and the Kwanlin Dunn First Nations played host to the annual gathering of the Assembly of First Nations in July 2013. NVDLP was pleased to be a Presenting Sponsor of this event and we were humbled to receive the Trail Blazer award in recognition of the innovative business partnerships we are developing with First Nations.

We believe that we have only taken the first small steps with respect to productive partnerships with Yukon-based First Nations. We look forward to the opportunities that lie ahead.

NVD CEO accepts the Trail Blazer award as presented by AFN Grand Chief Sean Atleo during the 2013 Assembly of First Nations which took place in July in Whitehorse.

THE ECONOMY

The economy in Yukon slowed in 2012 and that trend has continued into 2013. The mining exploration activity remains slower, and in 2013 we began to see some delays announced in mining production coming online, while existing operations announced layoffs and production slowdowns. While the long-term mining outlook remains solid, the sector is under significant pressure and we certainly do not anticipate any significant economic stimulus from this area over the next year to eighteen month period.

The impact of the cooling of the economy has also been a slowdown in commercial building activity. This slowdown should allow for the absorption of some of the capacity recently created and may therefore lead to a more normal leasing environment in the coming years. NVD certainly does not plan to add capacity beyond the existing NVD Place project until the economy heats up once again, or until existing empty space is fully absorbed.

Tourism remains relatively strong although several factors have had a negative impact on hotel performance. A two week delay in the commencement of summer Condor service from Frankfurt to Whitehorse certainly had a negative impact on May 2013 hotel revenues. It is unclear whether or not the elimination of Air Canada direct service to Whitehorse from Calgary during the summer months has also had a negative impact (travelers still have plenty of options on Air North from Calgary, Edmonton and Vancouver as well as Air Canada and WestJet from Vancouver) but so far the summer of 2013 has performed below the recent levels established in 2011 and 2012.

COMMITTED EMPLOYEES AND BOARD

We continue to be tremendously well served by a talented and hard-working staff, especially given the range of activities underway. As noted we have added to our staff compliment in order to ensure that we are capable of delivering the professional standard of service that will serve us well in the years to come.

At our May 23, 2013 Annual General Meeting in Whitehorse, we welcomed Shirley Adamson to our board. Shirley is a Ta’an Kwach’an citizen and former Grand Chief of the Council of Yukon First Nations. She brings substantial Yukon-based business experience and an important perspective to our board. The balance of our board continued to work hard on unitholders’ behalf over the past six months and their expert guidance and encouragement is very much appreciated by NVDLP employees. Our unitholders are well served by the experience and commitment of our board.

The Partnership continues to make an important contribution to the Yukon community and continues to bring a confidence and thoughtfulness to its development and other business activities. We will strive to continue to build on the foundation that has been carefully laid over the past nine years. In February of 2014 we will celebrate our first decade in business and during 2014 we will find the opportunity

WE STRIVE TO BUILD ON THE STRONG FOUNDATION THAT HAS BEEN CAREFULLY LAID OVER THE PAST NINE YEARS AND LOOK FORWARD TO CELEBRATING OUR FIRST DECADE ANNIVERSARY IN 2014.

to create an anniversary celebration in which unitholders can participate.

In the meantime I wish you all well, and look forward to reporting to you again at the end of the year.

With warm regards,

Northern Vision Development Limited Partnership

Richard S. Thompson
Founder, Director and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS

The financial statements of NVDLP, which are unaudited and prepared by management, as at and for the period ended June 30, 2013 are included with this semi annual report. This summary should be read in conjunction with the financial statements and related notes thereto. Some of the comparable results provided as part of the financial statements were prepared by management and audited by BDO Canada LLP.

STATEMENTS PREPARED UNDER ASPE

The Partnership's financial statements for the period ended June 30, 2013 continue to utilize the Accounting Standards for Private Enterprise ("ASPE") which were adopted for the first time by the Partnership in 2011.

FINANCING ACTIVITIES

The partnership did not issue any equity during the period. However at its annual meeting of unitholders a vote was held, and unanimously approved, allowing the partnership to create and issue tracking shares in the form of retention bonuses for directors and senior managers of the Partnership. As at the end of the period no such retention awards were issued.

The Partnership marketed both Short Term Notes and a Convertible Debenture during the period, and both will close in the third quarter.

Short Term Notes: The Short Term notes are for a term of no less than six months and no more than nine months and carry an interest rate of 8% per annum. They will be redeemed through proceeds of conventional mortgage debt financing secured by the NVD Place project. A total of $3.25 million was subscribed for during the period and closed in July 2013. Current investors of the partnership accounted for $3.0 million and a past unitholder accounted for $250,000. One million dollars of the placement was provided specifically to finance the completion of the Downtown Hotel acquisition.

Convertible Debentures: A total of $4.0 million in Unsecured Convertible Debenture financing was negotiated during the period at an interest rate of 6.75%. The Debentures are convertible at a price of $1.95 per unit with a term of three years. It is anticipated that the Convertible Debenture Financing will be closed at the end of August 2013.

Long-term Debt: The partnership normally places mortgage financing on its income producing properties. From time to time such debt matures and is either renewed with the existing lender or placed with a new lender. In cases, such as NVD Place, where construction financing is required prior to entering into long-term mortgage financing the Partnership will either enter into a construction financing arrangement with a related mortgage take out, or will finance the construction through other means and put mortgage financing in place when construction and lease up is completed.

During the past six months the following transactions took place with respect to long-term debt financing: (a) On May 30, 2013 the Partnership entered into a new $1.8 million mortgage with BDC at BDC's floating base rate minus 0.5% (4.5%) secured by the Edgewater Hotel in order to support the Edgewater Hotel acquisition; (b) On May 1, 2013 the Partnership replaced its existing mortgage on Spook Creek Station with GE Real Estate that carried a 6.78% fixed interest and was maturing, with a new RBC mortgage with fixed interest at 3.01% that matures on May 1, 2018; (c) The Partnership drew down a total of $1.85 million in available BDC financing on a previously negotiated facility secured by its Yukon Centre Mall, utilizing all remaining funding available from that facility; and (d) The Partnership drew down the remaining $32,000 in funds from a BDC facility secured by the Storage Park which is a joint venture asset in which the partnership owns 40% located in the Titanium Way Business Park. The details of each of these loans is provided in Note 4 to the financial statements.

At June 30, 2013 a loan with TD bank totaling $654,157 ($667,760 at December 31, 2012) was classified as current because it matures in October 2013. The Partnership has no reason to believe it will not renew this mortgage. The remaining amounts classified as current relate to the principal due within one year on all of the mortgages included in the schedule provided in Note 4.

Short Term Debt: The Partnership's short term debt during the year related to NVDLP's portion of the construction financing undertaken with RBC to finance the Waterfront Station Commercial Condo project during the year. The NVDLP net portion (50%) of the Waterfront Station loan was $2,112,539 at June 30, 2013 (2,467,924 at December 31, 2012). A number of units will close in August 2013 and throughout the balance of the year, further reducing this debt. A take-out mortgage was part of the arrangement with RBC, however it has not yet replaced the construction loan. The Partnership expects to complete the conversion to a mortgage in the third quarter.

Weighted Average Cost of Debt: At June 30, 2013 weighted average cost of long-term debt decreased to 4.42% (5.16% at December 31, 2012). This decrease was driven by two factors: BDC debt either drawn down on (Yukon Centre Mall) or entered into was at a rate that was lower than the weighted average on December 31, 2012; and the new RBC financing for Spook Creek Station was at 3.01% as opposed to the historical GE Real Estate fixed rate of 6.78% on that mortgage. These improvements were only partially offset by the small amount of Storage Park loan debt that was drawn down at a rate higher (5.5%) than the weighted average cost of debt at December 31, 2012. Total long-term debt before allowance for current portion, increased $3.2 million or 17.5% to $21.7 million at June 30, 2013 ($18.4 million as at December 31, 2012) as a result of the aforementioned loan activities throughout the period. The long-term debt to equity ratio at June 30, 2013 increased to 0.98:1 (December 31, 2012 – 0.83:1) as a result of long-term debt increasing faster than equity. Equity increased during the period due to the income earned during the first six months of 2013.

Including the short term construction loan associated with the Waterfront Station project, NVDLP's loan portfolio includes 70.0% variable rate and 30.0% fixed rate loans (70.5% variable and 29.5% fixed at December 31, 2012). The Partnership will continue to seek opportunities to rebalance the portfolio to a higher percentage of fixed rate mortgages if it is prudent to do so. Currently, the Partnership is exposed to interest rate risk with each 1% rise in its variable interest rates responsible for an annual increase of $168,000 in interest expense.

WORKING CAPITAL

As noted in previous years, it is typical for current liabilities to significantly exceed current assets for the Partnership, given that certain potential sales "inventories" are properly classified as a long-term asset – properties held for sale – and debt that is maturing is classified as short term debt even when the Partnership fully anticipates renewing the loans. This situation is exaggerated by the fact that construction loans are classified as short term, while the associated assets, even if they may be sold, are classified as long-term.

Accounts Receivable decreased substantially during the first six months of 2012 to $1,061,610 from $1,972,256. This relates to development activities wherein sales were completed in 2012 (thereby increasing accounts receivable in 2012) with cash received in early 2013 (hereby reducing accounts receivable during the current period).

Accounts payable and accrued liabilities were largely unchanged at $2,682,309 at June 30, 2013 ($2,746,498 – 2011) however this was largely coincidental. Accounts Payable increased due to the addition of one hotel, and were generally higher due to June being in the middle of the high season for hotels whereas December is in the middle of low season. Accounts payable to our River's Reach Joint Venture partner were down significantly from December 2012 to June 2013, and Accounts payable for Waterfront Station were also down. The combination of these various factors, both up and down, left overall Accounts payable relatively unchanged.

DEVELOPMENT SEGMENT

Property held for sale dropped by approximately $45,000 to $2,415,000 at June 30, 2013 from $2,460,000 reflecting the net impact of two Titanium Way Lot sales made during the period offset by the capitalized carrying costs added to both the four remaining River's Reach condos and the remaining Titanium Way lot inventory.

Property under development increased from $4,078,000 (restated) at December 31, 2012 to $5,038,000 at June 30, 2013. There are a number of factors behind this change. Waterfront Station was reclassified from Property under development to Property Plant and Equipment as it is completed and now part of NVDLP's lease portfolio for NVD's 50% share of this project. The restatement reflects the fact that this was the case at December 31, 2012. The former Canadian Tire building was moved to Property under development in 2012 given that it is undergoing a substantial renovation and face lift. The result of the restatement of NVDLP's 50%

share of Waterfront Station from Property Under Development to Property Plant and Equipment, and the capitalization of construction costs and carrying costs related to the former Canadian Tire project have caused this number to increase versus the restated amounts presented at December 31, 2012.

OPERATING ACTIVITIES

Revenues: Revenues for the period ended June 30, 2013 increased by 3.3% to $5.7 million versus $5.5 million for the first six months of 2012. The inclusion of results for the Edgewater Hotel for the last two days of May and all of June 2013 accounted for 75% of this increase.

Gross Profit and Direct Expenses: Direct Expenses were up for the period by 4.8 % to $4.1 million (2011 - $3.9 million). Direct costs in the hotel division rose due to increased energy commodity prices, increased repairs and maintenance and higher overhead costs as well as due to the inclusion of Edgewater Hotel costs for a one month period. Overall Gross Profit was flat at $1.6 million in spite of the increase in revenues.

Expenses: Amortization increased to $645,000 for the first six months of 2013 from $559,000 for the comparable period in 2012 driven by the inclusion of full year depreciation related to the 2012 hotel renovation activity and depreciation of the Partner's interest in Waterfront Station for which leases are in place. Interest expense was up sharply to $398,000, a 36.8% increase from the $291,000 recorded for the first six months of 2012. This resulted from a number of factors with a primary driver being the increased cost of debt associated with the new BDC mortgages on the Best Western Gold Rush Inn and the Yukon Centre Mall. As discussed previously, the size of this debt was increased and the interest rates also increased when the mortgages with BDC replaced mortgages with GE Real estate that matured in December 2012. Consequently the Partnership carried a higher amount of mortgage debt at a higher weighted average rate during the first six months of 2013 than it did during the comparable period in 2012. This increase will be partially offset going forward by the replacement of the high cost GE debt on Spook Creek Station with a lower cost RBC facility in May 2013. The weighted average cost of debt decreased slightly during the period to 4.42% as compared to the weighted cost of debt as at December 31, 2012 (5.16%), but was up from the 4.28% weighted average cost of debt as at June 30, 2012.

In September 2012, upon the completion of the liquidity transaction, the payment of management fees was eliminated between the Limited Partner and the General Partner and at the same time the Limited Partner became responsible for the payment of all board wages and costs as well as some management salaries that had been previously subsidized at the option of the General Partner. It is therefore difficult to compare wages, management fees and director costs between the reporting periods in 2013 and 2012. Consequently we go into some detail here:

Board Costs: Up until September 2012 the General Partner paid these out of the proceeds of Management Fees paid to the General Partner by the LP. In the first six months of 2012 the LP paid the General Partner $152,104. From those proceeds the General Partner paid director fees, director travel and other governance costs as well as subsidizing management salaries in the LP and taking on some other costs, all of which are now directly billed to the LP. In 2013 the LP paid these costs directly, recording governance costs of $85,072. On a comparative basis director costs are up year over year because two directors have been added over the past year and because director's fees were increased commencing the first quarter of 2013. As well the directors held an offsite retreat for strategic planning purposes in March of 2013.

Salaries: Salaries were up from $188,000 for the first six months of 2012 to $319,000 in 2013. The major portion of this $131,000 variance reflects the fact that the GP paid $85,000 of these costs out of management fees received from the LP during the first six months of 2012. Given that Management Fees are no longer paid to the GP, there is no subsidy of this cost coming back to the LP. The balance of the increase is attributable to increased staff required to meet the increased requirements of the Partnership inclusive of salary increases year over year. It is noted that $44,000 in salaries were capitalized in the first six months of 2013 reflecting staff working on the NVD Place project (nil in the first six months of 2012).

Office Costs: NVD entered into a lease with its 50% owned joint venture partner upon occupying space in the Waterfront Station project in early 2013. Previously occupancy costs were restricted to a portion of the back office location in the Best Western Gold Rush inn. The company also entered into a lease for two spaces in the TW166 project as it had intended to use that vacant space which it partially owns to consolidate hotel laundry operations. However NVDLP subsequently entered into a sublease arrangement for that space with a third party as it will not be in a position to consolidate laundry operations until late in 2013 at which time it plans to do so in the NVD Place building. The result is that NVD carried a lease on this space for a number of months and this cost is reflected in office costs. As a result occupancy costs are up sharply in 2013, primarily associated with the Partnership's move into Waterfront Station.

As a consequence of the foregoing expenses increased from $1.3 million for the first six months of 2012 to $1.6 million for the six months ended June 30, 2013.

Income from Operations: As a result of flat margins and increased overhead expenses, the Partnership experience a loss from operations for the period of $35,000 as contrasted to an income from operations of $319,000 for the first six months of 2012.

SALES ACTIVITIES AND INTEREST INCOME

Interest Income: The partnership has entered into loans associated with Vendor Take Back financing on Titanium Way lot sales, tenant fit up (particularly for the Waterfront Station Project) and with partners with whom NVDLP operates Joint Ventures. These loans are at interest rates that are higher than the Partnership's borrowing costs. Because of the increase in this level of activity over the past year, NVDLP saw a significant growth in the level of interest earned in the first six months of 2013 ($77,000) versus the comparable period of 2012 ($23,000).

Sales of Assets Held for Sale: Sales of Titanium Way lots were sluggish in the first four months of the year but have picked up considerably. During the first six months of 2013 two lots were sold for gains of $93,000 ($153,000 in 2012) however subsequent to June 30, 2012 nine additional lots have been sold or conditionally sold. Consequently, gains from sales of Titanium Way lots will outperform both 2012 levels and budget expectations by year end.

Gains from sales of assets: Although sales have been completed on Waterfront Station several are not closing until the third or fourth quarter of 2013. Consequently the gains will not be recognized until the latter part of this year. In the first six months of 2013 one Waterfront Station sale was closed for a gain of $77,000 ($653,000 in the first six months of 2012 related to the sale of land to the Waterfront Station Joint Venture).

Net income: Due to flat margin contribution, higher overhead expenses and lower closed sales volumes, net income for the period was down to $213,000 from $1,149,000 in the first six months of 2013. It is anticipated that margins will improve throughout the balance of 2013 and sales activity will pick up considerably. As a consequence it is anticipated that the Partnership will experience solid net income returns during the balance of the year.

REVIEW OF MANAGEMENT OBJECTIVES

The following is a review of the objectives set out in the 2012 Annual Report with commentary regarding progress to date in 2013

Objective: Successfully lease out a significant percentage of the Old Canadian Tire building (NVD Place) and complete landlord work on this project, with the majority of the space enjoying tenants in place by year end.

Progress: The landlord work is underway and will be completed in 2013. The Partnership has leased approximately 35% of the space and is engaged in ongoing discussions relating to another 45% of the building. It is unlikely that NVD Place will be completely leased by year end, but a major leasing initiative is underway with the objective of having signed leases for over 75% of the space by the end of the year.

Objective: Complete the sales of Rivers Reach units and the sales and leasing of the remaining Waterfront Station Inventory.

Progress: Progress has been slow, with all four River's Reach units remaining unsold. One additional Waterfront Station Condominium was sold in the first six months and one space was leased for occupancy in the fall. The joint venture will be closing units previously sold, with occupancy permits already in place, during the third and fourth quarter - so gains will be recognized on these sales during the period. The Partnership will generate additional returns in the River's Reach Joint Venture through short term leases on the unsold inventory and currently all four units are being reviewed by interested parties. It will be difficult to achieve this objective by year end unless the sales environment improves considerably.

Objective: Complete leasing of the balance of the NVDLP portfolio that is currently vacant with a key focus on the Titanium Way projects.

Progress: The effort with respect to TW166 has been rewarded, and only one space remains unoccupied in this project. TW170 however is approximately 50% vacant. Accordingly the condos in that project that have been previously leased are now also listed for sale. Only one space remains vacant in Yukon Centre Mall. Given the current economic and leasing environment, it will be difficult to fully meet this objective.

Objective: Put in place the financing required to complete the acquisition of the Edgewater Hotel, the fit up of the Old Canadian Tire project and an acquisition and development fund for other projects.

Progress: Financing for the Edgewater Hotel acquisition was put in place and the balance of the financing required for these projects has either been concluded or negotiated with closing pending. This objective will be achieved in 2013.

Objective: Successfully identify and commence to develop outside-of-Whitehorse projects that can be undertaken in partnership with major NVDLP unitholders if they meet NVDLP return expectations.

Progress: The Carcross Visitor Information Centre delivered in May 2013 through partnership with CTFN, and the Downtown Hotel acquisition and redevelopment project undertaken with Chief Isaac Inc. was completed in July 2013. This objective has been achieved.

Objective: Continue to enhance the property management and development teams in order to allow NVDLP to deliver professional services that keep up with the Partnership's rapid expansion.

Progress: This area of the Partnership has been fully staffed and solid progress is being made with respect to meeting the performance standards that have been established.

Objective: Successfully integrate the Edgewater Hotel into the Hotel division and ensure improvement in operating margin through a focus on costs.

Progress: The full integration is underway and progress has been made on cost reduction over the past sixty days. Focus on costs will continue throughout the balance of 2013.

Objective: Complete all the foregoing and successfully support these activities with the financing required to allow the Partnership to continue to distribute to unitholders despite the increased activity levels and pressure on funds.

Progress: The financing is in place, and we have seen substantial increase in sales activity and improvement in operating results in the third quarter. Continued success on these fronts will allow the Partnership to meet this objective.

FINANCIAL AND LIQUIDITY PLANS

The Partnership has either negotiated or closed the financing required to carry out its plans. There are no plans to issue further units at this time as the combination of conventional debt, Short Term Notes and Convertible Debentures will provide the necessary financing to complete all projects currently underway.

FINANCIAL STATEMENTS AND NOTES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Northern Vision Development Limited Partnership and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The partnership maintains systems of internal accounting and administrative controls of quality that are consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the partnership's assets are appropriately accounted for and adequately safeguarded.

The partnership's management is responsible for ensuring that the partnership fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors review and approve the partnership's semi annual financial statements. The Board of Directors meet periodically with management, as well as the external accountants, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external accountants' report. The Board of Directors takes this information into consideration when approving the financial statements for issuance to the partners. The Board of Directors also consider the engagement of the external accountants.

The financial statements as at and for the period ended June 30, 2013 have not been audited.

August 19, 2013

On behalf of the Board:

Stanley Noel, Director and Audit Committee Chair

Ian McAuley, Director and member of the Audit Committee

Northern Vision Development Limited Partnership

BALANCE SHEET

		As at June 30, 2013 (unaudited)		As at Dec 31, 2012 (audited & restated)
Assets				
Current				
Cash	$	779,903	$	486,818
Accounts receivable		1,061,610		1,972,255
Properties held for sale		1,424,250		1,348,513
Inventories		112,221		129,376
Prepaid expenses and deposits (Note 7)		493,794		374,233
Note receivable (Note 11)		77,637		77,637
Current portion of loans receivable (Note 8)		1,188,720		566,236
	$	5,138,135	$	4,955,068
Loans receivable (Note 8)		992,973		2,173,382
Property and equipment (Note 1)		35,300,547		31,790,014
Property under development (Note 2)		5,038,363		4,392,902
Property and equipment held for sale (Note 3)		2,414,903		2,459,621
Other		10,744		12,278
	$	48,895,666	$	45,783,265
Liabilities and Partners' Equity				
Current				
Accounts payable and accrued liabilities	$	2,682,309	$	2,746,498
Deferred revenue		205,101		205,101
Customer deposits		72,298		1,500
Current portion of long-term debt		2,027,677		1,819,438
Short term loans (Note 5)		2,112,539		2,437,134
	$	7,099,925	$	7,209,671
Long-term debt (Note 4)		19,621,230		16,611,684
		26,721,155		23,821,355
Partners' equity		22,174,511		21,961,910
	$	48,895,666	$	45,783,265

Approved on behalf of the Board:

Stanley Noel, Director, Chair of Audit Committee

Ian McAuley, Director, Member of the Audit Committee

The accompanying notes are an integral part of these financial statements.

Northern Vision Development Limited Partnership
STATEMENT OF PARTNERS' EQUITY

		Six months to June 30, 2013 (unaudited)		Year ended Dec 31, 2012 (audited)
Partners' equity, beginning of period	$	21,961,910	$	19,918,496
Units issued				14,355,651
Units redeemed				(11,811,446)
Issuance costs				(627,771)
Net income for the period		212,601		2,876,980
Partners' equity, end of period		22,174,511		24,711,910
Capital distribution				(2,750,000)
Partners' equity, end of period	$	22,174,511	$	21,961,910

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

For the six months ended June 30		2013 (unaudited)		2012 (unaudited)
Revenues				
Hotels	$	4,853,746	$	4,745,993
Rentals		708,585		711,842
Rental income from properties held for sale		1,750		13,600
Property management		95,059		5,266
		5,659,140		5,476,701
Direct expenses				
Hotels		4,036,692		3,866,986
Rentals		29,493		12,986
Rental properties held for sale		-		-
		4,066,185		3,879,972
Gross margin		1,592,955		1,596,730
Expenses				
Amortization		644,588		558,525
Interest		397,611		291,029
Management fee		-		152,104
Governance		85,072		-
Wages		318,516		187,747
Professional fees		33,563		25,012
Office		109,137		19,857
Travel		8,175		14,459
Marketing		30,905		28,652
		1,627,567		1,277,385
(Loss) income from operations		(34,613)		319,345
Other income				
Interest income		77,452		23,133
Gains from assets held for sale		92,994		153,458
Gains from sale of assets		76,768		652,754
Net income for the period	$	212,601	$	1,148,690

The accompanying notes are an integral part of these financial statements.

Northern Vision Development Limited Partnership

STATEMENT OF CASH FLOWS

For the six months ended June 30		2013 (unaudited)		2012 (unaudited)
Operating activities:				
Net income for the period	$	212,601	$	1,148,690
Items not involving cash				
Amortization of financing fees		7,648		33,560
Amortization of leasing commissions		5,937		4,408
Amortization of intangible assets		833		833
Amortization of property and equipment		642,052		552,944
Gains on disposal of property and equipment		(169,563)		(806,212)
		699,507		934,223
Changes in non-cash working capital balances				
Accounts payable and accrued liabilities		(64,189)		401,160
Accounts receivable		910,645		(133,705)
Notes payable		-		(70,000)
Prepaid expenses and deposits		(119,561)		(99,438)
Inventories		17,155		(92,523)
Properties held for sale		(75,737)		-
Customer deposits		70,798		2,851
		1,438,618		962,568
Investing activities:				
Long-term investment		557,925		(12,906)
Proceeds on sale of property and equipment		739,823		2,214,130
Purchase of property and equipment		(5,299,594)		(7,427,447)
		(4,001,847)		(5,226,224)
Financing activities:				
Advances of short-term debt		509,283		5,207,509
Repayment of short-term debt		(864,667)		(1,000,000)
Financing fees paid, net		(33,304)		(31,098)
Advances of long-term debt		5,032,000		891,072
Repayment of long-term debt		(1,786,997)		(1,028,178)
		2,856,315		4,039,305
Net increase in cash during the year		293,085		(244,351)
Cash, beginning of year		486,818		854,433
Cash, at the end of the period	$	779,903	$	610,081

Supplemental disclosure of cash flow information - see Note 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Northern Vision Development Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of Alberta on January 15, 2004 and was extra-provincially registered under the Partnership and Business Names Act of the Territory on March 22, 2004. The Partnership's principal business is the acquisition, development and sale of commercial, industrial, residential and hospitality real estate located in the Yukon Territory.

The Partnership consists of a general partner, Northern Vision Development Corp., and a number of limited partners holding partnership units.

Pursuant to the terms of the Limited Partnership Agreement, the General Partner has unlimited liability for the debts and obligations of the Limited Partnership. The liability of each Limited Partner is limited to the amount of capital contributed or agreed to be contributed, the Limited Partner's assumed share of the mortgage financing, and their share of undistributed income.

Basis of Accounting

These financial statements reflect only the assets, liabilities, revenue and expenses of the Partnership and therefore do not include any other assets, liabilities, revenues or expenses of the partners or the liability of the partners for income taxes on earnings of the Partnership. These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

Partnership

The financial statements reflect the accounts of the Partnership only and consequently, do not include all assets, liabilities, income and expenses of the partners. No provision has been made in these accounts for partners' remuneration, interest on invested capital or income taxes.

Inventories

Inventories consist of residential properties held for sale and hotel supplies; which are valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Capitalized costs include all direct costs related to development, construction and upgrades, other than ordinary repairs and maintenance, carrying costs including interest on debt to finance projects, property taxes and land acquisition costs. Amortization is provided using the following annual rates:

	Method	Rate
Automotive	Declining balance basis	30%
Buildings	Declining balance basis	4%
Computer equipment	Declining balance basis	30%
Computer software	Declining balance basis	45%
Furniture and fixtures	Declining balance basis	20%
Paving and landscaping	Declining balance basis	8%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and organization costs. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. In the event that facts and circumstances indicate that the partnership's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. Any impairment is included in earnings (loss) for the year. The Partnership has determined that no circumstances exist that would require such an evaluation.

Income Taxes

The Partnership is a limited partnership. As a result, the Partnership's earnings or losses for federal income tax purposes are included in the tax returns of the individual partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership. Net earnings for financial statement purposes may differ significantly from taxable income reportable to unit holders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership Agreement.

Revenue Recognition

Properties are rented to tenants pursuant to rental agreements, which provide for various rental terms with nonrefundable rental payments. The rental agreements may be terminated at any time by the tenant without further obligation or cost upon sufficient notification. Revenue from rental agreements is recognized over the rental term as amounts become due.

Hotel revenue is recognized as services are provided.

Gains or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the statement of operations in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognized when the significant risks and rewards have been transferred and there are no significant obligations remaining. This normally takes place on exchange of unconditional contracts and transfer of title.

Refundable tenant security deposits are recorded as a liability until repaid to the tenant.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring management estimates relate to the determination of the impairment of assets, useful lives of property and equipment, inventory obsolescence, recognition of revenue and recovery of receivables. Actual results could differ from those estimates and may have an impact on future periods.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment Held for Sale

The Partnership classifies the assets of a business as held for sale when management approves and commits to a formal plan of sale and it does not believe it can utilize the lands for active development. The carrying value of the net assets of the business held for sale are then recorded at the lower of their carrying value or fair market value, less costs to sell.

Property under development

The Partnership classifies properties under development as those that are or will be actively developed for the purposes of generating income for the Partnership. The carrying value of the net assets of the business held for sale are then recorded at the lower of their carrying value or fair market value, less costs to sell.

Organization Costs

Organization costs are initially recorded at cost and amortized using the straight line method over six years, based upon management's best estimate of the useful life of the asset.

Non Monetary Transactions

All non-monetary transactions are measured at fair value unless:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the assets or services received nor the fair value of the assets or services given up is reliably measurable; or
- the transaction is a non-monetary, non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

A non-monetary transaction has commercial substance when an entity's future cash flows are expected to change significantly as a result of the transaction.

Joint Ventures

Joint ventures are entities over which the Partnership has joint control with one or more unaffiliated entities. Joint venture investments are accounted for using the proportionate consolidation method as follows:

- the balance sheet includes the Partnership's share of the assets that it controls jointly and the liabilities for which it is jointly responsible;
- the statement of operations includes the Partnership's share of the income and expenses of the jointly controlled entity; and
- gains on transactions between the Partnership and its joint ventures are eliminated to the extent of the Partnership's interest in the joint ventures and losses are eliminated unless the transaction provides evidence of an impairment of the asset.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Accounts receivable and notes receivable are initially recorded at fair value and subsequently measured at amortized cost.

Accounts payable and accrued liabilities, short term loans, promissory notes, customer deposits, related party balances and long-term debt are initially recorded at fair value and subsequently measured at amortized cost.

Financing and transaction costs associated with long-term debt are netted against the carrying value of the long-term debt and are amortized over the term of the financing using the effective interest rate method.

Financial assets are recognized on the date the Partnership commits to purchase or sell the asset and derecognized when the Partnership no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all the risks and rewards of ownership have transferred to an independent third party.

1. PROPERTY AND EQUIPMENT

	June 30, 2013 (unaudited)		Dec 31, 2012 (audited)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 29,263,286	$ 4,459,554	$ 23,346,907	$ 4,039,086
Land and improvements	7,128,546	-	6,752,162	-
Furniture and fixtures	3,640,468	1,652,047	3,004,542	1,477,035
Paving and landscaping	1,595,237	591,080	1,613,446	549,923
Automotive	224,680	151,892	228,180	136,697
Computer equipment	171,182	114,346	158,866	110,047
Computer software	79,452	36,458	44,330	34,718
	$ 42,102,852	$ 7,005,378	$ 35,148,434	$ 6,347,506
Net book value		$ 35,097,475		$ 28,800,928

During the period the Partnership reallocated a building previously classified as a property under development to this category with a cost of $5,198,503 (2012 $5,209,546). This property had expenses of $425,238 (2012 $5,460,503) capitalized in the period. Net gains of $76,668 (2012 $556,899) were recorded.

Subsequent to June 30th, the Partnership purchased a 50% interest in a hotel property. Details are provided in Note 16.

2. PROPERTY UNDER DEVELOPMENT

				June 30, 2013 (unaudited)				Dec 31, 2012 (audited & restated)
		Cost		Accumulated Amortization		Cost		Accumulated Amortization
Land & improvements	$	4,021,577	$	-	$	3,855,655	$	-
Buildings		1,016,785		-		222,402		-
	$	5,038,363		-	$	4,078,057		-
Net book value			$	5,038,363			$	4,078,057

Property under development consists of assets under active development or lands identified for development by the Partnership for sale to third parties. During the period, the Partnership capitalized development and other costs in the amount of $909,824 (2012 $6,946,783) and interest on long-term debt of $50,729 (2012 $193,648). During the period the Partnership, reallocated a building previously classified as a property, plant and equipment to this category with a cost of $3,015,199 (2012 $2,220,460).

3. PROPERTY AND EQUIPMENT HELD FOR SALE

				June 30, 2013 (unaudited)				Dec 31, 2012 (audited)
		Cost		Accumulated Amortization		Cost		Accumulated Amortization
Property held for sale	$	2,413,103	$	-	$	2,459,620	$	-
Net book value			$	2,413,103			$	2,459,620

Property and equipment held for sale consist of land accounted for at the lower of net book value and estimated net realizable value. Earnings and cashflows are included in the current operations of the Partnership. During the period, the Partnership capitalized development and other costs in the amount of $180,451 (2011 $50,788) and interest on long-term debt of $26,764 (2012 $31,094). During the period, the Partnership recorded a gain of $97,994 (2012 $556,899) from the sales of property and equipment held for sale.

4. LONG-TERM DEBT

As at June 30th 2013, there was $193,305 (2012 $167,649) in deferred financing fees netted against long-term debt. During the period, amortization of deferred financing fees amounted to $7,648 (2012 $62,648) and a further $33,303 (2012 $101,792) in fees were incurred.

As at		June 30, 2013 (unaudited)		Dec 31, 2012 (audited)
Loan payable to BDC – interest at BDC's floating base rate less 0.5% per annum, due April 23rd, 2016, with, monthly principal repayments of $32,600 plus interest secured by various properties.	$	**948,531**	$	1,141,283
Loan payable to BDC – interest BDC's floating base rate less 0.5% per annum, due May 15th, 2033, with fixed monthly repayments of $7,500 principal plus interest, secured by the following: first mortgage on 101 Main St, Whitehorse; general assignment over property and equipment on that property.		**1,764,127**		-
Loan payable to RBC – interest at 3.01% per annum, due May 1, 2018 payable in equal installments of $7,481 principal and interest, secured by a first mortgage on the property of 9016 Quartz Road, Whitehorse.		**1,327,718**		-
Loan payable to BDC – interest BDC's floating base rate less 0.5% per annum, due March 23rd, 2033, with fixed monthly repayments of $15,625 principal plus interest, secured by the following: first mortgage on 2180/2190 2nd Avenue Whitehorse; general assignment over property and equipment on that property.		**3,659,129**		1,834,386
Loan payable to BDC – interest BDC's floating base rate less 0.5% per annum, due March 23rd, 2033, with fixed monthly repayments of $37,500 principal plus interest, secured by the following: first mortgage on 411 Main Street, Whitehorse; general assignment over property and equipment on that property; first priority on inventory and receivables to lender extending line of credit.		**8,846,989**		8,958,666
Loan payable to BDC – interest at BDC's floating base rate less 0.5% variance per annum, due September 23rd, 2028, with monthly principal repayments of $13,000 plus interest, secured by the following: first mortgage on 4051 4th Avenue, Whitehorse; general assignment over property and equipment of the property; first priority on inventory.		**2,964,000**		3,038,346
Loan payable to BDC – interest at BDC's floating base rate, due March 23rd, 2029, with monthly principal repayments of $2,564 secured by land and building on Lot 2A, Block B 335, Plan 2007-0028.		**480,087**		495,561
Loan payable to BDC – interest at BDC's floating base rate, due Feb 23rd, 2029, with monthly principal repayments of $2,436 plus interest, secured by the following: first mortgage and assignment of rents on the partnership's interest in the land and buildings at 166 & 170 Titanium Way, Whitehorse.		**439,154**		453,770
Loan payable to BDC – interest at BDC's floating base rate plus 0.5%, due March 23rd, 2038, with monthly principal repayments of $1,600 plus interest, secured by the following: first mortgage and assignment of rents on the partnership's interest in the land and buildings at 140 Gypsum Way, Whitehorse.		**185,841**		156,185

4. LONG-TERM DEBT (CONTINUED)

As at		June 30, 2013 (unaudited)		Dec 31, 2012 (audited)
Loan payable to BDC – interest at BDC's floating base rate less 0.5%, due June 23rd, 2032, with monthly principal repayments of $1,837 plus interest, secured by the following: first mortgage and assignment of rents on the partnership's interest in the land and buildings at 166 & 170 Titanium Way, Whitehorse.		**407,928**		418,950
Loan payable to TD – interest at TD's prime base rate plus 1.25% annum, due October 1st, 2013, with monthly principal repayments of $4,167 plus interest, secured by the following: first mortgage on 2193 and 2195 2nd Avenue, Whitehorse; general assignment of rental income from the properties.		**654,167**		667,760
Loan payable to GE Capital – interest at 6.78% per annum, due May 1st, 2013. Repaid in the period.		-		1,256,215
Total		**21,650,187**		18,431,122
Less amounts included in current liabilities		**2,027,677**		1,819,438
	$	**19,622,510**	$	16,611,684

The BDC floating base rate at year end was 5.0% (2012 – 5.0%). TD prime rate at year end was 3.0% (2011 – 3.0%).

Principal repayments on long-term debt over the next five years and thereafter are as follows:

2013	$	2,027,677
2014		1,413,570
2015		1,198,370
2016		1,022,370
2017		1,022,370
Thereafter		11,912,851
	$	21,650,187

The Partnership was onside with its debt agreement covenants at the end of the period which require minimum levels of tangible equity, debt service coverage, limitations on indebtedness, and limits to the use of proceeds of asset sales.

5. SHORT-TERM LOAN

As at June 30th, 2013 there was $2,112,539 (2012 $2,467,924) representing a 50% interest in short term debt obtained from RBC relating to a completed commercial construction project undertaken in conjunction with a joint venture partner.

The debt is secured against a general security agreement and a first mortgage on Lot 21, Block 321, Whitehorse and was due April 30th, 2013. Monthly payments in period are interest only with the interest rate being at RBC's prime rate plus 2%. At June 30th the interest rate was 5%. The credit facility is non-revolving with a limit of $7,500,000. The remaining credit limit was nil. At December 31st, 2012 there was $30,790 (2011 $30,790) in deferred financing fees needed against the short term loan.

Principal payments are to be made from the net sales proceeds of the commercial construction project and are to be made no later than December 31st, 2013. $509,283 was advanced and $864,667 was repaid during the period.

At June 30th, management was waiting for the lender to formalize an extension on the loan or convert into a long-term instrument. Management is not aware of any reasons that would preclude this formalization or conversion.

Subsequent to June 30th, $3,250,000 in short-term loans were obtained in the period July 1st to 19th. Details are provided at Note 16.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair market values of cash, accounts receivable, accounts payable and accrued liabilities, short term loans, notes receivable, promissory note, customer deposits and related party advances approximate their carrying values due to their short term to maturity or capacity for prompt liquidation. The fair value of long-term debt approximates its carrying value because the interest rates float with market or are similar to market rates.

Credit risk

The Partnership is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or if financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Partnership's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. To mitigate the credit risk, the partnership has accounts receivable widely distributed among its customer base, performs regular credit assessments of its customers, provides allowances for potentially uncollectible accounts, obtains advance deposits and requires many of its customers to pay rent at the beginning of each month. The Partnership therefore believes that there is minimal credit risk associated with the collection of its accounts receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Partnership is exposed to interest rate risk with respect to its short term financial instruments all of which are expected to be realized within one year. As described in note 5, a substantial portion of the Partnership's long-term debt bears interest at floating rates. Fluctuations in these rates will impact the cost of financing incurred in the future. The Partnership's various loans have rates between 3% and 7% and maturing between one and ten years.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its obligations as they fall due. In the period the Partnership met its third party obligations, including all debt service requirements.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Partnership is exposed to a small amount of currency risk because it does a small amount of transactions in US dollars.

7. PREPAID EXPENSES AND DEPOSITS

As at		June 30, 2013 (unaudited)		Dec 31, 2012 (audited)
Prepaid insurance	$	34,759	$	39,723
Property taxes		123,930		-
Utility deposits		8,844		10,529
Other		98,997		79,694
Deposits on property and equipment		227,264		244,287
	$	493,794	$	374,233

8. LOANS RECEIVABLE

As at		June 30, 2013 (unaudited)		Dec 31, 2012 (audited)
Mortgages receivable	$	887,368	$	908,105
Advances to joint ventures		154,046		325,625
Loans receivable		1,146,261		1,505,888
		2,187,675		2,739,618
Less current portion		(1,188,720)		(566,236)
	$	998,955	$	2,173,382

8. LOANS RECEIVABLE (CONTINUED)

(i) Mortgages receivable

Mortgages receivable represent advances made to vendors of properties sold by the Partnership. In all cases, security is provided by the underlying property. Interest is charged at rates between 5% and 7%. The total interest earned on the loans in the period was $25,411 (2012 – $6,339). The maximum exposure to the credit risk associated with the mortgages receivable occurs if the borrowers defaults in repayment of the mortgages. Therefore, the carrying value of the mortgage receivable balance represents the Partnership's maximum exposure to the related credit risk without taking into account any collateral or any other credit enhancements. There were no impairments or impairment provisions recorded on the mortgages receivable as at June 30, 2013.

(ii) Loans receivable

Loans receivable are with third party borrowers and related parties. The terms of the loans do not exceed 5 years, with interest rates ranging from nil to 12%. The total interest earned on the loans in the year was $29,796 (2012 – $1,048). The maximum exposure to the credit risk associated with the loans receivable occurs if the borrower defaults on repayment of the mortgage. Therefore, the carrying value of the loans receivable balance represents the Partnership's maximum exposure to the related credit risk without taking into account any collateral or any other credit enhancements. There were no impairments or impairment provisions recorded on the loans receivable as at June 30, 2013.

(iii) Advances to Joint Ventures

Advances to Joint Ventures are made to assist working capital requirements. Interest is charged at 5% when other joint venturers do not contribute their obligation. The total interest collected in the year was $10,769 (2012 nil).

Subsequent to June 30th, the Partnership converted a mortgage to a loan and advanced further funds to an existing loan. These transactions are detailed in Note 16.

9. RELATED PARTY TRANSACTIONS

Amounts due to related parties are non-interest bearing, payable on demand and have arisen from the sales of product and provision of services and cash advances. Management has concluded that it is not practical to determine the fair value of related party loans as there is no comparable market data.

As discussed in Note 5, $3,250,000 in short term loans were advanced by related parties in July 2013.

During the period, the Partnership had the following transactions with parties that were either partners, employees or companies controlled by partners or employees of the Partnership:

>>See chart on next page.

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

		For the six months to June 30, 2013 (unaudited)		For the year to Dec 31, 2012 (audited)
Paid:				
Rent paid – the partnership leased space from joint ventures in which it has a proportionate interest	$	75,785	$	-
Asset purchased – the partnership purchased a condominium from a joint venture in which it has a proportionate interest		-		393,794
Management fees – paid to various joint ventures in which the Partnership has proportionate interests and to a related company with common shareholders		-		117,266
Finder fees – paid to a company of which an employee of the Partnership is a director		-		94,500
Other fees – consists of miscellaneous and contractor payments paid to employees, partners, or companies controlled by employees of the Partnership		5,020		21,082
	$	80,805	$	661,273
Received or recovery from:				
Other fees – payments received for services and reimbursements from joint ventures in which the Partnership has proportionate interests and related companies	$	81,846	$	-
Management fees – received from a related company with common shareholders	$	-	$	232,773
Rent – received from a company controlled by an employee of the Partnership		63,228		128,268
Assets sold – condominiums sold in joint ventures in which the Partnership has proportionate interests to one of its employees and to a company owned by the wife of a board member		-		1,260,687
Interest payments – received from employees		4,386		-
Interest payments – received from a company controlled by an employee		2,504		-
Financing charges and interest – received from joint ventures		10,769		24,687
	$	162,733	$	1,646,415
Loans				
Loans – advanced to employees of the Partnership and a company controlled by an employee		-		354,687
Loans - received from a board member of the partnership paid to a joint venture in which the Partnership has a proportionate interest		-		1,000,000
	$	-	$	1,354,687

The related party transactions occur in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for services.

As at June 30th, 2013 the Partnership had no accounts receivable from related parties (2012 - $10,648).
As at June 30th, 2013, the Partnership had an amount due from its joint venture partners of $370,989 (2011 - $14,457).
As at June 30th, 2013, the Partnership had an amount due to its joint venture partners of $70,536 (2011 - nil).
As at June 30th, 2013, the Partnership had accounts payable from related parties of $1,533 (2011 - $1,431).
Subsequent to June 30th, The Partnership obtained $3,250,000 in short-term debt from related parties and purchased a 50% interest in a hotel property with an entity associated with a unitholder of the Partnership.

10. REPORTING SEGMENTS

For the six months ended June 30, 2013	Hotels	Rentals	Property Held For Sale	Property Under Development	Other	Total
Revenue	$ 4,853,746	$ 708,585	$ 1,750	$ -	$ 95,059	$ 5,659,140
Amortization	358,069	262,235	-	-	-	620,304
Gross margin	817,054	679,092	1,750	-	95,059	1,592,955
Gains	-	76,668	92,994	-	-	169,663
Interest income	-	-	-	-	77,452	77,452
Interest expense	228,685	168,926	-	-	-	397,611
Net earnings (loss)	588,369	586,835	92,994	-	(822,855)	212,601
Property and equipment	$ 15,657,232	$ 18,678,045	$ 2,414,903	$ 5,038,363	$ 759,360	$ 42,547,903

For the six months ended June 30, 2012	Hotels	Rentals	Property Held For Sale	Property Under Development	Other	Total
Revenue	$ 4,745,883	$ 711,842	$ 13,600	$ -	$ 5,266	$ 5,476,701
Amortization	333,177	213,196	-	-	12,152	558,525
Gross margin	879,007	698,856	-	-	18,866	1,596,730
Gains	-	-	153,458	652,754	-	806,212
Interest income	-	-	-	-	23,133	23,133
Interest expense	132,973	131,989	-	-	26,068	291,029
Net earnings (loss)	412,858	353,672	-	-	(447,184)	319,345
Property and equipment	$ 12,747,280	$ 13,310,613	$ 2,942,726	$ 12,940,522	$ 77,083	$ 42,018,224

As at June 30th, 2013, the Partnership had four reportable segments: hotels, rentals, property held for sale and property under development. Hotel operations consist of room rental and food and beverage services. Rental properties consist of commercial and residential properties held under long-term lease. Property held for sale consists of residential properties and commercial lots publicly available for sale. Property under development consists of lands and buildings under construction.

11. NOTE RECEIVABLE

During 2012, the Partnership received a promissory note receivable from a third party borrower in connection with the sale of one of its properties. The note receivable is due on demand, non-interest bearing and is secured by a property formerly owned by the Partnership. The credit risk associated with the note receivable occurs if the borrower defaults on the entire amount due to the Partnership. See Note 14 – Non-monetary Transactions for more details.

12. PARTNERS' EQUITY

At June 30th, 2013 there are 21,029,970 units outstanding. (21,029,970 units as at December 31, 2012)

13. NON-MONETARY TRANSACTIONS

During 2009 and 2010, a non-cash transaction was completed with a third party which included the Partnership issuing consideration of a promissory note payable in the amount of $70,000 and the right to apply this amount to the subsequent acquisition of a further parcel of land by the third party.

During the year ended December 31, 2010, the Partnership entered into a similar barter arrangement with the same third party whereby the Partnership transferred title of the parcel of land mentioned in the above paragraph to the third party and, in exchange, the third party agreed to transfer another condo to the Partnership upon completion of said condo. The transaction is recorded at the fair value of the land and option transferred by the Partnership of $189,000. The fair value of the land is based on the comparable market values for the land. In connection with this agreement, the Partnership received consideration equal to a promissory note receivable of $169,338.

During 2011, this note was applied to purchase the Trades Center II from the same third party. The transaction is recorded at the fair value of the land and option transferred by the Partnership of $195,000. The fair value of the land is based on the comparable market values for the land. In connection with this agreement, the Partnership received consideration equal to a promissory note receivable of $173,299 (Note 12). This is a noncash transaction.

During 2012, the Partnership netted the promissory note payable of $70,000 against the promissory note receivable of $173,299 and incurred a further note payable of $25,622 when the purchase of Trades Centre II was completed resulting in an outstanding balance due to the partnership of $77,637 at year end.

14. CHANGES IN PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

		Six months ended June 30, 2013 (unaudited)		Year ended Dec 31, 2012 (audited)
Interest paid	$	379,899	$	570,631
Interest paid, capitalized	$	152,722	$	193,648
Non cash investing and financing activities:				
Note receivable	$	77,637	$	77,637
Deferred revenue	$	72,298	$	-
Vendor take back mortgage	$	994,043	$	733,126
Amortization of deferred financing fees	$	7,648	$	56,711

16. SUBSEQUENT EVENTS

Short-term loans

$250,000 was advanced from a shareholder of the General Partner on July 1st. The loan is due no later than March 31st, 2014 and has an interest rate of 8.25% paid quarterly.

$2,000,000 was advanced by a unitholder of the Partnership on July 19th. The loan is secured with a mortgage on a development property. The funds are be to applied to the renovation costs on the property. The loan is due no later than March 31st, 2014 and has an interest rate of 8.0% paid quarterly.

Purchase of hotel property and related financing

On July 5th, the Partnership purchased a 50% interest in a hotel property in partnership with an entity associated to the unitholder for $757,500. The purchase price was financed via a short-term loan of 1,000,000 advanced by a unitholder of the partnership on July 5th. The loan is secured against the Partnership's interest in a joint venture. The funds are to be used for the purposes of purchasing the hotel property, with any surplus available for the Partnership's general use. The loan is due no later than March 31st, 2014 and has an interest rate of 8.0% paid quarterly.

Sale of properties held for sale

On July 17th, a total of five properties held for sale were sold for $985,806 that will allow the Partnership to recognize a gain of $312,803. The purchaser paid a non-refundable deposit $200,000 with the balance to be paid prior to June 30th, 2014. The Partnership will defer any recognition on the gain until the properties titles are transferred.

On July 26th, a further three properties held for sale were sold for $495,000 that allow the Partnership to recognize a gain of $171,500. The purchaser paid a non-refundable deposit of $99,000 and the Partnership will provide a mortgage for the balance with a five year term. Closing is scheduled for August 2013. The Partnership will defer any recognition on the gain until the properties titles are transferred.

In August, three additional Titanium Way lots were subject to conditional sales agreements which are scheduled to close in August 2013.

16. SUBSEQUENT EVENTS (CONTINUED)

On July 31st, a property held for sale was sold for $179,700 that will result in a gain of approximately $75,547. The purchaser paid a deposit equivalent to 50% of the purchase price and will remit the balance within 24 months. The Partnership will defer any recognition on the gain until the properties titles are transferred.

Loans Receivable

The Partnership received a $400,000 cash payment that was applied to a mortgage receivable that had a $449,386 at June 30th on July 24th. The balance of the mortgage was converted into a loan with a 5.5% interest rate to be amortized over a seven year term.

On July 22nd, the Partnership advanced $369,507 to a third party with an existing loan balance of $630,493. The loan is secured against the third party's interest in a Joint Venture and has the same terms is the existing loan.

17. JOINT VENTURES

The financial statements include the Partnership's proportionate interest in 5 (4 in 2012) joint ventures. All are located in the Yukon Territory.

Name	Interest	Activity	Year of Inception
Titanium Way Joint Venture	67%	Lease of commercial properties	2008
Rivers Reach Joint Venture (44588 Yukon Inc.)	90%	Construction and sale of residential properties	2011
Waterfront Station Joint Venture (45798 Yukon Inc)	50%	Construction and leasing of commercial properties	2012
Titanium Way Storage Park	40%	Storage facility	2012
North Carcross Joint Venture	50%	Construction and leasing of commercial properties	2013

		June 30, 2013 (unaudited)		Dec 31, 2012 (audited & restated)
Cash	$	90,632	$	163,468
Accounts receivable		123,965		958,164
Government remittances receivable		38,163		78,978
Prepaid expenses		41,605		19,728
Inventory		1,424,249		1,348,513
		1,718,615		2,568,851
Property and equipment		7,257,600		2,149,492
Property under development		-		4,860,998
Property held for sale		110,000		-
Property under development		1,624		-
Organization costs		-		2,505
	$	9,087,838	$	9,581,846

17. JOINT VENTURES (CONTINUED)

		June 30, 2013 (unaudited)		Dec 31, 2012 (audited & restated)
Accounts payable and accrued liabilities	$	436,293	$	1,272,397
Government remittances		3,365		873
Other current liabilities		444,798		56,402
Short term debt		2,297,100		2,437,134
		3,181,557		3,766,806
Long-term debt		1,001,394		993,182
		4,182,951		4,759,988
Equity		4,904,887		4,821,858
	$	9,087,838	$	9,581,846

For the period ending		June 30, 2013		June 30, 2012
Revenue				
Rentals	$	156,659	$	74,215
Interest		901		-
Gains		76,587		-
	$	234,147	$	74,215
Expenses				
Property		28,276		17,805
Amortization		78,801		20,406
Interest		52,153		20,756
Expenses		159,230		58,968
Net income for the year	$	74,917	$	15,247
Cash flows from operating activities	$	230,072	$	151,746
Cash flows from investing activities	$	62,803	$	(4,402,491)
Cash flows from financing activities	$	(59,558)	$	4,422,130

CORPORATE INFORMATION

GENERAL PARTNER – NORTHER VISION DEVELOPMENT CORP.

BOARD OF DIRECTORS

Shirley Adamson

Trevor Harding ****

Hannes Kovac **

Stanley Noel *

Ian McAuley *,***

Hon. Piers McDonald, Chairman **,****

Myron Tetreault ****

Richard Thompson, CEO **,***,****

Brian Titus *

* Denotes member of the Audit Committee
** Denotes member of the Development Committee
*** Denotes member of the Hotel Committee
**** Denotes member of the Governance Committee

MANAGEMENT

Richard Thompson, CEO
Philip Fitzgerald, COO & CFO
John Robertson, General Manager Hotels
Heiko Franke, Director of Maintenance

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