NORTHERN VISION DEVELOPMENT LIMITED PARTNERSHIP

2022 Semi-Annual Report to Unitholders
As at and for the six-month period ending June 30, 2022
with comparable results for previous periods
(Unaudited except where noted)

Operating in an improved economic environment

NORTHERN VISION DEVELOPMENT LIMITED PARTNERSHIP
2022 SEMI-ANNUAL REPORT TO UNITHOLDERS

We are pleased to provide this report on the activities of Northern Vision Development Limited Partnership ("NVD" or "the Partnership") for the first six months of 2022. Included herewith are financial statements as at and for the period ended June 30, 2022, along with comparable results. Current period results have been prepared by management and are not audited. Comparable numbers, when presented for the year ended December 31, 2021, were audited by Deloitte LLP; however, when presented for the period ending June 30, 2021, they were prepared by management.

Northern Vision Development Limited Partnership

NVD is a private partnership, established in February 2004, with a mandate to acquire and own properties with strong growth prospects located in northern Canada. In July 2012 the Limited Partnership Agreement was amended by special resolution of the Unitholders to indefinitely extend the life of the Partnership. NVD owns a diverse base of commercial, residential, industrial, independent living and hotel properties that are managed with a goal of providing regular cash flow and capital appreciation for Unitholders. NVD 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 with a diverse mix of skill sets and experience. The Partnership has a mandate to pay out distributions to its Unitholders based on Available Funds from Operations ("AFFO").

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At June 30, 2022, 31,135,607 Limited Partnership units were outstanding with no options or purchase warrants issued (December 31, 2021 – 30,742,936 units outstanding). During the period, a distribution of $3,000,458 or $0.098 per unit was made to Unitholders ($650,000 or $0.026 per unit during the same period in 2021). A total of 39.6% of units in the Partnership participated in the Distribution Reinvestment Program ("DRP") (2021 – 40.5%). This resulted in the issuance of 392,671 units at a price of $3.06 per unit - a 5% discount to the then current Net Asset Value ("NAV") per unit estimate of $3.22 - as is prescribed by the DRP) (103,347 units at $2.55 per unit in 2021). No other units of the partnership were issued during the period and there are no unit purchase warrants or options outstanding.

The Retention Award ("RA") program which creates tracking shares for board members and management, was modified during the period. Important changes include a longer waiting period for RA holders before their awards are vested (3 full years instead of equally in thirds over three years) and an elimination of the ability for board and staff members to elect RAs in lieu of cash for salary.

At June 30, 2022, management estimated NAV per LP unit to be $3.40 ($3.22 as at December 31, 2021) based on updates made to methodologies employed in previous third-party estimates of value. This represents a growth in NAV of 5.8% over the six-month period. A return to strong performance of our hotel division assisted with this growth.

Highlights for the Period

The following summarizes key highlights for the six months ended June 30, 2022:

- The first half year produced record ***Net Income*** of $8.45 million, substantially more than any previous half year period (previous best was $1.73 million in 2018) and better than any full year result posted by NVD (previous best annual result was $5.93 million in 2021).
- First half year ***Revenues,*** at $10.0 million were marginally below record first half revenues of $10.1 million recorded in pre-COVID 2019 and 33.6% ahead of the $7.5 million recorded during the same period in 2021.
- ***Hotel division*** revenues improved to $4.68 million, up more than 18% over the previous year, despite no contribution from the Coast High Country Inn which was sold in December 2021. At the same time division costs were up only 5.5% to $2.83 million, allowing Hotel division margins to improve by 45% over the first six months of 2021 to $1.85 million (2021 – $1.27 million).
- ***Real Estate Rental*** margin for the first six months of 2022 was up 8.3% to $1.75 million despite sales of several commercial real estate assets. This reflected full monthly contribution from acquisitions made late in 2021, absorption of vacancy, change of use of the Convention Centre (now reported in the Real Estate Division), and increases in rental rates. With full impact from the asset sales for the balance of the year, year end results are expected to be flat year over year for the division.
- ***Restaurants*** faced challenges during the first half of 2022 and did not contribute any net margin on $2.8 million in revenues. Omicron and staff shortages were responsible for the challenges. Improvement is expected in the second half of the year. While margin was essentially $nil, the restaurants contribute positive outcomes for both the Hotel and Real Estate divisions beyond their financial performance.
- ***Other income and expenses*** were both down significantly due to the sale of the Mighty Wash Car Wash asset early in the year. This category will now reflect collection of management fees which, with the growing nature of fees earned from Normandy and Hotels outside of Whitehorse, will become a growth area for the Partnership.
- ***Interest expense*** was down more than 15% to $689,771. Although interest rates were up on variable rate loans, the Partnership debt levels were reduced significantly through debt retirement associated with asset sales and elective one-time annual prepayments made during the first quarter. The increasing cost of variable debt expected in the last half of the year, will temper the advantage in this area.
- At June 30, 2022, ***long term debt*** was down 23.4% to $30.3 million from $39.6 million at December 31, 2021, while total debt to book value of equity declined to 0.49:1 (December 31, 2021 – 0.71:1). The total debt to market value of equity ratio was 0.29:1 (December 31, 2021 – 0.40:1). Significant debt headroom exists in the portfolio along with a substantial cash balance.
- Total ***income from operations*** was $754,991 for the period (2021 – Loss of $6,318). This reflected the return of strong performance in the hotel division, supported by the reduction in interest expenses associated with lower levels of debt.
- Net book value of ***total assets*** of the Partnership declined by 3.6% from December 31, 2021, from $97.7 million to $94.1 million at June 30, 2022. The Partnership paid out a distribution of $3 million during the period, and debt reduction exceeded total income.
- A total of 392,671 ***Partnership units*** were issued during the period associated with the Distribution Reinvestment Program ("DRP") at $3.06 per unit (103,347 units at $2.55 per unit in 2021).
- **NAV per unit** was estimated at $3.40 per unit at June 30, 2022 ($3.22 per unit at December 31, 2021).

CEO's LETTER TO UNITHOLDERS

Dear Unitholders:

As I write this letter to our Unitholders, I reflect on the journey that the Partnership has travelled over the past few years. It has been a bumpy road, but the skies are clearing, and the future is bright for NVD.

When COVID impacts surfaced in Q1 2020, NVD was in the final stages of a major transition involving the exit of some of the original Unitholders in the Partnership. This process involved the issuance of approximately $12 million via secured debentures and raising concurrent private placement funds to provide a major issuer bid for Limited Partners who sought a formal exit. Following the completion of this program in late in 2020 despite COVID impacts, management focus shifted to ensuring balance sheet strength survived - not only in terms of supporting this transaction, but also in respect to the ravages we expected from COVID lockdown impacts.

Due to considerable efforts by management and staff, and expert guidance from our dedicated board of directors, we weathered this two-year period well. Assisted by government support programs, the impacts of COVID lockdowns were somewhat mitigated, allowing us to turn smaller than normal profits in 2020 and again in 2021. During both years we were able to raise more funds than anticipated through private placements. Upward pressure on real estate values created better than anticipated gains on the most recent River's Reach II condominium sales and boosted achievable rental rates for our residential and commercial holdings. We moved on acquisition opportunities before prices started to move up sharply and sold some of our less strategic assets in response to the rising prices – crystalizing value for our Unitholders and significantly adding to our balance sheet strength.

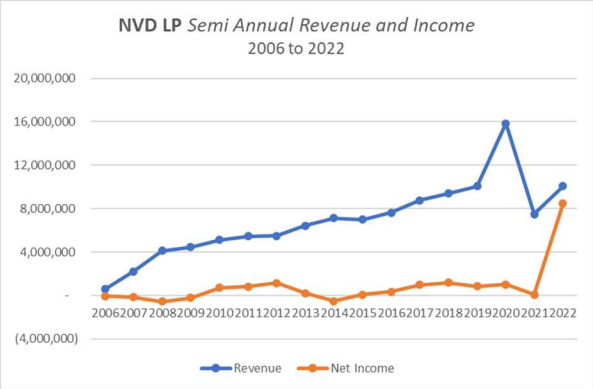
Evolving our Leadership Team

Over the past two years, we have seen major changes in our senior team. Just prior to COVID lockdowns becoming an all-consuming challenge, we added a Chief Operating Officer, who took over a number of the duties for which I had previously been responsible. In early 2021 we hired Katja Schmidt, who brought significant hospitality operating experience to the Partnership and who quickly emerged as our new Chief Hospitality Officer ("CHO"). Early this year we added Gary Gazankas as our Chief Project Officer ("CPO"), a move designed to bolster our abilities in the development area as we embarked on a multiyear series of construction projects. Finally, we replaced our long time CFO, Philip Fitzgerald, with Mark McGarrigle who joined us in August 2021 while Philip remained with us as a part time Senior VP Finance. We felt we had properly retooled the team for the next phase of NVD growth.

However, just as we rounded out the depth and capabilities of our senior team, and as COVID lockdown impacts lessened in many of our operational areas, we were hit by a series of senior staff departures. Our entire Real Estate team left for a variety of personal reasons, our COO moved to become a deputy minister in the Yukon Territorial Government, and most recently our new CFO elected to move back to Nova Scotia. In the first half of this year, after a grueling period of change and challenge, we found ourselves once again faced with the task of rebuilding our senior ranks. In the balance of this letter, you will learn that despite the shifting sands, we have done very well financially, and we have significantly strengthened our balance sheet. But before I get to describing that performance, I will provide you with an understanding of the powerful group of people who have remained with the Partnership and who will ensure a high level of success.

Over the past eighteen months, our CHO, Katja Schmidt, has led a rejuvenation of our hotel and restaurant divisions. She has focused on renovating the assets to create enhanced guest experiences, building the kind of team that can deliver outstanding client service while creating new restaurant experiences that have been incredibly well received. In a short six-month period, Gary Gazankas and his team have wrestled with the challenges of a difficult and inflationary construction price environment and exhibited the staying power necessary to uncover a financially responsible path forward with certain projects despite this very dynamic environment. Naincy Saini has quickly emerged to deliver solid leadership in our real estate area during a very difficult time of transition. Dylan Soo demonstrated his versatility by picking up every assignment he has been presented with. He has become our most valuable utility player. Middle level management filled every gap that appeared, and our talented hotel and restaurant management teams are as strong as they have ever been. Under Gary's watchful eye, Natal Samuelson is engaged in ensuring the successful launch, in Q4 2022, of our Normandy Independent Supportive Living project – a first of its kind project in Whitehorse. I could not be prouder of the effort that the NVD team has made to ensure that despite the bumpy road, the dynamic environment, the changing leadership and the inflationary pressures, NVD has emerged in the strongest position in its history. We are indebted to a dedicated, creative, and hard-working team.

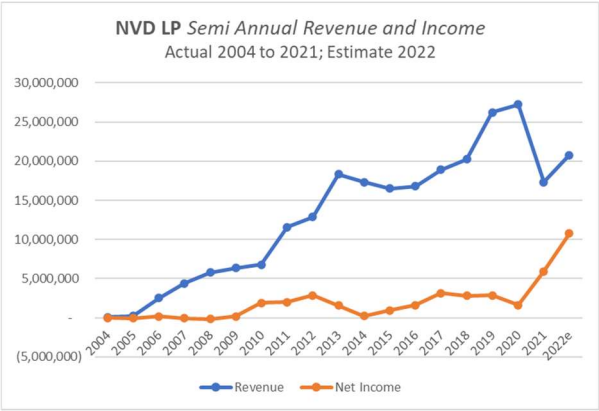
As I write this report, I am pleased to announce that Kynan Larson has agreed to join us as CFO. Kynan brings a diverse and strong accounting background to our team that involves significant involvement in operating companies as well as a stint on the municipal government side. He will split his time between Calgary and Whitehorse and after a short period of overlap with Mark he will take over leadership of accounting at NVD. We will see the benefits of Kynan's work when we report on our annual results. In the meantime, his first order of business will be to attract a strong corporate controller to our ranks. Despite only spending a year with us, Mark Mcgarrigle has made a valuable contribution and his efforts and confident approach will be missed.



A solid start for 2022

The highlights provided earlier in this report paint the picture of our financial success in the first half of 2022, but the "new level of performance" we are achieving is perhaps best exhibited in the graph opposite. The chart depicts revenue and income for the first half of each year since 2006. The chart illustrates steady first half growth in revenues until the incredibly volatile period of the last few years, and mostly steady first half income performance until recently. In fact, the first half has almost always been characterized by small but positive Net Income (the third quarter being the traditional strong operating quarter) and steady revenue growth. Revenues have been quite variable in the past two years due to condo sales and Covid impacts. Sales of some assets in the first quarter, coupled with strong operating income performance, create outstanding Net Income results in 2022.

Outcomes are a little more varied when we look at the full year results (including estimate for 2022- see chart on the following page). Revenue has been a little more volatile in years where we



had condo sales (resulting in the strong growth in the 2011-2013 period and again in 2019/20) and Net Income has been positive since 2009. However, the net income growth bolstered by asset sales in the last two years creates an obvious step change in performance. Of note in this graph is a move back toward historical sustained revenue performance in 2022 after the strong drop last year characterized by continuing COVID related impacts and a drop off in development related sales activity.

Obviously, the results in the first half of the year have been primarily driven by sales of some of our commercial assts. But I do not want to lose focus on the strong sustained income levels that have returned. Looking at sustained income in the first half of 2019 and 2018 we produced income from operations of $813K and $781K respectively. For 2022 this number was $755K without contribution from the High Country Inn, without our car wash assets and without full contribution from four commercial buildings which have been sold between February and May. For the full year we may achieve record operating income performance despite the sale of these assets.

A strong Balance Sheet

Our balance sheet contains substantial cash resources. Already we have acquired several new assets in 2022 including:

- A 49% interest in the North Star Hotel in Mayo which we acquired in partnership with Nacho Nyak Dun Development Corporation (our current partners in the Bedrock Hotel LP) that will be run in conjunction with the Bedrock Hotel.
- A 50% interest in the Carmacks Hotel Assets in partnership with the Carmacks Development Corporation, a package of assets in Carmacks, Yukon that include a 28-room hotel, RV park, grocery store, gas station, cabins, restaurants, and other assets.

The Carmacks Hotel asset package was acquired in July 2022 in partnership with Carmacks Development Corporation.

The North Star, a 9-room hotel in Mayo, was acquired at the end of April and has been integrated into our Bedrock Hotel LP subsidiary. The Carmacks assets were acquired in early July and will provide accretive impact throughout the balance of the year. In both cases, NVD provided both our portion of the equity as well as the full debt financing required. The interest earned on that debt financing is favourable compared to GIC rates available and can be taken out in future by commercial loan facilities, when the funds are required for Whitehorse development projects and when we hope bank rates become more compelling for commercial debt.

We have our eyes on other acquisition targets, some of which will also be acquired utilizing an "all cash approach" and replaced with standard commercial debt when the funds are needed for other development projects. This strategy has been made necessary by the delay in our planned

construction projects. We have delayed the start of the Hyatt Place project in Whitehorse as we wait for the construction prices to improve and consider alternative construction approaches to ensure financial viability for the project. We have also deferred and spread out the schedule for our planned development projects to relieve the acute demand levels that were building in Yukon on available construction resources and subcontractors. Likewise, others have deferred or canceled projects – the planned City Hall for the City of Whitehorse being an example. Projects underway in Whitehorse have suffered from construction delays due to lack of staffing and supply chain issues, and NVD wants to be mostly clear of these obvious challenges before we commence work on future developments.

Normandy Manor will be ready for occupancy in the fourth quarter of 2022.

Fortunately, our Normandy Manor project, being built in partnership with Ketza Group and Borud Enterprises, was well underway before the construction price increases set in. We will deliver this project in late 2022 and leasing activities are well underway. We look forward to this project beginning to have an accretive financial impact on sustained income as early as 2023. Ketza Construction has been an excellent general contractor on this project, and we are extremely pleased with progress to date.

Downtown Dawson Limited Partnership

A big story in the first half of 2022 has been the turnaround in fortunes at our Dawson properties. With COVID impacts largely in the rear-view mirror we were able to officially launch the Midnight Sun Hotel in May. Just in advance of that, in April, we adopted the Coast brand for the Downtown Hotel. These changes and an upgrade to our Dawson-based management team, along with a return of demand in Dawson City for accommodations, led to a very strong first half for the Downtown Dawson Limited Partnership ("DDLP"). The DDLP will make a meaningful contribution to our Hotel Division results for the first time in several years and will join our Whitehorse properties in setting new records for performance in 2022.

Yukon Premier Sandy Silver touches his lips with the 100,000th serving of the Sour Toe Cocktail.

As an interesting side note, the 100,000th Sour Toe Cocktail was served in July 2022. We were fortunate to have Yukon Premier Sandy Silver on hand to drink this milestone serving of a cocktail that has been a fabulous marketing item, not only for the Downtown and Dawson, but for the Yukon as a whole. Readers may have seen the "Toe" featured in Yukon television advertising aimed at stimulating tourism interest over the past year, and media outlets from CNN to the British Tabloids have ensured that tales of the Toe have made it around the world.

The entire Hotel Division showed strong resurgence during the first half of 2022 with both the Best Western Gold Rush Inn and the Edgewater on pace to deliver record annual revenues and net operating profits. The only disappointment in the hotel division was the early year performance of the Bedrock Hotel in Mayo, which had been our RevPAR leader during much of the COVID impacted period. Lack of long-term contractor demand impacted that hotel in the

off-season, but with the acquisition of the North Star Hotel in Mayo, and a return to high season demand, the last few months have been strong for our Mayo properties and our full 2022 results should be solid even for this property.

Commitment to our Community

NVD has established a reputation for commitment to community. Several years ago, we made a major contribution to the Northlight Innovation Centre – the entrepreneurial hub in the Yukon. That major multiyear sponsorship is coming to an end. We determined an excellent next step in supporting business growth in the Yukon would be a multiyear commitment to the Yukon University to support their business programs and to establish a research chair in First Nations governance. In April 2022 along with our Chair, Piers McDonald, I was delighted to announce a 10-year $1 million funding promise to the University, while at the same time challenging other Yukon businesses to join NVD in providing a new level of foundational support for the University. We believe this institution will play a critical role in supporting future economic growth in the Yukon to the benefit of all, and we are delighted to be able to deliver this major level of support.

Piers McDonald and Rich Thompson are joined by Yukon University President Leslie Brown, University Foundation Chair Wendy Taylor, and other dignitaries at the unveiling of NVD's 10-year commitment

The Challenging Restaurant Environment

New Patio at the Belly of the Bison reflects an ongoing commitment to restaurant asset investment.

The one area of our business that has not fully emerged from the recent economic turmoil is our restaurant division. Despite the very successful launch of our new Belly of the Bison restaurant to rave reviews in August 2021, and the strong response received to the renovated earl's restaurant, the division has been hit hard. The COVID Omicron variant had a much bigger negative impact on restaurant operations than on accommodations and the staffing problems that now plague many businesses in Canada have been particularly hard on restaurant operations. The staffing challenges have forced reduced operating hours and closures and driven up staff costs due to overtime requirements. In addition, inflationary pressures have impacted freight charges and food and beverage input costs as well as labour costs.

NVD has responded with increased product pricing, but there are limits to what the consumer will accept. Accordingly, despite top line revenues being up on a location-by-location basis, margins have been nonexistent. The restaurants do contribute rental income and cost recovery to both the Hotel and Real Estate divisions, so they do have a positive impact on overall results. However, we remain anxious to see a return to positive margin contribution in the second half of 2022 for the Restaurant Division, and since the second quarter results have been more encouraging, while profitability has returned.

Net Asset Value and Unitholders

Net asset value per unit grew by 5.8% during the period from $3.22 at December 31, 2021 to $3.40 at the end of the period, representing an overall increase of $7 million dollars in total Net Asset Value for the Partnership to just under $106 million – exceeding $100 million for the first time in Partnership history. Total enterprise value declined slightly at June 30, 2022 on a per unit basis ($4.38 per unit vs $4.51 per unit at December 31, 2021) as some assets were sold off and a distribution was made, while significant debt was retired.

Summary

I started by writing about reflections over the past few years. It has been a very bumpy road and some of the potholes included COVID lockdowns, staffing shortages, staff transition and inflationary pressures. But we emerge from this rough period with an incredibly strong balance sheet and cash position and solid financial results. We also have a strong leadership team in place that has demonstrated tremendous dedication and commitment. We expect to be able to put that balance sheet strength and experience to work soon, with further expansion projects including the Hyatt Place, River's Reach III and IV, our Lot 10 development at Waterfront Place, and our Whistle Bend commercial project.

I believe our patience in waiting for the construction price environment to improve will pay off for Unitholders. While the delays have been frustrating, it was important to uncover economically feasible paths forward for these projects, and as we wait for the completion of the Hyatt Place project, our other hotels in Whitehorse will benefit from advantageous supply versus demand metrics. Still, it will be important to get back on growth footing and to put our financial resource strength to good use.

In closing, I want to turn to another major change coming soon to NVD. We have benefited greatly from strong board leadership and guidance, and a stalwart in that regard has been our Chairman, Piers McDonald. A co-founder of NVD, Piers has been with us since we conceived the Partnership in late 2003 and launched it in February 2004. As our first CEO, he set the foundation for the company through skillful acquisition of assets in the City of Whitehorse. Piers oversaw our first hotel acquisition – the Best Western Gold Rush Inn in 2006, and the second, the High Country Inn in 2007. He and his team also commenced our first development projects including the Titanium Way Business Park, the Heights Condo conversion, and Taga Shro Station.

In 2009 Piers handed over the CEO role to me but continued as an active Chairman of the Board. He has now served as our Chair for a period of more than 18 years and has done so with immense skill and vision. Throughout his tenure with NVD, he has held to a vision that the Partnership can make a huge difference in the Yukon – through visionary development, commitment to Canada's north and a belief that a company can make strong returns at the same time as being dedicated to improving the community it operates in.

Piers will be retiring from his role as Chairman in September of this year. At that time, I will take over as Chairman and continue in my role as CEO, completing my tenure with the Partnership in the same joint Chairman and CEO role that Piers commenced his involvement with NVD. Recruitment will get underway soon for the additional senior talent required for further transition. I know I speak for the many staff and board members who have been part of the NVD journey over the years when I say that without Piers' passion and vision, NVD would be nowhere near the Partnership that it has become. His skillful guidance will be missed greatly.

Piers will no doubt remain closely aligned with everything that NVD does and for that we will be grateful. But for now, it is important to note, that for his contributions to the Yukon as a premier, a Chair of the Canada Games, a steward of Yukon University and organizations such as the Water Board, and most importantly for his never-ending commitment to making the Yukon a better place for all, that he is owed our tremendous gratitude. I count myself lucky to call him a partner and friend and have benefited greatly from his involvement with us over these past 18 years. Piers, we cannot thank you enough.

I look forward to reporting to you further on our full year results and, as always, extend a heartfelt thank you to our Unitholders for the ongoing support and encouragement we receive from all of you. We hope you are pleased with the results so far in 2022, and we look forward to ongoing interactions with you in the future.

Finally, I invite all Unitholders to contact me at either rthompson@nvdlp.com or by phone at (403) 660-0073 with any comments or questions regarding this report.

On behalf of the Board of Directors,

Northern Vision Development Limited Partnership

Richard S. Thompson
Co-founder, Director and Chief Executive Officer

Piers McDonald, Chair of the NVD Board ,addresses board members, staff and Tr'ondëk ***Hwëchin leadership in the Lobby of the Midnight Sun***

Members of the Alberta YPO (including NVD Unitholder Doug Cox) enjoy(?) a Sour Toe Cocktail as the group discovers some of the more unique parts of Canada's Yukon.

REPORT ON OPERATIONS

The Financial Statements along with Management's Discussion and Analysis provide insight into the performance of the Partnership over the first six months of 2022. Due to asset sales and a return to strong operating performance, the Partnership delivered record bottom line results.

This section of the report provides insight into the status of NVD's operating divisions.

Hotel Division

The Hotel Division delivered strong results in the first half of the year. This was due to a return in demand for accommodations in the marketplace, post COVID, at the same time as hotel supply has been diminished. In Whitehorse, for much of the first part of the year, the number of available quality rooms was down from previous levels due to the elimination of the Coast High Country Inn from the marketplace (83 rooms, sold by NVD in December 2021 for conversion to housing) and ongoing renovations at the 183-room Sternwheeler Hotel. These factors drove up demand for available rooms, which allowed NVD to operate both the Edgewater Hotel and the Best Western Gold Rush Inn at unprecedented occupancy and Average Daily Rate ("ADRs") levels.

The Best Western Gold Rush Inn delivered its highest room revenues for each of the six months in the first half of 2022, extending a trend that started in September 2021. By July this meant the division had recorded 11 months in a row where record highs for the month were recorded. June 2022 recorded over $550,000 in room revenues – the first time that had been achieved in any month, but the record was short lived, and was bested in July 2022. So far this year (seven months) the Best Western Gold Rush Inn has seen room revenues increase by 16.8% over the best previous seven-month period (2019). The Gold Rush Inn has benefited from the strong leadership of our Hotel Division team and the steady hand of Danielle Pfeifer who has led the property to consistently outperform expectations.

Similarly, the Edgewater Hotel has delivered record top- and bottom-line results. From March to July the property delivered highest room revenues on a monthly comparative basis and January and February delivered results second only to 2020, a period leading up to the subsequently cancelled Arctic Winter Games. In June 2022 the property had its best month ever of any month, with $240,000 in room revenues. Year to date, for the first seven months, it is 16.0% ahead of the best previous seven-month period (2019).

Not to be outmatched, the Downtown Hotel in Dawson, which adopted the Coast Hotel brand in April, also posted record top- and bottom-line results from March through July. In June 2022 the room revenues exceeded $300,000, the first time that level had been achieved in any month, with the previous record being less than $260,000 in July 2019. The Midnight Sun was successfully launched and overall room revenues for the Downtown properties almost reached $400,000 in June 2022. The Dawson properties will post record results this year, with net operating income expected to be roughly double the previous high. Since the formal launch of the Midnight Sun in late May, the property has delivered on expectations. Given that the Midnight Sun is managed out of the Downtown property, the seasonal revenues it contributes are very accretive.

Management at the Dawson properties has been a challenge, but in May Scemoore Williams moved up to the property. Scemoore had distinguished himself at NVD's Edgewater Hotel property

and working in conjunction with strong leadership from NVD Director of Hotels, Wray Morell, he has helped to stabilize the staffing and performance issues in Dawson. CHO Katja Schmidt, along with Wray, moved rapidly to make major changes in processes and management in Dawson. They assigned senior members of her team to engage fully at the properties by rotating into active duty so they could identify areas of improvement in both the Rooms and Food and Beverage areas. This has resulted in much strong bottom line performance, but staffing issues remaion acute in Dawson, with a resultant major impact on restaurant operating hours.

At the Edgewater, Scemoore was replaced by long term staff member Lovepreet Kaur who has continued to ensure strong performance at that property where she is also supported by steady guidance from Wray and Katja.

The Bedrock Hotel in Mayo has been the outlier in performance terms for the division, posting record room revenues only in May and June 2022. After six months, that property was running 13% behind 2021 levels which were the previous high-water mark for the Bedrock. Recent trends are positive and the acquisition of the 9-room North Star Hotel property, which is operated by existing Bedrock management, will provide accretive outcomes for the balance of the year.

While the news on room revenues is good, the news on staffing is not. Like so many businesses in Canada it has been a challenge to attract all the staff needed to properly run the hotels. While NVD has tried to move all our hotels back to a daily room refresh standard, staffing challenges made that difficult early in the year. NVD has responded by increasing pay and other compensation and doing its best to provide housing options to staff.

While the properties enjoy an unprecedented demand, NVD understands that new and renovated product, including its own planned Hyatt Place, will eventually compete in the marketplace. Accordingly, steady investment is being made to upgrade rooms and amenities at all of the hotels. This work includes a refresh at the Edgewater Hotel and a continuation of the Best Western Gold Rush Inn Property Improvement Program that involves not only the rooms, but also the lobby and a significant enhancement to the elevator. In addition, to streamline operations and make it easier to transfer employees between properties, the hotel properties have been migrated to the same cloud-based property management system: Opera. This software transition project was successfully completed at most of the properties in the first half of the year and is delivering the expected results thanks to the expertise and commitment as well as the steady hand of NVD's Hotel Revenue Manager Kyle McKinnon.

The new sign for the Edgewater compliments upgrades to the façade and the new patio which extends on Main Street and Front Street at the Edgewater Hotel.

In addition to Room upgrades and other public area upgrades, management will turn its attention to renovations in the basement of the Edgewater Hotel over the next year. The property has seen major lobby and external upgrades, including the new sign and patio depicted in the picture opposite, and renovations to the basement will create a new revenue stream from an area that has been dormant since the Cellar Room was closed soon after the property was acquired.

Restaurant Division

NVD Restaurant Division includes the Earls Restaurant in Taga Shro Station, the Belly of the Bison at the Edgewater Hotel, and the Gold Pan Saloon and Banquet Services at the Best Western Gold Rush Inn. The Restaurant team is also responsible for the operations of the Sourdough Saloon and Jack London Grill at the Downtown Hotel in Dawson and the planned launch in 2023 of the Food and Beverage facilities at the Midnight Sun.

As noted elsewhere in this report, the Restaurant division has faced significant challenges. Not only did lockdowns and operational regulations relating to the Omicron variant have an impact on operations from November 2021 through April 2022, but major staff challenges have persisted throughout 2022. The result has been the need to operate with shorter operating hours and higher overtime labour costs for the division. Margins have suffered.

Despite the challenges, progress has been made.

Earls Whitehorse has set record levels for daily sales, which will mean significant revenue growth in the current year if the restaurant can return to a seven-day-a-week operating format. Since May, management has operated the restaurant six days a week, with closure on Tuesdays. This has reduced pressure on a slimmed down staff compliment and avoided some overtime costs but has also impacted overall revenues and margins. Notwithstanding the challenges, Earls Whitehorse hit revenue targets on a one year rolling average basis that resulted in a royalty rebate of 1.5% of revenue from Earls corporate headquarters. This outcome assisted with Earls Whitehorse profitability. Still the significant cost of royalties for this restaurant is something that is an ongoing challenge. Thought will be given to whether an appropriate level of profit can be achieved under the current royalty regimes. Summer weather has been variable over the last few years and 2022 has been no exception. This means that the patio, which otherwise delivers significant additional capacity, has not contributed to revenue generation as much as we would expect.

The Belly of the Bison has been incredibly well received and is popular with locals and tourists alike. However, it will have difficulty reaching its profit objectives unless operating hours can be expanded. The introduction of a patio and associated earlier operating hours has helped recently. On a positive note, the Belly of the Bison is a significant amenity for the Edgewater Hotel and helps to boost the attractiveness of that property in terms of room sales.

The Gold Pan Saloon continues to perform well with record sales. In the second quarter banquet revenues returned, which had been essentially eliminated due to COVID lockdowns. Banquet rentals and associated food and beverage sales will boost the performance of this part of the restaurant portfolio throughout the balance of the year.

The division will not meet original profit expectations for the year but based on recent performance there should be meaningful improvement in the second half. Management will continue to focus on improving the bottom line, given that the new operating realities appear relatively permanent. Consequently, meaningful contribution is expected in the second half of the year.

Real Estate Division

The division now operates with little to no vacancy. At the writing of this report, there is only one commercial vacancy – a small space available in the 49% owned Titanium Way 166 property. Residential vacancies are filled immediately upon becoming available, usually at rates that are higher than the previous rental amounts.

NVD lost its entire real estate team at the end of 2021 and early in 2022 due to personal issues that took all Real Estate staff out of the territory. Naincy Saini stepped into the gap, and she has performed extremely well for NVD. This has allowed us to enhance quality of service while operating with a smaller staff compliment. Naincy continues to develop her leadership skills and approaches to our Property Management services and leasing activities, and has become a very strong contributor to NVD. She has been supported by both CEO, Rich Thompson, and CPO, Gary Gazankas as the entire team works to upgrade NVD's property management services.

During the first quarter the Partnership sold both the Yukon Centre Mall and the Pizza Hut buildings. In the second quarter, properties acquired last year at Waterfront Place and 2nd Avenue were sold. These sales led to significant gains for NVD, but also put pressure on Real Estate Division revenues and profits. Management felt it was prudent to take advantage of high real estate sale prices and to crystalize gains, so it is important to note that these moves are not the beginning of an asset "sell off" by NVD. The projects sold were not key strategic holdings. The impact of the sales on the performance of the division were offset by the acquisition in 2021 of the Alpine View Apartments, the industrial/commercial building that was originally the Kluane Freight terminal (owned 50% by NVD) and the retention of the Yukon Convention Centre when NVD sold the High Country Inn in December 2021. The Convention Centre has been moved to the Real Estate Division and is now leased as a health centre.

Acquisitions

NVD raised money in a December 2021, Private Placement and sold off properties in the first half of 2022 which created even higher cash reserves. The intent was to accumulate at least $25 million to be utilized as equity for the Hyatt Place and River's Reach condo projects as well as to provide cash for commencement of Lot 10 development at Waterfront Place and the Whistle Bend project. The bulk of this equity was targeted for Hyatt Place and River's Reach. However due to inflationary pressures, staffing issues and supply chain challenges, the construction price environment the Partnership was seeking was not available in the first half of the year, resulting in NVD delaying the commencement of these projects.

There is still significant pressure to move on spending on the Hyatt project in 2022 as in 2021 the Partnership took advantage of a capital gains deferral on its hotel sale. This program requires the gains component of the sale to be reinvested in similar project(s) within twelve months. Fortunately, management has worked on alternative construction approaches and at the writing of this report NVD expects to be able to move forward with the Hyatt project and spend the required funds prior to year-end.

The delay and deferral of these projects has meant that new treasury strategies have been developed to properly "park" the funds until the development projects are underway in a manner that is productive for Unitholders. Management and Board have looked at several options and have deployed the funds in the following manner:

- Previously arranged credit facilities such as financing on the River's Reach II condo portfolio have been declined and will be revisited when needed.
- Where available the Partnership has made one-time annual prepayments on debt, as reduction of debt expense is favourable compared to earnings available on GICs.
- The Partnership has made several acquisitions. For these NVD has provided the debt on standard terms with a plan to replace these with commercial mortgages down the road

when the funds are needed. This allows the partnership to do better than GIC rates, while "parking" the cash in loans until it is needed. The Partnership has always maintained a small loan portfolio comprised primarily of Vendor Take Back loans related to sales and tenant fit-up loans. Unitholders can expect this portfolio size to increase temporarily as a parking lot for our development funds. Loans in this area include loan financing associated with the Carmacks Hotel and North Star Hotel acquisitions, and this same approach may be used for acquisitions made in the second half of the year.

- While waiting for opportunities we have placed funds in fixed and flexible term GICs.
- Management has explored (a) placing funds in marketable securities, and (b) making some passive investments outside of the Yukon market. In the case of the former the concern is around volatility and placing funds in areas outside of NVD's direct mandate, and in the latter case the concern is lack of liquidity that may arise given the Partnership does plan to move ahead with the identified development projects with timing not completely known.

While development projects take longer to get underway and utilize available capital, Unitholders can expect a more sizeable loan asset portfolio at interest rates well above our weighted average cost of debt and the increased passive income associated with such a portfolio.

As Real Estate prices have been compelling on the sale side for NVD, the Partnership continues to keep its eye out for well-priced acquisition targets that allow it to rebalance its portfolio. Management hopes to be successful in making some accretive acquisitions later this year. This will likely involve both equity and debt deployment along the lines outlined above. At the writing of this report NVD has entered into a conditional agreement to close on a sizeable residential apartment building to augment its residential holdings at what we consider to be an attractive price. This acquisition is undertaken in partnership with Da **Daghay Development Corporation** ("DDDC"), the development arm of the **Ta'an Kwäch'än Council** who is our third largest Unitholder. It is our hope that we can close this acquisition and that it becomes the starting point for a fruitful and expanding partnership with DDDC.

Development Activities

As has been previously communicated, the development environment has been difficult, characterized by inflationary pressures, lack of staff, supply chain challenges and other factors. This led to the delay in all NVD's development projects. Work done to find alternative methods of construction and to wait-out some of the cost pressures appears to be paying off, and the Partnership is once again ready to proceed on its development agenda. It has prioritized, in order, the Hyatt Place Project, Lot 10 Waterfront Place, River's Reach final phases and the Whistle Bend project. Of course, all these projects fall on the heels of completion of the 84-unit Normandy Assisted and Independent Living project which is expected to see its first occupants late this year.

Normandy

Ketza Construction, who are also co-owners in this project, have done an admirable job of bringing this project to completion during these volatile times. At the writing of this report the first-floor suites are nearing completion: mechanical, electrical and elevator work are in the final stages; final concrete structures are poured; and cladding and balcony completion is underway. Attention has turned to finishing the suites on all floors, completing the commercial kitchen and finalizing other commercial and common spaces on the main floor.

Normandy may be the largest Private Sector residential project ever constructed in Whitehorse. Its location will afford residents wonderful views of Whitehorse and the surrounding wilderness areas. The project is set to begin accepting residents in the final quarter of 2022.

The sales effort at Normandy is underway and more than 50% of the rooms already have signed leases and deposits in place. NVD, as co-owner and project manager, has begun to hire the staff required to operate the facility. The next 90-day period will see an increase in sales activities, and the results of those efforts will determine the early success level of the Normandy project.

Pro forma analysis based on final construction and launch costs and sales success today leave management to believe that cash return on equity expectations should be met and exceeded by this project. Even though NVD is only a one third owner of this project, meeting and exceeding these expectations will mean that the project will be accretive to the Partnership in terms of cash flow, yield and NAV per unit value growth.

Main Steele Building

NVD's building at Main Street and Third Avenue received major attention over the last year. A complete upgrade of the HVAC system was completed and much of the second floor was redone in preparation for a new tenant. Energy program grants were helpful in supporting the HVAC work. The elevator is being completed, making the second floor fully accessible. NVD received a solid offer for this building in mid-2022, but the offer was rejected as we consider this well located building a central part of our real estate holdings. Management believes there is still room to improve the building's financial performance through lease renewals and further development.

Hyatt Place

Cost challenges have forced design revisions and construction methodology changes for this project, but management remains comfortable that the dream of building the first 4-star hotel project in Whitehorse will be realized in a way that makes our Unitholders proud.

NVD is now working on a hybrid modular approach to construction with the first two floors and parkade following traditional construction approaches and the rooms floors being fabricated in Alberta. This approach should see the team begin preparation and site work this fall and commence the modular construction. Major activity will take place in 2023 with an eye on 2024 delivery as originally contemplated. At over 100 rooms, this project will bring the NVD Yukon-based hotel room portfolio up to over 360 rooms.

The final project will include two levels of covered parking and a full-service hotel. We are including restaurant, banquet and fitness/spa facilities and expect the product to set a significant new standard for hotel stays in the Yukon. It will be located on Main Street, adjacent to the Best Western Gold Rush Inn and the new parking facilities will serve both properties.

The River District

The River District includes NVD's waterfront projects – Taga Shro Station, River's Reach I, River's Reach II A and B, and Waterfront Station – along with potential development projects that include River's Reach III and IV and Lot 10.

As the Partnership contemplates completion of the remaining three projects in this area it has asked the architect to refresh the overall community plan to support the needs that have evolved in the area as development has taken place. Current thinking includes residential condominium usage for the River's Reach IV lot, and preliminary designs are complete for that project. For River's Reach III a mixed-use project is still favoured as is the case for Lot 10, where we already have identified tenants. Given the interest already expressed in Lot 10 it may make sense to move on that project first. In any case the updated community plan will ensure proper attention to community amenities, traffic and people flow, and the highest and best usage for the remaining lots. We believe that an outcome of the overall planning will be refreshed tenancies at Waterfront Station and perhaps some evolution of our concept for the River's Reach IV location which is the last of the lots that are immediately adjacent to the Yukon River and Millennium Trail.

Whistle Bend Planning

The pace of development at Whistle Bend has continued and the area is now reaching a level of population density that will support the development of the major commercial parcel that NVD owns at the entry to this area. Management is updating the plans for the bulk of the land holdings and has entered discussions with potential tenants and partners. Work will likely begin at this site within the next year involving site preparation and servicing. Following that, NVD will begin multiphase development of the Whistle Bend commercial lot over a number of years.

An architect rendering shows potential plans for the partial development of NVD's 2.3-hectare (5.7 acre) land parcel at the entrance to the Whistle Bend development in Whitehorse.

Economic and General Outlook.

Like elsewhere in Canada, real estate prices tested new highs over the past year. While NVD has taken advantage of this to realize gains on less strategic holdings that have been fully redeveloped, the Partnership has also kept an eye out for "bargains" that might still exist. The result has been a diversification of the real estate holdings away from commercial to include a mix of residential and industrial projects, and a broadening of hotel holdings to include assets outside of Whitehorse. It will be increasingly difficult in current economic conditions to continue to identify acquisition targets that are compelling in the Yukon, other than those located outside of Whitehorse.

Accordingly, the current focus has been to look to entering partnerships with First Nation Development Corporations to identify attractive investment opportunities and to opportunistically accept purchase offers that come in well above our current NAV carrying values for properties. Where possible full cash purchases have been made with the intent of waiting for more favourable interest rate opportunities to take cash out of the projects when needed to support our planned slower phasing of development projects over time.

Tourism demand has been returning and airlift into the Territory is moving back towards historical levels but a full recovery in that area has yet to be realized post-COVID. The single biggest issue remains available staffing, a problem that has been particularly difficult for the restaurant industry in the Yukon. Whitehorse has witnessed closures of some restaurants, combination of others and an overall reduction in operating hours. While this has had a negative impact over the short term, the right sizing of the restaurant industry is likely to be favourable for NVD's Restaurant division over the medium to longer term. In Dawson the issues of staffing have even been more acute and management is focusing on creative strategies to get current restaurants back to normal operating levels while laying the foundation for launching the restaurant outlets in the Midnight Sun in 2023.

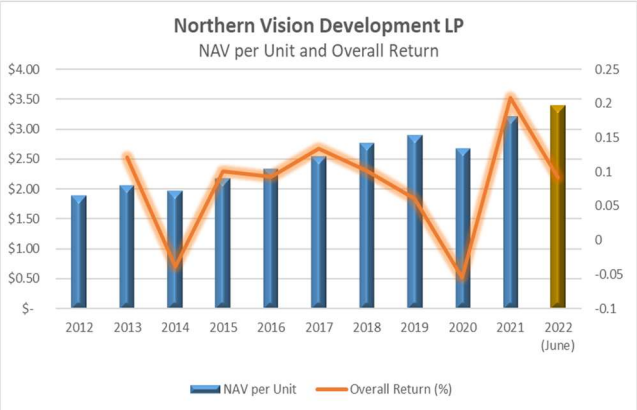
The mining industry was the bright spot for the Yukon economy during COVID lockdowns and commodity prices have remained favourable. Expectations are that a robust industry will continue to be present in the Yukon, but mining companies still face some regulatory headwinds as they expand their operations. NVD will continue to keep a close eye on the fortunes of this industry and will continue to cultivate their patronage through providing our strong support for their requirements. We are thankful for the strong partnerships with the mining industry that have developed over the years, and that were particularly helpful as NVD weathered COVID lockdown impacts that were significant in respect to the tourism industry.

Of particular interest to NVD in the tourism industry is the collective effort of tourism industry participants to attract support across multiple levels of government for infrastructure investment in the form of a Convention Centre that is appropriate for northern Canada's largest capital city. NVD's decision to shut down and repurpose the Yukon Convention Centre on the sale of the Coast High Country Inn was made for two reasons: first, it would be difficult to run such a facility without being connected to a full-service hotel; and second, over time this facility required subsidy from NVD and therefore operating as a convention facility was not the first and best use. The earnings utilizing this facility for rental as a community health centre are a significant improvement over the negative margins that were achieved when it was the Yukon Convention Centre. However, there is a need for a quality convention centre in Whitehorse for the benefit of the entire hospitality industry. NVD will work with all levels of government, First Nations and NGOs to try to quickly make such a project a reality in downtown Whitehorse, situated within easy walking distance of accommodations, retailers and other attractions.

Summary

The graph to the right provides the NAV per unit and Enterprise Value for NVD at December 31, for each year since the current class of units was established in 2012. A return to growth following initial COVID lockdown impacts is evident. NVD's NAV per unit dropped in 2014 during the Yukon recession, but returned to a strong growth trend from 2015 to 2019. During the period from 2012 to 2019, the overall enterprise value of the Partnership increased every year.

Both Enterprise value per unit and NAV per unit dipped in 2020, primarily associated with a significant re-evaluation of the value of the hotel assets associated with the uncertainty and potential duration of COVID impacts. Recovery commenced in 2021. With a full year result for Net Income in 2021 that set new records, along with a frothy real estate price environment, NAV per unit was up sharply. Enterprise Value also recovered. In the six-month period to June 2022 (the gold bar) the NAV per unit growth has continued and even accelerated (noting this is the only six-month period), but Enterprise Value has dropped. This reflects the aggressive debt paydown and distribution made during the period, offset by other growth factors.



The graph to the left plots overall returns for the current units since 2012 in comparison to NAV per unit for the same period. Once again, the final data point in the series represent a six month period only, whereas all other numbers are for annual periods. It is quite possible that a new high watermark will be established for overall return in the current year.

In many years the stated overall return objective of between 9% and 12% has been achieved with notable exceptions during the 2014 recession and the recent COVID period. However, management believes that a higher sustainable level of return should be available going forward and will not be as dependent on sales of assets as has been the case in 2021 and 2022.

There are many variables at play in today's dynamic economic environment. Certainly, rising interest rates will have a negative impact on Partnership performance, especially if there are significantly more interest rate moves in the near term. Management expects some further increases followed by a flattening out and then slight decline in rates within the next several years. If that expectation is correct, the fact that the debt portfolio is skewed to fixed rates and that NVD has substantially reduced the size of its overall debt portfolio should serve the Partnership well. The frothy nature of real estate pricing seems to be smoothing out and even dropping nationally. In the Yukon the trend appears to be towards a stabilization of prices. NVD has re-leased much of

its portfolio during an uptick in rental rates and has very little in the way of vacancy as smoother waters are expected for real estate asset prices and rental rates. Once again management believes the Partnership is in a good situation to weather any further volatility.

Management focus will be on ensuring all operating divisions are making strong positive contributions to sustained cash flow, including improvements from our restaurants and accretive contributions from Normandy. At the same time the Partnership will focus on maximizing return on its cash position while keeping resources available for the future development plans. These collective approaches, along with keeping a key eye on industry dynamics, should bode well for Unitholders in the years to come.

Management Objectives

As a record year is recorded in 2022, management focus turns to 2023 and beyond. Success will be defined in the next six-month period and in the year to come if the following objectives are met:

1. Normandy is completed and available for occupancy in Q4 2022 with at least two thirds of the units rented by the time of launch.
2. Net Income of $12 million is achieved in 2022 as a stretch goal, and sustained income from operations is at record levels by year end.
3. The Hyatt Place project is underway prior to year end, and the capital gains deferral associated with the Coast High Country Inn sale is fully deployed in 2022.
4. New staffing strategies are developed that allow NVD Restaurants to be fully open based on historical operating levels.
5. Food and Beverage outlets are successfully launched in the Midnight Sun for the commencement of the 2023 high season.
6. The River District overall planning is complete, and one of the major projects in that area is underway by Spring 2023.
7. The board successfully transitions through the retirement of its Chairman Piers McDonald, and further succession planning for senior leadership and the board of NVD continues.
8. Distributions continue at new higher levels on an annual basis as established with the $3 million distribution sent to Unitholders in April 2022. Such distributions are once again supported by sustained cash flow from operations and AFFO levels.
9. After maintaining year over year margin performance in 2022, the Real Estate division continues to grow based on creative acquisitions that deploy available treasury funds in a manner that can be accessed for development projects when needed.
10. Successful projects continue to be developed with First Nation Development Corporations partners along the lines of the Carmacks Hotel asset acquisition in July 2022. Such acquisitions are quickly integrated into NVD operations in a manner that is accretive for NVD and its First Nation Development Partners.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The financial statements of Northern Vision Development Limited Partnership, which are unaudited and prepared by management, as at and for the period ended June 30, 2022, are included with this semi-annual report. This summary should be read in conjunction with the financial statements and related notes thereto.

Disclaimer regarding forward-looking information

The Partnership's semi-annual report, including this Management Discussion and Analysis, contains forward-looking statements. Forward-looking statements are inherently risky as they are based on assumptions made by management. These assumptions are built on the best available information at the time and are dependent on external factors. The possibility exists that actual results could differ materially from the expectations expressed in this report.

Statements Prepared Under ASPE

The Partnership's financial statements for the period ended June 30, 2022, utilize the Accounting Standards for Private Enterprise ("ASPE") which was adopted by the Partnership in 2011. The Partnership can move to the International Financial Reporting Standards ("IFRS") framework at a time of its choosing, should it believe there is merit in such a change in accounting standards.

Financing Activities

Long Term Debt: At June 30, 2022, long term debt was $30.33 million, representing an decrease of $9.26 million or 23.4% during the period (December 31, 2021 - $39.59 million). The decrease was due to the retirement of several debt facilities associated with the sales of the following:

- Iditarod Landscaping Inc., doing business as Mighty Wash Car Wash
- The commercial real estate property located at 2220 Second Avenue, Whitehorse, YT
- The commercial real estate properties located at 2180 and 2190 Second Avenue, Whitehorse, YT
- The commercial real estate property located at 2251 Second Avenue, Whitehorse, YT
- The commercial real estate property located at 49 Waterfront Place, Whitehorse, YT

The above noted business and properties had six commercial loans associated with them, all of which were fully retired as part of the sale agreement. The total outstanding principal amounts on these loans amounted to $6.41 million.

The Partnership also exercised the ability to make annual penalty-free principal repayments on two of its higher rate loans during the period. These special principal repayments amounted to $1.13 million in total.

It is noteworthy that the most expensive debt, at 6%, is held with Tr'ondëk Hwëchin Trust ("THT"). NVD and THT both extended the same amount of debt to the Dawson Downtown Limited Partnership ("DDLP") which they co-own. Part of this debt is eliminated on consolidation, but it is noted here that this higher rate debt is intended to stimulate repayment to NVD and THT and is not representative of the true interest cost for DDLP.

The remainder of the reduction in long term debt relates to regular principal repayments.

Weighted Average Cost of Debt: At June 30, 2022, the weighted average cost of long term debt was 4.21% (December 31, 2020 – 3.69%). The increase in the period was mainly driven by the multiple increases in the overnight interest rate by the Bank of Canada during the period, which impacted the Partnership's variable rate loans. Due to pay out of all or part of the fixed rate loans noted above, the variable weight of the portfolio increased during the period.

The Partnership's total long-term debt includes 54% fixed and 46% variable rate loans at June 30, 2022 (57% fixed and 43% variable at December 31, 2021). At June 30, 2022, long term fixed rate debt had a weighted

average cost of 4.05% and long term variable rate debt had a weighted average cost of 4.62% (December 31, 2021 – 3.80% and 3.55%, respectively). Total debt to equity ratio was 0.49:1 on a book value basis (December 31, 2021 – 0.71:1). The decrease in the ratio was primarily driven by the significant decrease in long term debt during the period due to the retirement of six loans, along with an increase in equity driven by an $8.5 million net income during the period. On a fair market value basis, the debt-to-equity ratio was 0.29:1 (December 31, 2021 – 0.40:1). Along with the net income during the period, the issuance of 392,671 units as part of the Distribution Reinvestment Program contributed to the decrease in this ratio. At June 30, 2022, the Partnership was exposed to interest rate risk with each 1% rise in its' variable interest rates responsible for an annual increase of $138,192 in interest expense (December 31, 2021 - $170,211).

Distributions: The Partnership distributed $3.0 million or 9.8 cents per unit in April 2022 (April 2021 - $650,000 or 2.6 cents per unit). The Distribution Reinvestment Program was reinstituted in March 2021 after being suspended due to the uncertainties caused by the COVID pandemic and its potential impact on the Partnership's operations. A total of $1,187,216 in distributions were reinvested, representing 39.6% of the total distribution ($263,535 or 40.5% in 2021), which resulted in an additional 387,979 units being issued at $3.06 per unit (103,345 in 2021 at $2.55 per unit).

Retention Awards

The Partnership reviewed its approach to Retention Awards at the beginning of the period. It did not appear that the Retention Award ("RA") program, designed in part to stimulate employee retention was working as intended. Several changes were made, including the suspension of the ability for board members and senior staff to elect to receive RAs in lieu of salary. In addition, the previous program provided that RA grants vest on a equal basis over a three year period, post grant. This was modified to require an individual to be employed three years post grant in order to receive their vested RAs. The changes were made to enhance the "retention" aspect of these award grants, forcing a longer tenure in order to earn the grants.

As part of the change in the grants, employees and board members were encouraged to cash out and convert their vested RAs as at December 31, 2021 into units offered in the December 2021 Private Placement. Almost all elected to do so, causing the liability associated with RAs to be significantly reduced. Going forward, management is recognizing one third of the total value of grants made in each year for all employees and board members who remain with the company at the time of reporting. This ensures the full value of the RAs will be recognized during the three-year service period in which they vest. This includes the value of any distributions made and the value growth associated with increase in NAV per unit values, netting out amounts for any departing members who have received RA grants. If an employee or board members departs before the RAs are vested, this will cause a reduction in the amount of expense accrued for all other RAs issued, as some expense may already have been accrued prior to the employee or board member departure. This approach is seen as an appropriately conservative estimate of the expenses in any given year associated with RA grants.

During the period, utilizing the modified approach to RA grants expense recognition, the Partnership accrued $53,226 for RA expenses. A total of $22,728 in RAs that had previously vested were redeemed during the period by a departing staff member. At the end of the period, total liability for RAs outstanding was $63,020 primarily representing the current period accrued expense along with a small balance retained from the previous program for one staff and one board member ($32,490 liability at December 31, 2021). During the period two employees who had received grants at the beginning of 2022 announced their intention to leave the Partnership resulting in the cancellation of 8,500 RA grants previously issued.

Working Capital

Restricted Cash are the balances held for dedicated capital expenditures within the Hotel Division, or for deficiency work related to the River's Reach II condominium complex.

The balances related to the Hotel Division arise from regular monthly payments made to BDC as part of the hotel loan agreements and are refunded to NVD as capital expenditures are incurred. At June 30, 2022, the balance was $514,727 (December 31, 2021 - $536,650).

The balances related to the River's Reach II deficiency work were $135,624 at June 30, 2022 (December 31, 2021 - $138,624). These balances are accessible to the Partnership once deficiency work has been completed on a unit-by-unit basis.

Cash balances were $22.8 million at June 30, 2022 (December 31, 2021 - $5.7 million). The Partnership has significant cash reserves from its recent divestitures of assets and financing activities. At June 30, 2022, $16.6 million of cash was in GIC's or other savings accounts where it is earning passive interest income. The Partnership is actively looking to deploy its cash reserves towards future development projects.

Accounts receivable totaled $2.6 million at June 30, 2022 (December 31, 2021 – $2.3 million). The increase is a result of record-breaking revenue performance (and associated activity) for the Partnership's hotel properties.

Promissory Note was repaid in full during the period (December 31, 2021 - $10.16 million). The entire amount was related to the Partnership's sale of the High Country Inn which closed on December 22, 2021. The Partnership received the first $4.50 million principal payment on February 15th, and the remaining $5.66 million on March 17th. The Partnership recognized a total of $44,296 in interest income related to the promissory note during the period.

Accounts payable and accrued liabilities totaled $2.06 million at June 30, 2022 (December 31, 2021 - $1.79 million). The increase was mainly driven by the capital improvement project being completed at the property owned by the Partnership located at 212 Main Street, Whitehorse YT.

Loans receivable totaled $1.29 million at June 30, 2022 (December 31, 2021 - $1.53 million). The decrease related to two tenants who paid back the entire principal of their loan during the period along with regular principal repayments of the employee timed unit purchase loans. The reduction was partially offset by a new loan extended to one of the Partnership's joint ventures utilized to acquire a nine-room motel in Mayo, YT.

Capital Expenditures on Property and Equipment

The Partnership invested $3.45 million in property and equipment during the period (2021 - $6.77 million), most of which was related to capital improvement projects at existing properties. The main areas of spending during the period were:

- $1.4 million on property improvement at the property located at 212 Main Street, Whitehorse, YT.
- $0.9 million moved from property under development to property and equipment related to the Partnership's 50% share of the Midnight Sun and Caley buildings in Dawson, YT. as the Midnight Sun commenced formal operations as a Hotel.
- $0.3 million of property improvement plan spending related to the Partnership's Whitehorse hotel properties.

Other spending during the period consisted of acquisitions of corporate assets, including the purchase of a new maintenance vehicle, and capitalized labour allocated to projects at both commercial and residential real estate properties.

Development Activities

Property under development balances remained flat, totaling $4.9 million at June 30, 2022 (December 31, 2021 – $4.9 million). The Partnership's $0.9 million share of the Midnight Sun and Caley buildings in Dawson was moved from property under development to property and equipment during the period (2021 - $nil). Spending during the year consisted of $0.8 million in architectural, procurement, and other soft costs related to the Hyatt Place Hotel and Rivers Reach IV condominium projects. An additional $0.1 million of salaries were capitalized to these projects.

Operating Activities

Revenues: Revenues increased by 34% during the period to $10.01 million (2020 - $7.49 million). The increase was largely driven by record-breaking performance in the hotel properties and having a full six months of restaurant revenues for three different establishments (2021 – six months Gold Pan Saloon, three months Earls Whitehorse, zero months Belly of the Bison).

Hotel revenues increased by 18% during the period to $4.68 million (2021 - $3.96 million). This increase occurred even though comparative figure included revenues from the High Country Inn. Normalizing for the sale of the High Country Inn, hotel revenues were up 40% compared to the first six months of 2021. The return to a normal tourism economic environment, after two years of COVID impacts, are visible in the revenues achieved in the first half of 2022.

Rental revenues increased by 8% during the period to $2.43 million (2021 - $2.23 million). A full six months of rental income from the properties that were acquired in 2021, along with step increases for some existing tenants, contributed to the increase compared to 2021. This increase was offset by the property sales that occurred during the first half of the year.

Restaurant revenues increased by 186% during the period to $2.78 million (2021 - $0.97 million). The Partnership acquired Earls in April 2021 and launched the Belly of the Bison restaurant in August 2021, to go along with the existing Gold Pan Saloon restaurant. Comparative figures only include six months of the Gold Pan Saloon and three months of Earls in 2021.

Other revenues decreased by 61% during the period to $122,988 (2021 - $312,957). This was mainly driven by the sale of 100% of the shares of Iditarod Landscaping Inc. (otherwise known as Mighty Wash Car Wash) in February 2022, while the comparative period reported six months for Mighty Wash.

Gross profit and Direct expenses: Direct expenses increased by 42% during the period to $6.33 million (2021 - $4.45 million). The increase was primarily driven by the Partnership operating three fully staffed restaurants for the entirety of the period but were also up due to increased hotel activity levels.

Hotel costs rose 5% to $2.83 million (2021 - $2.69 million). Normalizing for the sale of the High Country Inn, direct hotel costs increased by 27% compared to the first six months of 2021. The increase is attributable to significantly higher volumes at the hotel properties compared to the first six months of 2021. Inflationary pressures on both materials and wages also contributed to the increase.

Rental costs increased by 7% to $676,974 (2021 - $633,272). This change was driven mainly by the increased number of gross lease tenants compared to the first half of 2021 (Yukon Government leases are necessarily "gross"). The properties located at 2251 Second Avenue and 49 Waterfront Place were acquired in May 2021 and the Alpine View apartment building was acquired in September 2021. All three of these properties have gross lease tenants and would have had an immaterial impact on the direct rental costs for the comparable period in 2021.

Restaurant costs increased by 192% to $2.79 million (2021 - $0.96 million). The increase is driven by having all three restaurants (Gold Pan Saloon, Earls and Belly of the Bison) fully operational during the period. The comparable period direct costs include only the Gold Pan Saloon for six months and Earls restaurant for three months. Due to Covid Omicron impacts in the first quarter of 2022 and extreme pressure related to staffing in the entire first half of the year, Restaurant division gross profit was a disappointment for the first half of 2022.

Gross profit. Based on the foregoing outcomes related to operating division revenues and direct costs, Gross Profit increased by 23% to $3.75 million, which was 37% of gross revenues (2021 - $3.04 million and 41% of gross revenues). The decrease in margin as a percentage of revenue is related to the fact that the comparable period in 2021 had $1.0 million of grant funding that was treated either as revenue or a reduction to direct expenses. For the first six months of 2022, the Partnership received $107,588 in grant funding that was treated as either revenue or a reduction to direct expenses. In addition, and as noted above, the Restaurant division suffered from impaired margin performance during the period.

Expenses: Overall expenses declined by 4.1% to $2.93 million from $3.05 million for the first six months of 2021. The major driver of the decrease was declines in interest and wage expenses, offset by increases in other expense areas as outlined below.

Amortization expense increased by 3% during the period to $1.33 million (2021 - $1.29 million). The increase relates to having a full six months of amortization related to the properties acquired in 2021. This was offset by the property sales that occurred during the period.

Interest expense decreased by 15% during the period to $689,771 (2021 - $813,834). The decrease is largely driven by the six debt instruments that were retired during the period associated with the sales of five properties or businesses and the elective annual prepayment made on several other debt facilities. The savings were offset slightly by the increase in the Bank of Canada overnight rate, which increased the rates on the variable rate loans held by the Partnership.

Wages expense includes staff not directly working in operational areas of the Partnership. The $581,215 expense represents a decrease of 15% during the period (2021 - $682,689). In late 2021 and early 2022, the Partnership saw the departure of its Chief Operating Officer along with three members of its real estate team. A new leadership position (Chief Project Officer) was added at the beginning of 2022 to oversee future development activities.

Existing senior management stepped in to fill the roles of the departed individuals, which saw more of their wages allocated to operations than during the first six months of 2021.

A total of $231,983 in salaries and wages were capitalized during the period (2021 - $66,984), an increase of 246%. This includes $107,525 capitalized to properties under development (2021 - $nil), namely, the Hyatt Place Hotel and the Rivers Reach IV condominium projects. The remainder was capitalized to projects at existing properties, the most material being the improvements that took place at the 212 Main Street building.

Governance expenses increased by 21% during the period to $55,698 (2021 - $46,152). The May 2022 board meeting was held in person in Whitehorse, YT, while the 2021 board meeting was held virtually due to COVID travel restrictions. Board travel costs accounted for the majority of the increase compared to the first six months of 2021.

Office expenses increased by 85% during the period to $144,113 (2020 - $78,025) primarily associated with a reclassification of these expenses. The Partnership incurred an additional $10,908 in internet and connectivity costs compared to the first six months in 2021. Due to the sale of the High Country Inn, corporate internet costs had fewer properties in Whitehorse to be allocated towards. Similarly, fewer head office costs were recovered because the Partnership only had two Whitehorse hotels during the period compared to three during the comparable period in 2021.

The Partnership also incurred delayed costs related to the sale of the High Country Inn in the amount of $8,541. An incremental $8,081 in software and IT related costs were also incurred relative to the same period in 2021.

Professional fees increased by 49% during the period to $66,046 (2021 - $44,258). The increase was driven by legal fees related to the closing of the High-Country Inn sale and associated promissory note. These invoices were received after the 2021 audit was completed, otherwise they would have been netted against the gain on sale. The increase also includes incremental accrued costs for the 2022 annual audit fee based on the anticipated increased scope of work required to complete the audit.

Marketing expenses decreased by 43% during the period to $53,654 (2021 - $94,247). The decrease was largely driven by the elimination of the multi-year commitment to the Northlight Innovation Hub upon the completion of the sale of the Yukon Centre Mall in March 2022. The commitment was satisfied through a monthly rental abatement that the new owners of the property have agreed to honor. A new long term commitment was entered into during the period to support the Yukon University and this arrangement will move these costs back up to historical levels going forward.

Travel costs more than tripled during the period to $10,462 (2021 - $2,690). The opening of domestic borders allowed the CEO to return to a more regular travel schedule in the current period, whereas for the first half of 2021, travel remained restricted due to the COVID pandemic.

Income from operations The Partnership recognized income from operations of $754,991 during the period (2021 – loss from operations of $6,318) due to the impacts of everything described in the aforementioned analysis.

Interest Income and Gains

Interest income increased by 284% during the period to $154,697 (2021 - $40,309). The Partnership recognized $120,713 of passive interest income in the first six months of 2022 (2021 - $9,584), made up of the following transactions:

- $44,296 of interest income received on the promissory note used to close the sale of the High Country Inn in December 2021.
- $36,800 of interest income recognized on an $8.0 million 9-month non-redeemable GIC held by the Partnership.
- $39,617 of interest income recognized on multiple cashable GIC's held by the Partnership.

Other interest income recognized during the period include amounts related to vendor take-back loans and advances to joint ventures.

Gains on sale increased dramatically during the period to $7,541,729 (2021 - $35,178). The Partnership divested several properties and businesses during the period as noted below:

- Sold Iditarod Landscaping Inc. (otherwise known as Mighty Wash Car Wash) and recognized a gain on sale of $457,866
- Sold the property located at 2220 Second Avenue, Whitehorse YT and recognized a gain on sale of $1,133,739
- Sold the properties located at 2180 and 2190 Second Avenue, Whitehorse YT and recognized a gain on sale of $4,631,052
- Sold the properties located at 2251 Second Avenue, Whitehorse YT and 49 Waterfront Place, Whitehorse YT, and recognized a gain on sale of $1,309,046.
- Sold an item of furniture, fixtures and equipment owned by the Partnership and recognized a gain on sale of $10,026

Total Comprehensive Income increased during the period to $8.5 million (2021 - $69,169). This significant increase is a result of the impacts discussed in the previous section, mainly driven by the material gains on sale from property sales.

Risks

As a Real Estate organization, the Partnership is exposed to risk associated with increases in interest rate expense. The Partnership's exposure to this risk is set out earlier in this discussion. The Partnership attempts to mitigate this risk by moving to fixed rate debt instruments, when possible, in times of rising interest rates.

The Partnership is exposed to external factors that introduce risk and impact financial performance. Those factors, such as pandemics, can have a major impact on the financial results, as was particularly the case for much of NVD's operations between March 2020 and April 2022. The Partnership seeks to mitigate these impacts by applying for any government subsidies available and introduced to deal with these impacts.

The Partnership holds all of its assets in the Yukon which places it at geographic risk, particularly when the Yukon economy is performing below national levels. As NVD grows, management and the board are increasingly focused on looking at opportunities outside the Yukon that have similar characteristics to those opportunities that have made the Partnership successful inside the Yukon. In such a way this risk can be mitigated to some extent in the future.

Unitholders

At June 30, 2022 there were 114 Unitholders in the Partnership represented and controlled by 91 unique individuals or entities (December 31, 2021 - 114 Unitholders and 91 unique individuals or entities). During the period the number of Unitholders did not change. During the period a total of 392,671 units were issued as part of the Distribution Reinvestment Program, bring the outstanding Partnership unit total to 31,135,607 (December 31, 2021 – 30,742,936 units) of which 72.7% are owned by Yukon residents or entities, and 47.8% are owned by Yukon First Nation entities. Board and staff members own 12.9% of the outstanding units. The Unitholder ownership is highly concentrated, with the top five Unitholders owning 52.4% of the units and the top 16 owners holding an 80.9% interest in the Partnership.

The Partnership has entered into a conditional purchase agreement in Partnership with Da Daghay Development Corporation ("DDDC") that, if completed, would see DDDC use its 104,690 units along with cash to meet its side of the equity requirements. If completed this transaction would increase the outstanding units of the Partnership by 0.034%. The arrangement was entered into prior to publication of this Semi-Annual report and the pricing on the units is therefore related to the December 31, 2021 NAV per unit.

Given the high cash balances currently maintained by the Partnership and the delays in development projects, there are no planned financing activities for the balance of 2022. NVD has placed loans in support of acquisitions made with partners that can be replaced with commercial financing when the cash is needed for development projects. As well certain financing arrangements that were planned prior to project delays have not been pursued and the Partnership enjoys substantial debt headroom should it wish to accelerate development activities.

Financial Objectives

Key objectives for the remainder of 2022 and into 2023 are set out in the Operations Report.

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 ("ASPE"). 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.

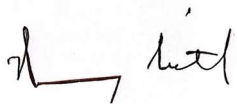
The Board of Directors review and approve the Partnership's semi-annual financial statements. The Board of Directors meet periodically with management, as well as with the external accountants, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is 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, 2022, have not been audited.

August 18, 2022

On behalf of the Board:

Lori Simcox, Director, and Audit Committee member



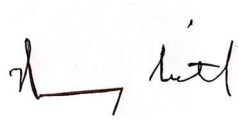
Murray Leitch, Director, and Chair of the Audit Committee

Northern Vision Development Limited Partnership
Consolidated Statements of Financial Position

As at		***(unaudited)*** **June 30, 2022**		*(audited)* December 31, 2021
ASSETS				
Cash *(Note 2)*	**$**	**23,464,420**	$	6,344,267
Accounts receivable *(Note 10)*		**2,620,492**		2,282,761
Promissory note		**-**		10,160,000
Inventories		**281,432**		263,397
Loans receivable *(Note 9)*		**1,288,066**		1,528,048
Property and equipment *(Note 3)*		**60,333,588**		70,360,916
Properties under development *(Note 4)*		**4,909,947**		4,894,060
Investment in KBC Developments Inc. *(Note 17)*		**606,667**		606,667
Other (*Note 5*)		**619,894**		1,242,436
	$	**94,124,506**	$	97,682,552
LIABILITIES & PARTNERS' EQUITY				
Commitments *(Note 13)*				
Contingencies *(Note 15)*				
Accounts payable and accrued liabilities *(Note 10)*	**$**	**2,059,576**	$	1,793,058
Customer deposits		**398,439**		414,669
Long term debt *(Note 6)*		**30,326,898**		39,586,189
		32,784,913		41,793,917
Partners' equity *(Note 12)*		**61,339,593**		55,888,635
	$	**94,124,506**	$	97,682,552

On behalf of the Board:

Lori Simcox, Director, and Audit Committee member



Murray Leitch, Director, and Chair of the Audit Committee

The accompanying notes are an integral part of these financial statements

Northern Vision Development Limited Partnership
Consolidated Statements of Partners' Equity

		Six Months Ended		*Year Ended*
		June 30 2022		December 31 2021
Partners' equity, beginning of period	**$**	**55,888,635**	$	34,850,171
Units Issued *(Note 12)*		-		15,774,047
Units Redeemed *(Note 12)*		-		-
Issuance Costs		-		(16,955)
Net Income for the period		**8,451,416**		5,931,372
Partners' equity, before distribution		**64,340,051**		56,538,635
Less distributions to unitholders		**(3,000,458)**		(650,000)
Partners' equity, end of the period	**$**	**61,339,593**	$	55,888,635

The accompanying notes are an integral part of these financial statements

Northern Vision Development Limited Partnership
Consolidated Statements of Comprehensive Income

For the six months ended June 30,		**2022**		2021
Revenues ***(Note 10)***				
Hotels	**$**	**4,679,962**	$	3,956,421
Rentals *(Note 10)*		**2,426,535**		2,248,574
Restaurants		**2,781,012**		973,167
Other		**122,988**		312,957
		10,010,496		7,491,120
Direct expenses				
Hotels		**2,833,950**		2,686,495
Rentals		**676,974**		633,272
Restaurants		**2,786,160**		955,003
Other		**31,907**		171,905
		6,328,991		4,446,675
Gross profit		**3,681,505**		3,044,445
Expenses				
Amortization		**1,325,556**		1,288,867
Interest		**689,771**		813,834
Wages		**581,215**		682,689
Office		**144,113**		78,025
Professional fees		**66,046**		44,258
Governance *(Note 10)*		**55,698**		46,152
Marketing		**53,654**		94,247
Travel		**10,462**		2,690
		2,926,514		3,050,762
Income (loss) from operations		**754,991**		(6,317)
Other income				
Gain on sale of property and equipment *(Note 3)*		**7,541,729**		35,178
Interest income *(Notes 9 and 10)*		**154,697**		40,309
Total Comprehensive Income	**$**	**8,451,416**	**$**	**69,170**

The accompanying notes are an integral part of these financial statements

Northern Vision Development Limited Partnership
Consolidated Statements of Cash Flows

For the six months ended June 30,	**2022**	2021
Cash flows from operating activities		
Net income for the period	**$ 8,541,416**	$ 69,169
Non-cash items:		
Amortization of financing fees	**26,687**	37,308
Amortization of property and equipment	**1,325,556**	1,288,867
Gain on sale of property and equipment	**(7,541,729)**	(40,309)
	2,261,930	1,355,035
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	**266,518**	(1,738,671)
Accounts receivable	**(337,731)**	2,845,335
Promissory note	**10,160,000**	-
Other assets	**622,542**	(303,787)
Inventories	**(18,035)**	(29,959)
Customer deposits	**(16,231)**	(76,140)
	12,938,994	2,051,813
Cash flows from investing activities		
Loans receivable	**239,982**	545,573
Proceeds on sale of property and equipment	**19,485,476**	1,888,403
Purchase of property and equipment	**(3,454,343)**	(6,768,049)
Purchase of properties under development	**(966,191)**	-
	15,304,924	(4,334,073)
Cash flows from financing activities		
Financing fees paid	**-**	(22,879)
Advances of long-term debt	**-**	4,157,466
Units issued	**1,185,081**	1,686,361
Distribution to Unitholders	**(3,000,458)**	(650,000)
Distribution from Joint Venture	**49,000**	12,500
Repayment of short-term debt	**-**	(1,890,903)
Repayment of long-term debt	**(9,357,388)**	(2,613,805)
	(11,123,765)	678,740
Net increase (decrease) in cash during the period	**17,120,153**	(1,603,520)
Cash, beginning of period	**6,344,267**	5,635,211
Cash, end of period	**$ 23,464,420**	$ 4,031,691
Supplemental disclosure of non-cash transactions		
Transfer of properties under development to property and equipment	**$ 968,230**	-
Non-cash proceeds from property sales	**-**	859,988
Non-cash consideration from acquisitions	**-**	464,877
		-

The accompanying notes are an integral part of these financial statements

NORTHERN VISION DEVELOPMENT LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 Yukon Territory on March 22, 2004. The Partnership's principal business is the acquisition, development and sale of commercial, industrial, and residential properties, and the operation of hotels and restaurants located in the Yukon.

The Partnership consists of a general partner (the "General Partner"), and a number of limited partners holding partnership units (collectively the "Partners").

Pursuant to the terms of the Limited Partnership Agreement, the General Partner has unlimited liability for the debts and obligations of the 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 consolidated 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").

Basis of Consolidation

The consolidated financial statements include the financial statements of the Partnership, its controlled subsidiaries and its proportionate share of the assets, liabilities and operations of its joint venture interests. Control is achieved when the Partnership has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. All intercompany transactions and balances are eliminated on consolidation. The financial statements of the Partnership's subsidiaries are prepared using consistent accounting policies and the same reporting date as the Partnership. These consolidated financial statements include the accounts of the Partnership, 45978 Yukon Inc. and Iditarod Landscaping Inc. (wholly owned subsidiaries), the Partnerships' interest in the Dawson Downtown Partnership (50%) and the Bedrock Hotel Limited Partnership (49%) and its joint venture interests.

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 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 and property taxes during construction, and land acquisition costs. Amortization is provided using the following annual rates:

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

1. Summary of Significant Accounting Policies *(continued)*

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and properties under development. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that an asset's carrying value might be impaired. An impairment loss is recognized when the asset's carrying value exceeds the estimated future undiscounted cash flows from the asset's use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over the fair value. Any impairment is included in income for the year.

Income Taxes

The Partnership is a limited partnership. As a result, the Partnership's earnings or losses for income tax purposes are included in the tax returns of the Partners. Accordingly, no recognition has been given to current or future income taxes in the consolidated financial statements of the Partnership. Net earnings for financial statement purposes may differ significantly from taxable income reportable to the Partners 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 non-refundable rental payments. Revenue from rental agreements is recognized over the rental term as amounts become due and when collection is reasonably assured.

Revenue from the sale of properties under development and property and equipment is recognized when persuasive evidence of an arrangement exists, amounts are fixed and determinable, all material conditions of the sale have been fulfilled, collection is reasonably assured and title to the property has transferred.

Hotel and restaurant revenue is recognized as services are provided and when collection is reasonably assured, and refundable tenant security deposits are recorded as a liability until repaid to the tenant.

Use of Estimates

The preparation of consolidated financial statements in accordance with ASPE 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Areas requiring significant management estimates relate to the determination of the recoverability of accounts and loans receivable, the fair market value and any potential impairments of property and equipment and property under development and held for sale, the useful lives of property and equipment, and the allocation of the cost of properties under development to direct expenses as individual properties are sold. Actual results could differ from those estimates and may have an impact on future periods.

Properties Held for Sale

The Partnership classifies properties as held for sale when management approves and commits to a formal plan of sale and does not believe lands can be utilized for active development. Properties held for sale are carried at the lower of cost and net realizable value, with net realizable value being determined as estimated selling price less estimated costs to sell.

Properties under Development

The Partnership classifies properties under development as those that are or will be actively developed for the purposes of generating rental income or subsequent revenue from sales for the Partnership.

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 received, nor the fair value of the assets 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 because of the transaction.

1. Summary of Significant Accounting Policies *(continued)*

Jointly Controlled Assets

Jointly controlled assets are investments which the Partnership has joint control with one or more unaffiliated entities. Jointly controlled assets are accounted for using the proportionate consolidation method as follows:

- the consolidated balance sheet includes the Partnership's proportionate share of the assets and the liabilities of the jointly controlled assets;
- the consolidated statement of operations includes the Partnership's proportionate share of the income and expenses of the jointly controlled asset; and
- gains on transactions between the Partnership and its jointly controlled assets are eliminated to the extent of the Partnership's interest in the jointly controlled assets and losses are eliminated unless the transaction provides evidence of an impairment of the asset.

Financial Instruments

Cash, accounts receivable, promissory note, loans receivable, accounts payable, customer deposits, long term debt and debentures are initially recorded at fair value and are 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 straight-line 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.

2. Cash

As at	**June 30, 2022** ***(unaudited)***	December 31, 2021 *(audited)*
Restricted	**$ 650,351**	$ 675,274
Unrestricted	**22,814,069**	5,668,993
	$ 23,464,420	$ 6,344,267

3. Property and Equipment

as at	**June 30, 2022 *(unaudited)***			December 31, 2021 *(audited)*		
	Cost	**Amortization**	**NBV**	**Cost**	**Amortization**	**NBV**
Automotive	**$ 306,260**	**$ 233,247**	**$ 73,013**	$ 268,572	$ 224,807	$ 43,765
Buildings	**59,730,826**	**12,833,562**	**46,897,264**	71,925,473	16,139,415	55,786,058
Computer and software	**938,947**	**755,820**	**183,127**	952,888	664,303	288,585
Furniture and fixtures	**4,419,237**	**3,107,876**	**1,311,361**	4,569,973	2,964,828	1,605,145
Land and improvements	**9,027,249**	**-**	**9,027,249**	11,923,998	-	11,923,998
Paving and landscaping	**1,723,557**	**542,849**	**1,180,708**	1,490,817	777,453	713,364
	$ 78,574,566	**$18,240,978**	**$ 60,333,588**	$ 91,131,722	$ 20,770,805	$ 70,360,916

During the period, the Partnership recorded a gain of $7,541,729 (2021 - $40,309) from the sale of property and equipment.

4. Property Under Development

As at	**June 30, 2022**	December 31, 2021
Land and Improvements	**$ 4,957,918**	$ 4,038,654
Building and Construction	**52,029**	855,406
	$ 4,909,947	$ 4,894,060

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, construction, and other direct costs of $876,592 (2021 - $53,496), interest of $nil (2021 - $61,715) and salaries of $107,525 (2021 - $nil) were capitalized. During the period, $968,230 (2021 - $nil) was transferred to properties and equipment on completion of development activities.

5. Other Assets

As at	**June 30, 2022**	December 31, 2021
Prepaid expenses and deposits	**$ 363,024**	$ 675,732
Goodwill	**-**	308,719
Other assets	**256,870**	257,984
	$ 619,894	$ 1,242,436

6. Long Term Debt

As at June 30, 2022 there was $286,022 (2021 - $303,826) in deferred financing fees netted against long term debt.

During the period, amortization of deferred financing fees amounted to $37,308 (2021 - $40,863). New fees of $22,879 were incurred in the period (2021 - $66,946).

As at	**June 30, 2022**	Dec 31, 2021
Loan payable to BDC - with fixed monthly repayments of $73,875 principal plus interest, fixed at 4.35% due January 23, 2031, secured by a first mortgage over two Whitehorse hotel properties.	**$ 7,503,059**	$ 7,870,144
Loan payable to BDC - interest at BDC's floating base rate less 1.00%, with fixed monthly repayments of $33,330 principal plus interest due September 30, 2037, secured by a second mortgage over two Whitehorse hotel properties.	**6,023,396**	7,330,928
Loan payable to First Nations Bank - interest at 3.95%, due October 31, 2020, monthly principal repayments of $25,997 plus interest, secured by first mortgage and assignment of rents on Partnership's interest in the land and buildings at 4201 4th Avenue, Whitehorse.	**5,448,682**	5,623,769
Loan payable to RBC - interest at 4.37%, due June 6, 2022, payable in equal installments of $20,944 principal and interest, secured by a first mortgage over properties at 2237 2nd Avenue, Whitehorse, YT.	**2,137,152**	2,214,496
Loan payable to Scotiabank – interest at Scotiabank's prime rate plus 0.5% with fixed monthly repayment of $4,825 of principal plus interest, due June 30, 2023, secured by a first mortgage and assignment of rents over 212 Main Street, Whitehorse, YT.	**1,981,833**	2,044,084
Balance carried forward	**$ 23,094,068**	$ 25,083,421

8. Long Term Debt *(continued)*

	June 30, 2022	Dec 31, 2021
Balance carried forward	**$ 23,094,068**	$ 25,083,421
Loan payable to Scotiabank - interest at 2.94%, with fixed monthly repayments of $4,453 of principal and interest, due June 30, 2024, secured by a first mortgage and assignment of rents over three commercial units at 2237 2nd Avenue, Whitehorse YT.	**1,912,532**	1,943,707
Loan payable to RBC – interest at 2.65% due September 1, 2024, with fixed blended payments of principal and interest of $6,058 per month, secured by a first mortgage on 5025 5th Avenue, along with rents and leases from the property.	**1,298,365**	1,316,686
Loan payable to RBC – interest at 3.3%, due December 1, 2024, with blended payments of principal and interest of $7,422 per month, secured by a first mortgage on the property of 9016 Quartz Road, Whitehorse, YT.	**1,152,120**	1,174,643
Loan payable to RBC – interest at 2.85%, due March 16, 2023, with blended payments of principal and interest of $5,224 per month, secured by first assignment of rents from multiple units at 2237 Second Avenue, Whitehorse, YT.	**1,082,251**	1,091,825
Loan payable to BMO – interest at 2.55%, due August 31, 2024, with monthly blended payments of principal and interest of $6,090 per month, secured by the following: a first mortgage on the personal/movable property of Ketza Construction Corp., Lot 147 Whitehorse Industrial; and a joint and several guarantee from NVDLP and Ketza Construction Corp valued at $1,350,000.	**657,049**	666,849
Loan payable to Tr'ondëk Hwëchin Trust - interest at 6.00%, due May 31, 2034, with monthly blended payments of $9,440. Secured by a mortgage over several properties in Dawson City, YT.	**447,263**	464,242
Loan payable to First Nations Bank - interest at FNB's prime rate plus 0.5%, due October 1, 2025, with monthly payments of principal and interest of $4,543 secured by a first mortgage on 2193 2nd Avenue, Whitehorse, and a general assignment over rental income from the properties.	**365,375**	381,762
Loan payable to BDC - interest at 4.95%, due February 23, 2032, with monthly principal repayments of $2,756 plus interest, secured by the following: first mortgage and assignment of rents on the Partnership's interest in the land and building at 166 Titanium Way, Whitehorse YT.	**317,875**	363,825
Loan payable to BDC – prepaid in the period	**-**	2,988,940
Loan payable to RBC – prepaid in the period	**-**	1,305,310
Loan payable to RBC – prepaid in the period	**-**	1,148,280
Loan payable to BDC – prepaid in the period	**-**	912,804
Balance carried forward	**$ 30,326,898**	$ 38,842,294

6. Long Term Debt *(continued)*

	June 30, 2022	Dec 31, 2021
Balance brought forward	**$ 30,326,898**	$ 38,842,294
Loan payable to BDC – prepaid in the period	**-**	471,290
Loan payable to BDC - repaid in the period	**-**	272,605
	$ 30,326,898	$ 39,586,189

The BDC floating base rate as at June 30, 2022 was 5.35% (December 31, 2021 – 4.55%). Scotiabank's prime rate as at June 30, 2022 was 3.70% (December 31, 2021 – 2.71%). RBC and First Nations Bank prime rate at June 30, 2022 was also 3.70% (December 31, 2021 – 2.45%).

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

2022	$ 1,375,109
2023	2,753,453
2024	2,771,015
2025	2,789,325
2026	2,808,419
Thereafter	$17,829,576

During the period, the Partnership retired six loans related to the sales of five commercial properties or businesses.

The Partnership's debt agreements contain financial covenants which require minimum levels of tangible equity, debt service coverage, limitations on borrowings, and limitations on the use of proceeds of asset sales. The Partnership was in compliance with all its financial covenants as at June 30, 2022.

7. Operating Line of Credit

The Partnership has undertaken conversations to put into place a credit facility, secured by the properties it owns at the Rivers Reach II condominium complex. To date, no credit facility has been advanced to the Partnership.

8. Financial Risk Management

Credit Risk

The Partnership is exposed to credit risk resulting from the possibility that a customer, tenant 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 and loans receivable. To mitigate the credit risk, the Partnership has accounts receivable widely distributed among its customer base; performs regular credit assessments of its customers; obtains advance deposits; or with respect to loans receivable, takes a security interest in the property sold or the tenant's assets or personal guarantees. The Partnership therefore believes there is acceptable credit risk associated with the collection of its accounts or loans receivable. The Partnership has recorded an allowance of $nil (2021 - $nil) in respect of accounts receivable where collection is doubtful.

Interest Rate Risk

Interest rate risk is the risk that future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates may influence 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. 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 6, a portion of the Partnership's long-term debt bears interest at floating rates. Fluctuations in these rates will impact the cost of financing incurred and cash flows available in the future.

8. Financial Risk Management *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its obligations as they fall due. The Partnership monitors its liquidity on a regular basis and will draw on existing credit facilities or obtain new financing as necessary to fund shortfalls. The significant financial liabilities of the Partnership are accounts payable and long-term debt.

9. Loans Receivable

As at		**June 30, 2022**		December 31, 2021
Mortgages receivable	**$**	**286,119**	$	700,436
Loans receivable		**224,665**		302,093
Advances to joint ventures		**777,282**		525,519
	$	**1,288,066**	$	1,528,048

(i) Mortgages receivable

Mortgages receivable represent vendor take back loans made to purchasers of properties sold by the Partnership. In all cases, security is provided by the underlying property. Interest is charged at 5% per annum (2021 – 5%) . The total interest earned on these loans in the period was $12,786 (2021 - $21,056). The maximum exposure to the credit risk associated with the mortgage's receivable occurs if the borrower defaults on repayment of the mortgage. 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 impairment provisions recorded on the mortgages receivable as at June 30, 2022.

(ii) Loans receivable

Loans receivable are loans advanced to employees related to the timed unit purchase plan. Current employees repay their individual loans via payroll deduction, while former employees who have opted to remain in the plan pay an annual lump sum in February of each year. These loans have been provided at a zero interest rate, and all loans will be repaid in full by December 31, 2024.

(iii) Advances to Joint Ventures

Advances to Joint Ventures are made to assist working capital requirements and represent advances made in excess of the Partnership's proportionate share in the jointly controlled assets. Interest is charged between 4% and 5.05% per annum (2021 – 5%). The total interest earned in the period was $21,198 (2021 - $6,078).

10. Related Party Transactions and Balances

Certain accounts on the balance sheet and income statement include balances and transactions with related parties, which are described below. The Partnership's related parties include partners, employees, board members or companies controlled by partners, employees, or board members of the Partnership. During the first six months of 2022, the following transactions took place:

- $1,185,081 of units were distributed to existing Unitholders of the Partnership as part of the Distribution Reinvestment Program.
- $1,175,000 of properties were sold to employees, Unitholders, or parties directly related to employees or Unitholders of the Partnership.
- $75,818 of management fees were charged to Joint Ventures.
- $48,214 of fees were paid to Directors of the Partnership.
- $26,570 of interest was received from unitholders or joint ventures in which the Partnership has a proportionate interest.

10. Related Party Transactions and Balances *(continued)*

For the comparable period, the first six months ended June 30, 2021, the following transactions took place:

- $5,687,561 of properties were purchased from Unitholders or employees of the Partnership.
- $46,152 of fees were paid to Directors of the Partnership.
- $12,836 of financing charges and interest was paid to various investors in which the Partnership had proportionate interests.
- $15,377 of rent was received from a company controlled by the Partnership or a joint venture in which the Partnership has a proportionate interest.
- $11,000 of other fees were received from joint ventures in which the Partnership has a proportionate interest.
- $4,616 of interest was received from a company controlled by an employee of the Partnership or from joint ventures.
- $1,494 of other fees were paid to employees, partners or companies controlled by employees of the Partnership

The related party transactions occurred in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

As at June 30, 2022, the Partnership had the following amounts recorded in accounts receivable and accounts payable and accrued liabilities with comparable period in parentheses:

- Accounts receivable from related parties of $48,318 (2021 - $nil).
- Amounts due from its joint venture partners of $24,824 (2021- $1,866).
- Accounts payable and accrued liabilities owing to related parties of $nil (2021 - $nil).
- Amounts due to its joint venture partners of $nil (2021 - $10,983).

11. Segments

As at June 30, 2022, the Partnership had five reportable segments: hotels, rentals, restaurants, property under development and other. Hotel operations consist mainly of room rentals. Restaurant operations consist of food and beverage services. Rental properties consist of commercial and residential properties held under long term lease. Property under development consists of lands and buildings under construction or held for future development.

Restaurants was not a reportable segment as at June 30, 2021. The food and beverage operations that did exist at this time were previously included in the hotels reporting segment. For the sake of comparison, six months of food and beverage revenues and expenses has been separated for 2021. During the first six months of 2021, the Partnership operated two food and beverage establishments (the Gold Pan Saloon for six months and Earls Whitehorse for three months).

For the six months ended June 30, 2022	**Hotels**	**Rentals**	**Restaurants**	**Property Under Development**	**Other**	**Total**
Revenue	**$ 4,679,962**	**$ 2,426,535**	**$ 2,781,012**	**$ -**	**$ 122,988**	**$ 10,010,496**
Amortization	**301,045**	**744,398**	**241,506**	**-**	**38,607**	**1,325,556**
Interest Income	**-**	**-**	**-**	**-**	**154,697**	**154,697**
Interest expense	**288,946**	**400,824**	**-**	**-**	**-**	**689,771**
Net income (loss)	**1,256,020**	**604,339**	**(246,655)**	**-**	**6,837,711**	**8,451,416**
Property and Equipment	**14,428,972**	**43,456,704**	**2,159,284**	**4,909,947**	**288,628**	**65,243,535**

For the six months ended June 30, 2021	**Hotels**	**Rentals**	**Restaurants**	**Property Under Development**	**Other**	**Total**
Revenue	$ 3.956,421	$ 2,248,574	$ 973,167	$ -	$ 312,957	$ 7,491,119
Amortization	399,838	758,966	60,805	-	69,258	1,288,867
Interest Income	-	-	-	-	40,309	40,309
Interest expense	415,338	398,496	-	-	-	813,834
Net income (loss)	454,829	457,760	(42,640)	-	(800,780)	69,169
Property and Equipment	19,173,474	51,427,184	2,583,205	4,504,056	238,208	77,926,127

12. Partners' Equity

As at June 30, 2022 there were 31,135,607 partnership units outstanding (2021 – 25,545,121). During the period, 392,671 units were issued as part of the Distribution Reinvestment Program (2021 – 659,148 units were issued for proceeds of $1,686,361).

During the period, a distribution of $3,000,458 was declared for a value of $0.098 per unit (2021 - $650,000 for a value of $0.025 per unit).

13. Commitments

During the period, the Partnership made a commitment to donate $1 million over a ten-year period to Yukon University. As at June 30, 2022, $55,000 of this commitment has been fulfilled.

14. Change in Presentation of Comparative Financial Statements

Certain comparative figures have been reclassified to conform to the method of presentation adopted in the current period.

15. Contingencies

As at June 30, 2022, there are no material pending claims by or against the Partnership.

As at June 30, 2021, the Partnership was involved with a pending claim related to employment both by and against the Partnership. It was the opinion of management, based on the advice and information provided by its legal counsel, that these claims were not of a material nature. These claims were settled in December 2021, and as anticipated, did not materially impact the financial position or results of operations of the Partnership.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and the condition of the Partnership in future periods.

16. Jointly Controlled Assets

The financial statements include the Partnership's proportionate interest in five (2021- four) joint ventures. All are located in the Yukon.

Name	Interest	Activity	Year of inception
Selkirk Properties Joint Venture	49%	Lease of commercial properties	2011
Dawson Downtown Hotel	50%	Hotel Operations	2013
North Carcross Joint Venture	50%	Lease of commercial properties	2013
Bedrock Motel	49%	Hotel Operations	2019
44588 Yukon Inc.	50%	Lease of Commercial/Industrial Property	2021

The Partnership's proportionate share of the assets and liabilities, revenues and expenses of its jointly controlled assets and its jointly controlled enterprises where it has a right to the individual assets and obligations for the individual liabilities are included in these consolidated financial statements as follows. The Partnership is liable for the liabilities of the jointly held assets to the extent of its proportionate share in each entity.

16. Jointly Controlled Assets *(continued)*

As at	**June 30, 2022**	December 31, 2021
Cash	**$ 202,091**	$ 245,676
Accounts Receivable	**267,441**	66,153
Prepaid Expenses	**74,472**	56,139
Inventory	**48,198**	59,493
	592,202	427,461
Property and Equipment	**4,441,259**	3,326,672
Property under Development	**-**	968,230
Organization costs	**1,103**	1,227
	$ 5,034,564	$ 4,723,590
Accounts Payable and accrued liabilities	**$ 441,605**	$ 165,573
Government Remittances	**12,313**	16,379
	453,918	181,952
Long Term Debt	**2,362,617**	1,550,789
	2,816,535	1,732,741
Equity	**2,218,029**	2,990,849
	$ 5,034,564	$ 4,723,590

For the six months ended	**June 30, 2022**	December 31, 2021
Revenues		
Hotels	**$ 753,223**	$ 457,489
Rentals	**113,829**	56,847
	867,052	514,336
Expenses		
Hotels	**636,747**	432,128
Property	**84,723**	6,927
Amortization	**38,300**	50,986
Interest	**50,962**	20,807
Expenses	**810,732**	510,848
Net income (loss)	**$ 56,320**	$ 3,488
Cash flows from operating activities	**285,889**	$ (227,532)
Cash flows from investing activities	**(174,394)**	$ (52,279)
Cash flows from financing activities	**(172,267)**	$ 160,562

17. Investment in KBC Developments Ltd.

The Partnership has invested $606,667 for a one third ownership interest in KBC Developments Ltd. ("KBC") for the purpose of building and operating an assisted living facility in Whitehorse, YT (Normandy Manor). In addition, the Partnership entered into a contract to manage the construction and eventual operation of KBC. In March 2021, KBC entered into a mortgage arrangement for up to $34.5 million of which $5 million is forgivable and the balance is repayable at favourable terms. To support this mortgage arrangement, the Partnership committed to a joint and several guarantee of a construction mortgage of $41 million. The guarantee will be rescinded on completion and stabilization of operations of an assisted living facility in Whitehorse. The Partnership has performed an analysis of its interest in this jointly controlled enterprise and has determined that it has a right to the net assets of the enterprise and as a result has recorded its investment in KBC at cost. The Partnership's proportionate share of KBC's assets and liabilities is as follows:

17. Investment in KBC Developments Ltd. *(continued)*

As at	**June 30, 2022**	December 31, 2021
Assets		
Cash	**$ 515,786**	$ 684,128
Accounts receivable	**266,438**	185,100
Property under development	**9,023,595**	7,075,918
Other	**644,781**	29,728
	$ 10,450,600	$ 7,974,874
Liabilities		
Accounts payable	**708,863**	1,397,305
Deferred revenue	**1,172,467**	1,166,667
Long term debt	**7,962,604**	4,804,236
	9,843,934	7,368,207
Equity	**606,667**	606,667
	$ 10,450,600	$ 7,974,874

18. Government Assistance Received During the Year

During the period, the Partnership received government assistance due to the COVID pandemic as follows:

The COVID assistance consisted of:

1. $9,262 received and recognized as a reduction of expenses (2021 - $191,018)
2. $98,326 received and recognized as revenues (2021 - $807,553)
3. $496,829 received and recognized as a reduction of capital expenditures (2021 - $1,206,316)

19. Subsequent Events

After June 30, 2022, the Partnership completed the following transactions that it deems to meet the criteria for subsequent event disclosure:

On July 1st, the Partnership completed the acquisition of 50% of the outstanding shares of Carmacks Hotel Ltd. in a joint venture with Carmacks Development Corporation. The acquisition was completed for $3.4 million plus an inventory adjustment. As part of the acquisition, the Partnership has provided $2.2 million in financing at an interest rate of 6.05% per annum with a duration of 18 months.

On July 20th, the Partnership completed the sale of one of the units it owned in the Rivers Reach II condominium complex for cash proceeds of $742,708. The Partnership will recognize a gain on the sale of $37,184.

CORPORATE INFORMATION

General Partner – Northern Vision Development Corp**.**

Board of Directors

Hannes Kovac**
Daryn Leas****
Murray Leitch*,****
Ian McAuley***
Hon. Piers McDonald, Chairman*,**,****
Lori Simcox *
Richard Thompson **,***,****

* Member of the Audit Committee
** Member of the Development Committee
*** Member of the Hotel Committee
**** Member of the Governance & Financing Committee

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Mark McGarrigle, Chief Financial Officer
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