In November 2022 Normandy Living, an 84-unit independent living facility, constructed by NVD and its partners Ketza Construction and Borud Enterprises, welcomed its initial residents. This first-of-it kind Whitehorse-based facility has received rave reviews. It now hosts 50 Yukon seniors.

Moving Past Difficult Times…

Northern Vision Development Limited Partnership
Annual Report to Unitholders

As at and for the Year Ending December 31, 2022

NORTHERN VISION DEVELOPMENT LIMITED PARTNERSHIP
2022 ANNUAL REPORT TO UNITHOLDERS

This annual report updates Unitholders on the activities of Northern Vision Development Limited Partnership ("NVD" or "the Partnership"). Included herewith are financial statements as at and for the year ended December 31, 2022, audited by Deloitte LLP, along with comparable results for the previous year.

The Partnership's Annual General Meeting will be held in person at the Best Western Gold Rush Hotel – Town Hall and by a Zoom link provided in the Notice of Meeting at 4:00 pm (Yukon Time) on Tuesday August 8, 2023. The annual meeting of shareholders of the General Partner, Northern Vision Development Corp, will be at the same location and by Zoom link at 4:15 pm (Yukon Time) on Tuesday August 8, 2023. We invite all interested stakeholders to join us for the Limited Partner Annual General Meeting to receive an update on the progress of the Partnership (see also Notice of LP and GP Meeting).

Overview

NVD, a private real estate partnership established in February 2004, owns, manages, acquires, sells and develops hospitality, commercial and residential assets located in Canada's Yukon Territory. NVD is managed by its General Partner, Northern Vision Development Corp., a private corporation based in Whitehorse and formed under the laws of the Yukon. The operations of the Partnership are overseen by a board of directors of the General Partner, comprised of individuals with a diverse mix of skill sets, including experience in the real estate and hospitality industries.

At December 31, 2022, there were 31,750,499 limited partnership units outstanding (December 31, 2021 – 30,747,628) with no options or purchase warrants issued. A total of 110 Unitholders held interest in the Partnership on December 31, 2022 (114 - December 31, 2021). The Net Asset Value ("NAV") was estimated at $3.48 per basic and fully diluted unit on December 31, 2022 (December 31, 2021 - $3.22 basic and fully diluted), based on updates made by management that rely on the methodology and assumptions used in the most recent third-party valuations for assets. This represents an 8.1% increase in NAV per unit for the past year. A distribution to Unitholders of $3,000,458 was paid in April 2022 representing 9.8 cents per unit (2021 – $650,000 or 2.6 cents per unit) and a further distribution of $4,983,188 or 16.1 cents per unit was paid in December 2022 (no second distribution in 2021). In 2022 the distributions, which are normally based on Available Funds from Operations ("AFFO"), were based on significant gains earned by the Partnership related to commercial real estate properties sold, and to a lesser extent on a return to closer to historical levels of AFFO and operating performance post COVID lockdowns. The Distribution Reinvestment Program ("DRP") continues to be popular with Unitholders, with 39.6% of outstanding units enrolled in the program for the April 2022 Distribution (40.5% in April 2021) and 46.5% enrolled for the December 2022 distribution. This meant that a total of $3,511,466 of distributions were reinvested in the Partnership in 2022 (2021 - $263,545).

NAV Per Unit estimated at $3.48 as at December 31, 2022

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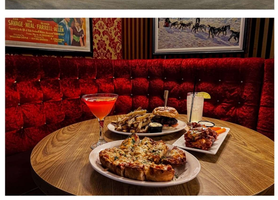
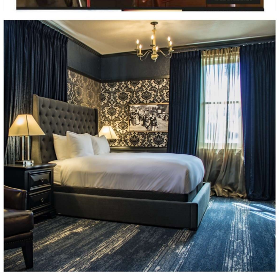
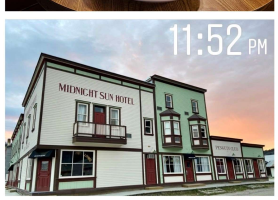




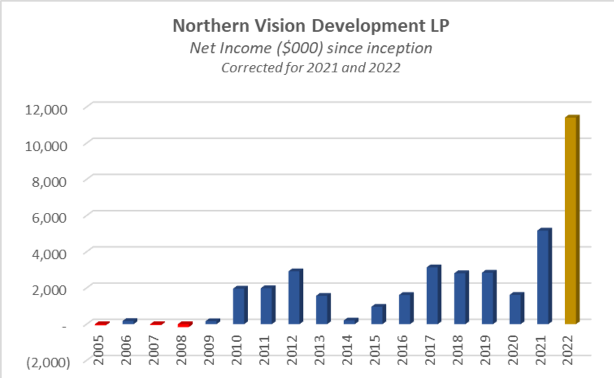


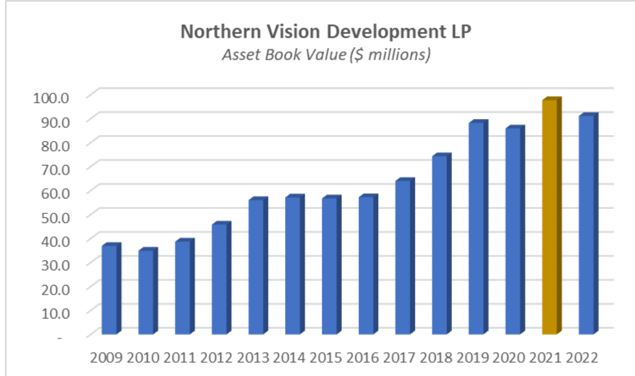
It was a busy year for the Downtown Dawson Limited Partnership which is 50% owned by NVD LP. The Downtown Hotel adopted the Coast Hotels brand. We also celebrated the serving of the 100,000th Sourtoe Cocktail, enjoyed by the Yukon's Premier, and fully opened the rooms division at the Midnight Sun. A major renovations program commenced at the Downtown Hotel, which will be completed in 2023 – involving a comprehensive room refresh at the Downtown Hotel Annex, an upgraded Sourdough Saloon, and the launch of the lounge at the Midnight Sun.

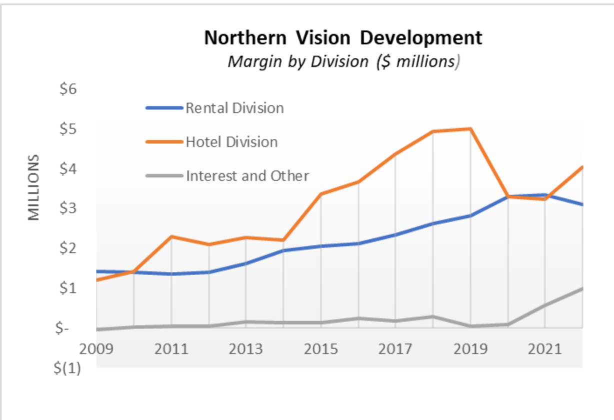
2022 Highlights

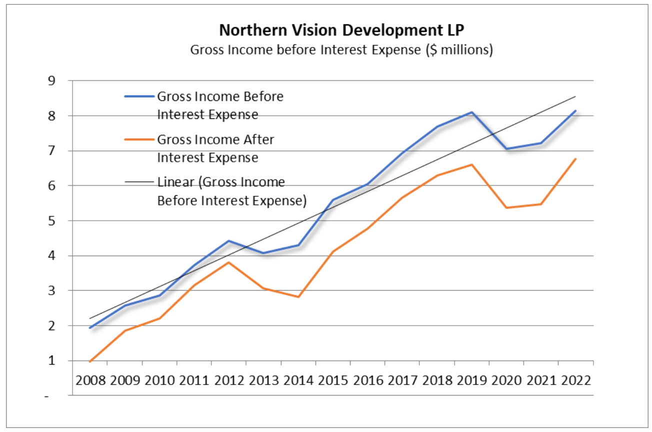
The year was characterized by a return to normal operating environment post-COVID lockdowns, and a strong real estate market in Whitehorse that generated compelling sales opportunities. The result was a record year for NVD Net Income. Highlights for the year include:

- Strong participation in the Distribution Reinvestment Program ("DRP") saw a 3.26% increase in Limited Partnership units issued at December 31, 2022 to 31,750,499 (December 31, 2021 - 30,747,648).
- In April 2022 the Partnership distributed $3,000,458 (9.8 cents per unit) to its Unitholders (April 2021 - $650,000; 2.6 cents per unit). A second distribution of $4,983,188 (16.1 cents per unit) was made in December 2022 (2021 - $nil).
- Despite significant distributions, the Partnership continues to maintain high cash balances ($15.8 million at December 31, 2022 versus $6.3 million a year earlier) in order to support future development projects. These balances generated almost $500,000 in interest income in 2022 (2021 - $88,000).
- During the year the Partnership took advantage of strong demand and associated attractive real estate prices in Whitehorse in order to sell non-strategic assets which allowed the Partnership to build liquidity and distribute funds to Unitholders.
- Overall debt levels decreased by a significant 32% to $27.0 million (2021 - $39.6 million).
- Total Debt to Book Value of Equity declined to 0.44:1 at December 31, 2022 from 0.71:1 a year earlier, and Total Debt to Market Value of Equity declined to 0.24:1 at December 31, 2022 from 0.40:1 as a result of strong income net of distributions, and debt reduction during the year.
- Gains on sale of property and equipment were $9.4 million for the year (2021 – $5.2 million).
- Revenues were up 24.9% to $21.6 million from $17.3 million in 2021 driven primarily by top line growth in the hotel and restaurant divisions.
- Gross Profit was up 3.2% to $7.4 million ($7.1 million - 2021) due to gains in hotel division margins being offset by declines in real estate, restaurant, and other division margin performance.
- Interest expenses declined 7.3% during the year to $1.5 million compared to $1.6 million a year earlier. Increases in variable interest rates, that pushed up expenses recorded on NVD's variable loans, was more than offset by a steep reduction in the amount of debt outstanding during the year.
- On December 31, 2022, fixed rate loans represented 58.8% of NVD's mortgage portfolio (57.0% - December 31, 2021). Weighted average cost of debt was 4.81% as at December 31, 2022 (3.69% - December 31, 2021). If NVD's share of the KBC Developments Ltd. (Normandy) loan is included, then the portfolio is 69.8% fixed debt with a weighted average cost of 3.89%.
- Income excluding Gain on Sales was up 188% to $2.06 million versus $0.72 million in 2021. This resulted from operational improvements related to a return to a more normal operating environment, inclusion of Income associated with the Carmacks Hotel Ltd investment, as well as an increase in interest income earned on substantial cash balances.
- Net Income increased 80% from $5.93 million in 2021 to $10.65 million. This growth was achieved primarily through gains on sales, but also included an improvement in operating income and significant increase in interest income. Adjusted for an overstatement of previous years income (primarily an overstatement in the gain on sale of the High Country Inn), the growth was 121% from $5.17 million to $11.41 million.
- *Available Funds from Operations* ("AFFO") was $820,000 in 2022, a 631% increase over the $112,000 achieved in 2021.









Analysis – Returning to a normal operating environment

Net Income: *Income was driven by: gains on sales 81.9%; income from operations 13.8;, and interest income 4.3%. In 2021 the contributions were 87.9%, 10.6% and 1.5% respectively. While gains once again played a big role in current year net income generation, the other categories improved their overal contribution year over year.*

Gains on sales *were driven by the sales of Yukon Center Mall $4.5 million, Main Steele $1.3 million, 2251 second Avenue/49 Waterfront Place $1.3 million, and Pizza Hut $1.1 million, as well as Nugget Beach and River's Reach II condo sales. The sales led to larger than normal distributions and retrirement of debt, which contributed to a* ***book value of assets*** *decline to $91.1 million, from the record levels established in 2021.*

Margin by division *saw hotels return to its tradtitional leadership role, both due to an increase in hotel contribution as normal operating environment conditions returned, and a decline in real estate margins due to the sale of some of the income producing property portfolio, offest by purchase of additional residential real estate assets. On the back of significant increases in interest income and the addition of grocery and fuel service assets through the Carmacks acquisition, the other income category became a meaningful contributor to overall margin performance. KBC and Carmacks Hotel Limited are both picked up as investment income, and are reflected in the "Other" category.*

Gross Income *returned to pre-COVID levels of performance experienced in 2019 on both a before and after interest expense basis, reflecting the almost complete recovery to pre COVID lockdown conditions. Inflation and staffing issues remain a concern, but by year end the Partnership was benefiting from a close to normal operating environment.*

The Hotel Division rebounded nicely coming out of the Covid era, even with the slower than usual first quarter that was impacted by Omicron (mostly staffing related issues). The results were due to a combination of a strong product offering and macroeconomic factors that saw tourism returning to the region. As expected inflation, both in wages and cost of supplies, created downward pressure and resulted in some margin erosion. In 2021 gross margin was 41.8%. In 2022 gross margin was 39.6%. Even given this margin decline, overall gross margin increased from $3.16 million in 2021 to $4.04 million in 2022.

Chairman and CEO's Letter to Unitholders

Dear Unitholders:

It was a welcome change to operate in a normal economic environment for most of 2022!

While the year opened with continuing COVID impacts (Omicron), by midyear we were back to operating in essentially normal operating conditions. However, staff turnover and other related staff issues took their toll, resulting in a delayed audit. The audit delay related to preparedness issues that were the culmination of having three different CFOs over the past two years. We have taken significant steps to address these issues, with the hiring of a new CEO - Michael Hale in May 2023 -coupled with my move to relinquish the CEO position in favour of acting as both your Executive Chairman and CFO. While these changes are already having a significant positive impact and will ensure stability and success in the long run, the moves were not made early enough to avert a delayed audit process. Once we lost our place in the Deloitte queue we had to wait for the end of the line, meaning we did not complete the audit until three months later than normal. We apologize for the late delivery of this annual report as a result and any inconvenience it may have caused.

In terms of the year at a glance, Omicron issues impacted restaurant division performance in the first quarter, and we were challenged by persistent staffing issues throughout the year. In particular it was difficult to find staff for restaurant operations, which impacted operating hours. As we moved through the year other issues began having an impact, including rising interest rates which pushed up the cost of variable interest rate debt, and inflation, which added pressure to all of our operating divisions. Companies have become used to operating in a stable interest rate environment, and so the inflationary pressures and rising rates create both challenges and opportunities we have not seen in some time. Our team will be up to this challenge.

I devote the rest of this letter to considering some key themes that are the heart of our ongoing success as well as noting some important changes and challenges during the past year, some of which continue to persist.

Board Evolution

Piers McDonald was with us when we conceived the Northern Vision Development Limited Partnership. In November 2022 he resigned from his role as our chairman after a long period of distinguished service. We marked his retirement with a celebration that highlighted his considerable contribution to NVD and to the Yukon as a whole. As a co-founder on NVD, he joined in conceiving the vision that has driven us over the past two decades. As our initial Chief Executive Officer between 2004 and 2009, he oversaw acquisition of several key assets for the Partnership, including our core waterfront lands. In his role as Chair, which he held from founding in February 2004 until his retirement in November 2022, he not only provided strong leadership, he was also an important mentor and friend to me in my role as CEO. Piers's vision will continue to guide the growth and success of NVD and we were lucky to have his enduring commitment.

We also bid goodbye to Murray Leitch in February 2023 as a board member and Audit Committee Chair. Murray played an important role for NVD bringing in key investment capital when it was needed, including spearheading the provision of critical convertible debenture support in 2016 at an inflexion point in the Partnership. Murray has also been a close ally of NVD since its inception, and we are grateful for his long-term contribution to our success.

We have appointed two new board members recently. John McConnell, who is CEO of Victoria Gold, a mine that is an important driver of economic output in the Yukon, and Jennifer Byram of Pelly Construction, have both agreed to serve our Unitholders. John has been a business and community leader in the Yukon for many years and along with many of his associates, became an investor in NVD in recent years. Jennifer is a well-known Yukoner who is a executive leader at Pelly Construction, a major Yukon-based construction firm. She also recently became an investor and, along with other family members, represents a significant component of investment in NVD. We are lucky to have these individuals, who are well-informed on Yukon issues and opportunities, involved with our board.

With these changes, our board continues to employ members well-versed in Yukon opportunity combined with members with strong development, hotel and First Nation experience and connections. As such, our board reflects our diverse Unitholder base with people who can supply strong strategic leadership and guidance. I look forward to working as Chairman of this board and working with the two new members as well as Hannes Kovac (Development Chair), Ian McAuley (Hotel Chair), Lori Simcox (Audit Chair) and Daryn Leas (Governance Chair) as we work with our management team to write the next chapter of NVD success.

As noted, we have made changes at the senior level. In response to the CFO challenges, I offered to step down as CEO and take on the job of CFO while we upgrade our systems and set up an accounting foundation for the next decade of growth. In doing so I created the opportunity for Michael Hale to rejoin the company as CEO, while I retain the position of Executive Chairman. Michael previously served as our COO, and it was always our intention to have him succeed me in the CEO role. We are delighted that this has now come to pass. At the same time, Katja Schmidt, who has distinguished herself as our Chief Hospitality Officer, has stepped into the role of Chief Operating Officer. We wished Gary Gazankas well, as he departed NVD to pursue other opportunities. As a result, our leadership team is comprised of Michael, Katja and me. The three of us worked closely with each other during the epicenter of the COVID challenges, and we are confident that together we can build an even stronger "next chapter" for NVD. This will be my last letter to Unitholders as CEO (of course you will continue to hear from me as Chair). Michael will write to you about his vision in our semi-annual report.

Achieving our Key Priorities

In the 2021 Annual Report I reflected on the two years of challenges we had faced through the COVID lockdowns. I indicated that we would witness break out activity in 2022 and this certainly came to pass. In particular I noted that the following items would be the measure of success for NVD moving forward.

1. A return to **strong operating margin performance** from hotels and restaurants as lockdowns ease.
2. Continuing to **grow management service contracts** in our areas of expertise that boost operating performance without requiring investment capital.
3. Delivery and stand up of **Normandy Living** operations such that in 2023 this project provides positive contribution to our operating division performance.
4. **Launch of the Midnight Sun**, mothballed since renovations were completed due to a lack of accommodations demand in Dawson City during the COVID era.
5. Addition of **more mid-Yukon assets** that have proven to be profitable and which we are well positioned to adopt into our portfolio through JV arrangements with our First Nations partners.
6. Progress on the **Hyatt Place** and River's Reach IV projects such that they can become contributors to our success in several years, and so that they enhance NVD's reputation while being delivered on time and on budget in a difficult construction environment.
7. **Replacement of revenues** that have disappeared due to the sale of certain Real Estate properties by improving the contribution of recently acquired assets and continuing to seek accretive opportunities for further acquisitions.
8. Evolution of our **long-term succession plans** for management and board.
9. Beginning/restarting planning related to **development projects** such as River's Reach III and Whistle Bend.
10. Continuing to focus on an overall suite of activities that builds our ability to **pay out annual yield while growing NAV** per unit for our Unitholders.

We made progress in most of these areas, and I comment on each:

Strong Operating Division Performance. Each of our hotels posted either record results, or close to record results, in 2022. When COVID impacts started, we estimated that it would be 2023 or 2024 before we fully returned to normal performance, but with the results recorded on a "same store" basis, we reached that goal in 2022. Both the Best Western Gold Rush Inn and the Dawson Downtown Limited Partnership ("DDLP") posted record results. In the case of the DDLP, based on a resurgent performance by the Downtown, A Coast Hotel, and the formal launch of our new Midnight Sun Hotel, we were able to almost double previous net income records.

Our Real Estate Division dropped off from previous record performance levels given the sale of some of our older and non-strategic assets. This drop in operating performance was offset by significant realized gains on sale that benefited our Unitholders. The cash from these sales not only supported strong distributions, it also allowed us to reduce debt at a time when interest rates were on the rise, and provide financial support for future projects.

Our Restaurant Division struggled. We believed that restaurants would be the first division to recover from COVID impacts because we thought that tourist traffic would take time to re-emerge. However, with Omicron impacts in the first quarter, staffing challenges throughout the year, and inflationary pressures, this division fell short of expectation in 2022. It produced a negative margin contribution in the first quarter and broke even for much of the rest of the year. Fortunately, things improved toward the end of the year and solid performance in the fourth quarter of 2022 and the first quarter of 2023 provides confidence that this division will make a solid contribution in 2023. We are also aware that while we eked out meager profits from this division, our competitors struggled, and many posted negative returns. In 2023 we expect the division to be one of our strongest performers on a “return on investment” basis.

Management Contract Growth: Through the addition of a contract to manage the Carmacks Hotel assets acquired in July, and an increase in our KBC Management Contract reflecting the shift from Normandy Living being a construction project to an operating entity, we achieved material growth in this area. The management fees earned from DDLP and Bedrock grew in step with growth in revenues upon which contract fees are based. Overall, we see this as a continuing source of income growth for NVD.

Normandy Living. Our expectations were not completely met. While we partially opened the facility in November 2022, only a few months after originally planned, it was December before the entire facility was available. Accordingly, we capitalized all activities to the end of 2022, and won’t begin to report operating results from this project until 2023. When we do, we will be reporting some disappointing results, as leasing activities have been slower than anticipated. We are receiving the promised support from Yukon Housing on this project; however, that support was delayed with some negative consequences. Market based sales were also slower than anticipated. Recently Yukon Housing has met the original commitments made, and the pace of market sales has picked up. A major impact on market sales came when Yukon Housing placed an asset cap on supporting applicants. This means that applicants who would otherwise qualify for subsidized housing due to their income level, but who are asset rich, now have to seek market housing options. Normandy is uniquely placed to meet Yukon seniors’ needs in this regard. With the recent strengthening of market conditions for Normandy, we now expect to reach profitability in early 2024. We thank our partners – Ketza Group and Borud Enterprises– who have consistently supported the vision of delivering quality senior care to the Whitehorse marketplace.

Midnight Sun. As previously reported, we completed the renovations of this project in early 2020 but did not open it as planned due to the COVID impacted demand profile. Instead, we launched it in May 2022, and it has met and exceeded expectations. In the first year of operations, we met aggressive revenue and margin contribution expectations and it contributed to the above-mentioned break-out year for DDLP. In May 2023 we completed the launch with the opening of a food and beverage outlet – The Midnight Sun Lounge. This launch provided us with a reason to celebrate ten positive years of partnership with the Tr'ondëk Hwëch'in Trust.

Mid Yukon Asset Acquisition. The acquisition of the Carmacks Hotel Ltd. (“CHL”) assets with our partner, Carmacks Development Corp. has exceeded our most optimistic expectations. The package of assets includes a grocery store, hardware and gift shop, 30 hotel rooms and cabins, RV pads, staff housing, laundry facilities and two restaurants. We were well served by the management expertise of Dikran Zabunyan, who rejoined our team after originally acting as General Manager for the Best Western Gold Rush Inn in 2006/7 when it was acquired by NVD. The first six months at CHL produced results that were in line with our most optimistic expectations for the entire first year, and we expect a very strong return on equity from this investment.

Hyatt Place. We have made progress on this project over the past year. At writing we have taken delivery of the fist module in Whitehorse which includes the show suite developed for Hyatt inspection and approval of two room types. The rooms have been approved and the development permit is in place. Site work will commence formally in July 2023. The final plans call for a 116-room hotel complete with moderate banquet and food and beverage facilities. It will be the city's premier hotel and will launch in early 2025. The modules are being constructed by Champion Homes in Medicine Hat, Alberta, and long-term partner Ketza Construction is handling the general contractor assignment.

Artist rendering of the Hyatt Place with will open on Main Street, beside the Gold Rush Inn, in early 2025

Revenue Replacement. The sale of the Coast High Country Inn in 2021 had a major impact on sustained income levels, as did the sale of a number of real estate assets over the course of 2022. In respect to the sale of the High Country Inn, NVD has replaced the revenue and margin contribution with the acquisition of the Carmacks Hotel Ltd. assets, the North Star Hotel in Mayo, and renovation and launch of the Midnight Sun Hotel in Dawson. Together these projects add 60 rooms to the portfolio, which help to replace the 83 lost due to the High Country Inn sale. The division will more than replace these lost rooms with the launch of the 116-room Hyatt Place in early 2025. The sale of the Yukon Centre Mall and Main Steele, as well as other properties, saw a contraction of our real estate portfolio, but it has not all been one way. In late 2021 we acquired the Platinum Road industrial property and Alpine View Apartments. In late 2022 the 33-room Hobah Apartments were added in a partnership with Da Daghay Development Corp. As a result, our real estate portfolio has become more balanced between commercial and residential properties, and the division as a whole continues to be a major contributor. In addition to the two main divisions, *Restaurants* are now starting to meet expected contribution levels in 2023. *Management Contracts* has grown as an income source, and *Interest Income* makes a material contribution to overall performance (likely to exceed three quarters of a million dollars in 2023). The fuel services and grocery revenues from the Carmacks acquisition add a new source of revenue and margin. However, the full replacement and acceleration of sustained income will wait for Normandy Living, which is expected to begin positive contribution in 2024 and Hyatt Place in 2025. Both have the potential to supercharge NVD margin performance and take sustained income to well above historical levels. In the meantime, management will focus on organic growth from the rest of the operations. We expect material positive movement in this regard in 2023.

Succession Plan. The dependence on a few key personnel was never more highlighted than in 2022. At the end of 2021 we lost our COO (Michael Hale) to a government role, our President of Real Estate (who returned to France) and our entire Real Estate team (all moved out of the territory). In 2022 we saw long term Vice President Dylan Soo leave for a role at the Tourism Industry Association of the Yukon, and as we enter 2023, we see even more changes with the departure of our Chief Development Officer, Gary Gazankas and a move by our VP Marketing, Adam Gerle, to a contract role. We are indebted to Gary, Dylan and Adam for the consistent effort and considerable contributions they made to NVD, in some cases over many years. Finally, from mid-2021 until April 2023 we saw a total of three different CFOs managing our financial affairs. This considerable changeover has caused us to re-evaluate our approach. In April 2023, in response to the challenges associated with completing the audit in time, I offered to move into the CFO role in order to make room to bring Michael Hale back as CEO. At the same time, we promoted Katja Schmidt to COO. This triumvirate provides us with an unparalleled combination of operating experience and Yukon connectivity in the three senior roles and provides a level of stability that is much needed. While I am committed to staying in the CFO role for a 12-to-18-month period, the final move in this succession program will be finding a strong, Yukon-based CFO candidate to add to our team, at which time I will move to the single role of Executive Chairman.

Our Board has also been rejuvenated as previously reported and we believe the combination of our strongest ever Senior Management team and a rejuvenated board will provide a strong foundation for significant growth over the coming years. The senior management team and board will be focused on improving sustained income levels on a consistent basis and investing in acquisition and development to boost the company to new performance levels.

Development Projects. In 2023 we cleared the Whistle Bend lands and have commenced work on attracting sales and leasing opportunities for this project. We are underway with discussions regarding an exciting partnership on the River's Reach IV lands. In the background we have River's Reach III and Lot 10 on Waterfront Place awaiting our development attention. Our development menu is full, and we remain engaged in acquisition discussions. Having shored up our management challenges, we can once again turn our attention to development and acquisition growth. We have a strong balance sheet with plenty of cash and debt headroom, so we should be able to manage the string of projects that commenced with Normandy Living and Hyatt Place, and will be followed by Whistle Bend and our Riverfront District lands.

Summary. The COVID impacts, along with the staffing and inflationary pressures, had severe impacts on NVD. These did not show up clearly, as they were disguised and offset by strong real estate sale prices, sale of assets, government subsidies and other factors, that have allowed us first to avoid significant COVID-era losses, and then to post record net income in the past few years. The asset sales have allowed us to manage our balance sheet into the strongest position ever, just as opportunities once again become real and actionable. We continue to play a bit of a waiting game, as the high interest rate and high construction cost environment is not compelling for development projects; however, we see these challenges abating to some degree over the course of the next twelve months, and it is time for us to once again embark on plans to enhance sustained income levels and provide the support for sustained and growing yield payments to investors. The next two years will be transitionary, not yet benefiting from investment activity and new sources of income but starting to witness ongoing improvement from the investments we have made in restaurants, joint ventures, and other assets. Our focus will be on leveraging our asset portfolio to support growth in NAV per unit values and sustained yield and distribution.

Unitholding and Financing Activities

I provide a brief update on our unit growth since the onset of COVID lockdowns at the end of 2019 as it is this period that defines our current circumstances. At December 2019 we had 26.8 million units outstanding, a number that was soon reduced by an issuer bid in 2020. Better than anticipated performance and the High Country asset sale allowed us to pay out the debenture associated with the issuer bid much earlier than planned, and our positive performance during the COVID lockdown period allowed us to complete a private placement aimed at supporting the Hyatt Place project. Unitholders showed a strong commitment to the Distribution Reinvestment Program ("DRP") over the past several years and distributions increased, meaning the DRP itself became a strong source of unit investment. Accordingly, the total number of units increased by 18.7% during the past three years.

NVD LP Unitholdings December 2019 to December 2022

Partnership Units Outstanding	Units	Oustanding
Opening Balance December 31, 2019		26,756,921
Q2 2020 - Building for Units YIDC (escrow release)	19,682	26,776,603
Q2 2020 - Redeemed for partial consideration RRII condo	(100,000)	26,676,603
Smooth Transition/Restructure units issued - GP	277,732	26,954,335
Issuer Bid - November 2020 tendered units	(3,974,969)	22,979,366
Private Placement - November 2020	1,906,607	24,885,973
Distribution Reinvestment - 40.5% of Units - April 2021	103,347	24,989,320
Earls Acquisition April 2020 - partial consideration	182,301	25,171,621
Late PP Timed Unit Purchase Closing - April 2021	36,250	25,207,871
Buildings for Units - 2 building transaction May 2021	337,250	25,545,121
Private Placement November 2021	5,202,507	30,747,628
April 2022 DRP 39.6%	387,979	31,135,607
Redemption Buildings for Units	(104,690)	31,030,917
December 2022 DRP - 46.5%	719,582	31,750,499
Current Outstanding vs December 2019		***118.7%***
Growth from Dec 31 2019 to December 31 2020		-7.0%
Growth from Dec 31 2019 to December 31 2021		***14.9%***
Growth from Dec 31 2019 to December 31 2022		***18.7%***

The unit activity has resulted in a change to our Unitholder composition as summarized in the chart below. Ownership remains highly concentrated in the hands of a small number of Unitholders, with our top five holding over 52% of the units outstanding and our top sixteen investors holding over 80% of the units. Importantly, First Nation entity investment has now reached 48.3% and Yukon residents account for over 73% of our holdings. As I write this annual report there are a few blocks of units being traded between investors which may cause First Nation investment to exceed 50%. NVD management will try to facilitate any further transactions that might help us meet this milestone, however we cannot take an active role in promoting the sale of units. Investors must make their own determination of interest and we can facilitate transactions between investors by acting as a transfer agent.

Northern Vision Development LP		
Unitholders Summary	***Post DRP***	*31-Jan-23*
Units Outstanding		**31,750,499**
Yukon Investors		73.1%
First Nation Entities		48.3%
Board and Staff Direct Ownership		5.2%
Top Five Investors		52.5%
Top 16 investors (over 80%)		81.2%
Top 27 Investors (90%)		90.6%
GP cut off (top 32 investors)		92.6%
Number of Unitholders		110
Unique Unitholders		90
Average units held per investor		288,641
Average units held per unique investor		352,783

Board and staff direct ownership is 5.2% of units outstanding. We changed the nature of General Partnership ("GP") ownership in 2020 and, as a result, over 92% of our unit holdings qualify for participation in GP shares if they make an election to do so.

The number of Unitholders stands at 110 and of those 90 are unique, as several Unitholders directly control units through a variety of entities. While First Nations have increased their overall percentage ownership of NVD, that ownership is more diversified. We now count five First Nations in our top ten investors and seven in our top fifteen as compared to three in our top fifteen in previous years. We welcome all our new investors, and we will work diligently to ensure their trust in us is rewarded.

Debt Reduction

At a time when interest rates have been on the rise, NVD took the opportunity to reduce our debt significantly. In the past year alone. we saw a reduction of debt balances by almost a third, from $39.6 million to $27.0 million. This was accomplished not only by retiring debt associated with assets sold, but also by taking advantage of one-time prepayment options associated with some of our debt, particularly variable rate debt. This leaves us with substantial debt headroom when the time comes to fund exciting development projects as debt to market value of equity currently sits at 0.24:1.

As a result of the one-time options to pay down debt, we saw our fixed debt portfolio percentage move up slightly to 58.8%. Our weighted average cost of debt has increased given the rising rate environment to 4.81%, but it remains anchored by a skew to fixed rate debt. We will see fixed debt maturing in the coming years and so we are hopeful, and do expect, that interest rates will start to flatten and then fall. However, we will remain somewhat cautious in terms of the speed at which we move in getting development projects underway – with a plan to seek to place debt on those projects once rates do start to become more favourable. As the Normandy project is picked up on an equity inclusion basis, we do not include its associated debt in our calculations. However, given there is $29.5 million in debt (after forgiveness) on the project, and given that the interest rate is fixed at below 2%, our share of inclusion would have a material impact on our debt calculations: inclusion would move our fixed debt percentage to just under 70% and would reduce our weighted average cost of debt to 3.89%.

Enterprise Value, NAV per Unit

Enterprise Value currently sits at $137.5 million. Enterprise Value per unit is $4.33, NAV per unit is $3.48 and debt per unit is $0.85. The table below contrasts how this compares to previous years, showing the significant drop in debt per unit recently. Enterprise value per unit has declined, associated with the payout of distributions and the sale of assets and the associated reduction in debt related to those sales.

Northern Vision Development LP
Per Unit Statistics

	2019	2020	2021	2022
Enterprise/unit	$ 4.49	$ 4.61	$ 4.51	$ 4.33
Net Asset/Unit	$ 2.93	$ 2.67	$ 3.22	$ 3.48
Debt/Unit	$ 1.56	$ 1.94	$ 1.30	$ 0.85

Net Asset Values have improved since 2019, despite dipping during the COVID impact period, as real estate values in Whitehorse have been on the rise and Hotel assets have recovered to record performance levels. The focus will continue to be on striking an appropriate balance for Unitholders between NAV growth and improved yield. The assets we are completing and moving into operational mode should help us achieve this over the next few years.

Summary

In concluding my remarks to Unitholders, I share that the period from 2019 to present has been the most daunting of my career. Starting with the difficult effort required to work through a change in the way the General Partner was organized, and the associated issuer bid during difficult economic times, through the COVID lockdown challenges, the staffing issues, the resurgence of inflation and the rising interest rate environment - and most importantly the significant changes to our senior staffing - the path has been rocky.

During that time, your Partnership has set consecutive records for Net Income performance, presided over the building of one of Whitehorse's largest private sector projects – Normandy – managed individual hotel properties to record levels of performance, and made several well-placed acquisitions in partnership with Yukon First Nations that bode well for future performance. And while the staff changes have been difficult, and have caused real problems, we have emerged from them with an extremely strong board and management team that is well placed to take the Partnership on an exciting future journey. With our strongest ever balance sheet, and an improving operating environment, I am definitely reinvigorated in respect to what the Partnership can accomplish. It goes without saying that the enduring support of our committed unitholders during this period of time has been greatly appreciated by all of us.

I have presided as CEO from March of 2009 to May 2023, a period of over 14 years. I am proud that during that time we posted positive net income every single year, and that both our income levels and NAV per unit have grown considerably. I am also proud that I was able to provide the entrepreneurial spirit and drive that helped the company become what it is today. But the real test is in what we leave behind, not in merely what we have accomplished. With both a highly experienced and rejuvenated board, a strong Yukoner in Michael Hale at the helm, the creativity, and entrepreneurial chops of Katja Schmidt as COO role and me in a position to comprehensively review and upgrade our accounting team and approach, I see no limits to what is possible over the next decade. Travelling the tough and bumpy road recently will have been well worth it if we accomplish even half of what I believe is ahead of the Partnership over the next few years.

In closing, I want to again thank Piers McDonald for his strong leadership as our chairman over so many years. Along with myself, Trevor Harding and Myron Tetreault, he played a leading role in founding the vision for the Partnership and ensuring its success over its foundational years. I will make every attempt to fill the shoes he has left as Chairman and will always consider his wisdom in the decisions that come in front our board. I also want to thank our long-term board members – Hannes Kovak, Ian McAuley and Lori Simcox – for their significant support in both good and challenging times, and our relatively newer board members – Daryn Leas, John McConnell and Jennifer Byram – for the support have already provided and for the help and guidance they will undoubtedly deliver in the years to come.

Sincerely,

Northern Vision Development LP

Richard S. Thompson
Co-founder, Chairman and CEO (Now CFO)

Report on Operations

There was significant activity in 2022 as the Partnership emerged from the COVID lockdown impacts, sold portfolio elements, and positioned itself for serious growth in the years to come.

I. Hotel Division

Major Changes

Hotel operations returned to normal in 2022. By the end of the first quarter, full housekeeping services were restored and the shuttle service in Whitehorse had started up again. In late 2021 the Whitehorse-based hotels had started to achieve record topline room revenue performance – a trend that extended throughout 2022 and that was a primary driver in the 35% increase in room revenues this past year. This growth was also aided by a breakout year for the Dawson Downtown Limited Partnership properties including the launch of the new 21-room Midnight Sun Hotel and the rebranding of the Downtown Hotel under the Coast brand. In April the 9-room North Star Hotel was added to the Mayo portfolio and in July NVD acquired the 30-room (including cabins) Carmacks Hotel Property in Carmacks through a partnership with the Carmacks Development Corporation. These acquisitions brought the portfolio hotel room count up to 263 rooms. At the same time NVD commenced modular construction of the Hyatt Place Hotel in Medicine Hat, Alberta. Sitework for this property will commence in July 2023. The planned opening in early 2025 of this 116-room property will bring the total NVD hotel room count to 379.

Unfortunately, direct costs increased more quickly than room revenues. Direct hotel expenses were up 40% on the year. This resulted in overall hotel division contribution increasing by 27.9% to $4.04 million from $3.2 million in 2021. Net Operating Income from hotels was 39.6% of revenue contrasted to 41.8% in 2021.

Looking Forward

As the Partnership considers hotel operations in a post-Pandemic world, there are a few clear objectives on the horizon. The first is a financial objective: to move past the $5 million in the Net Operating Income contribution achieved in 2019 when the Coast High Country Inn was still part of the portfolio, and the Partnership and industry had not yet been impacted by a worldwide pandemic.

NVD does not include a contribution from the Carmacks Hotel Ltd property in its hotel revenue and margin reporting (this is included as investment income on the Income Statement). Consequently, the $4.04 million in margin contribution reported above is for the six-property portfolio, which includes: 100% ownership of the Best Western Gold Rush Inn and the Edgewater Hotel in Whitehorse; 49% interest of the Bedrock Hotel and North Star in Mayo; and the 50% interest in the Downtown Hotel and Annex and the Midnight Sun in Dawson. In the lead up to the Hyatt Place launch, management's goal is to see these properties produce a margin contribution equivalent to what was achieved by the portfolio including the High Country Inn in 2019. This means that over the next two years the Partnership will rely on a combination of revenue growth and cost management to unlock an additional 20% from hotel division margin contribution. That objective is already on its way to being realized with the Best Western Gold Rush Inn room revenues up 8.3% year over year in the first six months of 2023. The property delivered a monthly room revenue of over $600,000 for the first time ever in May and June. The previous high for Gold Rush Inn was the $589,000 achieved in July of 2022, now eclipsed by a record $627,000 in June 2023.

Almost all hotels in the portfolio are exhibiting this kind of growth, however the Edgewater has been an outlier. Edgewater fell just short of record performance in 2022, and its room revenues declined 5% compared to 2022 for the first six months of 2023. Still, it is registering the second-best performance in its history on a top line basis. In 2022 the Edgewater benefited from renovation closures at the Sternwheeler hotel. This advantage no longer exists, but management still expects the property to finish the year 2% ahead of last year's room revenues should a strong second half of the year materialize. The DDLP assets (Downtown Hotel and Midnight Sun) are pacing 24% ahead of last year's record six-month performance and are expected to finish 2023 17% ahead 2022. The Bedrock Hotel LP is off to an even more exceptional start, with room revenues pacing 86% ahead of 2022 after six months and expected to finish the year some 40% ahead of full year 2022 results.

Achieving the margin goals will require more than just the exceptional room revenue growth noted above. The team will have to contain costs in a highly inflationary environment where upward pressure applies to almost everything from staff and energy costs to freight and other input costs. The team will focus on capturing all of the upside growth and managing creative cost containment strategies in order to deliver on the objectives. A combined task force from operations and accounting will collaborate on systems infrastructure upgrades that provide support for such strategies as the overhaul of NVD's accounting function is underway. By the end of 2023 it should be clear how close the Partnership is to achieving the objective of having fully replaced the contribution from the High Country Inn by the time the Hyatt Place opens. With its 116 four-star rooms, the division should see rapid expansion of hotel division margin contribution thereafter.

Strong Leadership in the Operating Division and Investment in the Properties

Achieving the kind of growth and financial performance expected is not done without a high degree of skill and competence. As previously mentioned, Katja Schmidt has moved into the role of Chief Operating Officer after having established her strong operating credentials through the development of the Belly of the Bison, the launch of the Midnight Sun including its new food and beverage operations, and the improvement of operations and management in both our hotel and restaurant divisions. Katja has built a great team in the operations area including Wray Morrell, Director of Hotels, Kristen Alger, Director of Food and Beverage and Kyle McKinnon, Corporate Director of Revenue Strategy. The team is backed by incredible assets in all divisions including managers responsible for the individual hotels and the superb food and beverage products being delivered by NVD Restaurants Ltd.

NVD will continue to invest in the staff that make the difference for our product while stepping up the investment in capital projects after some delays in capital spending during the COVID impacted period. Just a few of the projects that are underway or recently completed include: Elevator upgrade at the Gold Rush Inn, recommencement of the Gold Rush Inn Property Improvement Program and completion of lobby upgrades, new room renovations at the Edgewater hotel, room renovations in the Downtown Hotel Annex, launch of the Midnight Sun food and beverage services, updates to the Downtown Hotel food and beverage outlets and a variety of upgrades at Carmacks Hotels including new laundry and shower facilities in support of the RV park.

The objective is to ensure that all properties are ready to compete and retain their Average Daily Rate levels when the significant new contribution is introduced through the Hyatt Place launch in 2025.

Quality Staff Ensure a Quality Outcome

Guest Reviews and recent inspection inform management that it is on the right track when it comes to the performance of the hotel properties. The team will continue to monitor these ratings and focus on improving inspection scores over the next two years as improved financial performance at the margin continues to be a focus. Katja's team has now been in place for a number of years, and it is expected that 2023 will not only set records for topline performance, but we will see improvements across the board in the metrics that matter to guests. The hotel portfolio is back to being a strong contributor, post COVID.

In the pictures opposite from left to right: The Best Western Gold Rush Inn receives a lobby refresh; The Edgewater Hotel boasts new signage; and the Coast Property Improvement Program is underway at the Downtown Hotel.

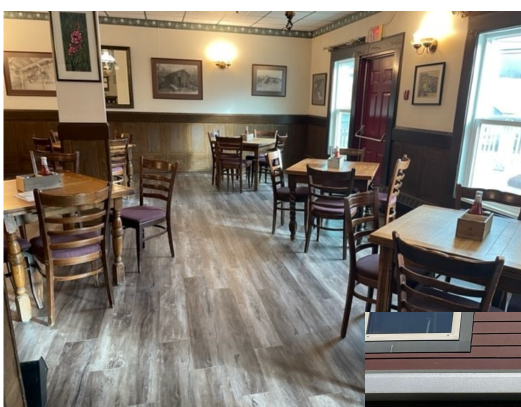
II. Restaurant Division

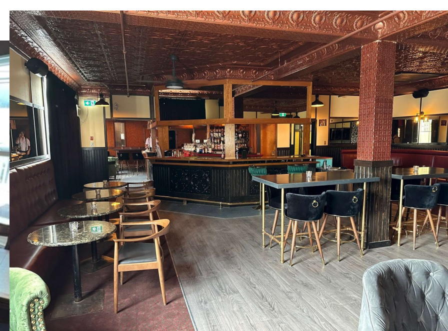
The Restaurant Division was the last of the operating divisions to emerge from COVID related issues as Omicron had a lingering impact on this division for the first quarter of 2022 and staffing issues haunted this division, like all restaurants throughout Canada, for most of the year. In the fourth quarter a normal operating environment was finally in place, although Whitehorse competitors continue to indicate that they are struggling to achieve profitability and it is anticipated that there may be more closures.

Led by Katja Schmidt and Kristen Alger, the Restaurant team has weathered all of the pressures well. The last quarter of 2022 and the first half of 2023 have seen a return to expected performance levels. Because capital requirements for the restaurants are significantly lower than for the Partnership's hotels and real estate divisions, NVD has always expected this division to lead on a return on investment measure. And that is starting to become evident. Based on the first five months of 2023, the portfolio is already delivering a return on investment of 7% for that period, and a return of revenue of 7.2%. This leads us to estimate a return on investment of 29% for the year, and an expectation of normal return on revenues levels of 12% (this compares to 8.1% operating income return on investment and 3.5% operating income as a percentage of revenue in 2021).

On top of a major turnaround in financial fortunes in the current year, the team has been extremely busy with respect to asset development and guest service improvement. After 15 years of operating Earls Restaurants in Whitehorse – thirteen years as a tenant and the last two years under NVD ownership and management - NVD has moved to relaunch this location as the *Moose and Mountie*. In early July the newly renovated restaurant welcomed customers to an offering the presents more local content in food options, and a refreshed and decidedly local environment that should appeal to locals and tourists alike. The move will save NVD as much as $170,000 in royalties and should deliver additional savings as well.

In addition to the launch of the Moose and Mountie, the team has also expanded the Belly of the Bison patio into the new town square area in front of the Edgewater Hotel and expanded the operating hours of that operation. The Midnight Sun lounge launched to much fanfare in May 2023 and will contribute this year to DDLP performance. Banquet activities returned in the fourth quarter of 2022 after the COVID related hiatus and contributed to a strong finish to the year. A major positive impact on 2023 performance is expected from banquet activities. As usual, the Gold Pan Saloon is delivering solid revenue and margin performance.





Clockwise from top left: the Jack London in the Downtown Hotel receives renovation attention; the Midnight Sun lounge launches in May 2022; The Sourdough Saloon receives a face lift and the Mouse and Mountie prepares for a July 2022 launch.

III. Real Estate

The Real Estate Division saw major changes in 2022. The chart below shows the impact of the sales of Yukon Centre Mall, Main Steele, the Waterfront Place buildings at Second Avenue, Nugget Beach (EDI Systems) and Pizza Hut in 2022 and the acquisition of Hobah Apartments in 2022 and Alpine View and Platinum Road at the end of 2021. It also reflects the movement of the Convention Centre from the Hotel Division to the Real Estate Division during that period. The results are reported on a net basis before any adjustments due to sales.

NVD Real Estate Revenues - *2023 estimate vs 2020-2022*

Property	*2023*	2022	2021	2020
NVD Place	1,147,511	1,077,642	800,425	755,749
Waterfront Station	823,391	809,064	835,777	727,538
Hobah Aprartments	397,558	100,130		
River's Reach I and II	330,726	298,631	357,705	264,423
NVD Main Steele	-	281,641	270,734	245,784
Convention Centre	257,522	250,022	-	-
Taga Shro Station	212,805	204,891	176,665	191,183
Yukon Centre Mall	-	141,948	804,822	793,707
Alpine View Apartments	168,505	151,008	52,780	-
Second Ave and Waterfront Pla	-	164,014	275,177	-
TW 166 JV (49%)	84,299	76,036	82,756	81,644
Nugget Beach	-	70,770	89,439	89,520
Platinum Rd JV (50%)	87,549	84,999	24,115	-
Pizza Hut	-	26,699	163,687	112,860
Carcross JV (50%)	23,235	20,658	24,190	22,938
Trade Centre 104	-	-	17,085	17,257
Other	150	900	(927)	4,930
Total	**3,533,251**	**3,759,053**	**3,974,431**	**3,307,534**
YoY Growth	**-6.0%**	**-5.4%**	**20.2%**	**14.3%**

As a result of the combination of sales and acquisitions the revenue has dropped by 11% since the peak year for the division in 2021. However, acquisition of primarily residential property including the completion of the leasing effort for the River's Reach II condos that were retained in the portfolio, and the addition of the Convention Centre to this division has largely offset the lost revenue associated with crystalizing the gains on sales available due to high real estate prices in Whitehorse in 2022. Further acquisition activity, at the right purchase prices, will push the division back up above historical record levels. Management is seeking such opportunities on an ongoing basis.

NVD Place continues to represent more than 30% of the entire portfolio and Waterfront Station contributes almost 25%. Together these two properties deliver more than 50% of the division's net revenues. The shift to a balance of commercial and residential holdings is clear in the chart below. Residential contribution has grown from under 10% of the portfolio in 2020 to representing a quarter of the holdings in 2023. Commercial has dropped from almost 90% to under 70% during the same period, while industrial holdings have stayed relatively stable in the 3 to 5% range. Ultimately the Partnership would be satisfied with a skew that is approximately one third residential and two thirds commercial/industrial.

Holding Type	2023 (est)	2022	2021	2020
Residential	25.4%	14.6%	10.3%	8.0%
Commercial	69.8%	81.1%	86.6%	89.0%
Industrial	4.9%	4.3%	3.1%	3.0%

Investors may find it surprising that the portfolio revenues have only declined 11% after the significant sales activity of the past year, however NVD retained ownership of the new built elements of its portfolio including NVD Place, Waterfront Station and Taga Shro – all of which were built or significantly renovated by NVD – and which represent a substantial part of the portfolio both before and after the 2022 sales activity. Older buildings such as Pizza Hut, Yukon Centre Mall, the old Blockbuster and REMAX buildings, Nugget Beach and Main Steele were disposed of. With a renewed development process, assets such as Whistle Bend Commercial and Lot 10 commercial as well as mixed project such as River's Reach III will add considerable income to the portfolio as well as continuing to decrease the average age of the properties held. As such NVD is at the mid point of high grading its real estate portfolio.

The decision to crystallize gains associated with the real estate portfolio was an easy one. In all cases older properties that had been purchased with either vacancies or under market leases were sold once NVD had brought them up to a status as highly productive assets. In each case, investment in the properties had been made in improving the returns on the leased spaces, upgrading the projects and generally making them much more valuable as an asset. During the period in which these properties were held, the Partnership witnessed a compression in capitalization rates, in some cases as much as 3 or 4 points from the time of purchase to the time of sale, which definitely led to the improved values, as did the leasing success that was achieved in the intervening period between purchase and sale. The result was a significant increase in value associated with the properties based on sale prices available in 2022. The chart below summarizes the outcome from the sales in 2022:

Proceeds on Sale of Property	Gross Sale	Closing Costs	Net Proceeds	Debt	Disposal of PPE	Goodwill	Gain
Mighty Wash	$ 1,175,000	$ 11,180	$ 1,163,820	$ 273,749	$ 948,126	$ 308,719	$ (67,403)
Pizza Hut	2,100,000	41,078	2,058,922	475,440	994,246	-	1,011,739
Yukon Centre Mall	10,500,000	204,825	10,295,175	3,302,440	5,636,230		4,658,945
2251 2ND Avenue and 49 Waterfront	5,700,000	98,027	5,601,973	2,406,500	4,226,481		1,375,492
Rivers Reach Condo Sales	1,471,408	5,050	1,466,358	-	1,310,281	-	156,077
Nugget Beach (EDI)	1,500,000	30,018	1,469,982	356,448	653,453		816,529
NVD Mainsteele	7,000,000	136,003	6,863,997	1,930,359	5,564,609		1,299,388
Other Assets	123,683	21	123,662		24,704		98,958
Net	**$ 29,570,091**	**$ 526,201**	**$ 29,043,890**	**$ 8,744,935**	**$ 19,358,130**	**$ 308,719**	**$ 9,349,725**

The reader will notice that approximately half of the gains were generated by the Yukon Centre Mall sale. This was an asset originally purchased in 2007. Over the years significant effort was expended on increasing lease rates and improving the property including a major renovation when the Northlight Innovation Centre replaced the dark space that had been held by SuperValu. Accordingly, a substantial gain was realized.

Equally impressive for unitholders was the sale of the 2251 Second Avenue and 49 Waterfront Place properties. These were purchased in 2021 and held for exactly one year. While no material improvements were made, and no changes were made to the lease arrangements during the short hold time, capitalization rate compression provided NVD investors with a substantial gain based on the one-year hold.

While the sales of River's Reach II condominiums appear to have driven a reasonable gain outcome, the reader should keep in mind that this is mainly driven by depreciation of the asset since completion of the project and so the gain for accounting purposes is higher than the gain for tax purposes where depreciation has been recaptured.

The Mighty Wash asset was received by NVD as part of a land and buildings transaction that generated significant gains in earlier years. The operation had become a distraction for NVD and the loss on sale is after taking a significant non-cash charge for write down of goodwill. This sale was accretive to NVD unitholders from a perspective of sale price versus NAV per unit carrying value. In fact, all properties were either sold at, or in some cases substantially above, NAV carrying value, meaning that the sales were accretive to unitholders from a NAV per unit perspective.

Looking forward, the Partnership will continue to seek attractive properties for acquisition and development in order to build back revenues and margins associated with the Real Estate division to above historical levels. NVD is not in a hurray and will watch for properties presented at attractive capitalization rates that will benefit from our leasing and renovation efforts. In addition, an eye will be kept on interest rate moves in determining the ideal point in time to make additional acquisition and development moves.

IV. Normandy Manor Assisted Living

Normandy Living is a private supported living facility for seniors that is owned by the KBC partnership, which includes one-third ownership stakes for NVD, Borud Enterprises and a Ketza Construction-led investment group. Borud Enterprises contributed the original land for the project and Ketza was the builder. The project is funded through a CMHC mortgage and partner equity and was constructed for approximately $35 million, a sum which in today's building environment would not be possible. Total project costs were roughly $40 million. NVD acted as the developer during the construction phase of the project and now acts as Managing Partner. As a condition of the CMHC mortgage, one third of the building (26 units out of 84) is designated affordable living with rents capped below market. In return KBC earns a forgivable portion of the mortgage once project stabilization is achieved.

For the vast majority of 2022, Normandy was under construction meaning it did not provide meaningful operating income to its partners. However, the facility, which began construction during the heart of the early pandemic in 2020, was completed in November 2022 and entered full operations in December.

From the day the facility opened its doors, it has received rave reviews from residents, but achieving reasonable occupancy levels has been a challenge. Initially, there were ten Yukon Housing residents tied to a pre-pay arrangement which helped fund construction. At the same time, Yukon Housing committed to taking an additional 16 units, which would allow that entity to take up all of the affordable rental units. However, that arrangement has taken months to negotiate and get fully in place, and as a result, there were a significant number of vacant units tied to the affordability requirements, hampering operational performance. This caused the project to operate below proforma expectations for the six-month period it took to move this commitment to a fully executed lease.

At the same time, the market units proved difficult to rent in the initial period. As the first private facility of its kind in Whitehorse, it took longer than expected to educate the local market about the Normandy business model and initial uptake on units was slow. Early in 2023, Normandy was struggling to perform financially, even as the operations ramped up.

Normandy Living is the first of its kind Senior Independent Living facility in Whitehorse.

With a waitlist of several hundred, Yukon Housing made a decision in April 2023 to introduce an asset cap on those seniors eligible for subsidized living in their units. That asset cap – which limits the amount of assets a senior can hold in order to be eligible for YHC subsidized housing – has helped accelerate uptake on the market units and as of this writing, the facility has more than 50% occupancy and is expected to be cash positive, on a month-by-month basis, by the end of the current year. Early in the year a cash call was made on partners that increased NVD's overall equity commitment for its one third share from $606,000 to $706,000. More recently a further cash call was made that brings total Partnership commitment up to $3.6 million, which is still below 10% of the total project cost.

Natal Samuelson, who has a long tenure with NVD in hotel and banquet management, took over Normandy upon its opening in 2022, and has built a strong team of committed individuals to run the facility. Like the facility itself, Natal and her team receive excellent reviews for the work they are doing in standing up and operating this important Whitehorse facility. Despite the financial challenges, Natal and the team have created a welcoming, well-run environment that is earning Normandy the reputation it needs to be able to fill the market units.

During the first nine months of operation, the facility has moved from burning through over $100,000 per month in cash losses, to now losing some $20K per month. Housing rebates on substantial completion GST and Yukon Carbon Tax rebates have assisted the project in moving closer to cash flow break even, and it is anticipated that objective will be reached toward the end of the current fiscal year. Profitability will likely be achieved in 2024 and once the project is consistently more than 80% occupied it will be making a major positive contribution to its partners.

While startup has been more challenging that initially anticipated, with the new asset cap on subsidized government housing and the increasing understanding of the facility in the local market, the project looks to deliver on original expectations by as early as 2024. With lessons learned on this project and the skills now developed within the NVD team, this area may provide an opportunity for NVD geographic expansion in Canda's north in the near future. However, NVD will wait to ensure sustained profitability is assured before moving to create additional senior housing facilities.

V. Development

Hyatt Place Hotel, Whitehorse

After considerable time planning and revising the approaches for the Hyatt Place in Whitehorse the project is now underway. Ketza Construction has taken on the General Contractor role and Nomadic is handling the modular construction utilizing the Champion Homes factory in Medicine Hat, Alberta.

In May the show suite which featured two room types was completed and Hyatt personnel joined NVD management in Medicine Hat to review progress and sign off the show suite. They reported that this was one of the best show suite completions that they had seen. The suites, as produced were approved for modular construction and NVD has subsequently arranged for the show suite to be transported to Whitehorse to test that component of project logistics. The two-suite module arrived in Whitehorse in June, without any material issues and NVD will continue to monitor, modify and improve the modular approach to ensure it continues to meet our construction expectations.

The show suite will be used in the final construction of the project as one of the modules. Pictured here, Katja Scmidt, NVD COO, sits in the show suite in May 2022 in Medicine Hat, AB. Right, the show suite module has been approved by Hyatt, with each module containing two rooms and a hallway.

The final project features 116 rooms with main floor food and beverage and commercial spaces. Banquet space is somewhat limited due to the size restrictions, however the new facilities in the Hyatt will combine with facilities available in the neighbouring Best Western Gold Rush Inn to provide users of both hotels with more comprehensive conference capabilities. NVD management is also engaged in an effort to support the building of a major convention centre in Whitehorse which will be an important addition to the tourism facilities and will assist in building shoulder season and winter traffic for the Hyatt Place once it is completed.

The Hyatt project is slated to open in early 2025. Once operating, it will drive strong revenue and gross margin growth in the hotel division. It will also assist with spreading general overhead costs associated with the hotel division, which in turn will boost overall profitability. Since the sale of the Coast High Country Inn, these costs have been spread over a smaller overall room footprint. Acquisitions of smaller properties have helped to absorb these costs, but the launch of the Hyatt Place will provide important synergies for the Whitehorse-based hotel management team.

Other Projects

The partnership joined Kobayashi + Zedda architects, Ketza Construction and Da Daghay Development Corporation in submitting a proposal to take on a 2.12 hectare land parcel in downtown Whitehorse. The parcel boasts an attractive location and is the biggest development opportunity in the downtown area, however it has a number of issues including the requirement for an engineered berm to protect it from erosion of the clay cliffs that sit at the back end of the property and there are other environmental and site development concerns. It is understood that the bid submitted by NVD and its partners, is the lone qualifying bid. A conference has been set up for mid-July to discuss this bid and to determine if there is merit in proceeding with it. NVD will report to unitholders in the Semiannual report if we are moving forward on this project and will share plans at that time.

In preparation for national leasing activities and final site planning, the Whistle Bend lot was cleared of trees early in 2023. This 2.3-hectare (5.8 acre) parcel is the largest commercial site in the Whistle Bend development which will ultimately be home to 8,000 Whitehorse residents. The project has moved to the halfway point in its overall development, making it possible for NVD to now move ahead with commercial development plans as the demand profile will now properly be in place.

The conceptual work completed to date calls for a shopping complex complete with major CRU spaces, drive thru such as quick service restaurants (subject to access and use approvals), a medical professional building and an entertainment complex, all of which will be designed to cater to the needs of the residents of Whistle bend and surrounding areas.

Given the nature of the area, there is ample opportunity for the development of commercial facilities that will benefit from strong area demand and limited competition. This project will become the largest project undertaken by NVD and should take shape this year with the Partnership being in a position to advance it when conditions are favourable. The arial photo opposite shows the trading area for this site and also shows the partially completed Whistle Bend development. The project will provide an excellent opportunity for NVD to materially grow Real Estate rental revenues by adding new built facilities to the Real Estate portfolio. Current expectations are for planning and sales to take place through the balance of 2023 and for site construction to be underway by 2024.

At the same time NVD is continuing to consider plans for its remaining River's District Lands which include River's Reach III, River's Reach IV and Lot 10 in the Waterfront Place development area. NVD is currently involved in negotiations involving a commercial project on the River's Reach IV lands – which have been considered for both residential and commercial development. There is also the potential to develop a mixed use project on the River's Reach III lands and a commercial retail and office tower on Lot 10. Once again NVD will move forward on these projects as favourable conditions are presented, and in the case of commercial projects, as deals are signed with lead occupants.

While the Partnership currently holds a substantial cash war chest and considerable debt headroom, the roster of projects currently being considered will require additional funding activity evenutally. This will allow the Partnership to organize a formal financing event which will also provide existing unitholders with a formal liquidity exit opportunity. NVD will need to wait for the right conditions for such an offering but expects this opportunity may be presented as early as 2024.

VI. Economic Commentary

The Yukon has weathered the post-pandemic period generally well. However, there are very real headwinds in respect to growth, much like everywhere else in Canada. A combination of mining instability, inflation and wage growth, housing shortages and a host of other smaller impacts is creating some uncertainty around future planning.

However, the Yukon has historically been sheltered from big economic swings, due to the stability provided by large (on a per capita basis) government expenditures and work force. That story remains the case for the foreseeable future, even as other sectors of the economy like Tourism, recover and move beyond a post-pandemic phase towards a new normal.

General

Whitehorse (and Yukon, in general) has sustained continued growth driven largely by continued government expansion and slow and steady annual population increases. Statistics Canada projects GDP growth of between 3-4% per year for the next three years, which is generally in line with national expectations. The labour force, which has grown steadily for the past decade, is forecast to exceed 27,000 in 2023 with the gap between available labour and job openings closing, even as unemployment continues to hover around 4%. (In years previous, job openings had far exceeded available labour, creating a shortage.)

Yukon's inflation rate accelerated through 2022 and even led the country for part of the year. However, price increases have slowed to a level akin to the national average and that trend is expected to continue through 2023. In the North, inflation is driven largely by fuel and food price increase with home heating fuel jumping a whopping 47% year-over-year between 2021 and 2022. Prices have come down but remain well above 2021 levels.

Along with prices, the average wage has climbed steadily. Yukon's average wage is $26.20/hour, which represents the highest in Canada. Government wages distort that figure, but it is a useful touchstone when trying to understand the challenges with labour-intesnive areas of NVD's portfolio.

Other indicators are generally following suit with upswings across the board. Retail sales tipped over $1 billion in 2022 for the first time with that number forecast to climb in line with wage and population growth over the coming years. Median rent continues to rise (towards $1,200/month) which is important for NVD, given Normandy and other recent moves into the residential rental space (e.g. Hobah and Alpine View Apartments)

And as a big symbolic indicator, the Yukon population is forecast to hit 50,000 in the latter part of the current decade. Compare that to a population of roughly 29,000 when NVD was founded, and it is easy to see the steady, sustained growth that is helping to fuel NVD's success.

Tourism

The tourism market is beginning to see a rebound, especially in areas like accommodations. Some NVD hotels are setting records on ADR and occupancy (with the Edgewater Hotel the exception in Whitehorse. Outside of Whitehorse, the Dawson and Mayo assets are expected to have record years, while Carmacks is likely to fall short of 2022. Some of the growth in Whitehorse is fueled by the lack of capacity in the market with the loss of the 83-room High Country Inn still affecting availability. However, lack of capacity does not fully explain the growth, as the Raven Inn added most of the rooms lost with the High Country, and there has been significant expansion in the AirBnB and home-stay markets.

Growth is also being fueled by a steady return to travel normalcy. Border visits climbed back to historic norms with 168,000 in 2022, while air arrivals are slowly rebounding from pandemic-year lows (although inbound air capacity remains a challenge and it is expected that the European inbound market will be impacted by the loss of direct Condor service at the end of this year). Overall, arrivals continue to lag behind 2017-2019 numbers, but 2022 did begin a slow path back to normal at 72% of the 2019 highs. Notwithstanding the loss of Condor in the future, we expect inbound air capacity to continue to grow back towards the historical levels.

Product development has not rebounded as quickly with some attractions remaining out of commission or delayed in opening (e.g. Dawson river tours and Klondike Rib and Salmon). But major tours have returned, which helps significantly.

Mining

Mining is heading into a difficult period. While Victoria (Eagle Gold project near Mayo) continues to operate, Minto has gone into temporary closure. That closure has left multiple Yukon suppliers facing millions in unpaid bills, on top of the loss of more than 100 well-paid jobs (though mostly to non-resident, fly-in workers).

At the same time, the Yukon assessment and regulatory environment continues to worsen. BMC, a project in Southeast Yukon, has been in assessment and approval for more than five years with another two years likely before it advances. This difficult investment environment will have a knock-on effect on future projects. The next project likely to advance (e.g., Newmont's Coffee Creek project near Dawson) is at least 5 years away from approval and production. The only other project advancing towards production is Western Copper's Casino project. Casino would be the largest mine ever developed in Yukon and would have a massive impact on the Carmack's partnership and a generally positive impact across Yukon economic activity, but it is at least a decade away from development and production. Should it move forward it will have a meaningful impact not only on the Yukon economic picture but even on Canadian GDP performance.

Government

The engine that never stops continues to run at a fever pitch. Government has once again seen a budget increase of more than 5%, bringing annual public expenditure to more than $2 billion. With the recently announced settlement of the PSAC/YEU negotiations, government wages will again increase, putting additional pressure on private sector entities.

Capital expenditures, which have climbed and been sustained above $500 million per year, are forecast to decrease in the years ahead to $350 million per year, which may help cool the overheated construction market in outlying years. This trend bodes well for future NVD projects, like the Whistle Bend development and the balance of the River's District.

Overall

Yukon continues to provide a stable, steady growth environment with no significant indications of a slowdown. While mining is struggling, it is still outperforming historic norms and will continue to contribute to the economy. The tourism rebound looks likely to continue. And other more stable indicators (e.g. population, median rents and labour market size) continue to point to a growth trajectory. NVD remains optimistic in respect to profitably operating in the Yukon environment, but challenges will remain real.

Management's Discussion and Analysis

Management's Discussion and Analysis of the Financial Results

The financial statements of Northern Vision Development Limited Partnership, which are audited by Deloitte LLP as at and for the period ended December 31, 2022, are included with this 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 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 based on the best available information at the time and 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 year ended December 31, 2022, continue to utilize the Accounting Standards for Private Enterprise ("ASPE") which was adopted for the first time by the Partnership in 2011. The Partnership can move to the IFRS framework at a time of its choosing, should it believe there is merit in such a change in accounting standards.

Financing Activities

Equity Financing:

Equity Financing during the period was restricted to funds raised through regular Distribution Reinvestment Program ("DRP") investment. In April 2022 the Partnership made a $3,000,348 distribution of which 39.6% of outstanding units were elected for participation in the DRP. This led to the issuance of 387,979 units of the Partnership at $3.06 per unit for total proceeds of $1,187,216 (103,347 units at $2.55 per unit for total proceeds of $263,535 based on a distribution of $650,000 and DRP participation at 40.5% in April 2021). In December 2022 the Partnership issued $4,983,188 in distributions of which 46.5% of units were elected for participation in the DRP. This led to the issuance of 719,582 units at $3.23 per unit for total proceeds of $2,324,250 (no second distribution in 2021). In total 1,107,561 units were issued during the year for total proceeds of $3,511,466 as a result of the DRP (103,347 units and $263,535 in proceeds in 2021).

In October 2022 104,690 units were retired as part of a Joint Venture transaction with Da Daghay Development Corporation involving their purchase of a variable interest in the Hobah Apartments acquisition at a value of $3.23 per unit, representing the retirement of $338,149 in unit value (no such transaction in 2021). A further adjustment to capital balances of $243 was made to the equity accounts to adjust for an error made in Private Placement recording in 2021.

Long Term Debt: At December 31, 2022, long term debt was $26.9 million, representing an decrease of $12.7 million or 31.8% during the year (December 31, 2021 - $39.6 million). There was no new debt added in 2022 and reductions to debt where largely due to the following:

- Regular principal repayments
- Retirement of debt facilities that were related to sales of assets including:
  $271,000 related to the sale of Mighty Wash Car Wash
  $470,000 related to the sale of the Pizza Hut Building
  $2,500,000 related to the sale of the Yukon Centre Mall
  $2,400,000 related to the sale of buildings located at 2251-2nd Avenue and 49 Waterfront Place
  $356,000 related to the sale of buildings on the Nugget Beach property.
  $1,900,000 related to the sale of the Main Steele property
- BDC facilities have the option to paydown 15% of the principal balance every year on the anniversary date. In 2022 NVD took advantage of this paydown ability to pay $1,000,000 on a variable rate facility.

Weighted Average Cost of Debt: At December 31, 2022, the weighted average cost of long term debt was 4.81% (December 31, 2021 – 3.69%). While the majority of our facilities are fixed, fixed rates have been creeping up over the years upon renewal, and lower rate facilities have been retired. In addition, we have several variable interest rate loans which saw interest expense increase during the year. Management has prioritized utilizing one time prepayment privileges in respect to variable rate debt to the extent available.

The Partnership's total long-term debt includes 58.8% fixed and 41.2% variable rate loans at December 31, 2022 (57% fixed and 43% variable at December 31, 2021). At December 31, 2022, long term fixed rate debt had a weighted average cost of 3.84% and long term variable rate debt had a weighted average cost of 6.44% (December 31, 2021 – 3.80% and 3.55%, respectively). Total debt to equity ratio was 0.44:1 on a book value basis (December 31, 2020 – 0.71:1). The decrease in the ratio was primarily driven by an increase in book value of equity combined with the retirement of several debt facilities and paydown of others. In NVD's current state we are well positioned to take advantage of available debt headroom should attractive acquisitions materialize. On a fair market value basis, the debt-to-equity ratio was 0.24:1 (December 31, 2021 – 0.40:1. At December 31, 2022, the Partnership was exposed to interest rate risk, with each 1% rise in its' variable interest rates responsible for an annual increase of $111,947 in interest expense (December 31, 2021 - $170,211).

Distributions: The Partnership distributed $7,983,646 in total for the year: 9.8 cents per unit in April 2022, and 16.1 cents per unit in December 2022 ($650,000 in April 2021 or 2.6 cents per unit). During the year a total of 39.6% of units were pledged for reinvestment in the April 2022 distribution and 46.5% of units were pledged for reinvestment for the December 2022 distribution. This led to net cash distributions of $4,472,224 during the year ($386,465 based on DRP election of 40.5% in 2021) and a reinvestment of $3,511,467 in 2022 for the purchase of 1,107,561 units ($263,535 for 103,347 units in 2021).

Retention Awards

As noted in previous reporting, the Retention Award program was revised at the end of 2021. Always meant to provide an incentive for retention, the yearly vesting provisions did not deliver the appropriate retention motivation and so a move was made to have vesting take place after three years. However, the company continues to expense all RAs granted during the year on the assumption that the holder will continue to be employed on the vesting date. If a staff member leaves before reaching that milestone, the accrued liability is adjusted to reflect the departure.

RAs that were granted in 2021 or earlier were grandfathered to maintain the annual vesting privileges that were in place. As at January 1, 2022, the liability carried for vested RAs was $12,565. A further $93,918 in RAs were recognized as an expense during the year, although these amounts will not qualify for payout until December 31, 2024. As a result of the liability carryforward and the expense accrued during the year the total liability for RAs at the end of 2022 was $106,483 ($12,565 at December 31, 2021).

At January 1, 2023 the total of previous RA grants that have yet to vest total 6,841 (18,634 at January 31, 2022) will vest in 2023. These unvested units have a total value of $23,807 ($53,107 at January 1, 2022) which will be recognized as an expense in 2023. All RAs granted in January 2022 and later will not vest until December 31, 2024 and will vest at that time only if the holder is still employed by NVD.

Working Capital

Restricted Cash are the balances held for dedicated capital expenditures within the Hotel Division, as a GIC held for security on credit cards, 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 December 31, 2022, the balance was $389,061 (December 31, 2021- $536,650).

The balance related to the River's Reach II deficiency work was $135,624 at December 31, 2022 (December 31, 2021 - $138,624). These balances are accessible to the completion of warranty work on a unit-by-unit basis. The balance of the GIC account held as security for credit cards was $208,212 (December 31, 2021 - $208,218).

Accounts Receivable totaled $1,306,650 at December 31, 2022 (December 31, 2021 – $2,282,761). After change over in CFOs a significant amount of work has been done to review and reclassify these balances. In addition, there were less government grants outstanding at the end of 2022.

Accounts Payable and Accrued Liabilities totaled $2,137,675 at December 31, 2022 (December 31, 2021 - $1,152,669). The increase in balances reflects the increased level of activity taking place in the Partnership as operations fully recover from COVID lockdowns and other impacts that reduced volumes in the 2020 and 2021 periods.

Loans Receivable totaled $4,616,737 at December 31, 2022 (December 31, 2021 - $1,528,048). The significant increase was intentional as the Partnership sought to place loans from available cash at rates that exceeded returns available from GICs. The partnership also earns interest from significant passive balances held in GICs which are recorded on the balance sheet as cash. Of the Loans Receivable balances, 40% are held as mortgages receivable which are secured by underlying real estate assets. 5% are in the form of loans to staff members who purchased timed investment units in the partnership. These loans are secured by the underlying units in the partnership. 55% of the balances are held in the form of interest-bearing advances to Joint Ventures or equity investments in which the Partnership owns a stake. Of the Advances to Joint Venture Partners, all carry interest rates in excess of 5% with 75% of the total being a 6.05% loan to Carmacks Hotel Ltd. and a significant amount of the balance invested with the Downtown Dawson Limited Partnership. The Partnership plans to replace these loans with standard commercial arrangements when and if the funds are required for development projects. These advances to Joint Ventures are secured by additional interest in the Joint Venture.

Development Activities

Property under development balances increased by 91% to $9,345,917 at December 31, 2022 (December 31, 2021 – $4,894,060). A total of $964,260 in assets were moved from property under development in 2022 to Property Plan and Equipment, reflecting the launch and operations of the Midnight Sun Hotel in Dawson (2021 - $nil). The increase in value during the year primarily reflected the partnerships planning and advance costs related to the Hyatt Place project which combined with small amounts on other projects totaled $5,311,839 (2021 - $297,692). During the year the Partnership capitalized interest and property taxes of $28,917 (2021-$56,058) and salaries of $68,138 (2021 - $54,114).

Capital Expenditures on Property and Equipment

The Partnership divested a number of assets during the year for net proceeds of 29.0 million (2021 - $13.85 million including a promissory note). The Partnership acquired the following property during the year:

- In October, the Partnership purchased the Hobah Apartments in Whitehorse in a partnership with Da Daghay Development Corp. Total purchase price was $5.5 million with NVD retaining a 94.1% initial interest for a net investment of $5.18 million.

The Partnership divested the following properties during the year for net proceeds after closing costs as noted:

- In February the Partnership sold the Pizza Hut building on 2nd Avenue for Net Proceeds of $2.06 million.
- In February the Partnership sold its Mighty Wash business for net proceeds of $1.16 million.
- In March the Partnership sold its Yukon Centre Mall for Net proceeds of $10.30 million.
- In May, the Partnership sold both properties located at 2251 Second Avenue and 49 Waterfront Place for net proceeds of $5.60 million.
- During the year the Partnership sold two River's Reach II condominiums for net proceeds of $1.47 million.
- In September, the Partnership sold its EDI Systems building (Nugget Beach) for net proceeds of $1.47 million.
- In December the Partnership sold its Main Steele building for net proceeds of $6.86 million.

During the year the bulk of spending on assets included Property improvement programs at the Partnership's hotels and tenant fit ups for new leases in the Partnership's real estate holdings. These expenditures were in the normal course of business and amounted to just over $3 million. The Partnerships share of investment in Joint Venture Assets was just over $5.5 million and included $5.18 million in Hobah Apartments, $170,000 in the North Star Hotel in Mayo and some investment in various assets held by the Downtown Dawson Limited Partnership.

Operating Activities

Revenues: Revenues increased 24.9% to $21.6 million in 2022 (2021 - $17.3 million). The increase reflected strong growth in Hotels and Restaurants at the top line as business returned close to pre COVID levels.

Hotel revenues were up 35.0% to $10.19 million (2021 - $7.55 million). This reflected a record year for both the Best Western Gold Rush Inn and the Downtown Hotel in Dawson as well as strong performance from the other properties owned or partially owned by the Partnership. The new North Star Hotel in Mayo was included for eight months post its April 30, 2022, acquisition, but at only nine rooms and with NVD having a 49% interest in the Bedrock Hotel Limited Partnership, this new acquisition had only a minor impact on the results. The Midnight Sun was launched in May 2022 and had a strong summer season, therefore making a more material contribution to the increases. However, the primary drivers were a return of the Best Western Hotel and the Edgewater hotel to levels that met or exceeded pre-COVID era results.

Rental revenues increased by 5.7% to $4.74 million in 2022 (2021 - $4.84 million). Revenues decreased throughout the year as properties were sold, offset by new properties acquired in late 2021 (Platinum Road, Alpine View Apartments making a full year contribution in the current year). The Convention Centre was moved from the Hotel Portfolio to the Real Estate Portfolio as it is now a leased asset, and Hobah Apartments were added late in the year. Given the number of properties sold in 2022, it is expected that revenues will decline in 2023.

Restaurant revenues increased by 26.8% to $5.89 million in 2021 (2020 - $4.64 million). The Belly of the Bison was included for a full year in 2022 versus less than five months in 2021. Additionally, after being negatively impacted by COVID lockdowns the restaurant division finally began to emerge to pre COVID performance levels in the second half of the year. Banquet activities returned to closer to historical levels. As such the 2022 performance reflected the beginning of a move to positive performance levels for the Restaurant division.

Other revenues increased by 26.6% to $793,370 (2021 - $626,483). Management fees are charged as a percentage of revenue on some of the Joint Venture hotels managed by the partnership and therefore naturally increase with improved hotel performance. The fees earned on managing the KBC enterprise increased late in the year as we moved from a construction management contract to an operating management contract.

Gross Profit and Direct Expenses Direct expenses increased by 40.1% to $14.2 million (2021 - $10.2 million). The increase in direct expenses outpaced the increase in overall revenues for some specific reasons outlined below but were generally up due to a combination of inflationary pressures on wages and other input costs, a reduction in the amount of COVID related relief essentially to nil, and increases associated with an increase in volume.

Hotel costs increased 40.1% to $6.15 million (2020 - $4.39 million). This increase was higher than the 35% increase in revenues. While some of the cost increase can be attributed to volumes, including the addition of the Midnight Sun and the North Star to the portfolio and increased room sales across the board, there were other specific factors. COVID related support was gone in 2022 and at the same time we stood back up all hotel services including shuttles and full housekeeping services. In 2021 financial performance benefited from a lack of staff in areas like these, but over the long term such decreased expense is not sustainable in order to offer a proper quality of service.

Rental costs increased by 108.3% to $1.63 million (2021 - $0.78 million). A move from primarily commercial leases which are triple net, to residential leases which are gross was a primary driver. In addition, the sales of certain properties forced the recognition of some deferred lease arrangements. While some of these costs were one time in nature, the Partnership will see lower overall margin percentages as it increases the skew to residential facilities and the associated gross lease arrangements.

Restaurant costs increased by 35.5% to $5.74 million (2021 - $4.24 million). Once again, cost increases outpaced revenue increases as staff cost increases and other inflation on input costs outpaced our ability to increase menu prices and not negatively impact demand. Omicron had a particularly negative impact on restaurant performance in the first quarter and staffing challenges impaired performance into the third quarter of the year. These challenges now appear to be behind the division.

Gross profit increased by 3.2% to $7.37 million, which was 34.1% of gross revenues (2021 - $7.14 million and 41.3% of gross revenues). The increase was due to the significant improvement in revenues offset by even more significant increases in direct cost. Other income from management fee is high margin and had a positive impact on overall margin percentage, however the issues in restaurants and hotels, with cost growth outpacing revenue growth had a negative impact on margin percentage. Given some one-time costs associated with the Real Estate division it too had a dampening impact on margin performance. Even though the one-time issues will not be repeated as we move away from selling assets, the margin for this division will continue to be lower on a percentage basis than historical in the short term, as residential leases are on a gross basis.

Expenses**:** *Amortization expense* decreased by 5.8% to $2.36 million (2021 - $2.51 million). The decrease resulted from sales of assets during the year, partially offset by the acquisition of new assets. Capital spending has increased again coming out of COVID years but will not be at full sustained levels until 2023, so depreciation associated with additions continued to be somewhat limited during the year.

Interest expense decreased by 7.3% to $1.51 million (2021 - $1.62 million). The decrease was driven by the combination of reduction of debt associated with sale of assets and the fact that management took advantage of onetime payment opportunities, offset by increases in interest rates on its variable component of its loan portfolio. Management will continue to take advantage of the one-time annual payment opportunities on some of its variable debt and did so again in 2023.

Wage expenses include staff not directly working in operational areas of the Partnership. There are a wide variety of impacts that caused this item to decline by 13.5% in 2022 to $1.37 million (2021 - $1.59 million). We lost our COO and our President of Real Estate at the end of 2021 along with the entire Real Estate team. Not all of these team members were replaced during the year, and not all were needed as we reduced the size of our Real Estate portfolio. We added the position of Chief Development Officer which partially offset the reduction of costs saved on the other positions. We also hired a senior manager for oversight of our Carmacks acquisition, however that position was once again vacated in early 2023 and will not be refilled.

A total of $232,493 in salaries and wages were capitalized in 2022 (2021 - $254,739), a reduction of 8.7%. The amount capitalized in 2022 included $67,000 on existing hotel projects, $114,000 on the Hyatt Place initiative, $10,000 on Real Estate portfolio projects and $42,000 on other development initiatives including Whistle Bend and the River's District.

Governance expenses decreased by 3% to $128,771 for the year (2021 - $132,743). We had seven board members for the last two thirds of 2021 and all of 2022, so in the current year board expenses were back up to normal levels. However, 2021 costs were higher in light of a bonus paid to board members in that year related to successful navigation of COVID lockdowns and as recognition of the support role they played in the successful 2022 Private Placement.

Office expenses increased by 34.1% to $414,296 (2021 - $308,996). Some of this increase is explained by the increase in size of the Calgary office in 2022 to accommodate accounting hires. However, some costs relate to other expenditures that relate to IT programs and other improvements. With the change in the senior management group and the ability for accounting to focus on analyzing these expenses once again, we expect to make progress in this area in 2023.

Marketing expenses decreased by 11.8% to $143,364 (2021 - $162,603). The multiyear sponsorship commitment NVD had with the Northlight Innovation centre has come to an end, but going forward it is replaced by a significant multiyear commitment NVD has made to Yukon University.

Professional fees decreased by 33.9% to $95,262 (2021 - $144,037). The decrease resulted from less fees associated with CFO recruitment (the recruiter charged only for the increment in percentage of salary between the first and second hire). While the recruitment agency is prepared to provide a third round of support at no additional cost given our lack of success in this area, NVD will likely count on them less as we seek to eventually replace the temporary CFO.

Travel costs were up 46.9% to 58,176 (2021 - $38,247) reflecting a return to normal travel levels post-COVID. Executive travel increased as we returned to regular Yukon visits by the CEO and the executive team traveled to Calgary more often.

Income from operations increased by 104.6% to $1.28 million (2021 - $660,477) as a result of the impacts of all of the revenue and expense items discussed above. While margin performance was only up 3.2%, overhead costs declined by 6.5% as a result of the combination of factors reviewed above. This led to the rebound in income from operations back towards historical levels.

Interest Income and Other Items

Interest income increased by 452% to $487,217 (2021 - $88,252). The Partnership ended up with substantial cash balances after the sale of properties throughout the year. As the Hyatt project has been delayed due to a number of factors, the cash balances have been placed in investments where they can be easily accessed once the funds are required. Even after record distributions during the year, the cash balances remained at historically high levels throughout the year. Consequently, the income generated from this source was up a factor of five times. In 2023 an even stronger contribution is expected from this source.

Gains on sale increased dramatically during the year to $9.35 million (2021 - $5.2 million). This 79.3% increase is actually understated when 2021 results are corrected for an overstatement in the gain of the High Country Inn by $557,455 in 2021 which has now been expensed in 2022 (**see note below – Adjustment for uncollectible amounts**). These gains were discussed in detail earlier in this report and resulted from the sale of certain assets in the Partnership's real estate portfolio. The intent was to sell older buildings where income has been maximized and utilize the proceeds to reward unitholders for their investment in part, and also to set aside funds for further investment in hotel and other new build assets.

Other investment income. After tax income for the six months of Carmacks Hotel Ltd. of $293,387 was recorded in 2022 (2021 - $nil). This asset is managed by NVD, for which it earns management fees (reported separately), and the after-tax performance for the first six months was significantly higher than expected when the assets were analyzed for acquisition. The equity investment made by NVD for this asset was $1 million for its 50% and of that $225,000 was paid back in the first six-month period. In addition to the management fees and equity income pick up, NVD earns 6.05% on a loan of just over $2 million that was partially prepaid during the period and had an outstanding balance of $1.88 million at year end. The loan contributed an additional $61,878 to interest earned during the year for NVD.

Adjustment for uncollectible amounts. The Partnership has made a change in CFO three times in the last three years and has also seen significant change in accounting staff during that period. This led to a comprehensive review of balances carried out by NVD and its subsidiary companies over the last eight-month period. As part of that review, it was discovered that the gain on sale and expense recognition related to the High Country Inn in 2021 was overstated by $557,455. In addition, inappropriate use and reconciliation of clearing accounts used for the transaction of receipts and payments led to missed recognition of a total of $174,575 in costs. Restaurant inventory transfer issues associated with the creation of NVD Restaurants Ltd. and some issues associated with Restaurant expense recognition meant that Restaurant margins were overstated by $85,939. Finally other balances were uncovered that led to an understatement of revenue or an overstatement of expenses for a total of $45,015 which reduced the amount of the prior year adjustments required. Combined this led to a write-off of $762,945 related to the prior year reporting periods, primarily associated with the 2021 year.

Net Income. On a straight reporting basis Net Income before prior year adjustments was up 92.4% to $11.4 million (2021 -$5.93 million). However, given that most of the prior year adjustments including the significant overstatement of gain for the High Country Inn occurred in 2021, in actual fact current year income was up 120.8% year over year on a normalized basis. Net Income after taking the write off in 2022 and as contrasted to the actual number reported in 2021 was up 79.6%.

Liquidity

The Partnership is committed to providing regular liquidity events. After a major liquidity event facilitated the exit of approximately $11 million in units in late 2020, the Partnership did not make liquidity available as part of its Private Placement in 2021. This is the first Private Placement since 2017 that did not provide a formal liquidity option. It was expected that a second Private Placement would be needed in 2022 to support development activities, however sales of certain older and less strategic assets have limited the amount of further equity raising activity in the short term. However, consistent with its normal approach, the Partnership will include a liquidity opportunity with the next Private Placement, when it occurs. There have been several ad hoc transactions between existing investors of the Partnership and there is a possibility that this will lead to over 50% ownership of NVD by Yukon First Nations.

Given that there has not been a formal liquidity event since late 2021 and given that it is likely construction pricing and even interest rate conditions may make it possible to push forward on development projects beyond the Hyatt Place project, NVD will attempt to time a Private Placement for early in 2024. At that time the existing development menu should have allowed the Partnership to increase its underleveraged position and to be in a position once again where equity financing may make sense. The next Private Placement will include a meaningful liquidity opportunity for those investors who wish to take advantage of it.

Risks

Due to its focus on real estate, 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 retaining a fixed rate skew in its mortgage portfolio, particularly at a time of rising rates.

The Partnership is exposed to external factors that introduce risk and impact financial performance. Those factors such as pandemics, which have a major impact on tourism and business mobility can have a major impact on the financial results, such as was the case in the 2020 to 2022 period. The Partnership seeks to mitigate these impacts by applying for any subsidies available that governments introduce to deal with such impacts, by reducing its staffing costs, and by making other such moves that are necessary. The challenge faced now, on the heels of this major event, is proper emergence from the Pandemic conditions and a return to normal operating cadence.

The Partnership holds all of its assets in the Yukon which places it at 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 December 31, 2022 there were 110 Unitholders in the Partnership (December 31, 2021 – 114) represented and controlled by 90 unique individuals or entities (91 unique individuals or entities at December 31, 2021). During the year the number of units increased by 3.3% to 31,750,499 units outstanding based on participation in the DRP as described earlier in this report and offset by the conversion of Da Daghay Development Corporations holdings which were tendered as part of the NVD DDDC Joint Venture acquisition of the Hobah Apartments. There are no options or purchase warrants issued. Of the total units, 73.1% are owned by Yukon residents or entities, and 48.3% are owned by Yukon First Nation entities. Board and staff members own 5.2% of the outstanding units in the partnership (72.8% Yukon residents, 47.9% First Nations, 13.1% board and staff in 2021). The significant reduction in board and staff ownership is reflected in the resignation of Murray Leitch, who was our sixth largest investor, and Piers McDonald who represented the interests of Waterfront Place Developments, which collectively represented our seventh largest investor. Now, Rich Thompson is the largest board/staff investor, although Daryn Leas and Lori Simcox are both closely aligned with many of the larger First Nations that make up the 48.3%-unit interest. The Unitholder ownership remains highly concentrated, with the top five Unitholders owning 52.5% of the units (2021 – 52.0%) and the top 16 investors holding an 81.2% interest in the Partnership.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

The Board of Directors review the Partnership's financial statements and recommend their approval. 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 have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards on behalf of the partnership. Deloitte LLP has full access to the Board of Directors.

July 12, 2023

On behalf of the Board:

Lori Simcox

Lori Simcox, Chairman of the Audit Committee

Ian McAuley, Chairman of the Hotel Committee and Member of the Audit Committee

Deloitte.

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Independent Auditor's Report

To the Partners of Northern Vision Development Limited Partnership

Opinion

We have audited the consolidated financial statements of Northern Vision Development Limited Partnership (the "Partnership"), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of income, partners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
July 12, 2023
Vancouver, British Columbia

Consolidated Balance Sheet

As at December 31,		**2022**		2021
ASSETS				
Cash *(Note 2)*	**$**	**15,816,367**	$	6,344,267
Accounts receivable *(Note 9)*		**1,306,650**		2,282,761
Promissory Note		**-**		10,160,000
Inventories		**271,095**		263,397
Loans receivable *(Note 8)*		**4,616,737**		1,528,048
Investments *(Note 16 and 19)*		**1,625,055**		606,667
Property and equipment *(Note 3)*		**57,273,461**		70,360,916
Properties under development *(Note 4)*		**9,345,917**		4,894,060
Other *(Note 5)*		**833,980**		1,242,436
	$	**91,089,262**	$	97,682,552
LIABILITIES & PARTNERS' EQUITY				
Commitments *(Note 12)*				
Contingencies *(Note 14)*				
Accounts payable and accrued liabilities *(Note 9)*	**$**	**2,137,675**	$	1,793,508
Customer deposits		**241,860**		414,669
Long term debt *(Note 6)*		**26,981,105**		39,586,189
		29,360,640		41,793,917
Partners' equity *(Note 11)*		**61,728,622**		55,888,635
	$	**91,089,262**	$	97,682,552

Approved on behalf of the Board,

Lori Simcox

Lori Simcox, Director, and Audit Committee Chair

Ian McAuley, Director and member of the Audit Committee

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

Consolidated Statement of Income

For the year ended December 31,		**2022**		2021
Revenues				
Hotels	**$**	**10,185,950**	$	7,545,239
Rentals *(Note 9)*		**4,740,328**		4,484,337
Restaurants		**5,885,302**		4,641,817
Management Fee and Other Income *(Note 9)*		**793,370**		626,483
		21,604,950		17,297,877
Direct expenses				
Hotels		**6,149,957**		4,388,706
Rentals		**1,627,831**		781,483
Restaurants		**5,738,359**		4,236,494
Other		**722,530**		753,376
		14,238,677		10,160,059
Gross profit		**7,366,273**		7,137,818
Expenses				
Amortization		**2,364,579**		2,509,317
Interest *(Note 6)*		**1,505,857**		1,624,830
Wages		**1,374,784**		1,589,453
Office		**414,296**		308,996
Marketing		**143,364**		162,603
Governance *(Note 9)*		**128,771**		132,743
Professional fees		**95,262**		144,037
Travel and other expenses		**56,176**		38,247
		6,083,090		6,510,224
Income from operations		**1,283,183**		627,594
Other income				
Gain on sale of property and equipment *(Note 3)*		**9,349,725**		5,215,526
Income from investment *(Note 19)*		**293,387**		-
Interest income *(Note 8)*		**487,217**		88,252
Net income before the undernoted		**11,413,513**		5,931,372
Adjustment for uncollectible amounts *(Note 18)*		**(762,955)**		-
Net Income	**$**	**10,650,558**	$	5,931,372

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

Consolidated Statement of Partners' Equity

For the year ended December 31,		**2022**		2021
Partners' equity, beginning of year	**$**	**55,888,635**	$	34,850,171
Units issued *(Note 11)*		**3,511,466**		15,774,046
Units redeemed *(Note 11)*		**(338,149)**		-
Other changes in equity		**(243)**		-
Issuance costs		**-**		(16,955)
Net income for the year		**10,650,558**		5,931,372
Partners' equity, before distributions		**69,712,267**		56,538,635
Distribution to unitholders		**(7,983,645)**		(650,000)
Partners' equity, end of year	**$**	**61,728,622**	$	55,888,635

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

Consolidated Statement of Cash Flows

For the year ended December 31,	**2022**	2021
Cash flows from operating activities		
Net income for the year	**$ 10,650,558**	$ 5,931,372
Non-cash items		
Amortization of financing fees	**42,181**	62,230
Amortization of property and equipment	**2,364,579**	2,509,317
Equity income	**(293,387)**	-
Retention awards expensed	**96,721**	139,067
Gain on sale of property and equipment	**(9,349,725)**	(5,215,526)
	3,510.957	3,426,359
Changes in non-cash working capital balances		
Accounts payable and accrued labilities	**344,616**	(699,353)
Accounts receivable	**976,111**	1,905,245
Other assets excluding goodwill	**99,738**	(258,307)
Inventories	**(7,699)**	(53,748)
Customer deposits	**(172,809)**	(95,585)
	4,750,914	4,224,712
Cash flows from investing activities		
Loans receivable	**(3,088,689)**	289,811
Proceeds on sale of property and equipment	**29,043,890**	3,670,233
Redemption of promissory note	**10,160,000**	-
Investments	**(1,018,388)**	(588,410)
Purchase of property and equipment	**(7,561,757)**	(11,268,855)
Investment in properties under development	**(5,416,118)**	(407,864)
	22,118,939	(8,305,085)
Cash flows from financing activities		
Financing fees paid	**-**	(10,120)
Advances of long-term debt	**-**	7,314,955
Units issued	**3,511,466**	13,974,796
Unit redeemed	**(320,489)**	
Repayment of debenture	**-**	(8,741,293)
Distribution to unitholders	**(7,983,646)**	(650,000)
Repayment of long-term debt	**(12,605,084)**	(7,098,924)
	(17,397,752)	4,789,428
Net increase in cash during year	**9,466,032**	709,056
Cash, beginning of year	**6,344,267**	5,635,211
Cash, end of year	**$ 15,816,367**	$ 6,344,267
Supplemental disclosure of non-cash transactions		
Issuance of loans, advances to JVs and mortgages	**$ -**	$ 220,000
Issuance (redemption) of units for property purchase	**$ (338,149)**	$ 1,324,855
Issuance of promissory note on property sale	**$ -**	$ 10,160,000

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

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, revenues, 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 so as 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 NVD Restaurants Ltd. (wholly owned subsidiaries), the Partnerships' interest in its jointly controlled entities as described in Note 15.

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:

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

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.

1. Summary of Significant Accounting Policies (continued)

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 accompanying 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 it does not believe it can utilize the lands 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 the 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 the Partnership's future cash flows are expected to change significantly as a result of the transaction.

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 assets and 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*

1. Summary of Significant Accounting Policies (continued)

- 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.

Jointly Controlled Enterprises

The Partnership has elected to perform an analysis of its interest in each jointly controlled enterprise to determine whether it represents a right to the net assets or rights to the individual assets and obligations for the individual liabilities of the jointly controlled enterprise.

Financial Instruments

Cash, accounts receivable, promissory note, loans receivable, accounts payable, customer deposits and long term debt 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

	2022	2021
Restricted	**$ 759,286**	$ 875,402
Unrestricted	**15,057,099**	5,668,993
	$ 15,816,367	$ 6,344,267

Restricted cash includes $389,061 in funds on deposit with BDC for required Capital expenditures (2021 - $536,650) as part of a loan commitment, $135,624 in customer deposits held in trust (2021 - $138,624), and $208,218 in restricted GICs (2021 - $208,218).

3. Property and Equipment

	2022			2021		
	Cost	**Amortization**	**Net Book Value**	Cost	Amortization	Net Book Value
Automotive	**$ 365,800**	**$ 261,271**	**$ 104,529**	$ 268,572	$ 224,807	$ 43,765
Buildings	**59,433,693**	**13,384,536**	**46,049,157**	71,925,473	16,139,415	55,786,058
Computers and software	**1,012,521**	**819,980**	**192,541**	952,888	664,303	288,585
Furniture and fixtures	**4,790,482**	**3,209,186**	**1,581,296**	4,569,973	2,964,828	1,605,145
Land and improvements	**9,039,149**	**-**	**9,039,149**	11,923,998	-	11,923,998
Paving and landscaping	**883,242**	**576,454**	**306,788**	1,490,817	777,453	713,364
	$ 75,524,888	**$ 18,251,427**	**$ 57,273,461**	$ 91,131,722	$ 20,770,806	$ 70,360,916

During the year, the Partnership recorded a gain of $9,349,725 (2021 - $5,215,526) from the sale of property and equipment.

4. Properties under Development

	2022	2021
Land and improvements	**$ 4,322,955**	$ 4,038,654
Building and construction	**5,022,962**	855,406
	$ 9,345,917	$ 4,894,060

Properties under development consists of assets under active development or lands identified for development by the Partnership for sale to third parties. During the year, construction and other direct costs of $5,311,839 (2021 - $297,692), interest and property taxes of $28,197 (2021 - $56,058) and salaries of $68,138 (2021 - $54,114) were capitalized. During the year $280,000 in land and $684,260 in buildings (2021 - $nil) was transferred to properties and equipment on completion of development activities with respect to assets held in the Downtown Dawson Limited Partnership.

5. Other Assets

		2022		2021
Prepaid expenses and deposits	$	**524,708**	$	675,732
Goodwill - Mighty Wash		-		308,719
Other assets		**309,272**		257,984
	$	**833,980**	$	1,242,436

6. Long Term Debt

As at December 31, 2022 there was $202,143 (2021 - $272,557) in deferred financing fees netted against long term debt.

During the year, amortization of deferred financing fees amounted to $42,181 (2021 - $62,630) and $nil in fees were incurred (2021 - $10,120). A further $28,233 in deferred financing fees were expensed during the year due to early loan payout related to sales of certain assets. (2021 - $nil).

	2022	2021
Loan payable to BDC - with fixed monthly repayments of $73,875 principal plus additional interest at 4.35% per annum, due January 23, 2031 secured by a first mortgage over two Whitehorse hotel properties.	**$ 7,019,748**	$ 7,870,144
Loan payable to BDC - with fixed monthly repayments of $33,330 principal plus additional interest at BDC's floating base rate less 1.00% due September 30, 2037 secured by a second mortgage over two Whitehorse hotel properties.	**5,825,382**	7,330,928
Loan payable to First Nations Bank - interest at FNB's prime rate plus 1.25%, due October 31, 2025, with monthly principal repayments of $25,997 plus interest, secured by the following: first mortgage and assignment of rents on the Partnership's interest in the land and building at 4201 4th Avenue, Whitehorse, YT.	**5,305,380**	5,623,769
Loan payable to RBC - interest at 4.37%, due September 2, 2024, payable in installments of $20,944 principal and interest, secured by a first mortgage over properties at 2237 2nd Avenue, Whitehorse, YT.	**2,096,229**	2,214,496
Loan payable to Scotiabank - interest at 2.94%, with fixed monthly repayments of $4,453 of principal and interest, due June 30, 2023 secured by a first mortgage and assignment of rents over three commercial units at 2237 2nd Avenue, Whitehorse YT.	**1,876,534**	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.	**1,279,792**	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.	**1,129,706**	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 units at 2237 Second Avenue, Whitehorse, YT.	**1,066,213**	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 $1,350,000.	**647,125**	666,849
Balance carried forward	**$ 26,246,109**	$ 29,233,046

6. Long Term Debt (continued)

		2022	2021
Balance brought forward		**$ 26,246,109**	$ 29,233,046
Loan payable to Tr'ondek Hwech' in Trust - interest at 6.00%, due May 31, 2034, with monthly blended payments of $6,751. Secured by a mortgage over several properties in Dawson City, YT.		**433,659**	464,242
Loan payable to BDC - interest at 4.95%, due February 23, 2032, with monthly principal repayments of $2,756 plus interest, secured by the following: first mortgage and assignment of rents on the Partnership's interest in the land and building at 166 Titanium Way, Whitehorse YT.		**301,338**	363,825
Seven loans retired during the year due to sale of properties.		**-**	9,435,075
Total		**$ 26,981,105**	$ 39,586,189

The BDC floating base rate at December 31, 2022 was 8.55% (2021 – 4.55%). Scotiabank's prime rate at December 31, 2021 was 6.45% (2021 - 2.71%). RBC and First Nations bank prime rate at December 31, 2022 was 6.45% (2020 - 2.45%).

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

2023	$ 2,071,810
2024	2,089,340
2025	2,107,619
2026	2,126,680
2027	2,146,560
Thereafter	16,419,096
	$ 26,981,105

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 December 31, 2022.

7. 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 that 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. 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 thefuture.

7. 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 may 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.

8. Loans Receivable

	2022	2021
Mortgages receivable	**$ 1,830,706**	$ 700,436
Loans receivable *(Note 9)*	**229,489**	302,093
Advances to joint ventures *(Note 9)*	**2,556,542**	525,519
	$ 4,616,737	$ 1,528,048

(i) Mortgages Receivable

Mortgages receivable represent loans secured by real property assets. Interest is charged at rates ranging between 5.00% and 6.45% per annum. The total interest earned on these loans in 2022 was $89,880 (2021 - $14,280). The 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. During the year one Mortgage Receivable was added and one was retired with three outstanding at December 31, 2022. There were no impairment provisions recorded on the mortgages receivable as at December 31, 2022.

(ii) Loans Receivable

Loans receivable represent non-interest-bearing loans to employees of the Partnership and other investors who invested in the timed purchase opportunity as part of the December 2020 Private Placement financing, as well as short term loans provided to subsidiaries or business partners of the corporation. At December 31, 2022 only timed unit purchase loans were outstanding which do not earn Interest and mature on February 20, 2025. The loans advanced to employees related to the timed unit purchase plan are repaid via payroll deduction, while former employees who have opted to remain in the plan pay an annual lump sum in February of each year. All such loans will be repaid in full by February 20, 2025. The balance of loans receivable includes a provision for impairment of $nil (2021 - $nil).

During the year the Partnership extended short term advances to its subsidiaries or partners which were fully repaid during the year. Two loans extended during the year at interest rates of 6.00% and 7.00% earned $7,359 during the year (2021 - $19,735).

(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 at between 5.00% and 6.05% per annum when the other joint venturer does not contribute their proportionate share. The total interest earned in the year was $99.018 (2021 - $12,641).

(iv) Passive Interest Earned

In addition, the partnership places excess funds in GICs at rates and terms available from time to time. In 2022 income from this source amounted to $249,099 (2021 - $41,596).

9. 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 year, the following transactions took place:

- $3,511,466 of LP units (2021 - $10,820,979) were purchased by existing unitholders of the Partnership
- Of the above, $186,667 of units (2021 - $1,192,437) were purchased by employees or Directors of the Partnership
- $1,200,000 of properties (2021 - $1,932,900) were sold to a company controlled by a unitholder of the Partnership
- $nil of properties (2021 - $5,620,000) were purchased from employees or unitholders of the Partnership
- $200,285 (2021 -$249,910) of management fees were charged to Joint Ventures
- $125,805 of fees (2021 - 125,652) were paid to Directors of the Partnership

9. Related Party Transactions and Balances (continued)

- $158,739 of interest (2021 - $42,153) was received from unitholders or joint ventures in which the Partnership has a proportionate interest
- $24,000 of rent (2021 - $19,788) was received from an employee or a company controlled by an employee
- $32,675 of rent (2021 - $nil) was paid to a company controlled by a unitholder of the Partnership
- $21,779 of rent (2021 - $7,763) was paid to companies controlled by a Director 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 December 31, 2022, the Partnership had the following amounts recorded in accounts receivable and accounts payable and accrued liabilities:

- Accounts receivable from related parties of $46,700 (2021 - $289,393).
- Amounts due from its joint venture partners of $64,015 (2021- $373,671).
- Accounts payable and accrued liabilities owing to related parties of $9,454 (2021 - $1,794).
- Amounts due to its joint venture partners of $152,668 (2021 - $6,667).

10. Segments

As at December 31, 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.

2022

	Hotels	Rentals	Restaurants	Property under development	Other	Total
Revenue	$ 10,185,950	$4,740,328	$5,885,302	$ -	$793,370	$21,604,950
Amortization	637,233	1,435,407	203,677	-	88,263	2,364,579
Interest income	-	-	-	-	487,217	487,217
Interest expense	701,437	804,419	-	-	-	1,505,857
Net income (loss)	2,697,323	10,222,396	(56,734)	-	(2,212,426)	10,650,558
Properties and equipment	15,664,907	38,768,672	2,516,536	9,345,917	323,345	66,619,378

2021

	Hotels	Rentals	Restaurants	Property under development	Other	Total
Revenue	$ 7,545,239	$ 4,484,337	$ 4,641,817	$ -	$ 626,484	$ 17,297,877
Amortization	617,570	1,609,804	164,703	-	117,240	2,509,317
Interest income	-	-	-	-	88,252	88,252
Interest expense	797,237	827,593	-	-	-	1,624,830
Net income	1,831,925	1,244,214	150,421	-	2,704,812	5,931,371
Properties and equipment	14,511,883	53,177,806	2,398,587	4,894,060	272,580	75,254,976

11. Partners' Equity

At December 31, 2022 there were 31,750,499 partnership units outstanding (2021 – 30,747,628). During the year, an aggregate of 1,007,561 units were issued for proceeds of $3,511,456, (2021 - 5,861,555 units; $15,774,046) and 104,690 were redeemed for $338,149 (2021 - nil units for $nil) represented by the following transactions:

- 1,107,561 units were issued as part of the Distribution Reinvestment Plan in April and December at a value of $3,511,466
- 104,690 units were redeemed by a Unitholder in order to invest in a Joint Venture with the Partnership (2021 – nil units)

In 2021:

- 5,154,126 were issued during a Private Placement for proceeds of $13,954,796
- 519,551 were issued as consideration for acquisitions during the year at a value of $1,324,855
- 103,347 were issued as part of the Distribution Reinvestment Plan at a value of $265,535
- 48,331 units were converted from Retention Awards to units at a value of $130,992
- 36,250 were issued on a timed purchase basis at a value of $99,869

12. Commitments

The Partnership has entered into a commitment to make sponsorship contributions to the Yukon University over a ten year period that commenced in 2022. The remaining commitments total $945,000.

13. Change in Presentation of Comparative Financial Statements

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

14. Contingencies

As at December 31, 2022, there are no material pending claims by or against the Partnership (No pending claims against the Partnership in 2021).

15. Jointly Controlled Assets and Jointly Controlled Enterprises

Name	Interest	Activity	Year of Inception
TW Selkirk Joint Venture	49%	Lease of commercial properties	2011
Northern Carcross Joint Venture	50%	Lease of commercial property	2013
Dawson Downtown Hotel Limited Partnership	50%	Hotel Operations	2013
Bedrock Motel Limited Partnership	49%	Hotel Operations	2019
44588 Yukon Inc	50%	Lease of commercial property	2021
Hobah Apartments JV (variable interest)	94.1%	Residential apartments	2022

The Partnership's proportionate share of the assets and liabilities, revenues and expenses of its jointly controlled assets and its jointly controlled enterprises for those entitites 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.

15. Jointly Controlled Assets and Jointly Controlled Enterprises (continued)

Assets	**2022**	2021
Cash	**$ 374,623**	$ 245,676
Accounts receivable	**54,406**	66,153
Prepaid expenses	**68,669**	56,139
Inventory	**53,742**	59,493
	551,440	$ 427,461
Property and equipment	**9,514,001**	3,226,672
Property under development	**-**	968,230
Organization costs	**1,102**	1,227
	$ 10,066,543	4,723,590
Liabilities and Equity		
Accounts payable and accrued liabilities	**$ 150,217**	$ 165,573
Government remittances	**45,667**	16,379
Current Liabilities	**195,884**	181,952
Long term debt	**2,047,680**	1,550,789
	2,243,564	1,732,741
Equity	**7,822,980**	2,990,849
	$ 10,066,543	$ 4,723,590

Income Statement	**2022**	2021
Revenues		
Hotels	**$ 1,785,164**	$ 1,310,508
Rental and Other	**522,676**	149,620
	$ 2,307,840	$ 1,460,128
Expenses		
Hotels	**1,441,587**	1,016,480
Amortization	**279,734**	133,806
Rental and Other	**104,499**	26,854
Interest	**162,771**	68,687
Expenses	**1,988,591**	1,245,826
Net income	**$ 319,249**	$ 214,705

Cash flows from operating activities	**$ 617,843**	$ 41,705
Cash flows from investing activities	**$ (5,598,833)**	$ (828,155)
Cash flows from financing activities	**$ 496,891**	$ 875,461

16. 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 using the equity method. The Partnership's proportionate share of KBC's assets and liabilities is as follows:

Assets	**2022**	2021
Cash	$ **415,800**	$ 684,128
Accounts receivable	**132,954**	185,100
Property under development	**11,531,848**	7,075,918
Other	**26,025**	29,728
	12,106,627	7,974,874
Liabilities		
Accounts payable	**893,450**	1,397,305
Deferred revenue	**1,183,139**	1,166,667
Long-term debt	**9,423,372**	4,804,236
	11,499,961	7,368,207
Equity	**$ 606,667**	**$ 606,667**

17. Government Assistance Received During the Year

During the year, the Partnership received government assistance due to the COVID pandemic (2021 – COVID assistance and support for the renovation of one hotel property).

The COVID assistance consisted of:

1. $30,493 received and recognized as a reduction of expenses (2021 - $1,054,883)
2. $226,000 received and recognized as revenues (2021 - $470,710)
3. $806,952 received and recognized as a reduction of capital expenditures (2021 - $124,862)

18. Adjustment for uncollectible amounts

During the year management conducted a comprehensive review of amounts receivable, intercompany advances and the carrying value of the Partnership's properties. As a result of this review an aggregate balance of $762,955 was identified as not being collectible or otherwise recoverable and accordingly an adjustment was recorded to reduce the carrying value of these assets to $nil.

19. Acquisitions

Effective July 1, 2022, the Partnership purchased a 50% interest in Carmacks Hotel Ltd ("CHL"), in partnership with Carmacks Development Corporation who invested in the other 50%. The Partnership acquired joint control of CHL, and as a result accounts for this investment under the equity method as the Partnership has the right to the net assets of this entity. The acquisition was a share purchase and involved the following consideration:

- $1,000,000 provided in shareholder loans by each partner with no interest and no fixed repayment terms;
- A loan of $2,067,871 advanced to CHL by NVD secured by interest in CHL, with interest at 6.05% and being repaid with blended principal and interest payments of $16,000 monthly commencing July 31, 2022 with a term of 18 months.

The Partnership's proportionate share of CHL's assets and liabilities is as follows:

Assets	**December 31, 2022**	July 1, 2022
Cash	**$150,789**	$ 165,413
Other current assets	**169,731**	102.018
Inventory	**361,588**	327,374
Goodwill	**161,789**	161,789
Property under development	**1,513,544**	1,534,720
	2,357,450	2,291,313
Liabilities		
Current liabilities	**344,813**	207,825
Income taxes payable	**52,466**	49,522
Long-term debt	**941,804**	1,033,936
Shareholder advances	**725,000**	1,000,000
	2,064,063	2,291,312
Equity	**293,387**	1
Liabilities and Equity	**2,357,450**	2,291,312

The Partnership did not assume any net current assets or liabilities as a result of this transaction. CHL assumed a credit line of $150,000 secured by a general security agreement upon acquisition of Carmacks Hotel Ltd but has not utilized this facility. NVD earned $61,736 in interest income from the loan extended to CHL from July 1, 2022 to December 31, 2022, and collected $72,822 in Management fees associated with a management contract that provides for NVD to provide operational oversight and accounting services to CHL. During the six-month period of ownership, NVD recorded equity income of $293,387 related to its 50% interest in the after-tax profit earned by CHL during this period.

CORPORATE INFORMATION

General Partner Northern Vision Development Corporation

Board of Directors

Jennifer Byram[2]
Hannes Kovac[2]
Daryn Leas[4]
Ian McAuley[3]
John McConnell[4]
Lori Simcox[1]
Rich Thompson[1,2,3,4]

1 Denotes member of the Audit Committee
2 Denotes member of the Development Committee
3 Denotes member of the Hotel Committee
4 Denotes member of the Governance and Compensation Committee

Senior Management

Richard Thompson, Executive Chairman, CFO
Michael Hale, CEO
Katja Schmidt, COO
Blake Buckle, VP Business Development
Eduardo Castaneda, Director of Maintenance

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