

Northern Vision Development LP

2025 SEMI-ANNUAL REPORT TO UNITHOLDERS

As at and for the six months ending June 30, 2025



Introduction

This semi-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 six months ended June 30, 2025, as prepared by management (unaudited) along with comparable results for previous periods. Comparable figures that are presented for the year ended December 31, 2024, were audited by Crowe MacKay LLP.

Overview

NVD, a private partnership established in 2004, owns, manages, acquires, sells and develops hospitality, commercial, independent living and residential assets located in Canada’s Yukon Territory. NVD is managed by its General Partner, Northern Vision Development Corporation, 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 (“board”) of the General Partner comprised of individuals with a diverse mix of skill sets and local knowledge, including experience in the real estate and hospitality industries.

At June 30, 2025, 31,984,228 limited partnership units were outstanding (December 31, 2024 – 31,984,228) with no options or purchase warrants issued. A total of 102 Unitholders held interest in the Partnership on June 30, 2025 (103 – December 31, 2024). The net asset value (“NAV”) was estimated at \$4.07 per unit on June 30, 2025 (December 31, 2024 – \$3.82), with the current estimate being based on a comprehensive review of asset values undertaken by BDO LLP in the summer of 2025 whereas the previous estimate was based on the most recent available third-party evaluations of asset value, updated to reflect current market conditions. This represents a 6.5% increase in NAV per unit over the past six months. No distribution was made during the period as was the case in the first six months of 2024.

NVD strives to pay out distributions at least annually, based on adjusted funds from operations (“AFFO”) performance achieved, while keeping in mind the cash flow position of the Partnership, and the tax obligations generated for investors by allocation of Limited Partnership income for tax purposes each year. Given the significant amount being invested in Hyatt Place Whitehorse (“Hyatt Place”), the distribution plans for 2025 will most likely be based solely on taxable income considerations, with a distribution likely to be made in the fourth quarter of the year.

Net Asset Value (“NAV”) estimated at \$4.07 per unit at June 30, 2025

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NVD investors, stakeholders and members of the Whitehorse community joined NVD in celebrating the launch of Hyatt Place on August 9, 2025.

Highlights for the six months to June 30, 2025

Unitholder Value and Debt



Net Asset Value Per Unit

Net Asset Value ("NAV") is estimated at \$4.07 per unit at June 30, 2025, after a formal comprehensive asset review by BDO LLP. This is a 6.5% increase in value per unit (December 31, 2024 - \$3.82).



Total Enterprise Value Per Unit

Enterprise value per unit increased 18.1% to \$5.89 (December 31, 2024 - \$4.99).



Net Book Value of Assets

Net book value of assets grew by 11.2% to \$123.2 million (December 31, 2024 - \$110.8 million).



Total Enterprise Value

Total enterprise value increased 18.1% to \$188.4 million (December 31, 2024 - \$159.5 million).



Overall Debt

Overall debt levels continued to grow as the Hyatt Place development neared completion, and long-term debt rose 35.2% to \$50.7 million from \$37.5 million at December 31, 2024.



Debt to Book Value of Equity

Debt to book value of equity increased to 0.78:1 at June 30, 2025, from 0.59:1 six months earlier.



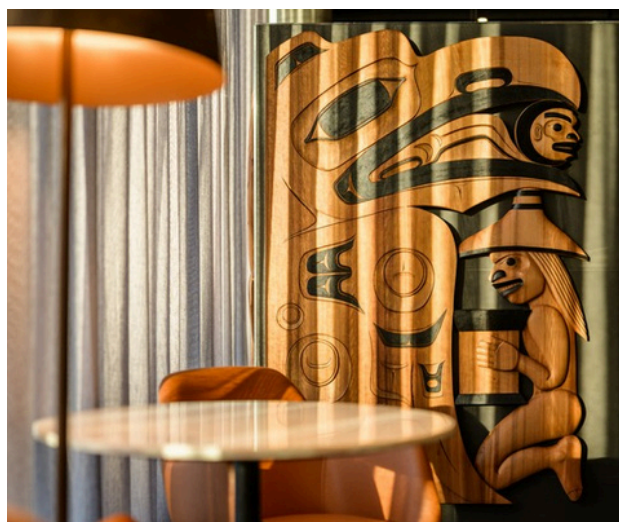
Fixed Rate Loans

On June 30, 2025, fixed-rate loans represented 66.2% of NVD's mortgage portfolio (92.0% - December 31, 2024). Weighted average cost of debt was 5.74% at June 30, 2025 (5.78% - December 31, 2024). Including NVD's share of the KBC Developments Ltd. loan, the portfolio is 72.5% fixed at June 30, 2025 (93.9% - December 31, 2024) with a weighted average cost of 5.00% (4.83% - December 31, 2024).



Debt to Market Value of Equity

Debt to market value of equity climbed to 0.39:1 from 0.31:1 at December 31, 2024, as the Hyatt Place lending program continued to impact balance sheet ratios.



Carving by artist Keith Wolfe Smarch of the Carcross Tagish First Nation at Hyatt Place Whitehorse.

Highlights for the six months to June 30, 2025

Operating Activities



Gross Profit

Gross profit declined by 4.4% to \$3.60 million in the first six months (2024 – \$3.76 million). This was a result of a change to the allocation methodology in the rental divisions that transferred cost from overhead wages to rental expenses as we change our accounting methodology to fully burden that operating business. Normalized for this change, gross profit increased 1.2% from 2024.



Interest Income

Earnings from interest income declined by 44.5% to \$238,736 as cash balances were deployed to support Hyatt Place construction and passive cash balances and the Partnership's loan balances were negatively impacted.



Overhead Costs

Overhead costs were down 10.0% to \$2.91 million versus \$3.24 million for the same period in 2024 driven by changes in accounting methodology. Adjustments to the allocation of labour expenses from overhead to the Real Estate Division accounted for 65% of the reduction, with the balance being driven by a change in amortization methodology that saw the partnership update its approach to one based on the useful life and residual values of property, plant and equipment as opposed to a declining balance approach. The useful lives outlined in the Property and Equipment section describe the estimate useful lives for new assets.



Net Income

Net income increased to \$1.04 million for the period, a 229.3% increase from the same period in 2024, which included a \$753,013 loss related to a supplier bankruptcy, and a recapture of \$50,073 from a prior year losses provisions.



Interest Expense

Interest expenses were up 6.3% during the period related to new debt and increased rates on loans renewed in 2024. The increased debt associated with the Hyatt Place project has not yet impacted the income statement as the Hyatt Place remained under construction at June 30, 2025, but the second half of 2025 will see interest expense increase post opening in August.



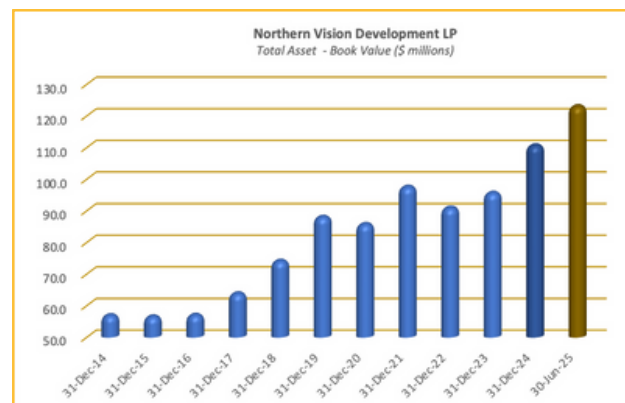
Income before Gains on Sales, Extraordinary Items and Income from Investments

Net income before extraordinary items increased to \$1.04 million for the period, a 1.8% increase from the same period in 2024. As noted in this report, direct comparisons on a year-over-year basis are made difficult by a change in depreciation methodology.

Historical Analysis

Book Value of Assets

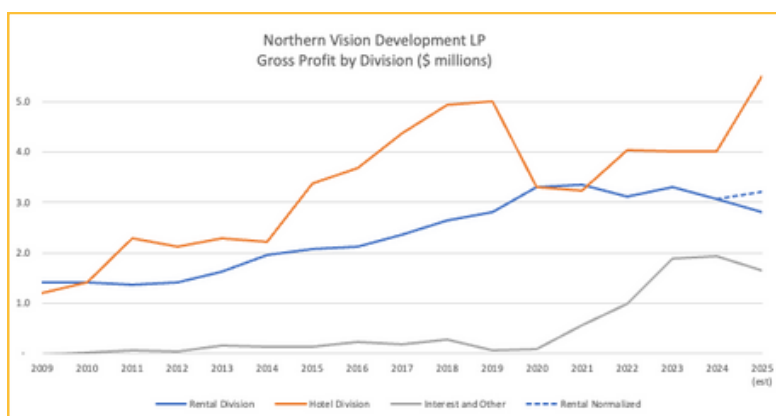
Book value of assets is on the rise, the increase in 2025 has been driven by the completion of the Hyatt Place and the acquisition of the Town and Mountain Hotel ("T&M"), which partially offset a reduction in cash and loans receivable. The increase in assets has been funded as planned from long-term debt and the redeployment of funds held in loans receivable.



Diversification

Diversification of gross profit within the portfolio has been a focus, with great strides being made over the last five years. However, with the opening of the Hyatt Place we expect to see significant growth within the Hotel Division. This will see further balancing as we complete Whistle Bend Commercial Development ("Whistle Bend") and future projects.

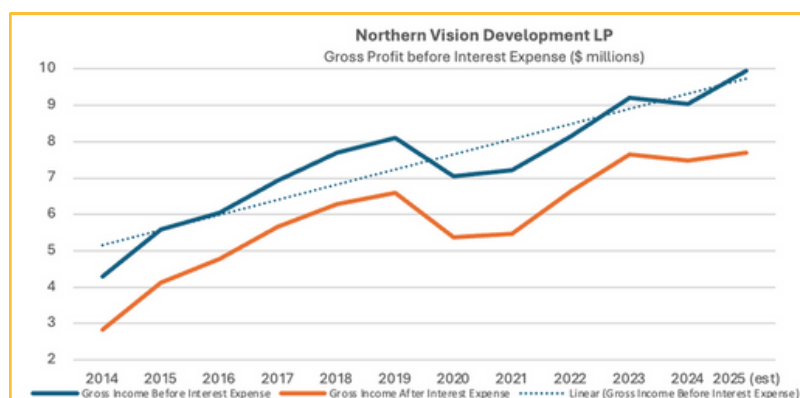
Keeping in mind that the reduction in the Real Estate (Rental) Division here is the result of a change in accounting methodology, with overhead salary costs being directly attributed to the division. On a normalized basis, before the accounting methodology change, the Real Estate division is forecasted to show marginal improvement for the year, which is reflected in the dotted line in the graph. The drop in "interest and other" reflects a decrease in year-over-year performance in the Restaurant Division as well as a significant decline in interest income as available excess cash was redeployed as planned from the Partnership's loan portfolio to meet the needs of the Hyatt Place project.



Gross Income

Gross income continues its upward trajectory based on estimates for the full year in 2025, following a brief fluctuation in 2024, largely attributed to the impact of the failure of Victoria Gold on the Yukon economy. In 2025, gross income before interest expense has surpassed the long-term trend line, driven by recovery from the Victoria Gold impact and the projected margins associated with the opening of the Hyatt Place.

With the Hyatt Place now operational, investors can expect strong continued growth in 2026, as the property contributes for its first full year. This new revenue stream, combined with stabilized operations, positions the company for sustained performance and margin expansion. Of course, as the gross profit after interest expense line indicates, the upward movement will be dampened by increased interest costs associated with the Hyatt Place and the gap between the two measurements will grow wider, a trend that begins to show in the graph.



Chairman's Letter to Unitholders

Dear Unitholders:

As I write to all of you, NVD has just marked a very important milestone. On August 9, 2025, we hosted an opening reception to launch our newly completed Hyatt Place, where members of the Whitehorse community joined in celebrating the completion of a fabulous new hotel, adding 115 rooms to the NVD portfolio. Our board is tremendously proud of the effort made by the entire management team, including the significant effort expended by Michael Hale and Katja Schmidt who have left an indelible mark on this project, to ensure that the Hyatt Place is everything we had hoped for when we embarked on this project some years ago. It is inspiring to see, and it is a job very well done. I congratulate the entire team.



Preparing to welcome guests to the Hyatt Place opening reception on August 9, 2025.

The completion of the Hyatt Place marks the realization of an important objective for our Partnership. Over the course of time NVD has acquired development properties which have allowed us to build industry standard-setting projects in the residential and commercial real estate space, as well as our independent living project: Normandy Living. We now add major hotel construction to our list of development successes. The addition of the Hyatt Place should supercharge our Hotel Division performance over time – our challenge there will be to assist in growing demand for Whitehorse hotel rooms that will support the entire industry, and the promised Convention Centre for Whitehorse will be a welcome part of that strategy. We will continue to work with government and industry groups to ensure that project becomes an important reality for the Yukon tourism industry.

As always, when NVD delivers on a major goal, we quickly shift our focus to the next steps in front of us. The management team has a challenging agenda for the latter half of 2025, during which time they will turn their focus to strategies aimed at completing a major financing and liquidity event, and moving forward on geographic diversification in Prince Rupert. The plan for the upcoming private placement is to include a liquidity event for unitholders, acknowledging some of our long-standing supporters are at a point in their investment horizon where liquidity is important. But it will also provide important support for the development of our other projects in Whitehorse, most importantly Whistle Bend, and for our potential entry into the Prince Rupert region should we make a final decision to move forward on that initiative. We will prioritize our investments where we see the most prospective opportunities and the most compelling development environments.

Success in the upcoming fundraising and the potential initial step into geographic diversification will be important as we continue to evolve your Partnership with a deeper management team and a foundation that supports more advanced projects in years to come. As we continue to build the team, we will focus on ensuring that the entrepreneurial culture that has been at the heart of our success to date continues to be evident in the strategic moves we make.



The Hyatt Place prominently features First Nations carvings and artwork to honor the region's rich cultural heritage and reflect the majority First Nation ownership of NVD.

We have not undertaken a comprehensive NAV assessment in quite some time, as our banking activity provided plenty of third-party appraisal evidence for management's estimate of NAV per unit. However, in preparation for the upcoming financing, BDO Canada LLP completed a comprehensive review which has confirmed a NAV per unit value of \$4.07. This is a 6.5% increase on our most recently reported estimate for December 31, 2024. As we move out of an intense development period, your management and board have their sights fully refocused on the need to grow investor yield and NAV per unit values.

Chairman's Letter to Unitholders

Your board witnessed some changes in 2025. After making a strong contribution to the company as NVD, both John McConnell and Daryn Leas stepped down at our May 2025 AGM. We thank them for their tremendous effort and support over their tenure on our board and know we will continue to benefit from the wisdom they imparted during their time with us. We continue to benefit from the commitment and experience of Hannes Kovac (Development Committee Chair), Ian McAuley (Operations Committee Chair), Lori Simcox (Audit Committee Chair), and Jennifer Byram. Your board members continue to be highly engaged and committed to the long-term success of the Partnership and I am proud to serve with them.

"Management estimates NAV per unit at \$4.07 – above \$4.00 for the first time, and at the low end of the \$4.05 to \$4.26 range provided by BDO LLP after a comprehensive review of NVD's assets."

NVD's future requires our management team to build on the momentum created by the Hyatt Place launch and the maturing performance of Normandy. This may involve the geographic diversification initiative and potential developments in Whitehorse, including the large Whistle Bend commercial project, should we be successful in our fund raising efforts toward the end of 2025 and into 2026. As noted, we will be reaching out to our investors to provide them with the opportunity to increase their investment in the Partnership, or alternatively to liquidate some of their holdings. And we will share important news as we make moves to geographically diversify our activities. It is possible that the move to initially invest in the Prince Rupert area will include opportunity for investment through NVD or directly in a new Limited Partnership. Please watch for news on that front as well as an invitation to a special investor-only event in Whitehorse hosted at the Hyatt Place, which we will now hold in the first quarter of 2026.

I note that our investors are lucky to have such a dedicated team operating in the Yukon market. Some have been with us for many years and continue to leave their mark on the company. Others, like our new CFO Rob Ganzer, have joined us more recently and are starting to place their own mark on our Partnership. All are highly committed, dedicated and caring staff who understand our objectives and who each, in their own way, make NVD what it is today.

I will end by saying, as I always do and mean in a heartfelt way, that we are so very lucky to have the kind of committed and supportive investors that have always been a most important backbone of our success. Your belief and your support are central to who we are and what we can become. None of us ever forget how important that support is. So, thank you for that ongoing commitment.

I hope all of you are doing well and enjoying the last stages of summer, and I look forward to seeing many of you at the investor event in the New Year.



Richard S. Thompson
On behalf of the NVD board,
Co-founder and Executive Chairman



CEO's Letter to Unitholders

Dear Unitholders:

Midyear 2025 finds NVD at a pivot point. Two-plus years of planning and working on major initiatives and growth is coming to fruition and the Partnership finds itself shifting gears and focusing on the next decade of major planned expansion activities.

Since I joined NVD in early 2023, the intention has been for 2025 to be the year our revenue growth plans would bear fruit, as the Hyatt Place Whitehorse came online and Normandy Living ("Normandy") turned the corner towards profitability. Heading into the second half of the year, the Hyatt Place is producing revenue after two years of construction, which included a complete redesign on the fly, an insolvent supplier and supply chain challenges. Up the hill from the Hyatt Place, Normandy has turned a corner on operational performance with exponential growth in operating income that has started to transform this project from a drain on resources to a meaningful cash contributor. At the same time, our other assets have continued to perform – in some cases, at record levels – even as we expand and grow through acquisitions, like the T&M on the same stretch of Main Street as the Best Western Gold Rush Inn and the Hyatt Place.

Now comes the hard part. All of NVD's assets need to exceed current performance in the months and years ahead to justify our investments. Management is already seeing challenges in the market, as evidenced by our decision to shutter Cabin Fever midway through summer, but the continued strength of our core businesses is a positive sign for the future. NVD has the team, the investor base and the experience to meet expectations.

But now the partnership needs to pivot from the steady, progressive operational growth that has been our recent focus to larger scale, more ambitious growth over the next five years. Within the next five years, the Partnership is targeting to more than double in size to \$500 million in enterprise value. That is a high hill to climb, but it is very doable, if the team stays focused on growth and expansion that adds to the already remarkable NVD story.

Today, NVD is a \$188-million-plus enterprise value company with relatively low debt to market value of equity ratio of 0.39:1 (0.78:1 on a debt to book value of equity). That means we have both the scale to borrow and the balance sheet to sustain it. We have solid revenues that will climb meaningfully next year with Hyatt Place online and Normandy tipping towards 90% occupancy. Our staff are experienced and capable operators who have been through the stand up of multiple new entities (e.g. Hyatt Place and Normandy), as well as experience wringing greater returns out of older, more mature businesses.

After the first comprehensive third-party valuation since COVID, the Partnership's NAV is now estimated at \$4.07 per unit, within 6.5% of management's valuation as at December 31, 2025. The largest driver of value was the acquisition of the T&M (which has been appraised at nearly twice the purchase price of \$2.75 million), as well as other incremental improvements across operating entities. Having the partnership value validated in advance in a major fundraise is an important step to reinforce investors' confidence in the continued strength of the Partnership, as management sets out to identify new unitholders that will help fuel the next phase of growth and expansion.

The Partnership is pursuing a plan that would see more than \$100 million in capital projects proceed in Whistle Bend, Kējān + Rogers, Waterfront lands and Prince Rupert expansion, all in relatively short order. A planned private placement this fall will test our ability to raise the capital required and potentially light the fuse on a rapid expansion both within Yukon's borders and beyond. If management fulfills expectations over the next years, NVD will have more than doubled in size, diversified its geographic footprint, created a reliable and predictable revenue stream for investors, reshaped multiple communities and expanded more aggressively into spaces like seniors' living.



Cynthia James and artist Keith Wolfe Smarch at the Hyatt Place Whitehorse's opening reception on August 9, 2025.

"Within the next five years, the Partnership is targeting to more than double in size to \$500 million in enterprise value."

The promise NVD has always made to investors is that we would continue to grow and diversify across different business lines and communities, both to ensure reliable, sustainable returns and to contribute meaningfully to the communities we operate in. To meet that commitment, this company needs to continue to grow and at a faster pace than in the past. It is not enough to simply improve operations at existing entities. Rather, it needs to get more sophisticated and effective with operations while also stepping up development and growth initiatives that transform this once small northern company into a meaningful western and northern Canadian entity. The transformation will take time, but the foundation is well placed and it's time to pivot towards a larger, more diversified company.

NVD is a company poised for a major growth spurt. It is incumbent on us, as management, to capitalize on that moment.

I share the above forward-looking narrative as a way to contextualize the rest of this report. Everything we do in management is about maximizing the present without deviating from our longer-term goals, so it is important that investors have the same context management does.

The Report on Operations that follows this letter is relatively brief, as we are midyear and more robust operations report is offered through our Annual Report. But management does feel it is important that shareholders understand what is happening on the ground, even at a midyear point.

Financially, there are some material changes to presentation from previous semi-annuals. I mention them here, but they are described in more detail in the Management's Discussion and Analysis ("MD&A"). The biggest change in presentation is related to the depreciation methodology shift that was discussed in both the last annual report and the most recent Annual General Meeting. To date, NVD has used an accelerated depreciation method that was synchronized with taxation approaches to Capital Cost Allowance ("CCA"), that made sense for a company that bought older properties and operating businesses that carried much lower values. But with the pivot towards a model of building and holding new construction assets, NVD has moved to straight-line depreciation on buildings and improvements based on estimates of useful life and residual values. With the Hyatt Place coming online in current year, management consulted with our auditors and made the decision to implement the change midyear. For the first part of 2025, the impact isn't significant, but for the last half of the year, it reduces the projected depreciation impact using our past methodology by roughly \$1.2 million.

At the same time, management is presenting the Real Estate Division with the full direct costs allocated to the division. For the past several years, only some direct wages and expenses have been allocated to the division, while the rest remained in overhead. This allocation change has no impact on the bottom line, but it does give investors a clearer picture of how the Real Estate Division is performing relative to other NVD divisions, as well as against industry standards.

In management's view, these changes better reflect the operating performance of the Partnership. In terms of the depreciation change, it brings NVD in line with the approach utilized by peers, and we believe it more accurately reflects our depreciated asset values. With respect to the Real Estate Division adjustment, the change allows for consistent comparisons against the performance of other divisions, which remained fully burdened with middle-level management costs even if they are operating out of the head office.

And of course, our management continues to evolve. Our former COO, Katja Schmidt, has moved on, but her impact on this company will be felt for years to come. After years of instability in the role, we have finally found our long-term CFO in Robert Ganzer, and he is already having an incredibly positive impact on the company. And our longtime Chair and leader is continuing to transition out of his role in the day-to-day operations. Below the executive level, the team is a strong mix of long-time NVD team members combined with new leaders who bring skills and abilities required in a growing company. Our management team is a balance of established, experienced leaders with new and invigorating additions who will help NVD grow into the company it can be.

As I indicated at the beginning of my letter, we are building the company we need to fulfill our commitments to our investors. No doubt, that will lead to changes over the coming 12-18 months, but they will be changes that will have a positive impact on both financial and community return. Along the way, know that management will never let a future focus allow us to forget our obligation to balance that long-term view against short- and medium-term return.



Michael Hale
Chief Executive Officer



Report on Operations

The first half of the year has been dominated by the Hyatt Place construction and opening, but that is far from the only activity throughout the NVD portfolio. There have been record-breaking revenue months in existing hotels, a restaurant closure, the emergence of Normandy as a positive contributor to cash flow, long-needed stability in the CFO role, acquisition of a new hotel/retail outlet and much more.

In other words, a typical six months for NVD. As always with the Partnership, the focus has already moved on to what is next – as it should be for the management team. What follows is a high-level summary of operational activity that helps colour in the lines of the financial results.

Hotel Division

A slow start to the year has morphed into a record-breaking summer for revenues across the portfolio. Only Carmacks Hotel Ltd. (“Carmacks”) failed to set a monthly revenue record at least once heading into the busy summer season with some hotels setting multiple monthly and all-time revenue records. Even Carmacks has experienced strong year-over-year improvement.

But the year didn’t start that way in the key Whitehorse hotels. The longtime NVD flagship, the Best Western Gold Rush Inn (“BWGRI”), witnessed year-over-year declines in revenue and gross profit through the first two months of the year. The Edgewater Hotel (“Edgewater”) also struggled slightly over those early months, raising alarm bells across the Partnership. But by March, the tourism market had rebounded and both the BWGRI and the Edgewater recovered. By midpoint of 2025, BWGRI revenues were \$190K ahead of last year, while the Edgewater had gained back most of the ground it had lost in those early weeks.



The Best Western Gold Rush Inn continues to welcome a record number of guests

After a weak first half performance in 2024, the Dawson assets emerged this year to post strong results that lead the overall portfolio in percentage growth terms. The Dawson Downtown Limited Partnership (“DDL”) net operating income (“NOI”) is trending towards an impressive 75% year-over-year increase. These results are extremely important in a year in which the portfolio is servicing external commercial debt for the first time in its history.

The key summer months (which mostly do not impact financial reporting until the Annual Report) have continued the positive trend – with an all-time revenue record set by the BWGRI in July (by a considerable variance over the previous record), as the hotel generated an incredible \$758,000 in room revenue for the month.



Carved Restaurant at Hyatt Place is our newest restaurant portfolio member.

With the Hyatt Place commencing operations in August, management expects that revenues will fall in other hotels, as the new offering cannibalizes existing market share from all Whitehorse hotels. Management is focused on ensuring that any business lost from existing hotels to Hyatt Place will be mitigated by drawing new business from non-NVD hotels in the market. In addition, tourism numbers seem to have now fully rebounded to pre-COVID levels, and demand is strong. The 115-room Hyatt Place fills an 83-room capacity gap that was created during COVID with the closure of the Coast High Country Inn, and the Partnership, as planned, is introducing the replacement rooms to the market at a time when tourism demand has recovered. Additional growth is likely to come from the planned new convention facility in Whitehorse, which will be a welcome addition to Yukon and which will generate additional hotel demand in the shoulder and winter seasons.

The BWGRI will receive its long-awaited renovations starting this winter, which will help minimize the cannibalization impact and will set the hotel up well for the future. These renovations are a continuation of the Property Improvement Program that was completed for the fourth-floor rooms and will now be focused on the balance of the hotel. Management has been upgrading the Edgewater on an ongoing basis in anticipation of the Hyatt Place opening. The Partnership remains confident that the move to build Whitehorse's first major new build hotel in decades will be rewarded with overall market share growth and strong performance from all of NVD's Whitehorse hotels.



The Edgewater Hotel, at Front and Main Street in Whitehorse, is home to the very popular Belly of the Bison restaurant.

Restaurant Division

The Food & Beverage ("F&B") group results describe a rollercoaster first half of the year.

In NVD's most northern market, the DDLP outlets in Dawson had record setting outcomes. These restaurants returned \$170,000 NOI (Net \$85,000 to NVD for its 50% share) after a tough 2024 first half that saw only \$10,000 in NOI. To call what is happening in Dawson a "turnaround" doesn't begin to capture the incredible improvement. All three outlets are ahead of both budget and last year on a NOI basis and that strong trend has continued into the summer months.



Steak Frites is one of the appealing offerings at Carved.

Cabin Fever in Whitehorse, on the other hand, never caught on in the community and was slated for closure before end of summer (it is shuttered, as of this writing) as the new Carved restaurant in the Hyatt Place entered the market. This outlet operated as an Earls for years before being purchased by NVD in 2021. But despite operating as an Earls, a rebranding/retrofitting to the tourist-focused Moose & Mountie and a further rebrand/retrofit into a premium casual Cabin Fever experience, the restaurant simply never recovered post COVID. This outlet is far from the only casualty of the difficult restaurant environment. Polarity Brewing / Wayfarer Oyster House closed last year. And Joe's Pizza, a longtime Yukon business, followed suit this year (impacting our Real Estate Division).

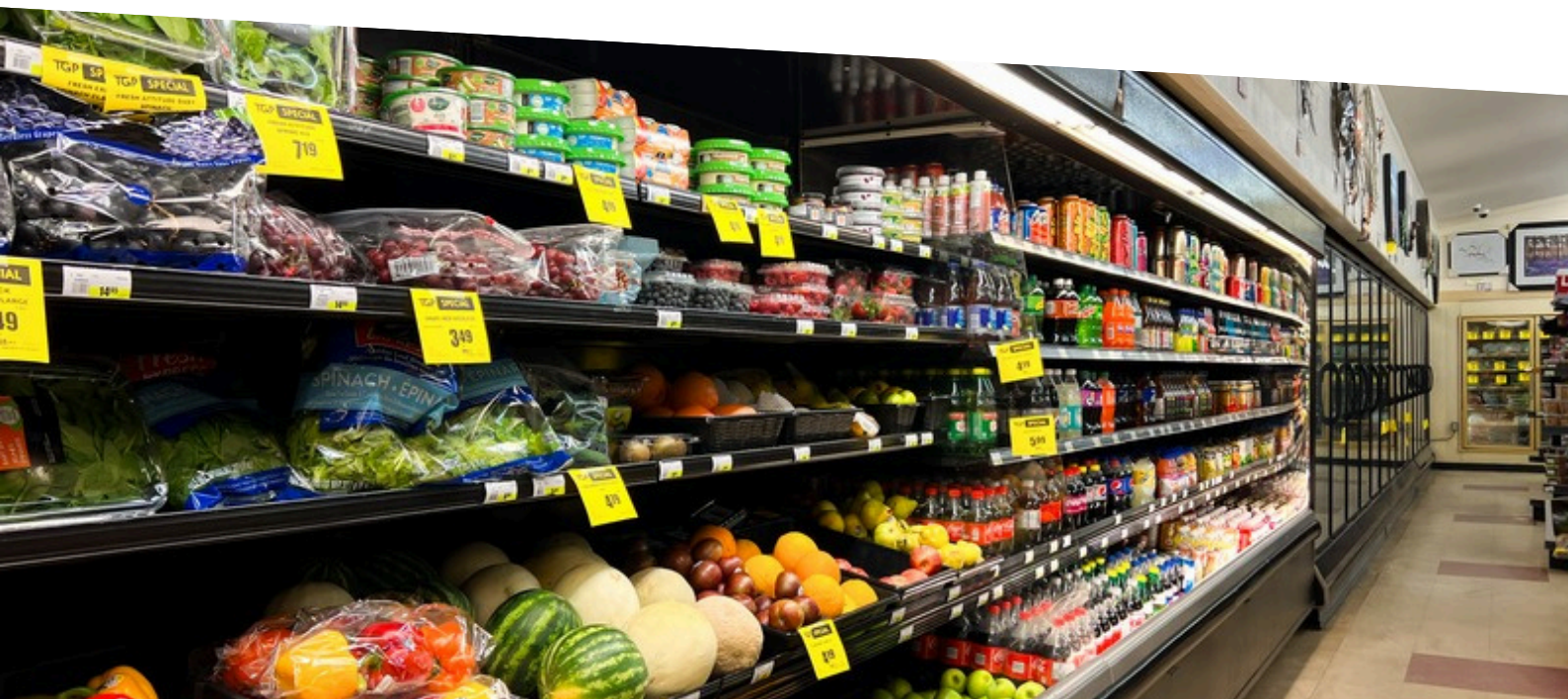
After multiple rebrands and significant capital investment to make the Cabin Fever (and its predecessors) work, management will be reevaluating options for the space. Given the un-depreciated value of leaseholds for the various retrofits (and the original purchase), management is seeking a use of the space that will mitigate negative non-cash impacts. Full reporting on the next steps for the location will be provided in the Annual Report.

With that closure, all of NVD's restaurants are now attached to hotels, where the integration of accommodations and F&B help the two business lines reinforce each other's success. As evidence, the Belly of the Bison, is having a strong year, besting budget through the first half of the year. And the Gold Pan Saloon continues to hold its own in a tough market, aided by the strength of the associated BWGRI's room revenue growth.

Banquets revenues are struggling in 2025, which could be an early signal of economic challenges in the community. But it is difficult to judge that business by the first six months, as the majority of banquets revenues are earned in the busy winter/holiday period. Given the pending construction of the new convention centre, the design of the new hotel provided for only limited banquet space. But the space that is available offers potential for growth in the banquet division over the longer term.



A team member pouring a drink for a customer at the Midnight Sun Lounge.



The Tatchun Centre in Carmacks is jointly owned with Carmacks Development Corporation. It's grocery offers everyday essentials to the Carmacks community.

Real Estate Division

As a division, there is generally less variance in Real Estate, where the revenues and costs are more predictable. However, there have been some meaningful developments over the first half of 2025 that will begin to have an impact this year and will affect outcomes in future years.

The most obvious change is the acquisition of the T&M and retail building in February of this year. Since acquiring the building, NVD teams have been undertaking required renovations, and two of the three ground-floor tenancies have been filled – one on a partial donation basis to the Arctic Winter Games Society and the other to a café.

There remains one additional commercial space to be leased, but that unit requires structural renovations, so it will not likely be under lease until the end of 2025 at the earliest. The rooms on the upper floors are currently being used for contractors and staff housing. Longer term, the upstairs will be converted to hotel rooms with a Coast brand. Looking forward, the roughly 10,000 square feet in ground commercial space and new hotel rooms will have a strong positive impact on rental revenues, but those revenues in 2025 have been capitalized as the whole project is completed, and so will not impact income until 2026.

As was experienced in 2024, the activity around lease renewals has had strong positive impact on the division. Most tenants coming to the end of term are electing to renew and given the strong rental market, the Partnership has been able to convert gross lease arrangements to triple net and to achieve solid gains on renewals. The strong market for commercial rentals exists because high construction costs are dampening new build activity resulting in a seller's market for those who are seeking commercial rents.

Other aspects are less positive. With Cabin Fever being closed, there will be a loss of revenue until a new use is established. The same is true for the conversion of the Joe's Pizza space in NVD Place. In the case of Cabin Fever, the loss in revenue in the Real Estate Division is offset by elimination of losses in the Restaurants Division. Ultimately these closures should lead to an overall performance improvement once the spaces are repurposed, since both the Cabin Fever and Joe's Pizza spaces were leased at a significant discount during those outlets' financial struggles.

Otherwise, the division has rolled along with the occasional vacancy, but with an overall vacancy rate of well less than 5%, and usually nil.



Renovations are bringing life to the newly acquired Town and Mountain Hotel, and 2026 Arctic Winter Games were the first tenant to make the commercial floor in this building its new home.

Normandy Living

Normandy is having a banner year. Last year, this independent living project benefited from one-time tax rebates and other extraordinary payments for the year ending March 31, 2025. These payments will not come through in the current year as the Yukon Government has wound down its Carbon Tax Rebate program. Despite that, the business is on track to improve Operating Income by \$875,000 driven by a \$945,000 increase in revenue.

This project has migrated from a cash drain to a significant cash contributor. Amortization and CMHC interest costs keep Normandy from being net income positive currently, but that measure is on track to swing to positive territory on a monthly basis before the end of the calendar year.

As good as 2025 is shaping up to be, the real excitement around Normandy is what the future is starting to look like. Given the growth in Yukon's seniors' population, the partnership that owns Normandy will need to start looking at expansion in the years ahead. NVD remains incredibly excited and proud in respect to the Normandy project.



A welcoming space at Normandy, where strong results today set the stage for future growth and expansion.

Capital & Development

For the final time, the Hyatt Place is being covered in the Capital and Development section of a report to investors. After two years of major construction activity, and much longer with planning and site work considered, the project was completed in August 2025, almost two years to the day from the first shovel in the ground in 2023. The result is the most beautiful, polished (and expensive) building NVD has ever built.

As with Normandy, Ketza was the construction partner on this project, and as with our recent experience, the construction team was incredibly capable, dedicated and professional. Construction started on this building while the design of the upper floors was still being converted from a modular to a conventional stick-built design. Despite that uncertainty, construction went well. However, the failure to realize budgeted grant support and the impact of Nomadic bankruptcy means the project missed the mark on budget. (Final figures will be available by the time the Annual Report is published.) The fact that Ketza kept its budget close to original estimates and did so while utilizing local labour and contractors on all the major components (e.g. mechanical, electrical, etc.) speaks to the growing sophistication of the local building community. That in turn bodes well for future development activity in Whitehorse.

As at the midpoint of the year, the project was still wrapping up, which results in the asset continuing to be reported in the property under development ("PUD") category and interest expense not yet finding its way to the operating statements. A full accounting of the project to investors will be provided in the Annual Report, after all costs are finalized and long-term debt negotiations are completed.

With the Hyatt Place completion, the capital focus shifts to Whistle Bend commercial development and the Kējān + Rogers residential development. Both projects represent long-term activities for NVD, and both form a major component of this company's growth strategy. To make the appropriate level of progress on these initiatives, the Partnership will need to develop the plans for the projects that will allow NVD to attract Private Placement support this fall. Once the plans have been completed and the money raised, these projects along with the River's District remaining lands will provide substantial opportunity for development over the next five to ten years.

NVD's Whistle Bend property is a wholly owned 5.7-acre (248,000 SF) commercial/mixed use zoned property in the Porter Creek area of Whitehorse. NVD acquired this property in 2016 and has been waiting for the required population of the community to develop enough to warrant commercial development of the property. That point has been reached. To date, the site has been cleared and grubbed, but further activity is tied to the required rezoning and a second access point for vehicles, as well as the acquisition of appropriate financial support. While the project is behind the desired schedule, the city has now approved the rezoning to allow for a drive thru on the property. With that approval in hand, focus now shifts obtaining the important second egress for the property. The leasing interest in the property is robust with NVD being contacted by multiple local and national businesses looking for space on the site.

The Kējān + Rogers ("K+R") development is of a similar size (5+ acres), but this Whitehorse development is focused primarily on residential builds. K+R is the last large-scale developable parcel in the downtown core. NVD owns this parcel in partnership with three well-established Yukon businesses – Ketza Construction, Da Daghay Development Corporation (Ta'an Kwäch'än Council's development arm), and KZA Architects – and there are plans to develop the site over the coming years. Title finally transferred from government earlier in 2025 and the partnership is in the early stages of negotiating a revised Development Agreement with the City of Whitehorse. This project is not expected to advance significantly over the balance of 2025, but it is gaining momentum and will become a bigger part of NVD's story in the years ahead.

And of course, NVD will continue to advance planning on the lands that gave birth to the company – the Waterfront Lands where Tägä Shrō Station, Rivers Reach I and Rivers Reach II, and Waterfront Station are all located. Plans to develop a commercial opportunity on the last waterfront front parcel and a condo project on the Rivers Reach III parcel are being dusted off and brought back into the partnership's medium-term projections.



Rendering of Kējān + Rogers development.



NVD's Whistle Bend property is a wholly owned 5.7-acre (248,000 SF) commercial/mixed use zoned property.

Geographic Expansion, Equity Raise and Liquidity

As was discussed at the most recent NVD Annual General Meeting (“AGM”), management is exploring geographic expansion planning focused on Prince Rupert. The area is experiencing a resource-related boom, but it is the port expansion and tourism that drive NVD’s interest in the city of Prince Rupert. The port’s capacity is being doubled, while cruise ship traffic is increasing exponentially.

While the surrounding area and port have seen substantial expansion in recent years, the downtown core has lacked sustained investment in its real estate and accommodations market for years. And the community is a secondary/tertiary market where a corporate entity like NVD can have influence over the city’s development future.

There is no way to talk about the Prince Rupert opportunity without also discussing the planned equity fundraise, because one hinges on the other. NVD’s expansion can only be realized if additional debt and equity funds are raised. At the same time, there is a need for a liquidity event, so that long-time unitholders can realize the value of their investment based on an organized exit.

With the pending equity raise, NVD also completed its first full third-party valuation since prior to COVID. The results are discussed elsewhere in this report, but having a third-party valuation that places NAV value at \$4.07 speaks to the quality of the valuations to date. Management has always been intentionally conservative in its valuations, so to have BDO come back with a figure that is within 6.5% of management’s estimate at December 31, 2024, is a good signal to investors.

With BDO’s third-party valuation in hand, management will be out speaking to potential investors in the months ahead. The work is already underway on materials that will be used to speak to investors about NVD’s future. When the launch of the fundraise is formalized by the Board, notice will be sent out to existing unitholders to identify those who want to participate in the liquidity event.

NVD will be seeking between \$20 million and \$30 million in equity, of which up to half will be allocated to liquidity. The total amount available for liquidity will ultimately be set by the Board. Unitholders will be able to access liquidity on a pro rata basis based on election, so that all unitholders have equal access to this opportunity.



NVD is looking at potential expansion to the BC port city of Prince Rupert.



Internal Activities

As mentioned in the CEO letter, great effort is being deployed to build a Partnership that can meet the opportunities and challenges in front of us. That means internal changes of which the most significant has been the introduction of Rob Ganzer, our new CFO. Through the first half of the year, Rob has been focusing on ensuring our reporting and financials are in sync with what we see as industry norms, which is why there are material changes to the presentation in our mid-year financial statements. While we know this makes comparison difficult with historical results in some instances, we believe it sets us up most appropriately for future comparisons with industry peers.



Our team proudly representing NVD and the Yukon at a tradeshow earlier this year.

And of course, there is the matter of IT and systems – a topic that is front of mind for all private companies. For the past two years, NVD has been working to create a secure, robust IT infrastructure, and while we have made significant improvements, there is still work to do. Management will be adding a fractional Chief Information Officer (“CIO”) in the next six to nine months whose initial role will be to assess the existing IT ecosystem and make recommendations on how to improve it. The CIO will also help management develop a structured plan for integrating AI into operations, so that NVD keeps pace with (but never gets ahead of) advancements in operational and corporate efficiency.

Growth has also meant that debt is becoming a bigger part of NVD’s story. The equity raise is important, but it would not be in unitholders’ interests for all funding requirements to be raised in this fashion. To optimize the Partnership’s capital structure, the fundraising efforts include a debt evaluation, with an expectation that additional debt will play a meaningful role in future funding. That work is underway now, and during the third quarter the Board will be presented with a new enterprise-wide debt instrument for approval, which, if approved, will replace the property-by-property approach used to date. This potential change is still to be evaluated by the Board, but it is raised here, because if approved, it will be in place before the end of the year.

Summary

The first half of the year has set NVD up well to realize its objectives for the full year. At the same time, we have planted seeds that will deliver important outcomes in the years to come. As a midyear report, that is what management always wants to be able to say.

Even so, there have been real difficulties this year, like the closure of a restaurant, and management knows failures aren't in NVD's DNA. That points to a requirement for the team to refocus and ensure performance improves across all divisions.

Ultimately at the end of six months, management feels positive about the year so far and the potential for both full year 2025 and beyond. For the rest of the year, unitholders can be confident that the team will stay focused on operations, while advancing the longer-term goals of expansion and growth through a combination of new development plans, financing, and geographic expansion.



FI Academy driver Nicole Havrda joined us at Hyatt Place Whitehorse ahead of our opening reception on August 9, 2025.



Best Western Gold Rush Inn staff greeting guests at the front desk.



Delicious scallops at Belly of the Bison.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS

The financial statements of Northern Vision Development Limited Partnership, which are unaudited and prepared by management, as at and for the period ended June 30, 2025, are included with this semi-annual report. This summary should be read in conjunction with the financial statements and related notes thereto. Comparative results for previous periods are unaudited relating to June 30, 2024, and audited for December 31, 2024, results.

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 June 30, 2025, 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 International Financial Reporting Standards ("IFRS") framework at a time of its choosing, should it believe there is merit in such a change in accounting standards.

FINANCING ACTIVITIES

Equity Financing: There was no equity financing activity or distributions during the period (no financing activity or distributions in the same period in 2024). No units were issued during the period in 2025 (none issued in the same period in 2024).

Long-Term Debt: At June 30, 2025, long term debt was \$50.7 million, representing an Increase of \$13.2 million or 35.2% during the six-month period (December 31, 2024 – \$37.5 million). \$14.2 million new debt was added during the period as part of the construction of the Hyatt and acquisition of the T&M hotel, in addition to a \$1.0 million reduction to debt due to regular principal repayments.

Weighted Average Cost of Debt: At June 30, 2025, the weighted average cost of long-term debt was 5.74% (December 31, 2024 – 5.78%). The debt profile has seen a significant shift from fixed to variable composition in the first half of 2025 driven by the Hyatt Place construction draw using a variable-rate structure. It is the intention of Management to transition the Hyatt Place variable construction loan to a fixed-term loan now that the project is completed. The partnership benefited by a reduction to the variable rate relating to the construction of the Hyatt Place in the first two quarters of 2025. The weighted average cost of long-term debt as of June 30, 2025, that is up for renewal in 2025 is 5.92%. Management is optimistic that we will see an improvement in the overall cost of debt in the second half of 2025 but will see an increase in interest expense on the income statement due to the Hyatt Place becoming operational.

The Partnership's total long-term debt includes 66.1% fixed and 33.9% variable rate loans at June 30, 2025 (92.0% fixed and 8.0% variable at December 31, 2024). At June 30, 2025, long-term fixed-rate debt had a weighted average cost of 5.71% and long-term variable-rate debt had a weighted average cost of 5.80% (December 31, 2024 – 5.75% and 6.20%, respectively). The Partnership's share of a KBC's CMHC loan for \$33.9 million (before a \$4.4 million forgivable portion based on reaching stabilization as defined in the report on operations) and a \$2 million CanNor loan would impact the fixed rate ratios and the weighted average cost of debt if included in the calculations. The CMHC loan has a 10-year fixed term and a 50-year amortization with a 1.95% fixed rate. It is interest-only until stabilization is reached. The CanNor loan has a 0% interest rate and is repayable in equal quarterly instalments over a ten-year term commencing in 2026. With these loans included at NVD share, the fixed rate skew of the debt portfolio would be 72.5% and the weighted average cost of debt would be 5%.

Total debt to equity ratio was 0.78:1 on a book value basis (December 31, 2024 – 0.59:1). The increase in the ratio was primarily driven by an increase in debt related to the construction of the Hyatt Place. On an estimated fair market value basis, the debt-to-equity ratio was 0.39:1 (December 31, 2024 – 0.31:1).

At June 30, 2025, the Partnership was exposed to interest rate risk, with each 1% rise in its variable interest rates responsible for an annual increase of \$172,055 in interest expense (December 31, 2024 – \$100,035). The variable loan balance is on the Hyatt Place construction loan and will be moved to a fixed rate in the latter half of 2025.

Distributions: As the Partnership made a distribution of \$1,250,000 or 3.9 cents per unit in December 2024 there were no distributions made during the current period. The Partnership targets to make distributions once a year in December, while sometimes making special distributions at other times.

RETENTION AWARDS

The retention awards (“RAs”) program provides an incentive to board members and senior management. Up until the current year, grants were made annually as part of the overall compensation program, and vested after three years if the board or staff member remained employed by NVD at the vesting date. The retention awards track the value and distributions associated with NVD LP units. Each year one third of the expected liability of retention grants is expensed. The Partnership adjusts the liability annually to reflect departures (and associated forfeiture of amounts expensed to that point in time), distributions, and NAV changes. In 2025 a review with management and the board concluded that the RA program was not achieving its objectives and the funds normally reserved for this purpose were moved to an annual bonus pool based on meeting AFFO and NAV growth objectives aligned with unitholder expectations.

As at June 30, 2025, liability accrued for RAs issued, expensed but not vested RAs, was \$224,233 (December 31, 2024 – \$178,892). During the six months to June 30, 2025, a total of \$16,728 of RAs that had vested were paid out and a total of \$57,162 in RA expenses were accrued recognizing the potential future cost of these grants once they vest, valued at the current NVD unit price (\$79,953 expensed in the same period of 2024). A further increase or decrease will be applied to the value of the liability during the second half of 2025 recognizing an increase or decrease in the unit value of NVD LP units based on the year-end estimate of NAV per unit, and the value of grants outstanding will continue to receive a monthly accrual for expense so long as the holder of the RA continues to be employed by NVD. If a RA holder leaves NVD employment, their unvested RAs are forfeited.

WORKING CAPITAL

Restricted cash are the balances held at BDC for dedicated capital expenditures within the Hotels Division, funds held in trust related to construction deficiencies, or as a GIC held to support letters of credit associated with development commitments related to the Hyatt Place project.

The balances related to the Hotels Division arise from regular monthly payments made to BDC as part of the hotel loan agreements and are refunded to NVD as capital expenditures are incurred. At June 30, 2025, the balance was \$258,176 (December 31, 2024 – \$287,327). In February 2025, \$168,000 of this amount was submitted to BDC for repayment. Such submissions are made from time to time, upon completion of meaningful capital projects at the hotels.

The balances related to the River’s Reach II deficiency work was \$105,579 at June 30, 2025 (December 31, 2024 – \$105,579). Just over \$55,000 of these balances are held in lawyer trust accounts and are accessible on the completion of warranty work on a unit-by-unit basis, with \$20,000 released to the Partnership in the third quarter of 2025. In addition the Home Warranty program is expected to return the remaining \$35,000 of these funds to the Partnership in the last half of 2025.

The balance of cash held in GICs as reserves was \$175,100 (2024 – \$171,200) related to funds set aside to support letters of credit required for permits on the Hyatt Place project.

Accounts Receivable totaled \$937,666 at June 30, 2025 (December 31, 2024 – \$1,398,975). The reduction in balances reflects the payment received for hosted events in December, which drive higher than normal balances at that time of year, and a carbon tax rebate.

Accounts Payable and Accrued Liabilities totaled \$7,564,118 at June 30, 2025 (December 31, 2024 – \$9,410,321). The decrease in balances reflects the payment of an invoice related to the Hyatt Place build in 2025 that was accrued as a part of year end. The balance continues to be high due to the ongoing construction of the Hyatt Place and the related holdback liability.

Loans Receivable totaled \$3,035,983 at June 30, 2025 (December 31, 2024 – \$5,481,688). This decrease was due to a combination of activities associated with the repatriation and use of funds in the loan portfolio for use in supporting the Hyatt Place development project. The following loans were retired or added during the year:

Advances to Joint Ventures: \$0 at June 30, 2025 (December 31, 2024: \$23,076)

A small portion of the Hobah equity interest was converted into a loan to the Joint Venture and was paid out in the first half of 2025 (\$23,076 at December 31, 2024, after elimination at year end).

Mortgages Receivable: \$1,477,490 at June 30, 2025 (December 31, 2024: \$3,810,958)

There were two mortgages outstanding in the portfolio at December 31, 2024, however one of the mortgages moved to default status early in 2025 and subsequently paid in full including accrued interest and penalties. This reduces the portfolio to one active mortgage which was current at June 30, 2025.

Loans Receivable: \$1,477,490 at June 30, 2025 (December 2024: \$1,647,654)

1. NVD's loan to Carmacks Hotel Ltd. ("CHL") was reduced during the year through regular repayments.
2. NVD has provided a preferred loan facility to KBC Developments Ltd. ("KBC") which is interest bearing as only two of the three partners in KBC supplied such advances. In 2024 and 2025, \$250,000 of this advance (representing two thirds of NVDs total advance) was repaid.
3. NVD's short term loan to Carmacks Development Corporation ("CDC") of \$200,000 is due in current year.
4. A timed units purchase balance relating to staff purchases of NVD units stood at \$144,597 (\$159,422 at December 31, 2024).

Of the balances remaining in the portfolio, 48.7% are held as mortgages receivable which are secured by underlying real estate assets (December 31, 2024 – 69.5%), and the other loans are primarily advanced to subsidiaries, but also to staff for purchase of NVD LP units. The timed unit purchase loans to staff, which represent 4.8% of the loan portfolio balance, are non-interest bearing (December 31, 2024 – 2.9%). The interest rates on the balance of the loan portfolio range from 7.70% to 15.00% with the weighted average being 8.56% (December 31, 2024 – 9.86%).

DEVELOPMENT ACTIVITIES

As of June 30, 2025, PUD balances increased by 36.4% to \$60,124,485, up from \$44,095,803 at December 31, 2024. This increase primarily reflects capital expenditures related to the ongoing Hyatt Place Whitehorse development and the acquisition of the T&M. During the period, the Partnership capitalized: interest and property taxes totaling \$616,291 (2024 – \$112,338); and salaries totalling \$300,642 (2024 – \$166,667).

CAPITAL EXPENDITURES ON PROPERTY AND EQUIPMENT

During the period, the Partnership acquired the T&M in February 2025, located at the corner of 4th Avenue and Main Street in Whitehorse. This property is currently classified under properties under development as it undergoes renovations.

In 2024, the Partnership acquired the Eldorado Hotel for \$2.7 million. Additionally, a change in ownership structure at the Hobah joint venture resulted in a \$2.5 million reduction in its consolidated value to the Partnership. Other capital investments during the 2024 period included: \$340,000 for the purchase of the Trade Centre \$788,000 in recapitalization of existing properties and investment in solar infrastructure. In 2025, the Partnership invested a further \$312,000, primarily focused on replacing furniture and fixtures across its Whitehorse hotel portfolio.

No gains were recorded from the sale of property and equipment during the period (2024 – \$nil).

A total of \$26,753 in salaries was capitalized in 2025 related to improvements made to Property, Plant and Equipment (2024 – \$46,851).

OPERATING ACTIVITIES

Revenues: Revenues increased 2.6% to \$10.69 million in 2025 (2024 – \$10.42 million). The increase has been primarily driven by lease renewals in the Rentals Division, and improved performance in the Restaurants Division despite a challenging first half at the Cabin Fever outlet. The second half of 2025 will see a meaningful increase in revenues relating to the opening of the Hyatt Place Whitehorse hotel.

Hotel revenues were up by 0.9% to \$5.4 million (2024 – \$5.35 million). The increase reflects strong performance across the portfolio with improvements throughout the operations. Hotel revenues will see the majority of the growth relating to the opening of the Hyatt Place in the second half and has further upside in 2026 which will see a full year of Hyatt Place revenues and increased room count in Whitehorse from the T&M.

Rental revenues increased by 5.4% to \$2.33 million (2024 – \$2.21 million) increased are driven by lease renewals and a strong demand for commercial space.

Restaurant revenues increased by 3.5% to \$2.7 million in 2023 (2024 – \$2.61 million). The growth is attributable to an 11.9% improved performance in the Dawson City restaurants and Cabin Fever restaurant being operational for the first half of 2025 versus a partial year in 2024. This has offset a drop in Banquet revenue and general performance of the Whitehorse restaurants.

Other revenues increased by 6.4% to \$262,733 (2024 – \$246,930). Management fees have increased based on revenue increases in the Joint Venture hotel properties that are managed by the Partnership \$11,065 and additional revenue related to the reduction in ownership percentage of the Hobah apartment building \$4,739 with less elimination occurring on consolidation.

Gross Profit and Direct Expenses: Direct expenses increased by 6.6% to \$7.09 million (2024 – \$6.65 million). The increase in direct expenses slightly outpaced the increase in overall revenues reflecting the inflationary pressures being managed; however, these changes were division dependent as outlined below and impacted by a change to the allocation methodology for labour in the Rentals Division.

Hotel costs increased 2.1% to \$3.6 million (2024 – \$3.53 million). This increase was more than the 0.9% increase in revenues. Both revenues and costs were impacted by both inflation and volumes, the overall percentage of change is consistent with the increases to minimum wage in the Yukon which represents a meaningful portion of the Hotel cost base.

Rental costs increased by 32.8% to \$855,070 (2024 – \$644,073). The change in cost is almost exclusively due to a change of overhead salary allocation methodology that resulted in a cost of \$210,194 as noted in more detail in the wages note as there is an offsetting reduction in overhead wages. The normalized increase year over year without changes to the labour allocation is \$803.

Restaurant costs increased by 6.13% to \$2.63 million (2024 – \$2.48 million). The growth is attributable to the improved performance of the Dawson City restaurants and Cabin Fever being open for the year. These cost increases were partially offset decline in performance of the Whitehorse restaurants noted above. This resulted in a reduction in the gross profit margin from 5.0% to 2.6%.

Gross profit decreased by 4.38% to \$3.6 million, which was 33.7% of gross revenues (2024 – \$3.76 million and 36.1% of gross revenues). This reduction can be attributed to the allocation of labour expenses from Wages in overhead to the Rentals Division. The normalized Gross Profit increased by 1.2% and \$45,120 for the first 6 months of 2025 compared to 2024 when the allocation change is removed to allow for comparable numbers.

All Divisions provided a positive gross margin return in the first half of 2025, but we did see some profitability erosion on the margin percentage. While the individual drivers have been identified earlier in this analysis, it should be noted that it would be reasonable to assume margin growth due to the dilution of allocation and services expenses such as the airport shuttle with the opening of the Hyatt Place. This will be in tandem with a significant increase in revenues that supports higher margins in our hotel division. The Restaurants Division will continue to feel a drag from the Cabin Fever location as we transition the space into a new tenant. This impact will be partially offset with the opening of the Carved restaurant and lobby lounge at the Hyatt Place, and the impact on the allocations related to this change. We will see some cost savings in the Hyatt Place restaurant as we were able to transfer staff members and reduce the costs associated with opening a new restaurant. It is unlikely that we will see a meaningful improvement to the margin until 2026 due to closure.

Revenue and Gross Profit by Division

	6 Months to June 30, 2025		6 Months to June 30, 2024		June 30, 2025	June 30, 2024
Six months Ending	Revenue	Gross Profit	Revenue	Gross Profit	Margins	Margins
Hotels	\$5,396,387	\$1,795,691	\$5,350,353	\$1,823,608	33.30%	34.10%
Rentals	2,325,879	1,470,809	2,206,752	1,562,679	63.20%	70.80%
Restaurants	2,704,973	70,344	2,613,909	131,434	2.60%	5.00%
Management Fee and Other	262,733	263,733	246,930	246,930	100%	100%
All Divisions	\$10,689,972	\$3,599,577	\$10,417,944	\$3,764,651	33.70%	36.10%

Normalized results taking out the impact of new allocation methodology

Revenue and Gross Profit by Division (Normalized)

	6 Months to June 30, 2025		6 Months to June 30, 2024		June 30, 2025	June 30, 2024
Six months Ending	Revenues	Gross Profit	Revenues	Gross Profit	Margins	Margins
Hotels	\$5,396,387	\$1,795,691	\$5,350,353	\$1,823,608	33.30%	34.10%
Rentals	2,325,879	1,681,003	2,206,752	1,562,679	72.27%	70.80%
Restaurants	2,704,973	70,344	2,613,909	131,434	2.60%	5.00%
Management Fee and Other	262,733	263,733	246,930	246,930	100%	100%
All Divisions	\$10,689,972	\$3,809,771	\$10,417,944	\$3,764,651	35.64%	36.10%

Expenses decreased by 10.1% in 2025 to \$2.91 million (2024 – \$3.24 million). This decrease was due to the factors outlined below.

Amortization expense decreased by 16.96% to \$823,766 (2024 – \$991,962) reflecting the change to the straight-line method for both Buildings and Leasehold Improvements. The second half of 2025 will see a meaningful increase to this expense as the Hyatt Place is brought online and becomes operational. More information on this change can be found in the summary of significant accounting policies section of this report.

Interest expense increased by 6.3% in 2025 to \$800,663 (2024 – \$753,012). Debt levels increased, due to an equity take-out loan on Waterfront Station as part of the Hyatt Place build. Like the amortization expense, the second half of 2025 will see an increase to this expense as the Hyatt Place comes online, and the capital process ends.

Wage expenses decreased by 17.2% in 2025 to \$722,184 (2024 – \$871,957). This is due to \$210,194 of labour costs being allocated to the Rentals portfolio as part of an update to the allocation methodology. Additionally, internal HR and Marketing resources have been added which are partially offset in the professional fee's costs.

Governance expenses increased by 91.3% to \$200,637 for the year to date (2024 – \$104,882). Management made a substantial change to what is included in governance expenses in the current year to more accurately align to expense to the costs of oversight. Previously this category included wages and annual expenses for board related retention awards as well as board related travel costs and investor related expenses. The category is now expanded to include audit fees and other costs related to overall governance of the Partnership and so year-over-year comparisons for some of the expense items are made difficult.

Office expenses decreased by 19.5% to \$187,483 (2024 – \$232,846). The change in expenses is related to the closure of the Calgary office – \$20,621, coverage of vacancy in Waterfront Station – \$19,911, and miscellaneous expenses of – \$4,831.

Marketing expenses decreased by 35.2% to \$55,973 (2024 – \$86,391). In 2024 the Partnership provided a \$8,300 sponsorship to Yukonstruct, donating \$55,000 in 2024 versus \$32,000 in 2025 for its Yukon University pledge, and a variance of \$13,000 related to 2024 sponsorships for Yukon Quest, Special Olympics, Victoria Good Student Encouragement Society and the Tourism Industry Association which are offset by a 2025 expense for the 2026 Arctic Winter Games.

Professional fees have improved by 68.6% to \$53,251 (2024 – \$169,419). The reduction is related to the legal fees associated with the bankruptcy of Nomodic which were \$56,000 in 2024, updating the Governance line item to include audit fees and Legal Fees of \$40,085.

Travel costs increased by 16.8% in 2025 to \$30,817 (2024 – \$26,375). As the business grows it demands more time and costs related to ensuring the operational needs are maintained.

Bad Debts: \$38,102 for a commercial tenant who ceased its operations and an outstanding balance related to rent and CAM fees. A conservative approach to this expected expense was used, and it is possible it is reduced in the second half of 2025.

Income from operations increased by 30.1% to \$686,701 (2024 – \$527,807). As a result of the impacts discussed above. Improvements to the Gross Margin in the Rentals Division relating to increased lease rates have been obscured by a change in allocations to account for the cost of this division. This change and the management fee increase were offset by lower margins in both the Restaurant and Hotels Division. The update to the Rentals Division costing impacted to the gross profit which would have shown an increase of 1.2% and now shows a reduction of 4.4%. This in combination of the change to the amortization methodology accounts for most of the year-over-year improvement. Both gross profit and net operating income are expected to trend upwards as the Hyatt Place comes online in the second half of 2025.

Interest Income and Other Items

Interest income declined by 44.5% to \$238,736 (2024 – \$430,032). The Partnership purposely built cash balances to fund the Hyatt Place construction and deployed the capital into investments geared towards short-term yields such as GIC's. Loan arrangements made to third parties have also been reduced as those arrangements have come to term.

Gains of sale are flat year over year due to no gains on sale being realized in the first half of 2024 or 2025.

Other investment income NVD holds two investments which it records using the equity method. It owns a one-third share of the initial \$2.1 million investment into KBC Developments Ltd (Normandy Living) ("KBC") and a one-half share of the prioritized \$500,000 second investment into that property. The prioritized investment returns 10% per annum until it is fully repaid at which time NVD's share of the project reverts to 33.33%. NVD owns a 50% interest in Carmacks Hotel Ltd ("CHL"). In both cases NVD acts as the managing partner for the projects. In the first six months of 2024 a total of \$110,935 was recognized as NVD's share of after-tax income from these projects, compared to \$59,850 for the same period in 2024.

Interest income

Interest income declined by 44.5% to \$238,736 (2024 - \$430,032). The Partnership purposely built cash balances to fund the Hyatt Place construction and deployed the capital into investments geared towards short-term yields such as GIC's. Loan arrangements made to third parties have also been reduced as those arrangements have come to term.

Net income

Due to all of the foregoing, Net Income was \$1,036,372 for the period (2024 - \$314,749). The substantial difference is due to the loss relating to a supplier bankruptcy of \$753,013 recognized in 2024.

LIQUIDITY

The Partnership is committed to providing regular liquidity events. After a major liquidity event facilitated the exit of approximately \$12 million in the value of units in late 2020, the Partnership did not make liquidity available as part of its private placement in 2021. Unitholders have indicated an interest in another formal liquidity event and the Partnership is planning a private placement and associated liquidity event in the last half of 2025 should market conditions continue to support such a move. While the NVD balance sheet has supported the Hyatt Place development project, equity financing will be needed to support other projects going forward, so only a portion of any Private Placement will be made available to unitholders seeking a liquidity opportunity. As part of the preparation for a liquidity event NVD has undertaken a full valuation process with BDO LLP.

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. Currently the NVD debt portfolio is highly skewed to fixed rate mortgages and many have relatively short terms to maturity which should provide an opportunity to reduce the Partnership's cost of debt in the short and medium term, however increases in overall debt levels in support of the Hyatt Place project will mean that the Partnership will be recording substantially increased interest expense once that project is launched.

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, 2024, there were 102 Unitholders in the Partnership (December 31, 2024 – 103) represented and controlled by 83 unique individuals or entities (84 unique individuals or entities at December 31, 2023). During the period the number of units remained at 31,984,228 units outstanding. There are no options or purchase warrants issued. Of the total units, 73.1% are owned by Yukon residents or entities (2024 – 73.1%), and 51.2% are owned by Yukon First Nation entities (2024 – 51.2%). Board and staff members own 5.0% of the outstanding units (2024 – 5.6%). Rich Thompson is the largest board/staff investor, Lori Simcox is closely aligned with the largest First Nations investor, and other board members hold meaningful positions in the Partnership. The Unitholder ownership remains highly concentrated, with the top five Unitholders owning 52.4% of the units (2024 – 52.4%) and the top 15 investors holding an 81.1% interest (81.1% at December 31, 2024).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

The Board of Directors review 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 itself 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 prepared by management and is some cases contain comparable balances audited by Crowe Mackay LLP in accordance with Canadian generally accepted auditing standards on behalf of the Partnership. Crowe Mackay LLP has full access to the Board of Directors when they conduct their audit.

September 10, 2025

Approved on behalf of the Board,



Lori Simcox, Director and Audit Committee Chair



Ian McAuley, Director and member of the Audit Committee

CONSOLIDATED BALANCE SHEET

June 30, 2025 (unaudited)

December 31, 2024 (audited)

ASSETS

Current Assets

Cash (Note 2)	\$2,004,750	\$2,541,041
Accounts receivable	937,666	1,398,975
Inventories	441,461	360,106
Loans receivable (Note 8)	3,035,983	5,481,688
	6,419,860	9,781,810

Investments (Note 15)	3,250,340	3,174,405
Property and equipment (Note 3)	52,380,109	52,891,900
Properties under development (Note 4)	60,124,485	44,095,803
Other assets (Note 5)	1,013,669	877,253
	\$123,188,463	\$110,821,171

LIABILITIES & PARTNERS' EQUITY

Accounts payable and accrued liabilities	\$7,546,117	\$9,410,321
Customer deposits (Note 6)	205,331	192,220
Long term debt	50,654,513	37,472,500
	58,405,961	47,075,041
Partners' equity (Note 11)	64,782,502	63,746,130
	\$123,188,463	\$110,821,171

Approved on behalf of the Board,



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

	June 30, 2025 (unaudited)	June 30, 2024 (unaudited)
Revenues		
Hotels	\$5,396,387	\$5,350,353
Rentals	2,325,879	2,206,752
Restaurants	2,704,973	2,613,909
Management Fee and other (Note 10)	262,733	246,930
	10,689,972	10,417,944
Direct expenses		
Hotels	3,600,696	3,526,745
Rentals	855,070	644,073
Restaurants	2,634,629	2,482,475
	7,090,395	6,653,293
Gross profit	3,599,577	3,764,651
Expenses		
Amortization (Note 10)	823,766	991,962
Interest (Note 10)	800,663	753,012
Wages	722,184	871,957
Governance	200,637	104,882
Office	187,483	232,846
Marketing	55,973	86,391
Professional fees	53,251	169,419
Bad debts	38,102	-
Travel and other expenses	30,817	26,375
	2,912,876	3,236,844
Income from operations	686,701	527,807
Other income		
Income (loss) from investments (Note 15)	110,935	59,850
Interest income (Note 10)	238,736	430,032
	349,671	489,882
Net income before the undernoted	1,036,372	1,017,689
Recapture of prior year losses	-	50,073
Provision for supplier bankruptcy	-	(753,013)
Net income	\$1,036,372	\$314,749

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

CONSOLIDATED STATEMENT OF PARTNERS' EQUITY

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Partner's equity, beginning of year	\$63,746,130	\$62,711,285
Units issued	-	434,209
Net Income for the year	1,036,372	1,850,636
Partner's equity, before distributions	64,782,502	64,996,130
Distribution to unitholders	-	(1,250,000)
Partner's equity, end of year	\$64,782,502	\$63,746,130

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

CONSOLIDATED STATEMENT OF CASH FLOW

	June 30, 2025 (unaudited)	June 30, 2024 (unaudited)
Cash flows from operating activities		
Net income for the period	\$1,036,372	\$314,749
Non-cash items		
Amortization of financing fees	19,970	20,653
Amortization of property and equipment	823,766	991,962
Loss (income) from investments	(110,935)	(59,850)
Retention awards expensed	79,976	79,959
Provision for supplier bankruptcy and other	-	702,940
	1,849,149	2,050,413
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	(1,944,180)	844,903
Accounts receivable	461,309	246,096
Other assets	(136,416)	(89,936)
Inventories	(81,355)	(86,879)
Deposits	13,111	(55,682)
	161,618	2,908,915
Cash flows from investing activities		
Loans receivable	2,445,705	2,555,482
Investments	35,000	(1,914,850)
Purchase of property and equipment	(311,975)	(2,520,111)
Investment (net) in properties under development	(16,028,682)	(10,095,158)
	(13,859,952)	(11,974,637)
Cash flows from financing activities		
Financing fees paid	(4,335)	-
Advances from long-term debt	14,205,553	-
Distribution from joint ventures	-	1,369,899
Repayment of long-term debt (net)	(1,039,175)	4,174,817
	13,162,043	5,544,716
Net change in cash during period	(536,291)	(3,521,006)
Cash, beginning of period	2,541,041	7,271,312
Cash, end of period	\$2,004,750	\$3,750,306
Supplemental disclosure of non-cash transactions		
Expenditure on property under development not yet paid	\$4,201,540	\$1,922,774

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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 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 Partnership's interest in its jointly controlled entities as described in Note 14.

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.

1. Summary of Significant Accounting Policies (continued)

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:

Asset Type	Method	Useful Life (Year)	Residual Value
Automotive	Declining balance basis	5	20%
Buildings	Straight Line basis	40	20%
Building improvements	Straight Line basis	20	0%
Computer equipment	Declining balance basis	5	1%
Computer software	Declining balance basis	5	1%
Furniture and fixtures	Declining balance basis	12	5%
Signage	Declining balance basis	10	20%
Solar	Declining balance basis	20	1%
Paving and landscaping	Declining balance basis	20	5%

Buildings are amortized over their estimated useful life, typically 40 years with an estimated residual value of 20%, but can be higher or lower depending on the specific building. Building improvements are made at a tenant's request and are amortized over the lease term and any renewal period.

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 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.

Intangible Assets

The Partnership applies the simplification method to expenditures in a cloud computing arrangement that falls within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements. Under this method, expenditures are treated as a supply of services and recognized as an expense when the company receives the service. Expenditures related to implementation activities are expensed as incurred. During the period, expenditures of \$29,670 (2024 – \$28,251) were included in office expenses.

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.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Properties are rented to tenants pursuant to rental agreements, which provide for various rental terms. 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 determined, 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, 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.

Effective January 1, 2025, the Partnership reviewed and updated its estimates relating to the useful lives and residual value of property and equipment. The useful lives outlined in the property and equipment section describe the estimate useful lives for new assets. For existing assets, the remaining useful life was determined based on the asset's age and condition.

For example, a building that has been in service for 10 years that would ordinarily be amortized over 40 years from the date of acquisition, will be amortized on a straight-line basis going forward over the remaining 30 years. This was reviewed by management, and adjusted based on the actual condition of the asset where there had been substantial improvements that extended the estimated useful life or the remaining useful life was estimated to be less than the originally calculated.

Properties Held for Sale

The Partnership classifies properties 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.

1. Summary of Significant Accounting Policies (continued)

Jointly Controlled Assets

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

- the consolidated balance sheet includes the Partnership's proportionate share of 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
- 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 sale 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

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Restricted	\$566,394	\$563,807
Unrestricted	1,438,356	1,977,234
	\$2,004,750	\$2,541,041

Restricted cash Includes \$285,741 in funds on deposit with BDC for required capital expenditures (December 31, 2024 - \$287,027) as part of a loan commitment, \$105,579 in customer deposits held in trust (December 31, 2024 - \$105,579), and \$175,074 in restricted GICs in development related deposits (December 31, 2024 - \$171,201).

3. Property and Equipment

	June 30, 2025 (unaudited)			December 31, 2024 (audited)		
	Cost	Amortization	Net Book Value	Cost	Amortization	Net Book Value
Automotive	\$527,064	\$316,609	\$210,455	\$436,434	\$308,299	\$128,136
Building	55,109,655	16,342,653	38,767,002	55,080,193	15,794,783	39,285,410
Building improvements	2,953,102	872,367	2,080,734	2,947,604	819,156	2,128,448
Computers and software	1,240,599	1,004,932	235,667	1,196,285	945,743	250,543
Furniture and fixtures	5,737,297	4,015,449	1,721,847	5,591,990	3,890,411	1,701,580
Signage	220,808	109,018	111,790	220,808	103,249	117,559
Solar	179,584	59,004	120,580	182,816	45,704	137,112
Land and improvements	8,887,319	-	8,887,319	8,887,319	-	8,887,319
Paving and landscaping	861,117	616,403	244,714	861,117	605,323	255,793
	\$75,716,545	\$23,336,435	\$52,380,109	\$75,404,567	\$22,512,667	\$52,891,900

Note: The amortization methodology was updated in the 2025 Semi-Annual Report to align with ASPE. This includes the adoption of useful life estimates, residual values, and straight-line depreciation for certain asset classes. Details are provided in the Property and Equipment and Use of Estimates sections above.

During the period, a total of \$26,753 of salaries was capitalized (2023 - \$46,851).

4. Properties under Development

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Land and improvements	\$6,525,635	\$5,157,577
Building and construction	53,598,850	38,938,226
	\$60,124,485	\$44,095,803

Properties under development consist of assets under active development or lands identified for development by the partnership or sale to third parties. During the period, the Partnership incurred construction and other direct costs of \$15,111,709 (2024 - \$9,816,102), interest and property taxes of \$616,291 (2024 - \$112,388) and capitalized salaries of \$300,642 (2024 - \$166,667) for the first six months of the respective years.

5. Other Assets

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Prepaid expenses and deposits	\$527,272	\$668,144
Other assets	486,397	209,109
	\$1,013,669	\$877,253

6. Long-term Debt

As of June 30, 2025, there was \$168,175 (December 31, 2024 - \$183,809) in deferred financing fees netted against long-term debt. During the period, amortization of deferred financing fees totaled \$19,970 (2024 - \$20,653), and \$4,335 in fees were incurred (2024 - \$nil)

	June 30, 2024 (unaudited)	December 31, 2024 (audited)
Amount drawn from a loan facility provided by First Nations Bank and BDC with a total available credit of \$25,000,000 for the construction of the Hyatt Place Project at 511 Main Street, Whitehorse, Yukon, with interest only payable until completion of the project. BDC Interest at 5.95% and First Nation Bank interest at 5.65% as of June 30, 2025.	\$17,205,553	\$3,000,000
Loan payable to First Nations Bank - interest at 6.45% per annum, due December 15, 2025, payable in installments of principal and interest of \$70,578, secured by a first mortgage and assignment of rents on the Partnership's interest in the land and building at 4201 4th Avenue, Whitehorse, YT.	9,109,252	9,237,337
Loan payable to BDC - with fixed monthly repayments of \$73,875 principal plus additional interest at 6.8% per annum, due January 23, 2031, secured by a first mortgage over two Whitehorse hotel properties.	4,837,561	5,273,672
Loan payable to BDC - with fixed monthly repayments of \$33,330 principal plus additional interest at 6.80% per annum due September 30, 2037, secured by a second mortgage over two Whitehorse hotel properties.	3,955,108	4,152,560
Loan payable to RBC - interest at 5.36% per annum, due July 1, 2028, payable in installments of \$26,015 principal and interest, secured by a first mortgage over properties at 2237 2nd Avenue, Whitehorse, YT.	3,720,686	3,776,463
Loan payable to First Nations Bank - interest at 5.95% per annum, due June 1, 2026, payable in installments of principal and interest of \$14,433, secured by a first mortgage and assignment of rents on the Partnership's joint venture interest on residential apartments located at 1 Teslin Road, Whitehorse.	2,200,695	2,214,549
Balance carried forward	\$41,028,855	\$27,654,581

6. Long-term Debt (continued)

	June 30, 2024 (unaudited)	December 31, 2024 (audited)
Balance brought forward	\$41,028,855	\$27,654,581
Loan from CanNor to underwrite costs associated with COVID related delays in the construction of the Normandy Manor Assisted Living Project. There is no interest on the loan, and it is payable in quarterly installments of \$50,000 commencing April 1, 2026.	2,000,000	2,000,000
Loan payable to First Nations Bank - interest at 5.28% per annum due October 31, 2025, payable in installments of principal and interest of \$13,513, secured by the main assets owned by Dawson Downtown Limited Partnership, including the Downtown Hotel and Eldorado Hotel in Dawson City, Yukon.	1,940,528	1,970,327
Loan payable to RBC - interest at 5.16% per annum, due September 2, 2026, payable in installments of \$21,890 principal and interest, secured by a first mortgage over property at 2237 2nd Avenue, Whitehorse, YT.	1,700,261	1,784,600
Loan payable to RBC - interest at 5.19% per annum, due September 1, 2026, with fixed blended payments of principal and interest of \$7,608 per month, secured by a first mortgage on 5025 5th Avenue, along with rents and leases from the property.	1,189,583	1,205,042
Loan payable to RBC - interest at 5.36% per annum, due March 7, 2028, with blended payments of principal and interest of \$6,700 per month, secured by first assignment of rents from units at 2237 Second Avenue, Whitehorse, YT.	1,005,693	1,018,819
Loan payable to RBC - interest at 4.68% per annum, due December 1, 2025, with blended payments of principal and interest of \$8,093 per month, secured by a first mortgage on the property of 9016 Quartz Road, Whitehorse, YT.	992,188	1,017,556
Loan payable to BMO - interest at 5.48% per annum, due August 31, 2025, with monthly blended payments of principal and interest of \$4,013 per month, secured by the following: a first mortgage on Lot 147 Whitehorse Industrial, and a joint and several guarantee from NVDLP and Ketza Construction Corp valued at \$1,350,000.	600,813	608,446
Loan payable to BDC - interest at 4.45% per annum, due June 23, 2031, 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.	196,592	213,129
Total	\$50,654,513	\$37,472,500

The BDC floating base rate as of June 30, 2025, was 7.05% (December 31, 2024 – 8.30%). RBC, First Nations Bank, CIBC, and BMO's prime rate as of June 30, 2025, was 4.95% (December 31, 2024 – 5.45%).

Several loans are scheduled to mature in this fiscal year, and the Partnership anticipates that it will renew these loans under similar terms and conditions. Estimated principal repayments on long-term debt, excluding loan maturities, which are due over the next five years and thereafter, are as follows:

6 months in 2025	\$1,027,593
2026	2,249,609
2027	2,353,725
2028	2,401,801
2029	2,463,924
Thereafter	40,157,861
	<hr/>
	\$50,654,513

The Partnership's debt agreements contain financial covenants which require minimum levels of tangible equity, debt service coverage, limitations on borrowings, and constraints on the use of proceeds of asset sales. The Partnership was in compliance with all its financial covenants as of June 30, 2025.

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 default 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, and takes a security interest in the property and/or the tenant's 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 recognized \$38,102 in bad debt (2024 – \$nil), indicating accounts receivable that are considered uncollectible. Cash is on deposit with Canadian chartered banks, and as a result, management feels that the credit risk associated with this balance is not significant.

The partnership is exposed to credit risk to the extent that substantially all cash is held at one financial institution. The financial institution is a major Canadian bank. The Canadian Deposit Insurance Corporation insures the deposits held by the financial institution. In the event of default, the partnership's cash is insured up to \$100,000 per account.

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 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 variable rates. Fluctuations in these rates will impact the cost of financing incurred and future cash flows available.

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

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Mortgages Receivable	\$1,477,490	\$3,810,958
Loans Receivable	1,558,493	1,647,654
Advances to Joint Ventures	-	23,076
	\$3,035,983	\$5,481,688

(i) Mortgages Receivable

Mortgages receivable represents loans secured by tangible property assets. Interest is charged at rates ranging between 7.70% and 15.00% per annum. During the period, the Partnership earned \$144,712 (2024 - \$162,982) in interest from these loans during the first six months of the respective years. Exposure to credit risk associated with the mortgage 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 considering any collateral or any other credit enhancements. During the period, one Mortgage was fully paid. There was no impairment provisions recorded on the mortgage receivable as of June 30, 2025.

(ii) Loans Receivable

Loans receivables represent non-interest-bearing loans to employees of the Partnership who invested in the timed purchase, as well as short-term loans provided to subsidiaries or business partners of the Partnership. At June 30, 2025, three interest-bearing loans were outstanding: two subsidiaries and one to a business partner of the Partnership. In addition, timed unit purchase loans were outstanding, which do not earn interest and mature on May 31, 2030. These loans advanced to employees related to the timed unit purchase plan are repaid via payroll deduction. There were no impairment provisions recorded on the loans receivable as of June 30, 2025. During the year, interest of \$57,766 was earned (2024 - \$131,183).

(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. During the period, all advances to Joint Ventures have been received in full. The total interest earned during the period was \$13,753 (2024 - \$75,365).

(iv) Passive Interest Earned

In addition, the partnership places excess funds in GICs at rates and terms available from time to time. During the period, income from this source amounted to \$22,505 (2024 - \$60,502).

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 associated 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:

- \$262,733 (2024 - \$246,930) management fees were charged to joint ventures.
- \$128,756 of fees (2024 - \$104,882) were paid to Directors of the Partnership.
- \$56,349 of interest (2024 - \$176,534) was received from unitholders or joint ventures in which the Partnership has a proportionate interest.
- \$16,960 of rent (2024 - \$18,543) was received from an employee or a company controlled by an employee.
- \$24,598 of rent (2024 - \$21,721) 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 of June 30, 2025, the Partnership had the following amounts recorded in accounts receivable and accounts payable and accrued liabilities:

- Accounts receivable from related parties of \$143,315 (December 31, 2024 - \$125,082).
- Amounts due from its joint venture partners of \$86,071 (December 31, 2024 - \$46,650).
- Accounts payable and accrued liabilities owing to related parties of \$3,996 (December 31, 2024 - \$1,310).
- Amounts due to its joint venture partners of \$2,100 (December 31, 2024 - \$630).

10. Segments

As of June 30, 2025, the Partnership had five reportable segments: Hotels, Rentals, Restaurants, Property under development and Other. Hotel operations consist primarily of room rentals. Restaurant operations consist of food and beverage services. Rental properties consist of commercial and residential properties held under long-term leases. Property under development consists of lands and buildings under construction or held for future development.

For the six months ended June 30, 2025 (unaudited)

	Hotels	Rentals	Restaurants	Property Under Development	Other	Total
Revenue	\$5,396,387	\$2,325,879	\$2,704,973	\$ -	\$262,733	\$10,689,972
Direct Expenses	3,600,696	855,070	2,634,629	-	-	7,090,395
Amortization	282,855	386,550	115,091	-	39,270	823,766
Interest income	-	-	-	-	238,736	238,736
Interest expense	377,641	423,022	-	-	-	800,663
Net income (loss)	1,135,195	661,237	(44,747)	-	(715,313)	1,036,372
Properties and equipment	15,687,268	33,612,067	2,693,752	60,124,485	387,022	112,504,594

For the six months ended June 30, 2024 (unaudited)

	Hotels	Rentals	Restaurants	Property Under Development	Other	Total
Revenue	\$5,350,353	\$2,206,752	\$2,613,909	\$ -	\$246,930	\$10,417,944
Direct Expenses	3,526,745	644,073	2,482,475	-	-	6,653,293
Amortization	359,391	495,148	95,930	-	41,493	991,962
Interest income	-	-	-	-	430,032	430,032
Interest expense	334,904	418,108	-	-	-	753,012
Net income (loss)	1,129,313	649,423	35,504	(753,013)	(746,478)	314,749
Properties and equipment	16,007,949	35,684,011	2,710,324	28,893,206	430,916	83,726,406

11. Partner's Equity

On June 30, 2025, there were 31,984,228 partnership units outstanding (December 31, 2024 – 31,984,228). During the period, no new units were issued or redeemed.

12. Commitments

The Partnership has entered into a commitment to make sponsorship contributions to Yukon University over ten years, commencing in 2022. The remaining commitments total \$770,000 (December 31, 2024 – \$770,000). As of June 30, 2025, the Partnership had a commitment to Ketza Construction of \$41,971,194 with a remaining total outstanding of \$3,771,149 (December 31, 2024 – Contract of \$41,650,000 with \$11,991,935 outstanding).

13. Contingencies

As of June 30, 2025, there are no material pending claims by or against the Partnership (No pending claims against the Partnership in 2024).

14. Jointly Controlled Assets ("JCA") and Jointly Controlled Enterprises ("JCE")

Name	Interest	Activity	Inception	Classification
TW Selkirk Joint Venture	49%	Lease of Commercial properties	2011	JCA
Northern Carcross Joint Venture	50%	Lease of Commercial properties	2013	JCA
Dawson Downtown Limited Partnership	50%	Hotel Operations	2013	JCE
Bedrock Hotel Limited Partnership	49%	Hotel Operations	2019	JCE
44588 Yukon Inc	50%	Lease of Commercial properties	2021	JCE
DDDC – NVD Joint Venture	50%	Residential apartments	2022	JCE

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 entities where it has a right to the individual assets and obligations for the separate 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.

14. Jointly Controlled Assets ("JCA") and Jointly Controlled Enterprises ("JCE") (continued)

Balance Sheet	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Assets		
Cash	\$329,187	\$314,606
Accounts receivable	165,589	110,232
Prepaid expenses	101,566	88,313
Inventory	135,551	77,414
Property and equipment	8,197,332	8,320,256
Organization costs	1,103	1,103
	\$8,930,329	\$8,911,923
Liabilities and Equity		
Accounts payable and accrued liabilities	\$458,210	\$324,017
Long term debt	4,938,628	5,029,527
	5,396,838	5,353,544
Equity	3,533,491	3,558,379
	\$8,930,329	\$8,911,923
Income Statement	June 30, 2025 (unaudited)	June 30, 2024 (unaudited)
Revenues		
Hotels	\$969,081	\$954,805
Restaurant, Rental and Other	885,654	772,355
	1,854,734	1,727,160
Expenses		
Hotels	924,908	1,050,330
Rental and Other	564,649	484,806
Gross profit	365,177	192,024
Amortization	154,461	114,899
Interest	146,605	113,130
Expenses	301,066	228,029
Net income	\$64,111	(\$36,005)
Cash flows from operating activities	\$227,896	\$63,099
Cash flows from investing activities	(\$33,416)	(\$4,071,209)
Cash flows from financing activities	(\$179,899)	\$3,870,945

15. Investments

The Partnership accounts for three of its investments using the equity method, as it has assessed that it has significant influence, but not control, over these entities: KBC Developments Inc. ("KBC") in which it owns 33.33%, Carmacks in which it holds a 50% interest and 837224 Yukon Inc ("Kèjān + Rogers") in which it owns a 25% interest. The Partnership acts as managing partner for Carmacks and KBC and reports to a board of directors that represents the ownership interests.

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Carmacks Hotels Ltd ("Carmacks")		
Balance, beginning of the period	\$953,750	\$1,202,656
Loan repayment	-	(540,000)
Payment to Partner	(35,000)	-
Income	161,796	291,094
Balance, end of the period	1,080,546	953,750
Kèjān + Rogers		
Balance, beginning of the period	50,000	-
Investment	-	50,000
Balance, end of the period	50,000	50,000
KBC Developments Inc.		
Balance, beginning of the period	2,167,054	308,763
Income (loss)	(50,861)	(141,709)
Loan advancement	-	2,000,000
Balance, end of the period	2,116,193	2,167,054
Total Equity Investments	3,246,739	3,170,804
Other Investments	3,601	3,601
	\$3,250,340	\$3,174,405

The Partnership jointly and severally guarantees a CMHC loan in the amount of \$33,937,500 (December 31, 2024 - \$34,062,500), held by KBC. The loan is interest only until stabilization is reached at Normandy Living, an 84-unit assisted living complex that KBC owns, located in Whitehorse. Stabilization is defined by a certain revenue level on an annual trailing basis, which, based on current sales trends, the Partnership expects to be achieved toward the end of 2026. Once stabilization is achieved, the guarantees are extinguished. Thereafter, the loan is fixed at 1.95% with a 50-year amortization period. Financing for the entities, beyond shareholder loans for Carmacks, is provided by the Partnership. Included in the disclosure in Note 8 is a loan to Carmacks for \$963,896 (2024 - \$988,232), carrying an interest rate of 7.7%, and a loan to KBC for \$250,000 (December 31, 2024 - \$500,000), carrying an interest rate of 10% per annum.

16. Government Assistance Received During the Period

During the period, the Partnership received \$727,615 in government assistance for renovations and sick leave programs (2024 – \$144,580).

The assistance consists of:

- \$15,115 received and recognized as a reduction of expenses (2024 – \$24,380).
- \$nil received and recognized as revenues (2024 – \$56,977).
- \$712,500 received and recognized as a reduction of capital expenditures (2024 – \$63,223).

Board of Directors

- Jennifer Byram^{2,3}
- Hannes Kovac^{2,4}
- Lori Simcox^{1,4}
- Ian McAuley^{1,3}
- Richard Thompson (Chair)^{1,2,3,4}

1 Denotes member of the Audit Committee

2 Denotes member of the Development Committee

3 Denotes member of Operations Committee

4 Denotes member of the Governance and Compensation Committee

Senior Management

- Richard Thompson, Executive Chairman
- Michael Hale, Chief Executive Officer
- Robert Ganzer, Chief Financial Officer
- Natal Samuelson, VP Operations
- Megan Foreman, VP Business Affairs and Corporate Secretary

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Whitehorse, YT

Auditors

Crowe Mackay LLP
Vancouver, BC

THANK YOU

We appreciate the trust of our clients, partners,
and team members who make our work possible.

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