Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide an assessment of the Company's performance for the nine months ended September 30, 2018 and the comparable period in the prior year, as well as provide information on our financial position and other relevant matters.

DESCRIPTION OF THE BUSINESS

The Company invests directly and indirectly in real assets, including commercial buildings, forest properties, and securities of companies holding property, energy and infrastructure assets.

The Company's principal areas of investment and the proportion of the Company's invested capital are as follows:

(thousands)	Invested Capital		Revenues	
Commercial Properties	$ 58,120	38%	$ 2,778	55%
Forest Properties	32,708	21%	959	19%
Residential Properties	8,594	6%	–	–
Corporate Investments	32,347	21%	900	18%
Other Assets	20,490	13%	430	8%
	$ 152,259	100%	$ 5,067	100%

Commercial Properties

Halmont's directly-owned commercial real estate assets, which represented approximately 38% of the Company's total assets at September 30, 2018, comprised four heritage commercial office buildings and the ground and second floor retail premises of a condominium complex located in the Toronto Entertainment District.

Property	Year Acquired	Ownership Interest	Assets
(thousands)			
51 Yonge Street	2006	100%	$ 5,695
220 King Street West	2014	100%	20,180
224 King Street West Ground and second floors	2016	75%	6,437
22 College Street	2017	100%	20,303
221 Yonge Street	2018	100%	5,505
			$ 58,120

We plan to increase the capital we have invested in commercial properties by acquiring other heritage category properties where there is a strong likelihood of achieving rental rate increases as adjacent properties undergo redevelopment.

Our objective is to enhance the value of our commercial properties portfolio by upgrading and re-tenanting the buildings, while also exploring redevelopment opportunities in conjunction with neighboring property owners.

Forest Properties

Our investment in forest properties is comprised of both common shares and participating preferred shares in Haliburton Forest & Wildlife Reserve Limited, ("Haliburton Forest"), representing an effective 40% equity interest. In aggregate, these investments represent approximately 21% of the Company's total assets. We plan to increase our investment in adjacent forest lands in the future through Haliburton Forest, should opportunities arise.

Haliburton Forest is managed on a sustainable basis, in accordance The Forest Stewardship Council (FSC®), by investing in long-life infrastructure such as logging roads, bridges and processing equipment. Forest product revenues are supplemented with income from recreational activities, including campsite rentals and the production of biochar for industrial and agricultural uses.

Residential Properties

In January 2017, the Company entered into an agreement to develop the peripheral lands of the Muskoka Grandview Resort property in Huntsville, Ontario. In this regard, we have agreed to a $10 million revolving loan facility to the joint operation to finance the sequential construction of a series of residential condominium buildings.

We plan to mitigate risks associated with the development of the Grandview Resort property by subdividing the lands into a number of distinct parcels on which separate residential condominium projects will be built by the joint operation on a phased basis after achieving targeted pre-sale levels.

Corporate Investments

Halmont, through a subsidiary, holds directly and indirectly shares of Brookfield Asset Management Inc. and other corporations owning and providing investment management services principally in real estate, energy and infrastructure sectors. These investments represent approximately 21% of the Company's total assets. After deducting $15.9 million of non-recourse participating equity securities issued by a subsidiary, Halmont's net effective investment in these entities represents approximately 11% of its total assets.

(thousands)	Nine months to Sept. 30 2018	Year ended Dec. 31 2017
Balance, beginning of period	$ 32,589	$ 31,115
Investments sold	(1,350)	-
Other comprehensive income	208	484
Equity accounted income	900	990
Balance, end of period	32,347	32,589
Non-controlling interests	15,968	15,573
Company's net investment	$ 16,379	$ 17,016

Our objective is to hold our current corporate investments for the long term as we expect them to continue to generate a reliable source of income, as well as provide access to professional relationships which assist us in pursuing new investment opportunities.

We account for our corporate investments using the equity method, whereby the investments are initially recorded at cost and adjusted for the Company's contractual share of income and distributions, while taking into account non-controlling participating equity interests in determining their realizable values.

Other Assets

Halmont's initial land development investment involved the acquisition of agricultural land adjacent to a proposed transit hub in Markham, Ontario, which was exchanged for a high-yield mortgage receivable, with partial principal repayments negotiated from time-to-time. Upon repayment of the remaining balance owing, the proceeds were reinvested on a temporary basis in a $5 million mortgage, due in 2020, secured by a prime residential property. In July 2018, the Company acquired a participating second mortgage for $14 million, due June 30, 2021. These loans, together with other future high yield property loans, will be structured to ensure they can be realized prior to their maturity dates to fund long-term investment opportunities as they arise.

CONSOLIDATED OPERATING RESULTS

The Company reported net income of $2,080,000 for nine months ended September 30, 2018 compared with $1,590,000 for the same period in the preceding year. Net income attributable to common shareholders increased to $1,685,000 compared to $1,266,000 in 2017.

Revenue and net income for the nine months ended September 30, 2018 increased compared with the previous year due principally to the additional capital invested in commercial properties.

The Company's financial results have been prepared in accordance with International Financial Reporting Standards. All inter-company transactions and balances have been eliminated on consolidation.

Management's Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

The Company has a $20 million revolving credit facility from a related party and a $10 million operating demand loan facility from a commercial bank. In addition, loans and mortgages receivable in the amount of approximately $20 million can be monetized in the short term.

SUMMARY FINANCIAL INFORMATION

	Nine months ended		Year ended	Year ended	Year ended
	Sept. 30, 2018	Sept. 30 2017	Dec. 31 2017	Dec. 31 2016	Dec. 31 2015
(thousands)					
Total assets	**$ 152,259**	**$ 120,678**	$ 129,313	$ 93,925	$ 76,755
Total revenue	**5,067**	**3,969**	5,972	4,698	4,538
Net income to common shareholders	**1,685**	**1,266**	2,601	2,012	1,970

RISKS AND ACCOUNTING ESTIMATES

A description of the principal risks to which the Company is exposed is described in the notes to the financial statements accompanying this MD&A.

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the carried amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. This subject is more fully dealt with in the notes to the consolidated financial statements accompanying this MD&A.

The carrying values of cash, loans and other receivables, accounts payables, the bank loan, mortgages payable, secured loans and due to affiliates approximate their fair values due to the short-term nature of these financial instruments.

EQUITY

The Company's issued equity capital is comprised of 83,940,000 million Class A Common Voting Shares.

In December 2016 the Company issued Subordinated Convertible Capital Notes, which have been classified and presented as equity. The Capital Notes are redeemable by the Company after December 31, 2020 by issuing 20 million Class B non-voting common shares to the holders.

CONTROLS AND PROCEDURES

The Company's management has evaluated the effectiveness of the Company's controls and procedures and has concluded that such controls and procedures are effective for the interim period ended September 30, 2018. No changes were made in internal controls over financial reporting during the interim period ended September 30, 2018 that have materially affected, or are reasonably likely to affect, the internal control over financial reporting.

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are recorded at the exchange amounts agreed to between the parties.

REVIEW OF THE QUARTERLY FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of the Company for the nine months ended September 30, 2018, have been prepared by and are the responsibility of the Company's management.

Additional information has been filed on SEDAR at www.sedar.com or may be obtained upon request from the Secretary of the Company at Suite 400 – 51 Yonge Street, Toronto, Ontario, M5E 1J1.

November 28, 2018