

**HALMONT PROPERTIES**  
**CORPORATION**

**Year Ended December 31, 2022**

## Forward-Looking Information

This report contains forward-looking information concerning the Company's business and operations. The words "expects", "believes", "continue", "intends", "objective", "likely", "estimates", and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "can", "may", "will", "would", "should" or "could" are predictions of or indicate future events, trends or prospects and which do not relate to historical matters or identify forward-looking information. Forward-looking information in this report includes, among others, differences related to equity accounted investments as a result of the implementation of IFRS, the value of our investments, future income taxes, our ability to generate stable income returns and capital appreciation, fund cash requirements, finance our obligations, determine fair values and other statements with respect to the Company's beliefs, outlooks, plans, expectations and intentions.

Although the Company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking information and statements because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include general economic conditions, the behavior of financial markets including fluctuations in interest and exchange rates, the availability of equity and debt financing and other risks and factors detailed from time to time in the Company's documents filed with the Canadian securities regulators.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise.

## Report to Shareholders

Net income for the year ended December 31, 2022 amounted to \$10,670,000 compared to \$7,252,000 in 2021.

Net income attributable to shareholders in 2022 increased to \$9,572,000 compared to \$7,103,000 in 2021.

Given the deterioration over the past two years in the outlook for low-rise commercial office space, we completed the sale of a third office property in 2022. We have also entered into a sale agreement to sell a fourth property, which is currently scheduled to close in December 2023.

The completion of these property sales will generate approximately \$80 million of capital, which we plan to invest in the forestry sector and defer further investment in commercial office properties until they become available at meaningful discounts to their replacement cost, or are subject to inflation or other attractive lease step-ups.

Fortunately, at the current time we are uniquely positioned to increase our investments in the forestry sector by subscribing for additional shares of Haliburton Forest, which owns and manages approximately 250,000 acres of unencumbered freehold timberlands in Ontario. Halmont also holds a 7% toe-hold investment in Acadian Timber Corp., the owner of approximately 1,100,000 acres of forest lands in New Brunswick and Maine. Together, these companies manage over 3,000,000 acres of Crown Forest.

In addition to its freehold timberlands, Haliburton Forest recently completed the purchase of a fourth sawmill in Ontario, thereby increasing its annual hardwood lumber production capacity fivefold compared to five years ago. Haliburton Forest is also currently in the process of commissioning its biochar production facility, which will consume low-value forest residuals produced by its sawmills.

Investments in freehold timberlands generally increase in value over time through silviculture, forest-improvement harvests, and infrastructure improvements, and directly benefits from commercial and residential developments around their peripheries. Prices of freehold timberlands also tend to track inflation on a lagged basis.

More recently, the value of freehold timberlands has been positively impacted by the recognition of their potential to generate carbon credits through enhanced forest management practices. Haliburton Forest and Acadian Timber Corp. are largely environmentally unencumbered and have long histories of improvement-focused sustainable forest management, providing optionality with respect to the development of carbon credits for voluntary or compliance markets in the future.

Neither the forestry sector nor the commercial property investment opportunities referred to above are expected to detract from our efforts to expand our property financing and advisory services. Halmont's higher earnings and solid capital base, together with its access to diversified sources of medium-term financing, provide ample capital to pursue these activities.

The fully diluted book value of Halmont's common shares, assuming the conversion of our capital notes and convertible preferred shares, increased to 71¢ per common share from 64¢ in December 2021. The rebalancing of our investment profile outlined above is expected to strengthen our future ability to continue to grow the value of Halmont's common shares, notwithstanding the current economic outlook.

In accordance with IFRS accounting principles, our real estate and other investments are revalued at the end of each year, taking into account available market information and the terms of our partnership agreements. As a result, the book value of Halmont's common shares approximates the net realizable value of its assets. Therefore, should these shares trade at a meaningful discount to their realizable value for extended periods, we plan to repurchase shares through normal course issuer bids.

Thank you for your continued interest, and please email us at [admin@halmontproperties.com](mailto:admin@halmontproperties.com) or call me directly at 647-448-7147 with any comments or enquiries you may have.

On behalf of the board,



Heather M. Fitzpatrick

# Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Halmont Properties Corporation ("Halmont", the "Company", or "we", or "our", or "its") is intended to provide an assessment of the Company's performance for the year ended December 31, 2022, and the comparable period in the prior year, as well as provide information on our financial position and other relevant matters. This MD&A should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2022.

## OVERVIEW OF THE BUSINESS

Halmont invests directly and indirectly in two distinct real asset investment categories:

- Real Estate Sector: Low-rise office, retail, residential, and industrial properties.
- Forestry Sector: Freehold timberlands and related manufacturing facilities.

In addition, Halmont also provides financing and property advisory services to client companies.

The total capital invested in each of our three principal areas of business was as follows at the end of the year:

FOR THE YEARS ENDED DEC. 31 (CAD \$ THOUSANDS )	2022	2021
Real Estate Properties		
– Office and retail properties	\$ 42,390	\$ 74,031
– Residential and industrial properties	38,848	26,620
Forest Properties		
– Land holdings	24,012	23,575
– Plant and equipment	12,000	12,000
– Share investments	20,000	20,000
Property Financing and Advisory Service	50,014	74,202
Other Corporate Investments	36,768	35,393
	\$ 224,032	\$ 265,821

## REAL ESTATE PROPERTIES

### Office and Retail Properties

Halmont's directly owned commercial office and retail properties currently represent approximately 19% of the Company's assets and include the following:

- 51 Yonge Street, Toronto, ON, located in the financial district, was acquired in 2006 and currently has an appraised value of approximately \$5.3 million, not taking into account a \$12.8 million after-tax gain which will be realized on a sale expected to close in December 2023.

- 22 College Street, Toronto, ON, acquired in 2017 for \$19.5 million, is located in the discovery district and currently has an appraised value of approximately \$21.1 million.
- 221 Yonge Street, Toronto, ON, was acquired in 2018 for \$5.5 million; this leasehold property is located opposite the Toronto Eaton Centre and currently has an appraised value of approximately \$7.7 million.
- 321 Lakeshore Road, Oakville, ON, was acquired in 2021 for \$7.6 million and, after releasing, has an appraised value of approximately \$8.0 million.

Halmont's objective is to continually enhance the value of its commercial property portfolio by re-tenanting, upgrading their physical appearances, and exploring redevelopment opportunities in conjunction with neighbouring property owners to jointly achieve higher density on the combined land footprint.

### **Residential and Industrial Properties**

Halmont's residential and industrial properties currently represent approximately 17% of the Company's assets and include the following:

- A 60% net profit partnership interest in the Grandview Estates residential land development project located in Huntsville, ON, of which 30 units have been built and sold, and 227 units are in an advanced planning stage.
- A 20% net profit interest in the Paisley land development project in Huntsville, ON, comprising an 84-acre subdivision for retail, commercial and residential uses.
- A \$22.0 million investment interest in a portfolio of property storage facilities across Canada, managed by MakeSpace Inc.
- A \$21.0 million investment interest in a high-rise residential project located in Bear Mountain on Victoria Island, B.C.

Halmont's objective is to continually increase the value of its residential and industrial properties by working with its partners to develop alternative future investment opportunities in these sectors.

## **FOREST SECTOR**

### **Current Investments**

Halmont's directly and indirectly owned investments in the forest sector currently represent 25% of the Company's assets and include the following:

- A 40% equity investment interest in Haliburton Forest & Wild Life Reserve ("Haliburton Forest"), which owns approximately 100,000 acres of predominantly hardwood freehold timberland in Haliburton County, ON, as well as four hardwood sawmills and a biochar production facility.
- An opportunity for Halmont to make an additional \$15.0 million equity investment in Haliburton Forest to enable it to exercise an option to acquire approximately 145,000 acres of predominantly softwood freehold timberland near Timmins, ON.
- A \$20.0 million preferred share, which is convertible into a 7% equity interest in Acadian Timber Corp., the owner of approximately 1,100,000 acres of freehold lands in the Province of New Brunswick and the State of Maine.

## **Freehold Timberlands**

Halmont's objective is to derive attractive investment returns from its investments in freehold timberlands over the long term through the following principal sources:

- The normal course appreciation in land values commensurate with population growth, commercial and residential development, increased inflation, and diminishing supply of prime privately-owned accessible wilderness properties with waterfront features.
- The application of sustainable forest management, which improves forest quality and growth over time by prioritizing the removal of damaged, lower-quality trees in order to promote the growth of the most valuable and vigorous trees.
- Investments in long-life infrastructure, including the building of roads and bridges, which improves property access and provides optionality with respect to land leases, fee-based recreational services, property development, and forest harvesting.
- Realizing the highest and best use of waterfront features through short-term recreational lease contracts, property development, or the sale of such segments of the freehold timberlands at premium prices.
- The development of carbon credits for sale in voluntary or compliance markets, where such opportunities present superior long-term returns to timber-focused sustainable forest management operations.

## **Manufacturing Facilities**

Halmont also seeks to increase investment returns from the operation of Haliburton Forest's four hardwood sawmills and the commissioning of its biochar production facility, which are expected to benefit from the ongoing decline of hardwood lumber manufacturing capacity across North America, increasing demand for hardwood products presented by domestic and international markets, as well as strong incentives to incorporate sustainable bioproducts such as biochar into advanced manufacturing processes.

## **PROPERTY FINANCING AND ADVISORY SERVICES**

Halmont's property loans and other receivables, related to our property financing and advisory services include \$44.6 million of secured mortgages, with maturities through to 2025, and other receivables of \$6.0 million, which currently represent approximately 22% of the Company's assets.

Halmont's property loans are structured to ensure they can be monetized prior to their maturity dates to provide funding for long-term commercial property and forestry sector investment opportunities as they arise.

In addition to expeditiously completing its processing of loan applications, Halmont provides client companies with advice on project financing alternatives and provides participating subordinate loan facilities to fund budget overruns.

Halmont's objective is to seek third-party underwritings of its higher-risk loans, through the adjustment of a portion of the income earned. In addition, should a client experience difficulty executing its property development plans, Halmont is capable of interceding by assigning experienced individuals to stabilize and, if necessary, complete such projects.

## **OTHER CORPORATE INVESTMENTS**

Halmont's holdings in other corporations currently represents approximately 16% of the Company's assets. Taking into account a \$22.6 million non-recourse participating preferred share issued by the subsidiary that holds these corporate investments, Halmont's net effective equity investment in these entities represents approximately 6% of its total assets.

The objective is to hold Halmont's corporate investments for the long term. In addition to generating a reliable source of income, they provide access to business relationships that assist in pursuing its principal investment activities. Halmont accounts for its 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.

## CONSOLIDATED OPERATING RESULTS

The Company reported net income of \$10,670,000 for the year ended December 31, 2022, compared with \$7,252,000 for the same period in the preceding year. Net income attributable to shareholders increased to \$9,572,000 compared to \$7,103,000 in 2021.

Revenue for the year ended December 31, 2022, increased compared with the same period in the previous year principally due to a gain realized on the sale of a commercial property and higher interest earned on property loan advances; partially offset by increased income tax expense and fair value losses on our commercial properties due to higher discount rates.

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

## SUMMARY FINANCIAL INFORMATION

FOR THE YEARS ENDED DEC. 31 (CAD\$ THOUSANDS)	2022	2021	2020	2019
Total assets	\$ 224,032	\$ 265,821	\$ 220,185	\$ 206,149
Total revenue	19,514	13,492	11,219	13,474
Net income to shareholders	9,572	5,899	4,821	6,481

The following table summarizes selected consolidated financial information for the eight most recently completed quarters:

FOR THE PERIODS ENDED (CAD\$ THOUSANDS)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	\$ 740	\$ 2,092	\$ 13,689	\$ 2,993	\$ 6,414	\$ 2,724	\$ 2,201	\$ 2,153
Net income to common shareholders	(440)	669	8,457	886	4,012	484	781	622

## EQUITY BASE

The Company's issued common share capital is comprised of 83,940,000 Class A voting common shares and 40,000,000 Class B non-voting common shares.

The Company's \$20.0 million convertible preferred shares are convertible into 30,769,230 Class B non-voting common shares on or before December 31, 2024.

On December 31, 2021, the Company issued \$25.0 million subordinated convertible capital notes, which are convertible by the holders into 31,250,000 Class B non-voting common shares.

The following table sets out the current issued and outstanding Class A and Class B non-voting common shares, together with the Class B non-voting common shares to be issued on the conversion of its capital notes and preferred shares, as at December 31, 2022.

(CAD\$ THOUSANDS)	Number of shares	Subscribed Value
Issued and Outstanding:		
– Class A common shares	# 83,940	\$ 59,371
– Class B common shares	40,000	28,292
	123,940	87,663
Issuance of Class B common shares on conversion of:		
– Series II subordinated capital notes	31,250	25,000
– Preferred shares	30,769	20,000
	# 185,959	\$ 132,663
Fully diluted Class A & B common shares		

## CONTROLS AND PROCEDURES

Management has evaluated the effectiveness of the Company's disclosure, controls, and procedures and has concluded that such controls and procedures are effective for the year ended December 31, 2022. No changes were made in internal controls over financial reporting during the year ended December 31, 2022 that have materially affected, or are reasonably likely to affect, the internal controls over financial reporting.

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 Company has undrawn contractual revolving credit facilities with a commercial bank and an affiliate totaling \$63.0 million. In addition, loans and mortgages receivable in the amount of approximately \$44.6 million can be liquidated in the short term for re-investment in the Company's principal operations.

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

## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The accompanying audited consolidated financial statements of the Company for the year ended December 31, 2022, have been prepared by and are the responsibility of the Company's management.

Additional information has been filed on SEDAR at [www.sedar.com](http://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.

April 28, 2023



Tel: 416 865 0200  
Fax: 416 865 0887  
www.bdo.ca

BDO Canada LLP  
222 Bay Street  
Suite 2200, PO Box 131  
Toronto, ON M5K 1H1 Canada

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## Independent Auditor's Report

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To the Shareholders of Halmont Properties Corporation

### Opinion

We have audited the consolidated financial statements of Halmont Properties Corporation (the "Company"), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of net and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Fair Value of Commercial Properties*

##### *Description of the key audit matter*

*(Refer to Note 2(g) and 5 of the Consolidated Financial Statements)*

The valuation of commercial properties is a key audit matter due to the subjective nature of the key inputs used in the valuation techniques and the sensitivity of fair value changes in significant assumptions. The key inputs used in determining fair value include comparable properties' sales, estimates of expected future cash flows, and the applicable discount rates and terminal capitalization rates, which are influenced by the nature of each investment property and prevailing market conditions.



### *How the key audit matter was addressed in the audit*

Our audit procedures included the following among others:

- assessed the competence, capabilities and objectivity of the external appraisers engaged by the Company and the Company's management involving the valuation process;
- obtained an understanding of the techniques used by the external appraisers and management in determining the valuation of investment properties;
- with the assistance of our real estate valuation experts, evaluated the fair value methodology used by the external appraisers and management;
- performed an assessment of significant underlying assumptions such as capitalization rates and net operating incomes and compared the significant underlying assumptions to the market;
- assessed management's review and approval process for valuations and budgets; and
- evaluated the adequacy of the disclosures included in the consolidated financial statements relating to the fair value of investment properties

Because of the subjectivity involved in determining fair value for individual commercial properties and the existence of alternative assumptions and valuation methods, we determined a range of fair values that were considered reasonable to evaluate the fair values determined by external appraisers and management.

### **Other Matter**

The consolidated financial statements for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 20, 2022.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis for the year ended December 31, 2022.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis for the year ended December 31, 2022 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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



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

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

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bradley Tagieff.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Ontario  
April 28, 2023

# Consolidated Balance Sheet

FOR THE YEARS ENDED DEC. 31  
(CAD\$ THOUSANDS)

	Note	2022	2021
<b>ASSETS</b>			
Cash		\$ -	\$ 87
Property loans and other receivables	4	72,095	81,095
Commercial properties	5	42,390	74,031
Forest properties	6	56,012	55,575
Residential properties	7	16,767	19,640
Corporate investments	8	36,768	35,393
<b>Total Assets</b>		<b>\$ 224,032</b>	<b>\$ 265,821</b>
<b>LIABILITIES AND EQUITY</b>			
Accounts payable and other	9	\$ 3,475	\$ 3,422
Bank loan	10	8	14
Other loans payable	11	50,000	67,310
Due to affiliates	12	6,966	42,758
Deferred taxes	13	8,324	5,993
		<b>68,773</b>	119,497
Equity			
Non-controlling shareholders' interest	14(a)	22,596	21,743
Subordinated convertible capital notes	14(b)	25,000	25,000
Common and convertible preferred equity	14(c)	107,663	99,581
Total equity		<b>155,259</b>	146,324
<b>Total Liabilities and Equity</b>		<b>\$ 224,032</b>	<b>\$ 265,821</b>

Approved by the Board on April 28, 2023, and signed on its behalf by:



Heather M. Fitzpatrick  
President



David W. Kerr  
Chairman

# Consolidated Statement of Net and Comprehensive Income

FOR THE YEARS ENDED DEC. 31

(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Note	2022	2021
<b>REVENUE AND OTHER INCOME</b>			
Commercial properties		\$ 3,118	\$ 3,442
Interest and other income		5,529	3,072
Forest properties		2,497	2,248
Equity accounted income	8	1,620	1,002
Fair value changes		6,750	3,728
		<b>19,514</b>	\$ 13,492
<b>EXPENSES AND OTHER COSTS</b>			
Commercial properties		\$ 1,703	\$ 1,503
Interest		3,398	3,452
General and administrative		1,366	351
Income taxes expense	13	2,377	934
		<b>8,844</b>	6,240
<b>NET INCOME</b>		<b>\$ 10,670</b>	\$ 7,252
Other comprehensive income (loss)	8	(245)	404
<b>COMPREHENSIVE INCOME</b>		<b>\$ 10,425</b>	\$ 7,656
Attributable to:			
Shareholders			
Net income		\$ 9,817	\$ 6,699
Other comprehensive income (loss)		(245)	404
Comprehensive income		<b>\$ 9,572</b>	\$ 7,103
Non-controlling interest			
Net income		\$ 853	\$ 553
Other comprehensive income		-	-
Comprehensive income		<b>\$ 853</b>	\$ 553
<b>Earnings per common share:</b>			
Basic	15	6.68 ¢	4.76 ¢
Diluted	15	5.28 ¢	4.33 ¢

# Consolidated Statement of Changes in Equity

AS AT AND FOR THE YEAR ENDED DEC. 31, 2022 (CAD\$ THOUSANDS)	Common and Convertible Preferred Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity Attributable to Shareholders of the Company	Non- Controlling Interests	Subordinated Convertible Capital Notes	Total Equity
<b>Balance, December 31, 2021</b>	<b>\$ 58,460</b>	<b>\$ 39,243</b>	<b>\$ 1,878</b>	<b>\$ 99,581</b>	<b>\$ 21,743</b>	<b>\$ 25,000</b>	<b>\$ 146,324</b>
Other comprehensive income	-	-	(245)	(245)	-	-	(245)
Capital notes interest	-	(1,000)	-	(1,000)	-	-	(1,000)
Preferred share dividends	-	(800)	-	(800)	-	-	(800)
Tax	-	265	45	310	-	-	310
Net income	-	9,817	-	9,817	853	-	10,670
<b>Balance, December 31, 2022</b>	<b>\$ 58,460</b>	<b>\$ 47,525</b>	<b>\$ 1,678</b>	<b>\$ 107,663</b>	<b>\$ 22,596</b>	<b>\$ 25,000</b>	<b>\$ 155,259</b>

AS AT AND FOR THE YEAR ENDED DEC. 31, 2021 (CAD\$ THOUSANDS)	Common and Convertible Preferred Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity Attributable to Shareholders of the Company	Non- Controlling Interests	Subordinated Convertible Capital Notes	Total Equity
<b>Balance, December 31, 2020</b>	<b>\$ 58,460</b>	<b>\$ 32,837</b>	<b>\$ 2,033</b>	<b>\$ 93,330</b>	<b>\$ 17,190</b>	<b>\$ -</b>	<b>\$ 110,520</b>
Issuance of capital notes	-	-	-	-	-	25,000	25,000
Other comprehensive income	-	-	404	404	-	-	404
Gain on corporate investments	-	584	(584)	-	-	-	-
Non-controlling interest	-	-	-	-	4,000	-	4,000
Preferred share dividends	-	(800)	-	(800)	-	-	(800)
Tax	-	(77)	25	(52)	-	-	(52)
Net income	-	6,699	-	6,699	553	-	7,252
<b>Balance, December 31, 2021</b>	<b>\$ 58,460</b>	<b>\$ 39,243</b>	<b>\$ 1,878</b>	<b>\$ 99,581</b>	<b>\$ 21,743</b>	<b>\$ 25,000</b>	<b>\$ 146,324</b>

# Consolidated Statement of Cash Flows

FOR THE YEARS ENDED DEC. 31  
(CAD\$ THOUSANDS)

	2022	2021
<b>OPERATING</b>		
Net income	\$ 10,670	\$ 7,252
Items not involving cash:		
Equity accounted income	(1,620)	(1,002)
Fair value adjustments	(6,750)	(4,037)
Fair value gains on forest properties	(437)	(188)
Deferred taxes	(2,377)	934
Changes in non-cash working capital and other	1,359	(973)
	<b>845</b>	1,986
<b>FINANCING</b>		
Bank loan	(6)	(2,509)
Mortgages payable	(17,310)	(560)
Due to affiliates	(37,277)	10,842
Preferred share dividends	(800)	(800)
Non-controlling interest	-	4,000
Subordinated convertible capital notes	-	25,000
Capital notes interest	(1,000)	-
	<b>(56,393)</b>	35,973
<b>INVESTING</b>		
Forest properties investment	-	(819)
Commercial properties, investment	-	(7,565)
Commercial properties, disposition	37,966	-
Other investments	(6,452)	(9,674)
Residential properties, advances	(972)	(7,005)
Residential properties, repayments	4,801	35,220
Property loan, advances	(24,214)	(55,729)
Property loan, repayments	44,332	6,452
Corporate investments	-	1,184
	<b>55,461</b>	(37,936)
<b>Net cash flow</b>	<b>(87)</b>	23
Balance, beginning of year	87	64
<b>Balance, end of period</b>	<b>\$ -</b>	<b>\$ 87</b>
<b>Supplemental cash flow disclosures</b>		
Dividends received	\$ 2,060	\$ 2,060
Interest paid	3,398	3,424

# Notes to the Consolidated Financial Statements

## 1. CORPORATE INFORMATION

Halmont Properties Corporation (“Halmont”, the “Company”, or “we”, or “our”, or “its”) is incorporated and domiciled in Canada. The Company invests in commercial, forest, and residential properties. The Company is listed on the TSX Venture Exchange (the “Exchange”) and has its registered office at 51 Yonge Street, Suite 400, Toronto, Ontario, M5E 1J1.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 28, 2023 and have been prepared by and are the responsibility of the Company’s management.

### b) Basis of Presentation

Unless otherwise noted, the consolidated financial statements are presented in thousands of Canadian dollars.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

- (i) The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries, which are the entities over which the Company has control. Control exists when the Company has power over the investee, with the ability to use its power to affect the amount of returns. Non-controlling interests in the equity of the Company’s subsidiaries are included in equity.
- (ii) The Company enters into joint ventures with one or more parties whereby economic activity and decision-making are shared. A jointly controlled asset involves joint ownership, whereby each party is entitled to its share of the assets, liabilities, revenue, and expenses. The Company accounts for its share in interests in and results from jointly controlled assets, whereby the Company’s shares of each of the assets, liabilities, income, and expenses of the joint venture are recorded in the financial statements.
- (iii) Corporate investments are entities over which the Company has significant influence over financial and operating policies. These investments are accounted for using the equity method whereby the investment is initially recognized at cost and adjusted for the Company’s share of income and distributions. These investments are subject to shareholder agreements which determine the realizable value of the Company’s investment on ultimate disposition.

### c) Commercial Properties

Commercial properties including land leases are recorded at fair value at the balance sheet date. The changes in fair value are recorded in the consolidated statements of comprehensive income at year end. Fair value is determined based upon internal valuations, supplemented on a rotational basis by independent external appraisals conducted by qualified and experienced evaluators. The Company appraises its commercial properties using the discounted cash flow approach, based on future free cash flow, when determining the fair value of its commercial properties.

### d) Financial Instruments

The Company classifies its financial assets and liabilities as either fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVTOCI), or amortized cost based on the Company’s business objectives and contractual characteristics of the financial instrument.

The Company’s financial assets comprise cash, property loans and other receivables, forest properties, residential properties, and corporate investments.

The Company’s financial liabilities comprise accounts payable and other, bank loan, other loans payable, and due to affiliates.

In accordance with IFRS 9, the Company’s financial liabilities are classified as amortized cost. The Company’s financial assets are classified as follows: property loans and other receivables – amortized cost/FVTPL, forest properties – FVTPL, and corporate investments – FVTOCI.

**e) Revenue Recognition**

The Company has retained substantially all the risks and benefits of ownership of its commercial properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally, this occurs on the lease commencement date or when the Company is required to make additions to the property in the form of tenant improvements upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line or free rent receivable, as applicable, is recorded for the difference between the rental revenue recorded and the contractual amount received. Rental revenue also includes recoveries of operating expenses, including property tax.

Interest income is recognized on an accrual basis, and dividends from marketable securities are recognized on the ex-dividend date.

Gains on the sale of real estate are recognized when title passes to the purchaser and collection of proceeds is reasonably assured.

**f) Income Taxes**

Income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all temporary deductible differences and for the carry forward of unused tax credits, and unused tax losses only to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date to determine when recoverable. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability settled, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

**g) Use of Estimates, Judgments, and Assumptions**

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the carried amounts of certain assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Actual results could differ from those estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods, and there are no known trends, commitments, events, or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates and judgments in these financial statements.

The estimates and judgments used in determining the recorded amount for assets and liabilities in the financial statements include the following:

- (i) **Commercial Properties**  
The critical judgments and estimates used when determining the fair value of commercial properties relate to identifying comparable properties' sales, estimates of expected future cash flows, and the applicable discount rates and terminal capitalization rates used in the discounted cash flow model.
- (ii) **Degree of Influence**  
When determining the appropriate basis of accounting for the Company's corporate investments, the Company uses the following critical judgments and assumptions: the degree of power or influence that the Company exerts; the amount of potential voting rights which provide the Company or unrelated parties voting powers; the terms of the shareholder or other contractual agreements; the ability to appoint directors; and the amount of benefit that the Company receives relative to other investors.

Other critical estimates in preparing the Company's financial statements include the assessment of net recoverable amount for receivables, estimation of tax provision, and the ability to utilize tax losses in the normal course.

**3. RISK MANAGEMENT**

The Company is exposed to the following risks due to holding financial instruments: market risk (i.e., interest rate risk, currency risk, and other price risks that impact the fair value of financial instruments); credit risk; and liquidity risk. There have been no changes in the Company's objectives, policies, and processes for managing and measuring risk since the previous year. The following is a description of these risks and how they are managed.

**a) Market Risk**

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates, and changes in market prices due to factors other than interest rates or currency exchange rates such as equity prices, commodity prices, or credit spreads.

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in the net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in the fair value of financial instruments whose cash flows are fixed in nature. Financial instruments held by the Company exposed to market value risk include mortgages receivable and due to affiliates.

The Company has no foreign currency risk.

Another price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads. A 100-basis point increase or decrease in interest rate would impact expense by \$0.561 million and interest and other income by \$0.184 million.

**b) Credit Risk**

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations regarding property loans and other receivables. Exposure to credit risk in respect of financial instruments relates to counterparty obligations.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The primary source of liquidity consists of cash and financial assets, net of other liabilities, and undrawn committed credit facilities.

**4. PROPERTY LOANS AND OTHER RECEIVABLES**

The Company's property loans and other receivables include approximately \$44.6 million (2021 - \$61.0 million) in secured mortgages, with maturities through to 2025, a \$3.9 million investment in a third-party managed investment fund (2021 - \$2.2 million), a \$12.0 million (2021 - \$7.0 million) investment in and a \$10 million loan (2021 - \$Nil) to an industrial property fund, which invests in property storage facilities across Canada, and \$1.6 million (2021 \$1.4 million) in accounts receivable.

The Company has committed up to \$10.0 million to the third-party managed investment fund and up to \$15.0 million in the industrial property fund.

Interest and other income includes \$4.5 million of interest revenue from loans and other receivables which are classified at amortized cost.

**5. COMMERCIAL PROPERTIES**

The Company holds a 100% interest in four commercial properties. During the year, the Company sold its 401 Yonge Street property resulting in an after-tax gain of approximately \$8.5 million, as well as 224 King Street for its approximate fair value.

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
	2022		2021
Balance, beginning of year	\$	74,031	\$ 61,666
Additional investment		-	7,565
Sale of buildings		(28,170)	-
Property land lease and capital investments		(166)	470
Fair value adjustments		(3,305)	4,330
	\$	42,390	\$ 74,031

Lease income from operating leases totalled \$2.7 million (2021 - \$3.4 million), including \$0.8 million (2021 - \$1.5 million) of income related to variable lease income that is not dependent on an index or rate. The property land lease, or right - of - use asset, is amortized applying a straight-line method over the term of the lease to 2033. The corresponding lease liability was established using a 4.0% discount rate. Cash payments for the land leases during 2022 amounted to \$250,000. Commercial properties include a property with a fair value of \$5.5 million held under land lease.

The weighted average discount rate in our valuations during 2022 was 6.29% (2021 – 5.35%) and the weighted average terminal rate is 5.70% (2021 – 4.38%). The sensitivity to changes in the discount and terminal capitalization rate by 25 basis points is \$775,009.

The commercial properties revenue is comprised of approximately 60% base rent and 40% variable lease payments for common area and property tax reimbursement. Minimum base rental commitments under non-cancellable tenant operating leases are as follows: 2023 - \$2.22 million, 2024 - \$2.27 million, 2025 - \$2.16 million, 2026 - \$2.17 million, 2027 - \$2.10 million, thereafter - \$6.85 million.

The Company's commercial properties fair value appraisals were completed by internal appraisals other than its 22 College Street property which was completed by a third-party appraiser.

## 6. FOREST PROPERTIES

The Company's investments in forest properties comprises a 40% equity interest in common and participating preferred shares of Haliburton Forest and a \$20.0 million preferred share investment in Macer Forest Holdings Inc., which holds a 45% investment in Acadian Timber Corp. The Company's preferred share investment is convertible into a 7% equity interest in Acadian Timber Corp.

During the year, the Company received dividend income of \$2.1 million (2021 - \$2.1 million) from its forest property investments.

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
		<b>2022</b>	2021
Balance, beginning of year	\$	<b>55,575</b>	\$ 54,568
Additional investment		-	819
Fair value adjustments		<b>437</b>	188
	\$	<b>56,012</b>	\$ 55,575

## 7. RESIDENTIAL PROPERTIES

Residential properties include construction loans advanced which bear interest at the prime rate + 1.0%, and a 60% net profit joint venture partnership interest in a residential development project in Huntsville, Ontario. At December 31, 2022, the Company's investment in the joint venture was \$16.7 million (2021 - \$19.6 million).

The Company has a 20 % net profit interest in the Paisley land development project in Huntsville, Ontario.

The Company accounts for its joint venture partnership interests using the equity method of accounting, initially recognized at cost.

## 8. CORPORATE INVESTMENTS

The Company holds, directly and indirectly, investment interests in Brookfield Corporation, Brookfield Asset Management Ltd., Trisura Group Ltd., as well as other corporations with real estate and related infrastructure interests. Corporate investments include marketable securities carried at a fair value of \$0.6 million, and equity accounted investments of \$36.2 million. Changes in the carrying amounts of these investments are as follows:

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
		<b>2022</b>	2021
Balance, beginning of year	\$	<b>35,393</b>	\$ 35,171
Investments sold		-	(1,184)
Other comprehensive income		<b>(245)</b>	404
Equity accounted income		<b>1,620</b>	1,002
Balance, end of period		<b>36,768</b>	35,393
Non-controlling interest		<b>(22,596)</b>	(21,743)
Company's net investments	\$	<b>14,172</b>	\$ 13,650

## 9. ACCOUNTS PAYABLE AND OTHER

Accounts payable include a \$2.1 million land lease liability related to an office building owned by the Company, with the corresponding right of use asset recorded in commercial properties.

## 10. BANK LOAN

The Company has \$10.0 million of operating loan facilities from a Canadian Chartered Bank. The amount drawn on the facility at year end was \$0.008 million (2021 - \$0.014 million).

## 11. OTHER LOANS PAYABLE

FOR THE YEARS ENDED DEC. 31				
(CAD\$ THOUSANDS)				
	Maturity Date	Interest Rate	2022	2021
Secured loans	January 1, 2025	prime + 0.5%	\$ 15,000	\$ 15,000
	January 1, 2025	4.00%	10,000	10,000
Senior debentures	December 31, 2028	4.50%	25,000	25,000
Mortgages payable	2022 - 2028	3.37%	-	17,310
			\$ 50,000	\$ 67,310

Holders of the senior debentures have the right to secure their loan interests with a first charge on certain assets of the Company.

## 12. DUE TO AFFILIATES

The Company has a \$60.0 million credit facility from an affiliate which bears interest at the prime rate plus 0.5%, is unsecured, and is due on ten days' written notice or after September 30, 2023. The amount drawn on the facility at year end was \$6.9 million (2021 - \$42.8 million).

An affiliate holds \$5.0 million of the Company's senior debentures and \$3.5 million of the Company's Series II subordinated convertible capital notes.

## 13. INCOME TAXES

The reconciliation of income taxes computed at the statutory rates to income tax expense is as follows:

FOR THE YEARS ENDED DEC. 31				
(CAD\$ THOUSANDS)				
	2022		2021	
Tax at statutory rates on accounting income before provision	26.50	%	26.50	%
Portion of gain subject to different tax	(19.12)		(13.68)	
Other	(11.37)		(1.40)	
	18.75	%	11.42	%

The Company's deferred tax expense is \$0.575 million (2021 - \$0.934) and its current income tax expense for 2022 is \$1.8 million (2021 - \$nil). The Company's current income taxes are aggregated with deferred income taxes in income tax expense on the Company's Consolidated Statements of Net and Comprehensive Income.

Deferred tax liabilities are principally related to the Company's commercial properties - \$(0.43) million, corporate investments - \$0.17 million, forest properties - \$0.06 million, other - \$0.73 million and residential properties - \$nil.

Included within the deferred tax payable on the consolidated balance sheet is current tax payable of \$1.8 million.

## 14. EQUITY

### a) Non-controlling Interests

This amount includes preferred shares and a 33% common share equity interest held by other shareholders in a subsidiary through which the Company holds its corporate investments.

FOR THE YEARS ENDED DEC. 31		
(CAD\$ THOUSANDS)		
	2022	2021
Preferred shares	\$ 12,000	\$ 12,000
Common shares	10,596	9,743
	\$ 22,596	\$ 21,743

### b) Convertible Capital Notes

On December 31, 2021, the Company issued \$25.0 million subordinated convertible capital notes. The capital notes bear interest at 4% per annum payable annually, with an interest rate reset every five years commencing December 31, 2026, and are convertible into 31,250,000 Class B non-voting common shares.

The capital notes mature on December 31, 2081, and are redeemable by the Company after December 31, 2026, at a price equal to 100% of the principal amount of the note, together with accrued and unpaid interest to the redemption date. Upon non-payment of interest or principal when due, the capital notes are convertible at Halmont's discretion into Class B non-voting common shares.

### c) Common and Convertible Preferred Equity

The Company's common and preferred equity is comprised as follows:

FOR THE YEARS ENDED DEC. 31		
(CAD\$ THOUSANDS)		
	2022	2021
Class B convertible preferred shares	\$ 20,000	\$ 20,000
Class A voting & Class B non-voting common shares	87,663	79,581
	\$ 107,663	\$ 99,581

The Company is authorized to issue an unlimited number of preferred and common shares with no stated par value. As of December 31, 2022, issued and outstanding shares comprised 83,940,000 Class A voting common shares (2021 – 83,940,000), 40,000,000 Class B non-voting common shares (2021 – 40,000,000), and \$20.0 million convertible preferred shares (2021 – \$20.0 million).

The Company's \$20.0 million convertible preferred shares bear a 4% annual dividend and are convertible into 30,769,230 Class B non-voting common shares on or before December 31, 2024.

### d) Normal Course Issuer Bid

In December 2022, The TSX Venture accepted a notice of our intention to commence a normal course issuer bid (NCIB) program that allows the Company to purchase, between December 14, 2022 and December 13, 2023, 4,197,000 Class A voting common shares. Halmont's shareholders may obtain a copy of this notice, without charge, by contacting the Company.

## 15. BASIC AND DILUTED EARNINGS PER COMMON SHARE

FOR THE YEARS ENDED DEC. 31		
(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
	2022	2021
Net income available to common shareholders - basic	\$ 8,282	\$ 5,899
Weighted average number of Common Shares issued	123,940	123,940
Basic earnings per Common Share	6.68 ¢	4.76 ¢
Net income available to common shareholders - diluted	\$ 9,817	\$ 6,699
Weighted average number of Common Shares issued plus dilution	185,959	154,795
Diluted earnings per Common Share	5.28 ¢	4.33 ¢

## 16. OTHER INFORMATION

### a) Related Party Transactions

Related parties include subsidiaries, associates, joint ventures, and key management personnel who have the authority and responsibility for planning and directing the Company's activities. The Company's directors provide oversight over the business and do not plan, direct, or control the activities of the Company directly.

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

The Company has investments in Brookfield Corporation, Brookfield Asset Management Ltd., Acadian Timber Corp. and Haliburton Forest & Wild Life Reserve Ltd.

The remuneration of key management personnel of the Company during the year totaled \$250,000 (2021 - \$250,000).

### b) Segmented Information

Segments are determined by the nature of products produced or services rendered.

The Company operates in three reportable segments, real estate, forest properties, and property financing. All the Company's assets and operations are located in Canada.

### c) Financial Instruments

All of the Company's financial instruments are carried at amounts that approximate fair value based on level 3 inputs in accordance with the IFRS 13 hierarchy. The fair values of amounts receivable are estimated using the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. The fair value of the Company's investment in forest properties is determined based on prescribed values per contractual agreements.

The following table presents the contractual maturities of the Company's financial liabilities at December 31, 2022:

	1 to 3 Years	4 to 5 Years	Thereafter	Total
(CAD\$ THOUSANDS)				
Bank loan	\$ 8	\$ -	\$ -	\$ 8
Mortgages payable	-	-	-	-
Other loans payable	-	25,000	25,000	50,000
	\$ 8	\$ 25,000	\$ 25,000	\$ 50,008

### d) Capital Management

The permanent capital available to pursue the Company's operations as at December 31, 2022, was \$155.3 million (December 31, 2021 – \$146.3 million), comprised of \$107.7 million (2021 – \$99.6 million) attributable to shareholders of the Company, \$22.6 million (2021 – \$21.7 million) attributable to non-controlling interests, and \$25.0 million (2021 - \$25.0 million) attributable to subordinated capital note holders.

The Company's objectives when managing its capital are to maintain sufficient capital to support its operations and to enable it to respond to investment opportunities should they arise. The Company is in compliance with all covenants and other capital requirements arising from the regulatory or contractual obligations of material consequence to the Company. There were no changes in the Company's approach to capital management during the year.

## 17. SUBSEQUENT EVENT

Subsequent to the year end, the Company advanced \$1.3 million to its industrial property fund and \$1.2 million to its third-party managed investment fund.

# **HALMONT PROPERTIES** **CORPORATION**

## **DIRECTORS**

**Claude A. Doughty**

Huntsville, ON

**Heather M. Fitzpatrick**

Toronto, ON

**Randal L. Froebelius**

Toronto, ON

**M. Diane Horton\***

Toronto, ON

**David W. Kerr\***

Toronto, ON

**Timothy R. Price\***

Toronto, ON

*\*Members of the Audit and Corporate Governance Committee*

## **OFFICERS**

**David W. Kerr**

Chairman

**Heather M. Fitzpatrick**

President & CEO

**Euan J. Darling**

Chief Investment Officer

**Randal L. Froebelius**

Property Management

**Anthony E. Rubin**

Secretary & Treasurer

**Ines N. Zaloshnja**

Controller

## **Head Office**

51 Yonge Street, Suite 400

Toronto, ON

M5E 1J1

Telephone: 647.448.7147

Fax: 416.203.9931

## **Exchange**

Toronto Stock Exchange - Venture

TSX- V: HMT

## **Register and Transfer Agent**

TMX Equity Transfer Service

200 University Avenue, Suite 300

Toronto, ON M5H 4H1

**HALMONT PROPERTIES**  
**CORPORATION**

51 Yonge Street, Suite 400  
Toronto, ON M5E 1J1  
(HMT.V)