
HALMONT

PROPERTIES
CORPORATION

Six Months Ended
June 30, 2024

AMENDED AND RESTATED UNAUDITED INTERIM
MD&A AND CONSOLIDATED FINANCIAL STATEMENTS

**NOTICE OF NO AUDITOR REVIEW OF AMENDED AND RESTATED INTERIM MANAGEMENT AND DISCUSSION
ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim Management's Discussion and Analysis (MD&A) and consolidated financial statements of **Halmont Properties Corporation** ("Halmont" or the "Corporation") for the six months ended June 30, 2024, have been amended and restated. The unaudited interim MD&A and consolidated financial statements have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these amended and restated interim consolidated financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements.

This amendment and restatement result from a review by the BC Securities Commission of the Corporation's MD&A. In alignment with the updated MD&A, certain modifications have also been made to the unaudited interim financial statements and related notes. Importantly, these changes have no impact on any previously reported financial figures.

The previously filed interim MD&A and financial statements for the six months ended June 30, 2024, were originally filed on SEDAR+ on August 28, 2024. This notice supersedes the previously filed version.

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 six months ended June 30, 2024, amounted to \$7,842,000 compared to \$5,023,000 in 2023.

In response to the deterioration in lease rates for heritage office buildings, proactive measures were taken in recent years to adapt to the evolving market realities. In February 2024, we completed the sale of our remaining heritage office building. The proceeds from this sale, together with the funds previously received from the earlier sale of three other buildings, are expected to be reinvested in institutionally occupied buildings and forest properties.

In April 2024, we completed the purchase of a 50% equity interest in 25 Dockside Drive, Toronto, in partnership with George Brown College. Situated adjacent to the College's two other premier waterfront buildings, this acquisition effectively doubles the size of its waterfront campus.

As at June 30, 2024, the fully diluted book value of the Company's common shares, assuming the conversion of its capital notes and convertible preferred shares, increased by 15% to 84¢ per common share compared to 73¢ in June 2023.

At the end of each year, we re-value our real estate and other investments in accordance with IFRS. Should these shares trade at meaningful discounts to their book value for extended periods, we plan to repurchase shares through normal course issuer bids.

Thank you for your continued interest and support.

On behalf of the board,



Heather M. Fitzpatrick
President & Chief Executive Officer

Management's Discussion and Analysis

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Halmont Properties Corporation ("Halmont", the "Company", or "we", or "our") for the six months ended June 30, 2024, includes material information up to December 11, 2024, and provides an assessment of the Company's performance. The financial information has been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company and related notes for the same period.

OVERVIEW OF THE BUSINESS

Halmont invests directly and indirectly in three distinct property-related investment categories:

Real Estate: Commercial, residential and industrial properties.

Forest: Freehold timberlands and related manufacturing facilities.

Financial: Medium-term property loans and related advisory services.

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

FOR THE SIX MONTHS ENDED JUNE 30 (CAD \$ thousands)	2024		2023	
Real Estate Properties				
— Commercial Properties	\$ 75,785	23%	\$ 42,124	17%
— Residential and Industrial Properties	50,273	15%	33,490	13%
Forest Properties				
— Haliburton Forest	75,483	22%	52,409	21%
— Acadian Timber Corp	20,000	6%	20,000	8%
Financial Assets				
— Property Loans and Other	74,466	22%	65,360	26%
— Corporate Investments	40,442	12%	37,485	15%
	\$ 336,449	100%	\$ 250,868	100%

REAL ESTATE PROPERTIES

We present the operating results of our Real Estate Properties based on our investment strategies and the nature of their underlying inherent characteristics. Therefore, we have categorized our Real Estate Properties into two groups: Commercial Properties and Residential and Industrial Properties.

Commercial Properties

Halmont's commercial properties represent approximately 23% of the Company's assets and include:

25 Dockside Drive, Toronto:	Acquired on April 15, 2024, in partnership with George Brown College for approximately \$240 million, with each partner holding a 50% equity interest, valued at \$40.0 million each. The acquisition was financed with a \$160.0 million bond issuance.
22 College Street, Toronto:	Appraised value of approximately \$21.4 million.
221 Yonge Street, Toronto:	Appraised value of approximately \$4.6 million.
321 - 329 Lakeshore Road, Oakville:	Appraised value of approximately \$6.8 million.

During the first quarter, the Company sold its 51 Yonge Street property for \$20.0 million, \$10.0 million of which was received as a vendor-take-back loan. Total lease income for the three months ended June 30, 2024, was \$2.3 million, compared to \$1.0 million for the same period in the prior year. Total lease income for the six months ended June 30, 2024, was \$3.1 million, compared to \$1.4 million for the same period in the prior year. This increase is primarily attributable to lease income received from 25 Dockside Drive, acquired during the quarter.

Total commercial property expenses for the three months ended June 30, 2024, were \$0.3 million, compared to \$0.4 million for the same period in the prior year. Total commercial property expenses for the six months ended June 30, 2024, were \$0.6 million, unchanged compared to the same period in the prior year. Commercial Properties expenses include costs such as property maintenance, property management fees, insurance, taxes and other expenses associated with maintaining income-generating properties.

Halmont aims to enhance the value of its commercial property portfolio by re-tenanting, upgrading physical features, and exploring redevelopment opportunities with neighboring properties. Furthermore, Halmont will partner with institutions to assist in acquiring properties that align with their long-term real estate strategies.

Residential and Industrial Properties

Halmont's residential and industrial properties represent approximately 15% of the Company's assets and include:

Grandview Estates, Huntsville:	60% net profit partnership interest in 34 units built and sold, and 227 units in an advanced planning stage. \$15.8 million in construction loans advanced.
Paisley Land Development, Huntsville:	20% net profit interest in an 84-acre mixed-use subdivision for retail, commercial, and residential uses.
MakeSpace Inc.:	\$34.5 million investment interest in a portfolio of property storage facilities across Canada.

Total interest income from our construction loans advanced for the three months ended June 30, 2024, was \$0.3 million compared to \$0.6 million for the same period in the prior year. Total interest income from our construction loans advanced for the six months ended June

30, 2024, was \$0.7 million compared to \$0.9 million for the same period in the prior year. This decrease is primarily attributable to loan repayments and lower prevailing interest rates.

Halmont continues to explore opportunities to increase the value of its residential and industrial properties by collaborating with partners to develop future investment opportunities.

FOREST PROPERTIES

The operating results of our Forestry Properties segment are presented based on our strategy of direct and indirect investment in forestry companies. Within our Forest Properties we have investments in Haliburton Forest and Acadian Timber Corp.

Haliburton Forest

Halmont's investment in Haliburton Forest currently accounts for 22% of the Company's assets, and is comprised of 59% equity interest in Haliburton Forest, which owns approximately 100,000 acres of predominantly hardwood freehold timberlands in Haliburton County, ON, and approximately 145,000 acres of predominantly softwood freehold timberlands near Timmins, ON. Haliburton Forest also owns and operates five hardwood sawmills and a 50% partnership interest in a biochar production facility.

Halmont earned \$1.0 million from its investment in Haliburton Forest for the three months ended June 30, 2024, compared to \$0.7 million for the same period in the prior year. Total income for the six months ended June 30, 2024, was \$1.9 million compared to \$1.4 million for the same period in the prior year. This increase primarily reflects a \$21.7 million additional investment in Haliburton's participating preferred shares.

Halmont's objective is to earn attractive investment returns from the appreciation in the value of Haliburton Forest's 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, continued inflation, and a diminishing supply of prime privately-owned recreational properties with attractive waterfront features.
- The application of sustainable forest management practices, which improve 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 improve property access and provide 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, long-term commercial leases, property development, or the sale of such segments of the freehold timberlands at premium prices.

Halmont also aims to benefit from opportunities to develop carbon credits for sale in both the voluntary and compliance markets to produce superior long-term returns to timber-focused sustainable forest management operations.

Acadian Timber Corp.

Halmont's investment in Macer Forest Holdings Inc. currently accounts for 6% of the Company's assets, including a \$20.0 million convertible preferred share, exchangeable for a 7% equity interest in Acadian Timber Corp., which owns approximately 1,100,000 acres of freehold lands in New Brunswick and Maine.

Acadian Timber Corp. owns and manages approximately 777,000 acres of freehold timberlands in New Brunswick and approximately 300,000 acres of freehold timberlands in Maine. Acadian also provides forest management services related to approximately 1,300,000 million acres of Crown timberlands in New Brunswick. Therefore, Halmont indirectly holds an effective interest in 77,000 acres of additional freehold forest lands through its ownership.

Acadian's products include softwood and hardwood sawlogs, pulpwood, and biomass. Acadian also develops carbon credits for sale in the voluntary carbon credit markets and generates additional income from long-term leases.

In the future, consideration will be given to a strategic transaction between Haliburton Forest and Acadian Timber Corp. The attraction of such a transaction would include geographic and economic diversification of the companies' respective land holdings, as well as complementary expertise in forest management, timber marketing, carbon credits, and real estate development.

FINANCIAL ASSETS

We present the operating results of our Financial Assets based on the nature of the asset class; therefore, we have segregated them into two groups: Property Loans and Other and Corporate Investments.

Property Loans and Other

Halmont's property loans and other account for 22% of the Company's assets and include:

\$21.8 million in a participating second mortgage on a 209-unit residential building under construction in British Columbia.

\$17.4 million in loans to a property storage investment fund.

\$15.0 million in a third-party managed investment fund and other property-related loans in Ontario.

\$13.2 million in a vendor-take-back loan and other receivables.

Total income for the three months ended June 30, 2024, was \$3.2 million compared to \$1.6 million for the same period in the prior year.

Total income for the six months ended June 30, 2024, was \$5.3 million compared to \$3.3 million for the same period in the prior year.

In addition to being capable of responding promptly to property loan applications, Halmont provides client companies with advice on project financing alternatives, offers subordinate loans with equity participation features, and endeavours to seek third-party underwriting for its higher-risk loans. Should a client experience difficulty executing their property development plans, Halmont has the capacity to intercede and assign experienced individuals to stabilize and, if necessary, complete and realize value from such projects.

Halmont maintains longstanding relationships with commercial banks and other parties, which enable it to invest capital in financial assets, pending its redeployment in longer-term investment initiatives in the real estate property and forestry sectors.

Corporate Investments

Halmont's corporate investments account for 12% of the Company's total assets and include investments held through a subsidiary, substantially financed with \$26.4 million of preferred shares, which have no recourse to the Company's other assets. As a result, Halmont's net effective investment in these entities is \$14.0 million representing 4.2% of its total assets.

Halmont accounts for its corporate investments using the equity method, initially recorded at cost and adjusted for the Company's contractual share of income and distributions. Halmont's objective is to hold these corporate investments as they provide a reliable source of income and business relationships that support its other investment activities.

Total equity accounted income for the three months ended June 30, 2024, was \$0.7 million compared to \$0.6 million for the same period in the prior year. Total income for the six months ended June 30, 2024, was \$1.5 million compared to \$1.3 million for the same period in the prior year.

SUMMARY FINANCIAL INFORMATION

The following table summarizes the selected annual consolidated information:

(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)	SIX MONTHS ENDED JUNE 30		YEAR ENDED DECEMBER 31		
	2024	2023	2023	2022	2021
Total assets	\$ 336,449	\$ 250,868	\$ 253,572	\$ 224,032	\$ 265,821
Total revenue	15,632	8,262	27,973	19,514	13,492
Comprehensive income	8,970	5,045	18,602	10,425	7,007
Comprehensive income to shareholders	8,284	4,236	17,369	9,572	6,154
- Per share diluted	3.85	2.26	9.28	5.28	3.44
- Per share basic	5.15	2.78	12.69	6.68	4.85

CONSOLIDATED OPERATING RESULTS

For the three months ended June 30, 2024, the Company reported a net income of \$3,417,000 compared to \$2,690,000 for the same period in 2023. The increase in revenue is largely attributable to an increase in leasing income from 25 Dockside Drive, purchased during the quarter, and higher interest earned on property loans, partially offset by increased income tax expenses.

For the six months ended June 30, 2024, the Company reported a net income of \$7,842,000 compared to \$5,023,000 for the same period in 2023. The increase in revenue is largely attributable to a gain on the sale of 51 Yonge Street that closed February 2024, an increase in leasing income from 25 Dockside Drive that was purchased during the quarter, and higher interest earned on property loans, partially offset by increased income tax expense.

Halmont'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.

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

(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	\$ 6,850	8,770	\$ 14,983	\$ 4,727	\$ 4,456	\$ 3,807	\$ 740	\$ 3,246
Comprehensive income (loss)	3,593	5,347	10,738	2,819	2,698	2,347	(1,176)	1,095
Comprehensive income (loss) to shareholders	3,233	5,021	10,711	2,422	2,179	2,057	(1,445)	862
- Per share diluted	1.64	2.04	5.58	1.31	1.13	1.26	0.07	0.39
- Per share basic	2.16	2.75	8.29	1.66	1.17	1.57	0.15	0.47

Halmont's quarterly results for the past eight quarters have been influenced by factors such as acquisitions and dispositions, occupancy levels, the economic performance of its commercial property portfolio and industrial fund, the timing and scale of development expenditures and project completions, fluctuations in interest rates, and changes in the fair values of investment properties and financial assets.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company's borrowings included \$1.3 million drawn on our revolving credit facility (December 31, 2023 - \$0.003 million), \$25 million from secured loans (December 31, 2023 - \$25 million), \$85.9 million from an affiliate (December 31, 2023 - \$18.3 million), and \$25 million from senior debentures (December 31, 2023 - \$25 million), with our undrawn aggregated borrowings totaling \$72.8 million (December 31, 2023 - \$51.7 million). In addition, loans and mortgages receivable in the amount of approximately \$30.1 million (December 31, 2023 - \$23.6 million) can be liquidated in the short term for re-investment in the Company's principal operations.

As at June 30, 2024, 100% of our debt outstanding was floating rate.

EXPENSES AND INCOME TAXES

Total interest expense for the three months ended June 30, 2024, was \$2.0 million, compared to \$1.0 million for the same period in the prior year. Total interest expense for the six months ended June 30, 2024, was \$3.2 million, compared to \$1.8 million for the same period in the prior year. This increase in interest expense is primarily attributable to higher borrowing amounts, partially offset by lower average interest rates.

We recorded an aggregate income tax expense of \$3.9 million for the six months ended June 30, 2024, (June 30, 2023 - \$0.5 million), including current tax expenses of \$1.9 million (June 30, 2023 - \$nil) and a deferred tax expense of \$2.0 million (June 30, 2023 - \$0.5 million). This increase in current income tax expense is primarily attributable to taxes related to the sale of a commercial property.

FAIR VALUE SUMMARY

Fair value adjustments on our commercial properties totaled \$3.1 million (December 31, 2023 - \$7.6 million), which consisted of a fair value gain of \$4.2 million on the sale of a commercial property of, a fair value loss of \$0.9 million on the vendor-take back loan, and a fair value loss of \$0.1 million on the property land lease.

EQUITY BASE

Halmont's issued common share capital is comprised of 83.9 million multiple-voting common shares and 40.0 million subordinate-voting common shares. The multiple-voting common shares are listed for trading on TSX Venture Exchange under the symbol HMT.V.

The Company's \$20.0 million preferred shares and \$25.0 million subordinated capital notes are convertible into 30.77 million and 31.25 million subordinate-voting common shares respectively.

The following table sets out the current issued and outstanding multiple-voting common shares and subordinate-voting common shares as at June 30, 2024 together with the subordinate-voting common shares to be issued on the conversion of its capital notes and preferred shares.

		Number of shares (THOUSANDS)	Subscribed Value (CAD\$ THOUSANDS)
Issued and Outstanding:			
– Multiple - voting common shares	#	83,940	\$ 75,339
– Subordinate - voting common shares		40,000	35,901
		123,940	111,240
Issuance of Subordinate- voting common shares on conversion of:			
– Series II subordinated capital notes		31,250	25,000
– Preferred shares		30,769	20,000
Fully diluted Multiple and Subordinated voting common shares	#	185,959	\$ 156,240

REVIEW OF THE INTERIM FINANCIAL STATEMENTS

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.

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

The accompanying unaudited consolidated financial statements of the Company for the six months ended June 30, 2024, 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 181 Bay Street, Suite IN200, Toronto, ON, M5J 2T3.

December 11, 2024

Consolidated Balance Sheet

(unaudited)

AS AT JUNE 30, 2024 AND DEC 31, 2023

(CAD\$ THOUSANDS)

	Note	2024	2023
ASSETS			
Property loans and other	4	\$ 74,466	\$ 48,709
Commercial properties	5	75,785	56,670
Residential and industrial properties	6	50,273	37,436
Forest properties	7	95,483	71,811
Corporate investments	8	40,442	38,946
Total Assets		\$ 336,449	\$ 253,572
LIABILITIES AND EQUITY			
Amounts payable and other	9	\$ 4,325	\$ 3,558
Bank loan	10	1,253	3
Other loans payable	11	50,000	50,000
Due to affiliates	12	85,994	18,267
Deferred taxes		12,244	9,418
		153,816	81,246
Equity			
Non-controlling shareholders' interest	13(a)	26,393	23,829
Subordinated convertible capital notes	13(b)	25,000	25,000
Common and convertible preferred equity	13(c)	131,240	123,497
Total equity		182,633	172,326
Total Liabilities and Equity		\$ 336,449	\$ 253,572

Approved by the Board on December 11, 2024, and signed on its behalf by:



Heather M. Fitzpatrick
President



David W. Kerr
Chairman

Consolidated Statement of Net and Comprehensive Income

(unaudited)		Three Months Ended		Six Months Ended		
FOR THE PERIODS ENDED JUN 30						
(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)		Note	2024	2023	2024	2023
REVENUE AND OTHER INCOME						
Interest and other			\$ 3,245	\$ 1,561	\$ 5,275	\$ 3,270
Commercial properties			2,329	973	3,105	1,435
Residential and industrial properties			353	593	716	946
Forest properties			1,018	707	1,922	1,397
Equity accounted	8		751	664	1,496	1,297
Fair value changes			(846)	(42)	3,118	(83)
			6,850	4,456	15,632	8,262
EXPENSES AND OTHER COSTS						
Commercial properties			\$ 277	\$ 359	\$ 610	\$ 613
Interest			2,080	1,014	3,169	1,856
General and administrative			107	212	131	246
Income taxes			969	181	3,880	524
			3,433	1,766	7,790	3,239
NET INCOME			\$ 3,417	\$ 2,690	\$ 7,842	\$ 5,023
Other comprehensive income			176	8	1,128	22
COMPREHENSIVE INCOME			\$ 3,593	\$ 2,698	\$ 8,970	\$ 5,045
Attributable to:						
Shareholders						
Net income			\$ 3,057	\$ 2,173	\$ 7,156	\$ 4,214
Other comprehensive income (loss)			176	8	1,128	22
Comprehensive income			3,233	2,181	8,284	4,236
Non-controlling interest						
Net income			\$ 360	\$ 517	\$ 686	\$ 809
Other comprehensive income			-	-	-	-
Comprehensive income			360	517	686	809
COMPREHENSIVE INCOME			\$ 3,593	\$ 2,698	\$ 8,970	\$ 5,045
Earnings per common share:						
Basic	14		2.16 ¢	1.17 ¢	5.15 ¢	2.78 ¢
Diluted	14		1.64	1.13	3.85	2.26

Consolidated Statement of Changes in Equity

(unaudited) FOR THE SIX MONTHS ENDED JUNE 30, 2024 (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
Balance, December 31, 2023	\$ 58,460	\$ 63,248	\$ 1,790	\$ 123,498	\$ 23,829	\$ 25,000	\$ 172,327
Other comprehensive income	-	-	1,358	1,358	-	-	1,358
Additional investments	-	-	175	175	-	-	175
Gain on corporate investments	-	44	(44)	-	-	-	-
Non-controlling interest	-	-	-	-	1,878	-	1,878
Capital notes interest	-	(500)	-	(500)	-	-	(500)
Preferred share dividends	-	(400)	-	(400)	-	-	(400)
Tax	-	139	(186)	(47)	-	-	(47)
Net income	-	7,156	-	7,156	686	-	7,842
Balance, June 30, 2024	\$ 58,460	\$ 69,687	\$ 3,093	\$ 131,240	\$ 26,393	\$ 25,000	\$ 182,633

(unaudited) FOR THE SIX MONTHS ENDED JUNE 30, 2023 (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
Balance, December 31, 2022	\$ 58,460	\$ 47,525	\$ 1,678	\$ 107,663	\$ 22,596	\$ 25,000	\$ 155,259
Other comprehensive income	-	-	-	-	-	-	-
Capital notes interest	-	(500)	-	(500)	-	-	(500)
Preferred share dividends	-	(400)	-	(400)	-	-	(400)
Tax	-	133	-	133	-	-	133
Net income	-	4,214	-	4,214	809	-	5,023
Balance, June 30, 2023	\$ 58,460	\$ 50,972	\$ 1,678	\$ 111,110	\$ 23,405	\$ 25,000	\$ 159,515

Consolidated Statement of Cash Flows

(unaudited) FOR THE SIX MONTHS ENDED JUNE 30 (CAD\$ THOUSANDS)	2024	2023
OPERATING		
Net income	\$ 7,842	\$ 5,023
Items not involving cash:		
Equity accounted income	(1,496)	(1,297)
Fair value adjustments	(3,118)	83
Fair value adjustments on forest properties	(1,922)	(368)
Deferred taxes	3,880	527
Changes in non-cash working capital and other	1,025	(4,833)
	6,211	(865)
FINANCING		
Bank loan	1,253	194
Due to affiliates	65,385	22,473
Non-controlling interest	1,878	-
Preferred share dividends	(400)	(400)
Capital notes interest	(500)	(500)
	67,616	21,767
INVESTING		
Forest properties investment	(21,750)	(15,000)
Residential and industrial properties, investment	(15,427)	(5,281)
Commercial properties, disposition	9,976	686
Commercial properties, investment	(35,000)	-
Property loan, advances	(12,775)	(2,144)
Property loan, repayments	1,274	837
Corporate investments, net	(125)	-
	(73,827)	(20,902)
Net cash flow	-	-
Balance, beginning of year	-	-
Balance, end of period	\$ -	\$ -

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 real estate properties, forestry properties and financial loans. The Company is listed on the TSX Venture Exchange (the “Exchange”) and has its registered office at 181 Bay Street, Suite IN200, Toronto, Ontario, M5J 2T3.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 December 11, 2024, and have been prepared by them 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, and the Company has presented the statements of financial position on a liquidity basis.

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 the 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 are measured at fair value at the year-end balance sheet dates, with land leases fair valued on a quarterly basis. Gains or losses on the sale of a commercial property are recognized in profit or loss upon the completion of the sale. Fair value is determined through either independent external appraisal conducted by qualified and experienced evaluators, or a combination of internal valuations and external appraisals conducted on a rotational basis.

The Company’s commercial properties are classified as investment properties in accordance with IFRS. These properties are recognized and measured at fair value, with changes in fair value are recorded in the consolidated statements of comprehensive income at year end. The Company appraises its commercial properties using either the discounted cash flow approach, which is based on future free cash flow, or the direct capitalization approach, which analyzes the relationship of current projected stabilized net operating income to total property value.

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 (FVOCI), 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, commercial properties, residential and industrial properties, and corporate investments.

The Company’s financial liabilities comprise amounts 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/FVOCI, forest properties – FVTPL, and corporate investments – equity accounting.

The Company recognizes a loss allowance for expected credit losses ("ECL") on its loans and other receivables measured at amortized cost. The amount of ECL is updated at each year end reporting date to reflect changes in credit risk. Any related loss allowances are recorded through profit or loss.

e) Revenue Recognition

The Company has retained substantially all the risks and benefits of ownership of its commercial and institutional 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 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, due to affiliates and property loans.

The Company has no foreign currency risk.

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. The Company's maximum exposure to credit risk associated with its property loans and other receivables is equivalent to the carrying value of each asset.

Credit risk arises on loans and other receivables in the event that the borrower defaults on the repayment to the Company. The Company mitigates this risk by attempting to ensure that adequate security has been provided in support of such loans and receivables.

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 amounts payable and other liabilities, and undrawn committed credit facilities.

4. PROPERTY LOANS AND OTHER

The Company's property loans and other receivables include:

AS AT JUN 30, 2024 AND DEC 31, 2023			2024	2023
(CAD\$ THOUSANDS)				
Secured mortgages	Amortized Cost	\$	30,135	\$ 23,634
Vendor-take back loan	Amortized Cost		9,248	-
Accounts receivable	Amortized Cost		3,987	1,597
Marketable securities	FVOCI		7,059	5,576
Loan to industrial property fund	FVTPL		17,390	12,600
Third-party managed fund	FVTPL		6,627	5,302
		\$	74,446	\$ 48,709

The Company has committed up to \$10.0 million to the third-party managed investment fund and up to \$37.0 million to the industrial property fund.

5. COMMERCIAL PROPERTIES

The Company holds a 100% interest in three commercial properties and a 50% interest in one commercial property.

AS AT JUN 30, 2024 AND DEC 31, 2023			
(CAD\$ THOUSANDS)			
	2024		2023
Balance, beginning of year	\$	56,670	\$ 42,390
Property land lease and remeasurement		-	960
Sale of property		(15,750)	-
Additional investment		35,000	5,000
Fair value adjustments		(135)	8,320
	\$	75,785	\$ 56,670

Lease income from operating leases totalled \$3.1 million (2023 - \$1.4 million), including \$0.9 million (2023 - \$0.8 million) of income related to variable lease income that is not dependent on an index or rate.

The commercial properties portfolio includes a property with a fair value of \$7.7 million held under a land lease. The property land lease, or right – of – use asset, is carried at fair value and the lease liability is amortized using a straight-line method with a 4% discount rate over the term of the lease, which ends in 2033. As at June 30, 2024, fair value adjustment to the land lease totalled 0.1 million (December 31, 2024 - \$0.7 million). Cash payments for the land leases during 2024 amounted to \$0.2 million (2023 – \$0.5 million).

Revenue from commercial properties is comprised of approximately 76% base rent and 24% variable lease payments for common area and property tax reimbursement. Minimum base rental commitments under non-cancellable tenant operating leases are as follows: 2024 - \$6.2 million, 2025 - \$8.4 million, 2026 - \$8.5 million, 2027 - \$8.5 million.

6. RESIDENTIAL AND INDUSTRIAL PROPERTIES

Residential Properties

Residential properties include construction loans advanced, which bear interest at the prime rate + 2.0%, and a 60% net profit joint venture partnership interest in the Grandview Estates project in Huntsville, Ontario. At June 30, 2024, the Company's investment in the joint venture was \$15.8 million (2023 - \$15.4 million).

AS AT JUN 30, 2024 AND DEC 31, 2023			
(CAD\$ THOUSANDS)			
	2024		2023
Balance, beginning of year	\$	15,404	\$ 16,766
Additional investment, net		371	(1,362)
	\$	15,775	\$ 15,404

The Company also has a 20% net profit interest in the Paisley Land Development project in Huntsville, ON.

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

Industrial Properties

The Company's industrial properties include a \$34.5 million investment interest in a portfolio fund, which invests in property storage facilities across Canada, developed and managed by MakeSpace Inc.

AS AT JUN 30, 2024 AND DEC 31, 2023		
(CAD\$ THOUSANDS)	2024	2023
Balance, beginning of year	\$ 22,032	\$ 12,082
Additional investment, net	12,466	5,562
Fair value adjustments	-	4,388
	\$ 34,498	\$ 22,032

7. FOREST PROPERTIES

The Company's investments in forest properties comprise a 59% 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 owns a 47% investment in Acadian Timber Corp. The Company's preferred share investment in Macer Forest Holdings Inc. is convertible into a 7% equity interest in Acadian Timber Corp. During 2024, the Company subscribed for an additional \$21.7 million participating preferred shares of Haliburton Forest.

AS AT JUN 30, 2024 AND DEC 31, 2023		
(CAD\$ THOUSANDS)	2024	2023
Balance, beginning of year	\$ 71,811	\$ 56,012
Additional investment	21,750	15,000
Fair value adjustments	1,922	799
	\$ 95,483	\$ 71,811

8. CORPORATE INVESTMENTS

The Company holds, directly and indirectly, investment interests in corporations with real estate and related infrastructure interests, including equity-accounted investments of \$40.4 million (2023-\$38.9 million). After deducting non-controlling interest of \$26.4 million, Halmont's net effective interest in its corporate investments is approximately \$14.0 million, representing 4.2% of the Company's total assets.

Changes in the carrying amounts of these investments are as follows:

AS AT JUN 30, 2024 AND DEC 31, 2023		
(CAD\$ THOUSANDS)	2024	2023
Balance, beginning of year	\$ 38,946	\$ 36,188
Equity accounted income	1,496	2,758
Balance, end of period	40,442	38,946
Non-controlling interest	26,393	23,829
Company's net investment	\$ 14,049	\$ 15,117

9. AMOUNTS PAYABLE AND OTHER

Amounts payable and other liabilities total \$4.3 million (December 31, 2023 - \$3.5 million), of which \$2.9 million (December 31, 2023 - \$1.8 million) represents a land lease liability related to a commercial property owned by the Company. The corresponding right-of-use asset is recorded within commercial properties.

10. BANK LOAN

The Company has a \$10.0 million operating loan facility from a Canadian Chartered Bank.

11. OTHER LOANS PAYABLE

AS AT JUN 30, 2024 AND DEC 31, 2023
(CAD\$ THOUSANDS)

	Maturity Date	Interest Rate	2024	2023
Secured loans	January 1, 2027	prime + 0.5%	\$ 15,000	\$ 15,000
	January 1, 2027	4.00%	10,000	10,000
Senior debentures	December 31, 2028	4.50%	25,000	25,000
			\$ 50,000	\$ 50,000

Senior debenture holders 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 \$150.0 million (2023 - \$60.0 million) credit facility from an affiliate that bears interest at the prime rate plus 0.5%, is unsecured, and is due on ten days' written notice after December 31, 2027.

13. EQUITY**a) Non-controlling Interests**

Non-controlling interests include preferred shares and a 33% common share equity interest held by other shareholders in a subsidiary which holds the Company's corporate investments.

AS AT JUN 30, 2024 AND DEC 31, 2023
(CAD\$ THOUSANDS)

	2024	2023
Preferred shares	\$ 12,000	\$ 12,000
Common shares	14,393	11,829
	\$ 26,393	23,829

b) Convertible Capital Notes

On December 31, 2021, the Company issued \$25.0 million subordinated convertible capital notes. The capital notes bear interest at 4.0% per annum payable annually, with an interest rate reset every five years commencing December 31, 2026, and are convertible into 31.25 million subordinate-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 subordinate-voting common shares.

c) Common and Convertible Preferred Equity

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

AS AT JUN 30, 2024 AND DEC 31, 2023
(CAD\$ THOUSANDS)

	2024	2023
Convertible preferred shares	\$ 20,000	\$ 20,000
Multiple-voting & subordinate-voting common shares	111,240	103,497
	\$ 131,240	\$ 123,497

The Company is authorized to issue an unlimited number of preferred and common shares with no stated par value. As of June 30, 2024, issued and outstanding shares comprised 83.9 million Multiple-voting common shares which entitle their holdings to five votes for each share held (2023 – 83.9 million), 40.0 million subordinate-voting common shares (2023 – 40.0 million), and \$20.0 million convertible preferred shares (2023 – \$20.0 million).

The Company's \$20.0 million convertible preferred shares bear a 4.0% annual cumulative dividend and are convertible into 30.77 million subordinate-voting common shares on or before December 31, 2024.

d) Normal Course Issuer Bid

In February 2024, TSX Venture accepted notice of our intention to commence a normal course issuer bid (NCIB) program that allowed the Company to purchase, between February 26, 2024, and February 25, 2025, 4,704,598 Multiple-voting common shares. Halmont's shareholders may obtain a copy of this notice, without charge, by contacting the Company.

14. BASIC AND DILUTED EARNINGS PER COMMON SHARE

FOR THE SIX MONTHS ENDED JUNE 30		
(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
	2024	2023
Net income available to common shareholders - basic	\$ 6,388	\$ 3,446
Weighted average number of Common Shares issued	123,940	123,940
Basic Net Income per issued Common Share	5.15¢	2.78 ¢
Net income attributable to common shareholders - diluted	\$ 7,156	\$ 4,214
Weighted average number of Common Shares issued plus dilution	185,959	185,959
Diluted Net Income per issued Common Share	3.85¢	2.26 ¢

15. 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.

b) Segmented Information

Operating segments are determined based on internal reports that are regularly reviewed by the Company's chief operating decision makers ("CODM") for the purpose of allocating resources to the segment and to assessing its performance. The Company currently operates under one segment, which is Real Estate.

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 June 30, 2024:

(CAD\$ THOUSANDS)	1 to 3 Years	4 to 5 Years	Thereafter	Total
Bank loan	\$ 1,253	\$ -	\$ -	\$ 1,253
Other loans payable	25,000	25,000	-	50,000
	\$ 26,253	\$ 25,000	\$ -	\$ 51,253

d) Capital Management

The permanent capital available to pursue the Company's operations as at June 30, 2024, was \$182.6 million (December 31, 2023 - \$172.3 million), comprised of \$131.2 million (2023 - \$123.5 million) attributable to shareholders of the Company, \$26.4 million (2023 - \$23.8 million) attributable to non-controlling interests, and \$25.0 million (2023 - \$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.

16. FINANCIAL PRESENTATION

The prior year's financial information has been reclassified to conform with the current year's presentation.

The Company reclassified marketable securities from 'Corporate Investments' to 'Property Loans and Other' on the balance sheet to present assets in order of liquidity. This change better reflects the financial statement's structure and presentation objectives. Comparative information has been adjusted accordingly.

The Company revised the presentation of its real estate assets to better reflect their nature and use. Previously, real estate assets were presented under Commercial Properties and Industrial Properties, now the Company discloses them under Commercial Properties and Residential and Industrial Properties. Comparative information has been adjusted accordingly.

HALMONT PROPERTIES
CORPORATION

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Heather M. Fitzpatrick

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Randal L. Froebelius

Toronto, ON

M. Diane Horton*

Toronto, ON

David W. Kerr*

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Timothy R. Price*

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**Members of the Audit and Corporate Governance Committee*

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Chairman

Heather M. Fitzpatrick

President & CEO

Randal L. Froebelius

Property Management

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