

HALMONT PROPERTIES
CORPORATION

Year Ended December 31, 2023

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, 2023 amounted to \$18,490,000 compared to \$10,670,000 in 2022.

Given the deterioration in lease rates for heritage office buildings, we undertook proactive measures during the past two years to adapt to the changed market realities. The proceeds we received from the sale of four of our five office buildings are currently designated for reinvestment in larger institutionally occupied buildings and forest properties.

In December 2023 we agreed with George Brown College to acquire 25 Dockside Drive, Toronto, adjacent to the College's two other waterfront buildings, thereby effectively doubling the size of its waterfront campus. This purchase was successfully completed on April 15, 2024.

The prospects for our present forestry sector investments are proving to be even more attractive than previously expected. During the year, Haliburton Forest acquired an additional 145,000 acres of Ontario forest lands, financed by our subscription for preferred shares of Haliburton Forest, to bring our effective equity ownership interest to 49%.

Haliburton Forest is also well advanced with its plans to assemble a portfolio of hardwood sawmills across Ontario, and its industrial biochar plant is scheduled to commence commercial production later this year. In support of this growth, Haliburton Forest acquired a 40,000 square foot industrial facility in March 2024.

The prospects for our \$20 million investment in Acadian Timber Corp. also improved in 2023, with its registration of carbon credits on a small section of its 1.1 million acres of freehold forest lands in New Brunswick and Maine, followed by the sale of the carbon credits in March 2024. Progress has also been made in pursuing the leasing of a portion of these lands to renewable energy developers.

The fully diluted book value of Halmont's common shares, assuming the conversion of its capital notes and convertible preferred shares, increased to 80¢ per common compared to 71¢ in December 2022.

At the end of each year, we re-value our real estate and other investments, taking into account available market information and the terms of our investment agreements. As a result, the book value of our common shares approximates the net realizable value of our assets. Therefore, should these shares trade at meaningful discounts 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 or call me directly at 647-448-7147 with any comments or enquiries you may have.

On behalf of the board,

A handwritten signature in black ink, appearing to read 'HF', written in a cursive style.

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, 2023, 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, 2023.

OVERVIEW OF THE BUSINESS

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

- Real Estate: Low-rise office, retail, residential, industrial, and institutional properties.
- Forestry: 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 year:

FOR THE YEARS ENDED DEC. 31 (CAD \$ THOUSANDS)	2023	2022
Real Estate Properties		
– Commercial properties	\$ 67,673	\$ 49,774
– Institutional properties	26,433	21,466
Forestry Properties		
– Haliburton Forest	51,811	36,012
– Acadian Timber Corp	20,000	20,000
Financial Assets		
– Property Financing and Advisory Service	43,133	60,012
– Corporate Investments	44,522	36,768
	\$ 253,572	\$ 224,032

REAL ESTATE PROPERTIES

Commercial Properties

Halmont's commercial office and retail properties currently represent approximately 12% of the Company's assets and include the following:

- 221 Yonge Street, Toronto, ON, which is located opposite the Toronto Eaton Centre and currently has an appraised value of approximately \$4.6 million.
- 321 Lakeshore Road, Oakville, ON, which has an appraised value of approximately \$6.8 million.

- 51 Yonge, Toronto, ON, which has an appraised value of approximately \$5.8 million.

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

Halmont's residential and industrial properties currently represent approximately 15% 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 34 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, developed and managed by MakeSpace Inc.

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

Institutional Properties

Halmont's interest in institutionally occupied properties comprised a 100% interest in 22 College Street, Toronto, ON, located in the discovery district which had an appraised value of approximately \$21.4 million at December 31, 2023; and a \$5.0 million deposit related to an agreement to purchase, jointly with George Brown College 25 Dockside Drive, Toronto, ON property for \$240 million, with Halmont owning a 50% joint venture interest. This purchase was successfully completed on April 15, 2024.

FORESTRY PROPERTIES

Current Investments

Halmont's directly and indirectly owned investments in the forest sector currently represent 28% of the Company's assets and include the following:

- A 49% 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 four hardwood sawmills and a 50% partnership interest in a biochar production facility.
- A \$20.0 million preferred share, which is convertible into a 7% equity interest in Acadian Timber Corp., which owns approximately 1,100,000 acres of freehold lands in New Brunswick and Maine.

Timber Lands

Halmont's objective is to derive attractive investment returns from Haliburton Forest's 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 a diminishing supply of prime privately-owned recreational properties with 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.

In addition to its freehold timberlands, provides an opportunity to develop carbon credits for sale in voluntary or compliance markets and potentially produce superior long-term returns to timber-focused on sustainable forest management operations.

Hardwood Sawmills

Haliburton Forest has assembled a portfolio of hardwood sawmills, with three of these facilities having been acquired over the last five years, increasing its annual lumber production capacity from 5 million boardfeet to more than 50 million boardfeet. The facilities are strategically located across central Ontario and represent scale in the otherwise highly fragmented hardwood lumber sector.

Haliburton Forest's sawmills are expected to benefit from the ongoing decline of hardwood lumber manufacturing capacity across North America, which reached a tipping point in 2023 with reduced wood supply across the hardwood regions of North America, and increasing demand expected for hardwood products in the domestic and international markets.

The acquisitions of hardwood sawmills in South River, Huntsville, and Palmer Rapids in 2019, 2020, and 2022, respectively, increased Haliburton Forest's rights to manage and harvest on Crown lands in Ontario to approximately 1,000,000 acres, which complement the company's Ontario freehold land ownership of 245,000 acres.

Biochar Production Facility

Haliburton Forest, in partnership with a Canadian advanced manufacturing company, has developed proprietary technology for producing high quality biochar from sawmill byproducts. Biochar is made from burning organic material in an oxygen-deprived environment. The resultant product is comprised of black porous micro units of char. High quality biochar is used to replace carbon black and other petroleum products in thermoplastics, rubber, polyurethane foam, and other materials.

In addition to high-quality biochar being a replacement for petroleum products in manufacturing processes, lower quality biochar is used to enhance the fertility of soils and thereby increase the absorption of emissions from fossil fuels that human activity releases into the air. As a result, biochar facilities have the potential to generate incremental revenues from the development and sale of carbon credits.

Haliburton Forest's biochar production facility is expected to achieve commercial-scale operations in 2024, with further capacity expansions being considered for subsequent years.

Forest Investment

Halmont also indirectly holds an effective interest in 77,000 acres of additional freehold forest lands through its ownership of a \$20 million preferred share which is convertible into a 7% equity interest in Acadian Timber Corp. This company 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 forestry services relating to approximately 1.3 million acres of Crown timberlands in New Brunswick.

Acadian's products include softwood and hardwood sawlogs, pulpwood, and biomass by-products. Acadian also develops carbon credits for sale in voluntary carbon credit markets.

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

FINANCIAL SECTOR INVESTMENTS

Halmont's loans receivables and other financial investments represent 35% of the Company's assets and include the following:

- \$44.5 million corporate investments.
- \$21.4 million participating second mortgage on a 209-unit residential building in British Columbia.
- \$12.6 million underwritten loans to a property storage investment fund.
- \$9.1 million investment in a third-party managed investment fund and other property-related loans in Ontario.

Halmont's corporate investments are held through a subsidiary which is financed with \$23.8 million non-recourse preferred shares. As a result, Halmont's net effective investment in these entities represents approximately 6% of its total assets. 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. Halmont's objective is to hold its corporate investments while they continue to provide a reliable source of income, and access to business relationships that assist in the pursuit of its principal investment activities.

In addition to being capable of responding promptly to property loan applicants, Halmont provides client companies with advice on project financing alternatives, while being willing to provide subordinate loans with equity participation features and endeavouring 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 its capital in financial assets, pending its redeployment in longer-term investment initiatives in the property and forestry sectors.

CONSOLIDATED OPERATING RESULTS

Halmont reported net income of \$18,490,000 for the year ended December 31, 2023, compared with \$10,670,000 for the same period in the preceding year.

Revenue for the year ended December 31, 2023, increased compared with the same period in the previous year principally due to a fair value gain on the sale of an office property that closed in February 2024, and higher interest earned on property loans, partially offset by increased income tax expense and fair value losses on our institutional properties due to the adoption of higher discount rates.

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.

SUMMARY FINANCIAL INFORMATION

(CAD\$ THOUSANDS)	2023	2022	2021	2020	2019
Total assets	\$ 253,572	\$ 224,032	\$ 265,821	\$ 220,185	\$ 206,149
Total revenue	27,973	19,514	13,492	11,219	13,474
Comprehensive income to shareholders	17,369	9,572	5,621	4,821	6,481

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

(CAD\$ THOUSANDS)	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	\$ 14,983	\$ 4,727	\$ 4,456	\$ 3,807	\$ 740	\$ 3,246	\$ 12,535	\$ 2,993
Comprehensive income(loss) to shareholders	10,696	2,422	2,179	2,072	(1,305)	862	9,002	1,013

EQUITY BASE

Halmont's issued common share capital is comprised of 83.94 million Multiple-voting common shares and 40.00 million Subordinate-voting common shares.

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, together with the Subordinate-voting common shares to be issued on the conversion of its capital notes and preferred shares, as at December 31, 2023.

(CAD\$ THOUSANDS)	Number of shares	Subscribed Value
Issued and Outstanding:		
– Multiple - voting common shares	# 83,940	\$ 70,095
– Subordinate - voting common shares	40,000	33,403
	123,940	103,498
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 Subordinate voting common shares	# 185,959	\$ 148,498

REVIEW OF THE ANNUAL 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.

The Company has undrawn contractual revolving credit facilities with a commercial bank and an affiliate totaling \$48.7 million. In addition, loans and mortgages receivable in the amount of approximately \$23.6 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.

The accompanying audited consolidated financial statements of the Company for the year ended December 31, 2023, have been prepared by and are the responsibility of the Company's management.

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

April 29, 2024



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Independent Auditor's Report

To the Shareholders of Halmont Properties Corporation

Opinion

We have audited the consolidated financial statements of Halmont Properties Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of net and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years 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 Matter

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 Office and Institutional Properties (Refer to Note 2(c), 5 and 6 of the Consolidated Financial Statements)

The valuation of office and institutional 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 who were involved in 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 highest and best use, 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 projections of future operating incomes; 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 office and institutional 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 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, 2023.

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, 2023 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 29, 2024

Consolidated Balance Sheet

(audited)

FOR THE YEARS ENDED DEC. 31

(CAD\$ THOUSANDS)

	Note	2023	2022
ASSETS			
Property loans and other receivables	4	\$ 43,133	\$ 60,012
Commercial properties	5	67,673	49,774
Institutional properties	6	26,433	21,466
Forest properties	7	71,811	56,012
Corporate investments	8	44,522	36,768
Total Assets		\$ 253,572	\$ 224,032
LIABILITIES AND EQUITY			
Amounts payable and other	9	\$ 3,558	\$ 3,475
Bank loan	10	3	8
Other loans payable	11	50,000	50,000
Due to affiliates	12	18,267	6,966
Deferred taxes	13	9,418	8,324
		81,246	68,773
Equity			
Non-controlling shareholders' interest	14(a)	23,829	22,596
Subordinated convertible capital notes	14(b)	25,000	25,000
Common and convertible preferred equity	14(c)	123,497	107,663
Total equity		172,326	155,259
Total Liabilities and Equity		\$ 253,572	\$ 224,032

Approved by the Board on April 29, 2024, and signed on its behalf by:



Heather M. Fitzpatrick
President



David W. Kerr
Chairman

Consolidated Statement of Net and Comprehensive Income

(audited)

FOR THE YEARS ENDED DEC. 31

(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Note	2023	2022
REVENUE AND OTHER INCOME			
Interest and other		\$ 4,885	\$ 4,296
Commercial properties		3,220	2,860
Institutional properties		1,634	1,491
Forest properties		3,233	2,497
Equity accounted	8	2,758	1,620
Fair value changes		12,243	6,750
		27,973	19,514
EXPENSES AND OTHER COSTS			
Commercial properties		\$ 780	\$ 1,002
Institutional properties		526	701
Interest		4,868	3,398
General and administrative		662	1,366
Income taxes	13	2,647	2,377
		9,483	8,844
NET INCOME		\$ 18,490	\$ 10,670
Other comprehensive income (loss)	8	112	(245)
COMPREHENSIVE INCOME		\$ 18,602	\$ 10,425
Attributable to:			
Shareholders			
Net income		\$ 17,257	\$ 9,817
Other comprehensive income (loss)		112	(245)
Comprehensive income		17,369	9,572
Non-controlling interest			
Net income		\$ 1,233	\$ 853
Other comprehensive income		-	-
Comprehensive income		1,233	853
COMPREHENSIVE INCOME		\$ 18,602	\$ 10,425
Earnings per common share:			
Basic	15	\$ 12.69	\$ 6.68
Diluted	15	9.28	5.28

Consolidated Statement of Changes in Equity

(audited)
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
Balance, December 31, 2022	\$ 58,460	\$ 47,525	\$ 1,678	\$ 107,663	\$ 22,596	\$ 25,000	\$ 155,259
Other comprehensive income	-	-	129	129	-	-	129
Capital notes interest	-	(1,000)	-	(1,000)	-	-	(1,000)
Preferred share dividends	-	(800)	-	(800)	-	-	(800)
Tax	-	265	(17)	248	-	-	248
Net income	-	17,257	-	17,257	1,233	-	18,490
Balance, December 31, 2023	\$ 58,460	\$ 63,247	\$ 1,790	\$ 123,497	\$ 23,829	\$ 25,000	\$ 172,326

(audited)
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
Balance, December 31, 2021	\$ 58,460	\$ 39,243	\$ 1,878	\$ 99,581	\$ 21,743	\$ 25,000	\$ 146,324
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
Balance, December 31, 2022	\$ 58,460	\$ 47,525	\$ 1,678	\$ 107,663	\$ 22,596	\$ 25,000	\$ 155,259

Consolidated Statement of Cash Flows

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

	2023	2022
OPERATING		
Net income	\$ 18,490	\$ 10,670
Items not involving cash:		
Equity accounted income	(2,758)	(1,620)
Fair value adjustments	(12,243)	(6,750)
Fair value adjustments on forest properties	(799)	(437)
Deferred taxes	(2,647)	(2,377)
Changes in non-cash working capital and other	2,671	1,359
	2,714	845
FINANCING		
Bank loan	(8)	(6)
Mortgages payable	-	(17,310)
Due to affiliates	8,683	(37,277)
Preferred share dividends	(800)	(800)
Capital notes interest	(1,000)	(1,000)
	6,875	(56,393)
INVESTING		
Forest properties investment	(15,000)	-
Commercial properties, investment	(2,488)	(3,699)
Commercial properties, disposition	-	41,795
Institutional properties, investment	(5,000)	-
Property loan, advances	(11,002)	(37,124)
Property loan, repayments	28,768	54,489
Corporate investments	(4,867)	-
	(9,589)	55,461
Net cash flow	-	(87)
Balance, beginning of year	-	87
Balance, end of period	\$ -	\$ -
Supplemental cash flow disclosures		
Dividends received	\$ 2,435	\$ 2,060
Interest paid	2,625	3,398

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. 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 April 29, 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, 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 and Institutional Properties

Office and institutional properties, including land leases, are recorded at fair value at the balance sheet date. Fair value is determined through either independent external appraisals conducted by qualified and experienced evaluators or a combination of internal valuations and external appraisals conducted on a rotational basis.

The Company’s office and institutional 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 office and institutional 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 (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, 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, forest properties – FVTPL, and corporate investments – equity accounting/FVTOCI.

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 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 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 and Institutional Properties

The critical judgments and estimates used when determining the fair value of commercial and institutional 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.

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 \$0.362 million and interest and other income by \$0.287 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. 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 borrowers default 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 RECEIVABLES

The Company's property loans and other receivables include approximately \$23.6 million (2022 - \$44.6 million) in secured mortgages, with maturities through to 2025, a \$5.3 million investment in a third-party managed investment fund (2022 - \$3.9 million), a \$12.6 million loan (2022 - \$10 million) to an industrial property fund, which invests in property storage facilities across Canada, and \$1.6 million (2022 - \$1.6 million) in accounts receivable.

The Company's property loans and other receivables consist of 87% measured at amortized cost and 13% measured at FVTPL.

The Company recorded an expected credit loss of \$0.6 million (2022-nil).

The Company has committed up to \$10.0 million to the third-party managed investment fund and up to \$20.0 million to the industrial property fund.

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

5. COMMERCIAL PROPERTIES

The Company's commercial properties are made up of the following:

FOR THE YEARS ENDED DEC 31		
(CAD\$ THOUSANDS)	2023	2022
Office Properties	\$ 30,237	\$ 20,925
Industrial Properties	22,032	12,082
Residential Properties	15,404	16,767
	\$ 67,673	\$ 49,774

Office Properties

The Company holds a 100% interest in three office properties.

The Company's office properties are made up of the following:

FOR THE YEARS ENDED DEC 31		
(CAD\$ THOUSANDS)	2023	2022
Balance, beginning of year	\$ 20,925	\$ 50,531
Sale of office buildings	-	(28,170)
Property land lease and remeasurement	960	(161)
Fair value adjustments	8,352	(1,275)
	\$ 30,237	\$ 20,925

Lease income from operating leases totalled \$3.1 million (2022 - \$2.7 million), including \$1.6 million (2022 - \$0.8 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 carried at fair value and the lease liability is amortized by applying a straight line method using a 4 % discount rate over the term of the lease to 2033. Cash payments for the land leases during 2023 amounted to \$0.5 million (2022 - \$0.3 million). Office properties include a property with a fair value of \$7.7 million held under land lease.

The weighted average discount rate in our valuations during 2023 was 5.95% (2022 - 6.29%) and the weighted average terminal rate is 5.12% (2022 - 5.70%). The sensitivity to changes in the discount and terminal capitalization rate by 25 basis points is \$565,640.

The office 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 - \$1.98 million, 2024 - \$2.01 million, 2025 - \$2.06 million, 2026 - \$2.07 million, 2027 - \$2.0 million, thereafter - \$6.32 million.

The Company's office properties fair value appraisals were completed by a third-party appraiser.

Industrial Properties

The Company's Industrial properties include a \$22.0 million investment interest in a portfolio fund, which invests in property storage facilities across Canada, developed and managed by MakeSpace Inc.

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 a residential development project in Huntsville, Ontario. At December 31, 2023, the Company's investment in the joint venture was \$15.4 million (2022 - \$16.7 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.

6. INSTITUTIONAL PROPERTIES

The Company agreed in December 2023 to acquire a 50% limited partnership interest in 25 Dockside Drive for \$120.0 million payable April 15 2024. Included in institutional properties is a deposit of \$5.0 million related to the acquisition.

The Company's 22 College Street property fair value appraisal was completed by a third-party appraiser using a discount rate of 6.00 % and terminal rate of 5.25 %.

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
	2023		2022
Balance, beginning of year	\$	21,466	\$ 23,500
Additional investment		5,000	-
Fair value adjustments and capital investments		(33)	(2,034)
	\$	26,433	\$ 21,466

7. FOREST PROPERTIES

The Company's investments in forest properties comprise a 49% 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 45% 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 the year, the Company subscribed for an additional \$15.0 million participating preferred shares issued by Haliburton Forest.

During the year, the Company received dividend income of \$2.4 million (2022 - \$2.1 million) from its forest property investments.

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
	2023		2022
Balance, beginning of year	\$	56,012	\$ 55,575
Additional investment		15,000	-
Fair value adjustment		799	437
	\$	71,811	\$ 56,012

8. CORPORATE INVESTMENTS

The Company holds, directly and indirectly, investment interests in Brookfield Corporation and its affiliates, as well as other corporations with real estate and related infrastructure interests. Corporate investments include marketable securities carried at a fair value of \$5.6 million (2022 - \$0.6 million) and equity-accounted investments of \$38.9 million (2022-\$36.2 million). Changes in the carrying amounts of these investments are as follows:

FOR THE YEARS ENDED DEC. 31			
(CAD\$ THOUSANDS)			
	2023		2022
Balance, beginning of year	\$	36,768	\$ 35,393
Other comprehensive income		129	(245)
Additional investment		4,867	-
Equity accounted income		2,758	1,620
Balance, end of period	\$	44,522	\$ 36,768

9. ACCOUNTS PAYABLE AND OTHER

Accounts payable include a \$3.1 million (2022 – 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 and institutional 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 \$0.003 million (2022 - \$0.008 million).

11. OTHER LOANS PAYABLE

FOR THE YEARS ENDED DEC. 31				
(CAD\$ THOUSANDS)	Maturity Date	Interest Rate	2023	2022
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
			\$ 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 \$60.0 million (2022 - \$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, 2025.

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)		2023		2022
Tax at statutory rates on accounting income before provision		26.50	%	26.50 %
Portion of gain subject to different tax		(16.61)		(19.12)
Other		4.12		(11.37)
		14.01	%	18.75 %

The Company's deferred tax expense is \$2.4 million (2022- \$ 0.6 million) and its current income tax expense for 2023 is \$0.2 million (2022-\$ 1.8 million). 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 and institutional properties - \$3.8 million, corporate investments - \$2.2 million, forest properties - \$0.7 million, other – \$2.7 million.

Included within the deferred tax payable on the consolidated balance sheet is the current tax payable of \$0.2 million (2022 - \$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)		2023	2022
Preferred shares	\$	12,000	\$ 12,000
Common shares		11,829	10,596
	\$	23,829	\$ 22,596

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 Subordinate-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)		2023	2022
Convertible preferred shares	\$	20,000	\$ 20,000
Multiple-voting & Subordinate-voting common shares		103,497	87,663
	\$	123,497	\$ 107,663

The Company is authorized to issue an unlimited number of preferred and common shares with no stated par value. As of December 31, 2023, issued and outstanding shares comprised 83.94 million Multiple-voting common shares which entitle their holdings to five votes for each share held (2022 – 83.94 million), 40.00 million Subordinate-voting common shares (2022 – 40.00 million), and \$20.0 million convertible preferred shares (2022 – \$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 Single-voting common shares on or before December 31, 2024.

d) Normal Course Issuer Bid

Subsequent to the year, in February 2024, the TSX Venture accepted a 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.

15. BASIC AND DILUTED EARNINGS PER COMMON SHARE

FOR THE YEARS ENDED DEC. 31		
(CAD\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
	2023	2022
Net income available to common shareholders - basic	\$ 15,722	\$ 8,282
Weighted average number of Common Shares issued	123,940	123,940
Basic Net Income per issued Common Share	\$ 12.69	\$ 6.68
Net income attributable to common shareholders - diluted	\$ 17,257	\$ 9,817
Weighted average number of Common Shares issued plus dilution	185,959	185,959
Diluted Net Income per issued Common Share	\$ 9.28	\$ 5.28

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.

The remuneration of key management personnel of the Company during the year totaled \$160,000 (2022 - \$250,000).

b) Segmented Information

Operating Segments requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("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 December 31, 2023:

	1 to 3 Years	4 to 5 Years	Thereafter	Total
(CAD\$ THOUSANDS)				
Bank loan	\$ 3	\$ -	\$ -	\$ 3
Other loans payable	25,000	25,000	-	50,000
	\$ 25,003	\$ 25,000	\$ -	\$ 50,003

d) Capital Management

The permanent capital available to pursue the Company's operations as at December 31, 2023, was \$172.3 million (December 31, 2022 – \$155.3 million), comprised of \$123.5 million (2022 – \$107.7 million) attributable to shareholders of the Company, \$23.8 million (2022 – \$22.6 million) attributable to non-controlling interests, and \$25.0 million (2022 - \$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 EVENTS

Subsequent to the year-end, the Company completed the sale of an office property for \$20.0 million, receiving \$10.0 million in cash and the balance in a secured \$10.0 million vendor-take back.

On April 15, 2024, the Company acquired a 50% equity interest in 25 Dockside Drive for \$40 million and provided a bridge loan to the partnership totaling approximately \$150 million.

18. FINANCIAL PRESENTATION

Prior year financial information has been reclassified to conform with the current year presentation.

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

Randal L. Froebelius

Property Management

Ines N. Zaloshnja

Chief Financial Officer

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