

# 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 (the "Company" or "Halmont") for the nine months ended September 30, 2025, includes material information up to November 26, 2025. The financial information has been prepared in accordance with the IAS 34, Interim Financial Reporting, and IFRS Accounting Standards as issued by the International Reporting Standards Board ("IASB"). All amounts are presented in thousands of Canadian dollars, unless otherwise noted. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company and related notes as of September 30, 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

## OVERVIEW OF THE BUSINESS

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

- Real estate: Commercial properties.
- Forest properties: Freehold timberlands and sawmill facilities.
- Financial assets: Medium-term property loans, limited partnership interests and marketable securities.

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

<small>(THOUSANDS)</small>	<small>AS AT SEPT 30, 2025 AND DEC 31, 2024</small>			
	2025		2024	
<b>Real Estate Operations</b>				
— Commercial Properties	\$ 166,202	42%	\$ 165,164	40%
<b>Forest Properties</b>				
— Haliburton Forest	79,144	20%	74,530	18%
— Acadian Timber Corp	20,000	5%	20,000	5%
<b>Financial Assets</b>				
— Commercial property loans	52,102	13%	75,844	18%
— Residential property loans	17,505	4%	16,525	4%
— Other loans and marketable securities	18,313	5%	17,858	4%
— Corporate Investments	43,603	11%	41,848	10%
	<b>\$ 396,869</b>	<b>100%</b>	<b>\$ 411,769</b>	<b>100%</b>

## REAL ESTATE OPERATIONS

Halmont's commercial properties represent approximately 42% of the Company's assets and include:

25 Dockside Drive, Toronto:	Acquired in April 2024, in partnership with George Brown College for approximately \$238.0 million. Each partner contributed \$40.0 million for a 50% initial equity interest, and subsequently secured a \$160.0 million mortgage loan. As at December 31, 2024, 25 Dockside Drive had an appraised value of approximately \$251.0 million. As at September 30, 2025, Halmont's investment was approximately \$47.8 million.
2 Queen Street East, Toronto:	Acquired in December 2024, in partnership with Toronto Metropolitan University and Brookfield Property Partners for approximately \$221.6 million. As a joint operator, Halmont recognizes its 37.5% share of the property's assets, liabilities, revenue and expenses. Halmont's share of the acquisition cost is approximately \$83.1 million.
22 College Street, Toronto:	Leased to the Toronto School of Management. As at December 31, 2024, the property had an appraised value of approximately \$21.2 million.
221 Yonge Street, Toronto:	Leased to a retail bank. As at December 31, 2024, the building had an appraised value of approximately \$7.6 million including \$2.7 million attributed to a long term land lease.
321 - 329 Lakeshore Road, Oakville:	Leased to retail and residential tenants. As at December 31, 2024, the property had an appraised value of approximately \$6.5 million.

Total commercial property lease income was \$4.4 million for the three months ended September 30, 2025, compared to \$1.4 million for the same period in the prior year. For the nine months ended September 30, 2025, lease income was \$13.1 million, compared to \$3.4 million in the prior year.

Total commercial property expenses for the three months ended September 30, 2025, were \$1.6 million, compared to \$0.2 million for the same period in the prior year. For the nine months ended September 30, 2025, commercial property expenses were \$4.7 million, compared to \$0.9 million in the prior year.

The increase in commercial property lease income and expenses is attributable to property acquisitions completed during 2024. Expenses include costs such as property maintenance, property management fees, insurance, real estate taxes, and other expenses associated with operating income-generating properties.

## **FOREST PROPERTIES**

Halmont's forest properties represent approximately 25% of the Company's total assets and include investments in Haliburton Forest and Acadian Timber Corp.

### Haliburton Forest

Halmont's investment in Haliburton Forest accounts for 20% of the Company's assets and comprises a 59% equity interest in the business. Haliburton Forest 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. It also owns and operates five hardwood sawmills and holds a 50% partnership interest in a biochar production facility.

Halmont's objective is to earn attractive long-term returns through the appreciation in the value of Haliburton Forest's freehold timberlands. This appreciation is driven by inflationary pressures, and a diminishing supply of prime privately-owned recreational properties with attractive waterfront features, and sustainable forest management practices that enhance forest quality by selectively removing lower-value species to promote the growth of high-value trees.

In addition, Halmont aims to benefit from the development and monetization of carbon credits in both the voluntary and compliance markets.

### Acadian Timber Corp.

Halmont's investment in Acadian Timber Corp. is held through a \$20.0 million convertible preferred share in Macer Forest Holdings Inc., which represents 5% of Halmont's total assets. The Macer preferred shares are exchangeable into a 7% equity interest in Acadian Timber Corp., which owns approximately 1,100,000 acres of freehold forest lands in New Brunswick and Maine. Accordingly, this investment provides Halmont with an indirect ownership interest in approximately 77,000 acres of freehold timberlands.

Acadian Timber Corp. owns and manages approximately 775,000 acres of freehold timberlands in New Brunswick and approximately 300,000 acres of freehold timberlands in Maine. It also provides forest management services related to approximately 1,300,000 acres of Crown timberlands in New Brunswick.

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

Looking forward, 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, along with synergies in forest management, timber marketing, carbon credit development, and property development.

Total income from forest properties for the three months ended September 30, 2025, was \$1.2 million compared to \$1.2 million for the same period in the prior year. Total income from forest properties for the nine months ended September 30, 2025, was \$3.6 million compared to \$3.1 million for the same period in the prior year.

## FINANCIAL ASSETS

Halmont's property loans and other financial assets account for approximately 12% of the Company's total assets as at September 30, 2025 and are summarized as follows:

(THOUSANDS) AS AT SEPT 30, 2025 AND DEC 31, 2024	2025	2024
Commercial property loans	\$ 52,102	\$ 75,844
Residential property loans	17,505	16,525
Other loans and marketable securities	15,184	17,594
	<b>84,791</b>	109,963
Corporate Investments	<b>43,603</b>	41,848
	<b>\$ 128,394</b>	\$ 151,811

### Property Loans and Other Financial Assets

Total income from property loans and other financial assets for the three months ended September 30, 2025, was \$2.7 million compared to \$3.0 million for the same period in the prior year. For the nine months ended September 30, 2025, total income was \$6.0 million, compared to \$9.0 million in the prior year. This decrease primarily reflects loan repayments and lower prevailing interest rates.

The portfolio includes a mix of senior and subordinated mortgage loans, construction loans, limited partnership interests, and marketable securities, measured in accordance with IFRS 9 at amortized cost, fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVOCI), depending on contractual terms and business model.

A portion of the portfolio includes equity-accounted investments in residential development projects, such as Grandview and Paisley in Huntsville, Ontario, which continue to progress toward build-out. In addition, the Company holds limited partnership interests in two industrial storage property funds managed by Forum MakeSpace Inc., which own and develop self-storage facilities across Canada.

Halmont's lending strategy emphasizes flexibility, credit discipline, and capital preservation. The Company provides project and construction financing secured by high-quality real estate assets, selectively offers subordinate loans with profit participation features, and seeks third-party underwriting through entities with substantial financial capacity for its higher-risk exposures.

### Corporate Investments

Halmont's corporate investments, totaling \$43.6 million, represent approximately 11% of the Company's total assets. These investments are held through a subsidiary and are financed with \$27.9 million of subordinated preferred shares that have no recourse to Halmont's other assets. As a result, Halmont's net effective investment in these corporate investments is \$15.7 million, or approximately 4.0% of total assets. Total equity accounted income for corporate investments for the three months ended September 30, 2025, was \$0.6 million compared to \$0.7 million for the same period in the prior year. For the nine months ended September 30, 2025, equity accounted income was \$1.8 million, compared to \$2.2 million in the prior year.

These investments are accounted for using the equity method, whereby investments are initially recorded at cost and subsequently adjusted for the Company's contractual share of income and distributions. Halmont's objective is to hold these investments while they provide income and strategic business relationships that support its core operation in real estate and forest assets.

## SUMMARY FINANCIAL INFORMATION

The following table summarizes selected annual consolidated information:

(THOUSANDS, EXCEPT PER SHARE AMOUNTS)	NINE MONTHS ENDED SEPT 30		YEAR ENDED DEC 31			
	2025	2024	2024	2023	2022	2021
Total assets	\$ 396,869	\$ 320,815	\$ 411,769	\$ 253,572	\$ 224,032	\$ 265,821
Total revenue	24,897	20,959	32,026	27,973	19,514	13,492
Net income	12,254	10,346	18,399	18,490	10,670	7,252
Comprehensive income	13,265	12,440	20,715	18,602	10,425	7,656
Comprehensive income to shareholders	12,445	11,432	19,375	17,369	9,572	7,103
- Per share diluted	4.85 ¢	5.02 ¢	12.52 ¢	12.69 ¢	6.68 ¢	4.85 ¢
- Per share basic	5.82 ¢	6.61 ¢	9.17 ¢	9.28 ¢	5.28 ¢	3.44 ¢

## CONSOLIDATED OPERATING RESULTS

For the nine months ended September 30, 2025, the Company reported a net income of \$12.2 million, compared to \$10.3 million for the same period in 2024.

Halmont's financial results have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards, as issued by the International Accounting Standards Board (IASB). 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:

(THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2025			2024			2023	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	\$ 8,161	\$ 8,192	\$ 8,544	\$ 11,067	\$ 6,412	\$ 5,777	\$ 8,770	\$ 14,983
Net income	4,082	4,210	4,962	6,948	3,609	3,417	4,425	8,299
Comprehensive income	4,861	4,493	4,911	8,275	4,573	2,520	5,347	10,738
Comprehensive income to shareholders	4,587	4,222	4,636	7,943	4,251	2,160	5,021	10,711
- Per share diluted	1.61 ¢	1.59 ¢	1.65 ¢	5.92 ¢	2.34 ¢	1.29 ¢	2.97 ¢	8.29 ¢
- Per share basic	1.94 ¢	1.88 ¢	2.00 ¢	4.14 ¢	1.77 ¢	1.07 ¢	2.19 ¢	5.58 ¢

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

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2025, the Company's borrowings consisted of:

- \$25.0 million in secured loans (December 31, 2024 - \$25.0 million),
- \$22.5 million in a mortgage payable (December 31, 2024 - \$25.0 million),
- \$49.3 million from an affiliate (December 31, 2024 - \$75.2 million), and
- \$25.0 million in senior debentures (December 31, 2024 - \$25.0 million).

The Company's undrawn available credit totaled \$100.7 million as at September 30, 2025 (December 31, 2024 - \$84.7 million).

## EXPENSES

Total interest expense for the three months ended September 30, 2025, was \$1.4 million, compared to \$2.2 million for the same period in the prior year. For the nine months ended September 30, 2025, total interest expense was \$4.5 million, compared to \$5.4 million for the same period in 2024. Of the \$4.5 million in total interest expense for the nine months ended September 30, 2025, \$2.8 million relates to the affiliate facility, with the balance attributable to secured loans, senior debenture, and the vendor take-back mortgage.

## FAIR VALUE SUMMARY

Fair value adjustments recognized for the period ended September 30 are summarized as follows:

(THOUSANDS) (NINE MONTHS ENDED SEPT 30)	2025	2024
Gain on sale of commercial properties	\$ -	\$ 4,250
Commercial properties	(212)	(204)
Property loans and other	668	(930)
Total fair value adjustments	\$ 456	\$ 3,116

## EQUITY BASE

On December 31, 2024, the Company redeemed its Series I convertible preferred shares by issuing 30.7 million subordinate-voting common shares. As at September 30, 2025, Halmont's issued and outstanding common share capital consisted of:

- 83.9 million multiple-voting common shares, and
- 70.8 million subordinate-voting common shares.

The multiple-voting common shares are listed for trading on the TSX Venture Exchange under the symbol HMT.V.

On December 31, 2024, the Company issued \$50.0 million Series II preferred shares, which are convertible into 50.0 million subordinate-voting common shares.

On December 31, 2021, the Company issued \$25.0 million subordinated capital notes, which are convertible into 31.2 million subordinate-voting common shares.

The following table summarizes the Company's outstanding share capital as at September 30, 2025, including potential issuances upon the conversion of preferred shares and capital notes:

(THOUSANDS)		Number of shares	Subscribed Value
Issued and Outstanding:			
– Multiple - voting common shares	#	83,940	\$ 81,385
– Subordinate - voting common shares		70,769	68,615
		154,709	150,000
Issuance of Subordinate- voting common shares on conversion of:			
– Series II subordinated capital notes		31,250	25,000
– Series II preferred shares		50,000	50,000
Fully diluted Multiple and Subordinated voting common shares	#	235,959	\$ 225,000

## 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 business and are recorded at agreed-upon exchange amounts between the parties.

The accompanying unaudited consolidated financial statements for the nine months ended September 30, 2025, have been prepared by, and are the responsibility of, the Company's management.

Additional information is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), or may be obtained upon request from the Secretary of the Company at 181 Bay Street, Suite IN200, Toronto, ON, M5J 2T3.

November 26, 2025