Consolidated Financial Statements

Clarke Inc.

December 31, 2025 and 2024

Independent auditor's report

To the Shareholders of Clarke Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Clarke Inc. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of land and buildings and components Refer to note 1 – Material accounting policies, note 2 – Significant accounting judgments, estimates and assumptions and note 6 – Property and equipment to the consolidated financial statements. The Company measures its land and buildings and components at fair value under the revaluation model, and as at December 31, 2025, these assets were valued at $205.4 million. Land and buildings and components are carried at fair value at the date of revaluation and subsequently buildings and components are depreciated until the next revaluation. In assessing the fair value of the land and buildings and components associated with its hotels	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of a sample of hotels that were revalued using income capitalization models, which included the following: – Evaluated the reasonableness of the budgeted cash flow forecasts and occupancy rate assumptions by (i) comparing to current and historical results, (ii) comparing with external market and industry data; and (iii) whether these assumptions were aligned with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
that were revalued during the year, the Company used internal income capitalization models. The significant assumptions used in the internal income capitalization models included budgeted cash flow forecasts used to normalize operating results, occupancy rate assumptions and capitalization rates obtained from independent third-party sources. We considered this a key audit matter due to the significant judgments by management when determining the fair values of the hotels using the internal income capitalization models and a high degree of complexity in assessing audit evidence related to the significant assumptions used by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	– Tested the underlying data used in the models. – Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the appropriateness of the internal income capitalization models and in evaluating the reasonableness of the capitalization rates.
Valuation of investment properties, excluding properties under development Refer to note 1 – Material accounting policies, note 2 – Significant accounting judgments, estimates and assumptions and note 7 – Investment properties to the consolidated financial statements. The Company measures its investment properties at fair value. As at December 31, 2025, the investment properties, excluding properties under development, were valued at $236.1 million. The fair values of the investment properties, excluding properties under development, were determined using internal income capitalization models. The significant assumptions used in the internal income capitalization models included budgeted cash flow forecasts used to normalize operating results, occupancy rate assumptions and capitalization rates obtained from independent third-party sources. We considered this a key audit matter due to the significant judgments by management when determining the fair values of the investment properties, excluding properties under	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of a sample of investment properties, excluding properties under development, that were revalued using internal income capitalization models, which included the following: – Evaluated the reasonableness of the budgeted cash flow forecasts and occupancy rate assumptions by (i) comparing to current and historical results, (ii) comparing with external market and industry data; and (iii) whether these assumptions were aligned with evidence obtained in other areas of the audit. – Tested the underlying data used in the models. – Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the appropriateness of the internal

Key audit matter	How our audit addressed the key audit matter
development, using the internal income capitalization models and a high degree of complexity in assessing audit evidence related to the significant assumptions used by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	income capitalization models and in evaluating the reasonableness of the capitalization rates.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Krista Ryan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Ottawa, Ontario
March 3, 2026

Clarke Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

As at December 31,	**2025**	2024
	$	$
ASSETS		
Current		
Cash	**560**	809
Receivables *(note 3)*	**7,098**	6,402
Other assets *(note 4)*	**1,653**	1,054
Total current assets	**9,311**	8,265
Accrued pension benefit asset *(note 5)*	**35,900**	34,325
Property and equipment *(notes 2 and 6)*	**223,699**	224,130
Investment properties *(notes 2 and 7)*	**363,660**	249,133
Deferred income tax assets *(note 8)*	**490**	113
Other assets *(note 4)*	**246**	412
Total assets	**633,306**	516,378
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Short-term indebtedness *(note 9)*	**39,624**	26,414
Accounts payable and other liabilities *(note 10)*	**28,996**	24,808
Income taxes payable	**49**	98
Current portion of long-term debt *(note 11)*	**85,187**	90,637
Total current liabilities	**153,856**	141,957
Long-term debt *(note 11)*	**160,001**	67,590
Accounts payable and other liabilities *(note 10)*	**3,629**	6,861
Deferred income tax liabilities *(note 8)*	**29,408**	23,028
Total liabilities	**346,894**	239,436
Commitments *(note 17)*		
Shareholders' equity		
Share capital *(note 13)*	**80,380**	82,528
Contributed surplus	**7,302**	7,302
Retained earnings	**88,999**	81,965
Accumulated other comprehensive income	**109,731**	105,147
Total shareholders' equity	**286,412**	276,942
Total liabilities and shareholders' equity	**633,306**	516,378

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board:

/s/ George Armoyan
Director

/s/ Blair Cook
Director

Clarke Inc.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars, except per share amounts)

Years ended December 31,	**2025**	2024
	$	$
Revenue and other income		
Hotel and rental revenue	**71,895**	66,486
Provision of services	**9,641**	8,883
Other income *(note 14)*	**12,208**	39,699
	93,744	115,068
Expenses *(note 15)*		
Operating expenses	**38,789**	37,236
Cost of services provided	**4,593**	5,132
General and administrative expenses	**4,873**	4,062
Property taxes and insurance	**4,986**	4,218
Depreciation and amortization	**12,263**	10,563
Interest and accretion (*note 16)*	**10,843**	7,531
	76,347	68,742
Income before income taxes	**17,397**	46,326
Provision for income taxes *(note 8)*	**4,380**	8,503
Net income	**13,017**	37,823
Basic and diluted earnings per share *(note 13)*	**0.95**	2.71

The accompanying notes are an integral part of the consolidated financial statements

Clarke Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

Years ended December 31,	**2025**	2024
	$	$
Net income	**13,017**	37,823
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) and effect of changes to asset ceiling on defined benefit pension plans, net of income tax *(notes 5 and 8)*	**2,672**	(408)
Revaluation gains on property and equipment, net of income tax expense *(notes 2, 6 and 8)*	**1,912**	8,958
Items that have been reclassified to profit or loss		
Unrealized gains on translation of net investment in foreign operations, net of income tax *(notes 7 and 8)*	**—**	94
Reclassification of realized translation gains on disposal of net investment in foreign operations	**—**	(89)
Other comprehensive income	**4,584**	8,555
Comprehensive income	**17,601**	46,378

The accompanying notes are an integral part of the consolidated financial statements

Clarke Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

Years ended December 31,	**2025**	2024
	$	$
OPERATING ACTIVITIES		
Net income	**13,017**	37,823
Adjustments for items not involving cash *(note 18)*	**4,663**	(19,768)
	17,680	18,055
Net change in non-cash working capital balances *(note 18)*	**(1,576)**	(172)
Net cash provided by operating activities	**16,104**	17,883
INVESTING ACTIVITIES		
Additions to property and equipment *(note 6)*	**(11,923)**	(13,681)
Additions to investment properties *(note 7)*	**(97,192)**	(77,087)
Proceeds on disposal of subsidiary *(note 7)*	**856**	—
Proceeds on sale of property and equipment	**32**	—
Collection of loan receivable	**—**	9,733
Net cash used in investing activities	**(108,227)**	(81,035)
FINANCING ACTIVITIES		
Repurchase of shares for cancellation *(note 13)*	**(8,131)**	(125)
Net proceeds of short-term indebtedness *(note 9)*	**13,210**	22,651
Proceeds of long-term debt, net of financing fees *(note 11)*	**207,875**	43,519
Repayment of long-term debt *(note 11)*	**(121,080)**	(3,013)
Net cash provided by financing activities	**91,874**	63,032
Net change in cash during the year	**(249)**	(120)
Cash, beginning of year	**809**	929
Cash, end of year	**560**	809

The accompanying notes are an integral part of the consolidated financial statements

Clarke Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars)

Years ended December 31,	**2025**	2024
	$	$
Share capital		
Balance at beginning of year	**82,528**	82,574
Common shares repurchased for cancellation *(note 13)*	**(2,148)**	(46)
Balance at end of year	**80,380**	82,528
Contributed surplus		
Balance at beginning and end of year	**7,302**	7,302
Retained earnings		
Balance at beginning of year	**81,965**	44,221
Net income	**13,017**	37,823
Purchase price in excess of the book value of common shares repurchased for cancellation *(note 13)*	**(5,983)**	(79)
Balance at end of year	**88,999**	81,965
Accumulated other comprehensive income		
Balance at beginning of year	**105,147**	96,592
Other comprehensive income	**4,584**	8,555
Balance at end of year	**109,731**	105,147
Total shareholders' equity	**286,412**	276,942

The accompanying notes are an integral part of the consolidated financial statements

1. MATERIAL ACCOUNTING POLICIES

Nature of operations

Clarke Inc. (the "Company") was incorporated on December 9, 1997 pursuant to the Canada Business Corporations Act. The head office of the Company is located at 168 Hobsons Lake Drive, Beechville, Nova Scotia. The Company is a real estate company with holdings across real estate sectors – primarily residential, furnished suites and hospitality. The Company operates exclusively in Canada. The Company continually evaluates the acquisition, retention and disposition of its holdings and changes in its asset mix and segment allocation should be expected. These consolidated financial statements were approved by the Board of Directors on March 3, 2026.

Basis of presentation and statement of compliance

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles in Canada as set out in the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These consolidated financial statements were prepared under the historical cost convention, except for certain financial assets and liabilities, certain classes of property and equipment, and investment properties that are measured at fair value, and defined benefit pension plans where plan assets are measured at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company's significant subsidiary is Holloway Lodging Corporation ("Holloway"). All intercompany transactions have been eliminated on consolidation. All subsidiaries have the same reporting year-end as the Company, and all follow the same accounting policies.

Revenue recognition

Hotel and rental revenue

Hotel revenue is generated from room occupancy, food and beverage services, rental and ancillary services, and is presented net of the cost of hotel brand loyalty programs. Rental revenue is generated from leasing space for both residential and commercial purposes. The Company recognizes revenue when the services are provided to the customer and payment of the transaction price is due, as there are no further performance obligations to be satisfied at that point.

Revenues from the Company's residential investment properties include rents, parking, storage, and other miscellaneous revenue paid by tenants under the terms of their leases. The Company recognizes residential rental revenue on a straight-line basis over the term of the lease in accordance with IFRS 16 – *Leases*.

The Company has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for its leases with tenants as operating leases, with rentals payable monthly. The Company commences revenue recognition on leases, for both residential and commercial tenants, when the tenant takes control over the leased property. Control is considered to be provided on either the lease commencement date, or upon substantial completion of any required tenant improvements completed by the Company. Rental income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. All residential tenants are currently under short-term lease agreements.

Provision of services

The Company generates revenue from investment management services to pension plans sponsored by the Company. Revenue is recognized as the services are rendered to the pension plans and payment of the transaction price is due. The total transaction price includes variable consideration based on returns achieved on the assets of the pension plans on an annual basis.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Revenue from the Company's ferry business is recognized upon provision of those services and customer acceptance of those services, as there are no further performance obligations to be satisfied at that point.

Other income

Interest income is recorded using the effective interest rate ("EIR") for all financial instruments measured at amortized cost.

Property and equipment

Depreciation of property and equipment is provided on a straight-line basis from the date assets are ready to be put into service at rates which will amortize the carrying cost or revalued amounts, net of residual values, over their estimated useful lives. Estimated useful lives and residual values are reviewed at least annually. The estimated useful lives of property and equipment are as follows:

Property and equipment class	Useful life
Buildings and components	15 – 60 years
Furniture, fixtures, and equipment	2 – 10 years
Ferry and vessel dry dock costs	3 – 5 years
Right-of-use assets	Term of the lease

Land is not amortized. Renovations in progress are amortized once they are put into use.

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, with the exception of land and buildings and components, which are recognized at fair value using the revaluation model. Under the revaluation model, increases in fair value are recorded in other comprehensive income except to the extent that they reverse a revaluation decrease previously recorded in the consolidated statement of earnings, in which case the reversal is recorded in the consolidated statement of earnings. Decreases in fair value are charged against other comprehensive income and the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset and thereafter are recorded in the consolidated statement of earnings.

Land and buildings and components are carried at fair value at the date of revaluation and subsequently buildings and components are depreciated until the next revaluation. The Company applies the net method for adjustment upon revaluation. The net method eliminates accumulated depreciation against the carrying amount of the asset and then revalues the net carrying amount.

When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are expensed as incurred.

Investment properties

Investment properties are held either to earn rental income, for capital appreciation (including future redevelopment) or both, but are not for sale in the ordinary course of business. Investment properties are initially measured at cost, including transaction costs, and subsequently measured at fair value at each reporting date. The difference between the fair value at the reporting date and the carrying value is recognized in earnings. Under the fair value model, investment properties are not depreciated.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Investment properties under construction are carried at fair value, to the extent that fair value can be determined reliably. In assessing whether fair value can be determined reliably, management considers factors such as the stage of completion of the construction, the level of reliability of cash flows after completion, the level of pre-leasing completed and other factors. To the extent that fair value cannot be determined reliably, the Company uses cost as the best estimate of fair value until the earlier of either construction completion or fair value becoming reliably measurable. Investment properties under construction include costs that are directly attributable to the asset, including borrowing costs. These costs are capitalized when the activities necessary to prepare an asset for development begin and continue until the date that construction is substantially completed.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the reporting date in the jurisdictions where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in shareholders' equity is recognized in shareholders' equity and not within earnings. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward amounts of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be generated against the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Deferred income tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in shareholders' equity.

Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each of the Company's subsidiaries determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. There were no non-monetary assets or liabilities denominated in foreign currencies as at December 31, 2025 or 2024, in entities where the functional currency is Canadian dollars. All foreign exchange gains and losses are recorded in other income as incurred.

The assets and liabilities of subsidiaries for which the functional currency is not Canadian dollars, are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of earnings are translated at yearly average exchange rates. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of accumulated other comprehensive income relating to that foreign operation is recognized in the consolidated statements of earnings. The Company disposed of its last remaining foreign operation in the year ended December 31, 2024.

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to a financial instrument contract.

Classification and measurement

All financial instruments are required to be initially measured at fair value, plus or minus, in the case of financial assets and liabilities not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance of the financial asset or liability.

Financial assets are classified and subsequently measured at amortized cost as they are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest and are not designated as FVTPL. The Company does not hold any financial assets classified as FVTPL or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition. Subsequent to initial recognition, all financial assets are carried at amortized cost.

The Company's financial assets classified and subsequently measured at amortized cost include cash and receivables.

The Company's financial liabilities classified and subsequently measured at amortized cost include short-term indebtedness, accounts payable and other liabilities and long-term debt.

Interest income and expense are recognized in the consolidated statements of earnings using the EIR method, except for borrowing costs related to qualifying assets, which are capitalized as part of the cost of that asset.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Impairment

At each reporting date, the Company assesses each financial asset measured at amortized cost for impairment using the expected credit loss ("ECL") model.

In determining ECLs, the Company considers its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Derecognition and modification

Financial assets are derecognized when the contractual rights to receive cash flows and benefits from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. The difference between the asset's carrying amount and the sum of the consideration received, and receivable, is recognized in earnings.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, such an exchange is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in earnings. If the change of terms is not substantial and is considered a debt modification of the financial liability, the carrying amount of the existing debt liability is adjusted to reflect the revised estimated cash flow payments discounted using the original EIR. The adjustment is recognized as a modification gain or loss in earnings.

Pensions and other post-employment benefits

The Company has two defined benefit pension plans covering full-time employees who commenced employment before September 2003 (the "Plans"). One plan is federally regulated by the Office of the Superintendent of Financial Institutions, and one plan is provincially regulated by Retraite Québec. For certain other employees, the Company has an RRSP plan and a defined contribution pension plan. The cost of providing benefits under the Plans is determined separately for each plan using the projected unit credit method. Remeasurement gains and losses and the effect of the limit on the asset ceiling of the Plans are included in other comprehensive income. The past service costs, current service costs, net interest on surplus and non-investment management fees are recognized in earnings. The defined benefit asset comprises the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds). Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in earnings.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Per share information

Basic earnings per share is calculated based on net income using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares that would have been outstanding during the period, including adjustments for dilutive instruments, if applicable.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be met. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recorded as a reduction to the cost of the asset. When the Company receives non-monetary grants, no amounts are recorded in the consolidated statements of earnings as the grants are for consumables in the Company's operations.

New Standards and amendments – not yet adopted

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued targeted amendments to IFRS 9, 'Financial Instruments', and IFRS 7, 'Financial Instruments: Disclosures' to: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Company is currently assessing the impact of these amendments.

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 with new presentation requirements. The key concepts of the standard relate to how 'operating profit or loss' is defined, resulting in changes to the structure of the statement of earnings and new disclosure requirements for 'management-defined performance measures'. IFRS 18 is effective from January 1, 2027 and also applies to comparative information. The Company is currently assessing the impact of this standard.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in these consolidated financial statements and accompanying notes. These estimates and associated assumptions are based on historical experience, future operating plans and various other factors believed to be reasonable under the circumstances, and the results of such estimates form the basis of judgements about carrying values of assets and liabilities. These underlying assumptions are reviewed on an ongoing basis.

Actual results could differ materially from those estimates. Significant estimates and judgments made in the preparation of the consolidated financial statements include the following described below, with additional information contained in the applicable accounting policy or note.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Valuation of property and equipment

The Company measures its land and building and components at fair value under the revaluation model. These assets are revalued with sufficient regularity to ensure that their carrying amounts do not differ materially from fair value at each reporting date.

The Company has established a methodology to assess when indicators exist that the carrying amount of a property may differ materially from its fair value. Such indicators include, but are not limited to, significant changes in operating performance, economic conditions, regional development activity and competitive dynamics in the markets in which the properties operate. The Company primarily relies on internal income capitalization models to perform its revaluation analyses, supplemented by third-party offers or external appraisals when available.

During the year, the Company performed a revaluation analysis of its land and building and components associated with its hotels using internal income capitalization models. These models incorporated management's knowledge of relevant markets, normalized operating results, and capitalization rates obtained from independent third-party sources. The analysis resulted in revaluation increases for three hotels and revaluation decreases for three hotels. A net revaluation increase of $2,500 was recognized in other comprehensive income, while a net revaluation decrease of $1,500 was recorded in earnings within other income. In the prior year, the Company recorded a net revaluation increase of $11,700 in other comprehensive income, while a net revaluation decrease of $3,900 was recognized in earnings within other income for the year ended December 31, 2024.

Significant assumptions applied in the valuation analysis included budgeted cash flow forecasts used to normalize operating results, occupancy rate assumptions and capitalization rates. The capitalization rates applied ranged from 8.50% to 12.25% (2024 – 8.50% to 12.50%). A sensitivity analysis indicates that a 0.25% increase or decrease in the capitalization rates would result in an approximate $2,000 change in the carrying value of property and equipment.

Fair value of investment properties

The Company's significant investment properties as at December 31, 2025, consisted of a multi-building residential rental complex, of which a portion is currently operational and the remainder under development, and a standalone residential rental building. Changes in the fair value of the Company's investment properties may occur as a result of factors including operating performance, economic conditions, regional development activity and competitive dynamics in the markets in which the properties operate. The Company primarily relies on internal income capitalization models to perform its fair value analyses over its investment properties supplemented by third-party offers or external appraisals when available.

During the year, the Company performed a fair value assessment of its investment properties, excluding properties under development, using internal capitalization models. The valuation analysis incorporated management's knowledge of the relevant markets normalized operating results attributable to the individual operating investment properties, and capitalization rates obtained from independent third-party sources. The analysis resulted in a fair value increase of $14,900 related to two investment properties, which was recognized in earnings and included in other income. In the prior year, the Company recorded a fair value increase of $34,000 related to two investment properties, which was recognized in earnings and included in other income for the year ended December 31, 2024.

Significant assumptions used in the income capitalization models included budgeted cash flow forecasts used to determine normalized operating results, occupancy rate assumptions and capitalization rates. The capitalization rates applied in the current year ranged from 4.25% to 5.25% (2024 – 4.25% to 6.00%). A sensitivity analysis indicates that a 0.25% increase or decrease in the capitalization rates would result in an approximate $3,800 change in the fair value of investment properties.

(in thousands of Canadian dollars, except per share amounts)

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Pension benefits and asset ceiling

The costs of Plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least a AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Management is also required to make certain assumptions regarding the quantification of the asset ceiling, which impacts the accrued pension benefit asset recorded on the consolidated statements of financial position.

3. RECEIVABLES

	2025 **$**	2024 $
Receivables from sales and services	**2,475**	3,008
Less: expected credit losses	**(24)**	(126)
Receivables from sales and services – net	**2,451**	2,882
Sales tax receivables	**4,191**	2,849
Other receivables	**456**	671
	7,098	6,402

4. OTHER ASSETS

	2025 **$**	2024 $
Inventories	**61**	73
Prepaid expenses, deposits and other	**1,592**	981
Franchise fees and other intangible assets	**246**	412
Total other assets	**1,899**	1,466
Less: other assets – current	**(1,653)**	(1,054)
Other assets – long-term	**246**	412

5. EMPLOYEE FUTURE BENEFITS

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes annually for its Plans. The most recent actuarial valuations for funding purposes were completed for the Plans as at December 31, 2023 and December 31, 2022, respectively.

The Company manages a portion of the Plans' investment portfolio (note 12). The Company earns administration and management fees that include an annual performance fee if returns on plan assets exceed certain thresholds.

(in thousands of Canadian dollars, except per share amounts)

5. EMPLOYEE FUTURE BENEFITS (CONT'D)

Defined benefit plan assets

Fair value of plan assets	**2025** **$**	2024 $
Balance, beginning of year	**116,500**	109,092
Interest income	**5,318**	4,961
Employee contributions	**2**	2
Benefits paid	**(1,497)**	(2,154)
Non-investment management fees	**(304)**	(334)
Remeasurement gains	**7,082**	4,933
Balance, end of year	**127,101**	116,500

Defined benefit plan obligation

Accrued benefit obligation	**2025** **$**	2024 $
Balance, beginning of year	**36,570**	37,032
Current service cost	**13**	76
Interest cost	**1,797**	1,658
Employee contributions	**2**	2
Benefits paid	**(1,497)**	(2,154)
Past service cost	**3,238**	—
Remeasurement gains	**(1,136)**	(44)
Balance, end of year	**38,987**	36,570

Reconciliations of the funded status of the benefit plans to the amounts recorded on the consolidated statements of financial position are:

	2025 **$**	2024 $
Fair value of plan assets	**127,101**	116,500
Accrued benefit obligations	**(38,987)**	(36,570)
Funded status	**88,114**	79,930
Impact of asset ceiling, excluding interest	**(50,116)**	(43,843)
Interest on asset ceiling	**(2,098)**	(1,762)
Accrued pension benefit asset	**35,900**	34,325

Elements of the defined benefit recovery (expense) recognized in earnings are as follows:

Years ended December 31,	**2025** **$**	2024 $
Current service cost	**(13)**	(76)
Net interest on surplus	**1,423**	1,542
Provision for non-investment management fees	**(304)**	(334)
Past service cost	**(3,238)**	—
Defined benefit recovery (expense)	**(2,132)**	1,132

The past service cost resulted from a pension plan amendment the Company made to its Plans during the year.

(in thousands of Canadian dollars, except per share amounts)

5. EMPLOYEE FUTURE BENEFITS (CONT'D)

Elements of the defined benefit recovery (expense) recognized in other comprehensive income are as follows:

Years ended December 31,	**2025** **$**	2024 $
Remeasurement gains and return on plan assets in excess of discount rate	**8,219**	4,977
Change in amount of asset ceiling	**(4,511)**	(5,536)
Deferred income tax recovery (expense)	**(1,036)**	151
Defined benefit recovery (expense)	**2,672**	(408)

Significant assumptions

	2025 **%**	2024 %
Accrued benefit obligation:		
Discount rate	**4.85**	4.60
Rate of compensation increase	**3.00 – 4.00**	3.00 – 4.00
Benefit costs for the year:		
Discount rate	**4.60**	4.60
Rate of compensation increase	**3.00 – 4.00**	3.00 – 4.00

(in thousands of Canadian dollars, except per share amounts)

6. PROPERTY AND EQUIPMENT

Year ended December 31, 2025	**Land $**	**Buildings and components $**	**Ferry and vessel dry dock costs $**	**Furniture, fixtures and equipment $**	**Right-of-use assets $**	**Renovations in progress $**	**Total $**
Beginning balance	**33,829**	**174,764**	**31**	**12,087**	**620**	**2,799**	**224,130**
Additions	**—**	**2,794**	**351**	**4,533**	**—**	**3,120**	**10,798**
Disposals	**—**	**(151)**	**—**	**(70)**	**—**	**—**	**(221)**
Revaluations *(note 2)*	**150**	**850**	**—**	**—**	**—**	**—**	**1,000**
Transfers	**—**	**2,038**	**—**	**1,657**	**—**	**(3,695)**	**—**
Depreciation	**—**	**(8,874)**	**(171)**	**(2,897)**	**(66)**	**—**	**(12,008)**
Ending balance	**33,979**	**171,421**	**211**	**15,310**	**554**	**2,224**	**223,699**
Valuation	**33,979**	**183,179**	**—**	**—**	**—**	**—**	**217,158**
Cost, net	**—**	**—**	**5,194**	**34,268**	**659**	**2,224**	**42,345**
Accumulated depreciation	**—**	**(11,758)**	**(4,983)**	**(18,958)**	**(105)**	**—**	**(35,804)**
Net book value	**33,979**	**171,421**	**211**	**15,310**	**554**	**2,224**	**223,699**

Year ended December 31, 2024	Land $	Buildings and components $	Ferry and vessel dry dock costs $	Furniture, fixtures and equipment $	Right-of-use assets $	Renovations in progress $	Total $
Beginning balance	31,489	163,920	66	9,677	350	1,424	206,926
Additions	—	4,779	—	4,287	662	2,566	12,294
Disposals	—	(1)	—	—	(321)	—	(322)
Revaluations *(note 2)*	2,340	13,260	—	—	—	—	15,600
Transfers	—	623	—	568	—	(1,191)	—
Depreciation	—	(7,817)	(35)	(2,445)	(71)	—	(10,368)
Ending balance	33,829	174,764	31	12,087	620	2,799	224,130
Valuation	33,829	181,602	—	—	—	—	215,431
Cost, net	—	—	4,820	28,447	659	2,799	36,725
Accumulated depreciation	—	(6,838)	(4,789)	(16,360)	(39)	—	(28,026)
Net book value	33,829	174,764	31	12,087	620	2,799	224,130

As at December 31, 2025, the net book value of the Company's land and buildings and components would have been $24,079 and $118,825 respectively, had the Company used the cost model, and the net book value of property and equipment would have been $161,203.

Additions for the year ended December 31, 2025 are net of $1,656 in government grants (2024 – $nil).

(in thousands of Canadian dollars, except per share amounts)

7. INVESTMENT PROPERTIES

Year ended December 31, 2025	**Buildings** **$**	**Vacant land** **$**	**Under construction** **$**	**Total** **$**
Beginning balance	**183,206**	**45**	**65,882**	**249,133**
Additions	**306**	**—**	**99,321**	**99,627**
Fair value adjustments *(note 2)*	**14,900**	**—**	**—**	**14,900**
Transfers	**37,600**	**—**	**(37,600)**	**—**
Ending balance	**236,012**	**45**	**127,603**	**363,660**

Year ended December 31, 2024	Buildings $	Vacant land $	Under construction $	Total $
Beginning balance	13,828	45	124,613	138,486
Additions	1,613	—	78,341	79,954
Disposals	(3,373)	—	—	(3,373)
Fair value adjustments *(note 2)*	34,000	—	—	34,000
Transfers	137,072	—	(137,072)	—
Foreign exchange impact	66	—	—	66
Ending balance	183,206	45	65,882	249,133

The first phase of the Company's Talisman residential development on Carling Avenue in Ottawa, ON (the "Talisman") is included in the beginning balance of 'Buildings' in the table above for the year ended December 31, 2025. The first of three buildings from the second phase of the Talisman was transferred from 'Under construction' to 'Buildings' during 2025, upon its substantial completion. The other two buildings of the second phase of the Talisman are included in 'Under construction' and are expected to be completed in 2026. Additions include capitalized borrowing costs of $1,128 (2024 – $2,516).

In March 2024, the Company sold the shares of a wholly owned subsidiary, Holloway Lodging US Inc. ("HLUS"), to an entity owned by the Company's Chairman and his immediate family member for $3,085 (US$2,299), net of agreed upon post-closing adjustments. The transaction was non-cash whereby the consideration before post-closing adjustments was the partial settlement of an unsecured credit facility due to the acquiring entity from the Company. HLUS included a vacant investment property located in Houston, TX. As a result of certain post-closing adjustments, the Company recorded a total net gain of $480 on the disposition of HLUS comprised of a $376 loss recorded in 2024 and a $856 gain recorded in 2025.

8. INCOME TAXES

The provision for income taxes for the years ended December 31 consists of:

Consolidated statements of earnings	**2025** **$**	2024 $
Deferred income tax		
Relating to origination and reversal of temporary differences	**4,380**	14,189
Relating to the change in recoverable amount of a deferred income tax asset	**—**	(5,686)
Provision for income taxes	**4,380**	8,503

(in thousands of Canadian dollars, except per share amounts)

8. INCOME TAXES (CONT'D)

The provision for income taxes varies from the expected provision at statutory rates for the following reasons:

	2025 **$**	2024 $
Net income before income taxes	**17,397**	46,326
Provision for income taxes at statutory rate of 27.94% (2024 – 26.98%)	**4,860**	12,499
Increase (decrease) from statutory rate:		
Effect of difference in statutory rates of subsidiaries	**(131)**	(506)
Non-taxable (deductible) component of realized/unrealized investment gains and losses	**(371)**	1,945
Non-deductible (taxable) expenses	**6**	(71)
Benefit of previously unrecognized deferred income tax asset	**—**	(5,686)
Effect of prior year tax adjustments	**6**	326
Other	**10**	(4)
Provision for income taxes at effective rate	**4,380**	8,503

The significant components of the Company's deferred income tax assets and liabilities are as follows:

Year ended December 31, 2025	**Deferred income tax asset (liability) beginning of year $**	**Recognized directly in equity $**	**Recognized directly in earnings $**	**Deferred income tax asset (liability) end of year $**
Property and equipment and investment properties	**(18,505)**	**(587)**	**(5,126)**	**(24,218)**
Employee future benefits	**(9,259)**	**(1,036)**	**266**	**(10,029)**
Losses carried forward	**4,785**	**—**	**518**	**5,303**
Other	**64**	**—**	**(38)**	**26**
	(22,915)	**(1,623)**	**(4,380)**	**(28,918)**
Deferred income tax assets	**113**	**(519)**	**896**	**490**
Deferred income tax liabilities	**(23,028)**	**(1,104)**	**(5,276)**	**(29,408)**
	(22,915)	**(1,623)**	**(4,380)**	**(28,918)**

Year ended December 31, 2024	Deferred income tax asset (liability) beginning of year $	Recognized directly in equity $	Recognized directly in earnings $	Deferred income tax asset (liability) end of year $
Property and equipment and investment properties	(4,978)	(2,742)	(10,785)	(18,505)
Employee future benefits	(9,135)	151	(275)	(9,259)
Losses carried forward	2,077	—	2,708	4,785
Other	174	41	(151)	64
	(11,862)	(2,550)	(8,503)	(22,915)
Deferred income tax assets	130	174	(191)	113
Deferred income tax liabilities	(11,992)	(2,724)	(8,312)	(23,028)
	(11,862)	(2,550)	(8,503)	(22,915)

As at December 31, 2025, the Company had non-capital losses carried forward for tax purposes of $10,618 (2024 – $8,638).

(in thousands of Canadian dollars, except per share amounts)

8. INCOME TAXES (CONT'D)

The ultimate realization of deferred income tax assets is dependent upon taxable income during the periods in which those temporary differences become deductible. In concluding that it is probable that the recorded deferred income tax assets will be realized, management has relied upon existing taxable temporary differences, the expected generation of taxable income and tax planning opportunities as support for the recorded amounts.

As at December 31, 2025, there was no deferred income tax liability recognized for taxable temporary differences related to undistributed profits of certain of the Company's subsidiaries as the Company is able to control and determine whether to, and the method for distributing, those profits and has determined that those taxable temporary differences will not reverse in the foreseeable future. The taxable temporary differences associated with investments in subsidiaries for which a deferred income tax liability has not been recognized aggregate to $132,766 (2024 – $74,257).

9. SHORT-TERM INDEBTEDNESS

The Company has two secured credit facilities with Canadian chartered banks. The borrowing capacity of the first credit facility is determined by a borrowing base calculation, subject to a maximum of $55,000. This credit facility bears interest at prime plus 0.50% (2024 – prime plus 1.50%) or based on a spread to the Canadian Overnight Repo Rate Average (CORRA). As of December 31, 2025, the Company had drawn $29,624 on this facility (2024 – $9,414), and the borrowing base yielded a maximum draw of $55,000 (2024 – $55,000). The aggregate carrying value of the six hotel properties and ferry operations securing this facility was $86,892 (2024 – $86,490).

The Company has a second credit facility with a maximum borrowing capacity of $40,000 (2024 – $30,000). This credit facility bears interest at prime plus 0.50% (2024 – prime plus 1.00%). As of December 31, 2025, the Company had drawn $10,000 on this facility (2024 – $17,000). This facility, and a corresponding term loan (note 11), are secured by five hotel properties and one investment property with a carrying value of $107,478 (2024 – $96,449).

Both credit facilities are subject to an annual review and are due on demand. Any decline in the fair value or the profitability of the pledged assets may limit the Company's access to the full amount of these credit facilities.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2025 **$**	2024 $
Accounts payable	**17,445**	13,942
Accrued liabilities	**14,635**	17,134
Lease obligations	**545**	593
	32,625	31,669
Current	**28,996**	24,808
Long-term	**3,629**	6,861
	32,625	31,669

At December 31, 2025, the Company had $3,084 (2024 – $6,268) of construction accounts payable due under terms lasting more than one year, which were presented as long-term on the statements of financial position.

(in thousands of Canadian dollars, except per share amounts)

11. LONG-TERM DEBT

On May 23, 2025, the Company repaid a maturing mortgage with proceeds from a new mortgage secured with a new lender. The new mortgage had a principal balance of $9,835, a fixed interest rate of 4.49%, a thirty-five-year amortization period, a five-year term and a maturity date of May 23, 2030. Net cash proceeds received on the refinancing after the maturing mortgage was repaid, fees and disbursements were $6,046. This mortgage was subject to an additional advance of $3,100, contingent on the achievement of specified capital expenditure and zoning milestones. The Company achieved the required milestones and received the additional advance subsequent to December 31, 2025.

On May 29, 2025, the Company completed the refinancing of the existing Talisman construction facility. The refinancing resulted in a $250,000 combined facility consisting of a $115,000 term loan and a $135,000 construction loan. The term loan was partially used to repay the previous construction loan of $85,000. The construction loan is available to the Company as construction costs on phase two of the Talisman are incurred and is due on demand. The combined facility is interest-payments only, bears interest at the lender's prime rate or based on a spread to CORRA and matures on December 31, 2027.

On June 25, 2025, the Company repaid in full an unsecured credit facility of $30,000 due to a related party (note 12).

	2025 **$**	2024 $
Mortgages payable, with a face value of $162,312, bearing interest at a weighted average rate of 4.29% and maturing on various dates from April 2027 to May 2030. Secured by nine hotel properties, one investment property and cross-secured by the Talisman development, with an aggregate carrying value of $493,207.	**162,009**	43,227
Construction loan, with a maximum borrowing limit of $135,000, bearing interest at the lender's prime rate or based on a spread to CORRA, cross-secured by the Talisman development.	**83,179**	—
Unsecured credit facility due to a related party, with a maximum borrowing limit of $35,000, bearing interest at 6.00%.	**—**	30,000
Construction loan, with a maximum borrowing limit of $85,000, bearing interest at the lender's prime rate, secured by the Talisman development.	**—**	85,000
Total long-term debt	**245,188**	158,227
Less: current portion of long-term debt	**(85,187)**	(90,637)
Long-term portion	**160,001**	67,590

The following table summarizes the changes in long-term debt:

	2025 **$**	2024 $
Total long-term debt – beginning balance	**158,227**	122,021
Proceeds of long-term debt, net of financing fees	**207,875**	43,519
Repayment of long-term debt	**(121,080)**	(3,013)
Settlement of credit facility in lieu of cash on sale of subsidiary	**—**	(4,302)
Accretion	**166**	2
Total long-term debt – ending balance	**245,188**	158,227

12. RELATED PARTY DISCLOSURES

The Company had, other than those disclosed elsewhere in these consolidated financial statements, the following related party transactions in the normal course of operations and measured at fair value, representing the amount of consideration established and agreed to by the related parties:

(i) The Company was a party to rental and information technology agreements with companies owned by the Company's Chairman and his immediate family member. During 2025, the Company incurred $309 (2024 – $331) under these agreements.

(ii) The Company provided administrative and asset management services to the Plans and charged $1,324 for services during the year ended December 31, 2025 (2024 – $1,053).

(iii) The Company provided and received services with entities owned by the Company's Chairman and his immediate family member of $604 (2024 – $617). The Company provided hotel management services in exchange for receiving legal, accounting, tax, construction, and pre-construction consulting services.

(iv) The Company repaid in full a 6.00%, $30,000 unsecured credit facility with an entity owned by the Company's Chairman and his immediate family member (note 11). Interest incurred in the year on this credit facility was $885 (2024 – $1,905).

Key management consists of the directors and officers of the Company. The compensation expensed is as follows:

	2025	2024
	$	$
Salaries, board compensation and incentives	**828**	520
Pension value	**3,257**	74
Total	**4,085**	594

13. SHARE CAPITAL AND EARNINGS PER SHARE

As at and for the year ended December 31,	**2025**		2024	
	# of shares	**$**	# of shares	$
Authorized				
Unlimited number of common shares – no par value				
Unlimited number of first preferred shares				
Unlimited number of second preferred shares				
Issued				
Outstanding common shares, beginning of year	**13,951,357**	**82,528**	13,959,157	82,574
Common shares repurchased for cancellation	**(363,000)**	**(2,148)**	(7,800)	(46)
Outstanding common shares, end of year	**13,588,357**	**80,380**	13,951,357	82,528

Earnings per share

	2025			2024		
	Earnings	**Weighted average shares (in thousands)**	**Per share amount**	Earnings	Weighted average shares (in thousands)	Per share amount
	$	**#**	**$**	$	#	$
Basic earnings per share	**13,017**	**13,747**	**0.95**	37,823	13,956	2.71

As of December 31, 2025 and 2024, the Company did not have any potentially dilutive instruments.

(in thousands of Canadian dollars, except per share amounts)

13. SHARE CAPITAL AND EARNINGS PER SHARE (CONT'D)

Common share activity

During the year ended December 31, 2025, the Company purchased for cancellation 363,000 (2024 – 7,800) common shares at a cost of $8,131 (2024 – $125). The purchase price in excess of the historical book value of the shares in the amount of $5,983 (2024 – $79) has been charged to retained earnings, and $2,148 (2024 – $46) has been charged to share capital. The common share repurchases were completed under the Company's normal course issuer bids.

14. OTHER INCOME

Other income is comprised of the following:

	2025 **$**	2024 $
Fair value adjustments on investment properties *(note 2)*	**14,900**	34,000
Revaluation gains (losses) on hotels *(note 2)*	**(1,500)**	3,900
Interest income	**62**	876
Pension recovery (expense) *(note 5)*	**(2,132)**	1,132
Gain on disposal of property and equipment	**17**	78
Gain (loss) on disposal of subsidiary *(note 7)*	**856**	(376)
Foreign exchange gains and other	**5**	89
	12,208	39,699

15. EXPENSES BY NATURE

A summary of operating expenses, costs of services provided, general and administrative expenses, and property taxes and insurance is presented below:

	2025 **$**	2024 $
Salaries, wages and employee benefits	**23,519**	23,554
Materials, supplies, repairs and utilities	**13,773**	13,976
Food, beverage and service costs	**2,448**	2,320
Royalty and franchise fees	**2,660**	2,784
Property taxes	**4,004**	3,259
Selling, general, administrative and other	**4,333**	2,365
Professional fees	**822**	702
Information technology and support	**700**	657
Insurance	**982**	1,031
	53,241	50,648

(in thousands of Canadian dollars, except per share amounts)

16. INTEREST AND ACCRETION

Interest and accretion expense is comprised of the following:

	2025	2024
	$	$
Interest on short-term indebtedness	**3,489**	2,982
Interest on long-term debt	**7,188**	4,547
Accretion	**166**	2
	10,843	7,531

17. COMMITMENTS

Under the terms of the Company's hotel franchise agreements, which expire at various dates through to 2042, franchise fees are due on all of the Company's hotels. The franchise fees paid are generally a function of hotel revenue.

Capital commitments consist of the future commitments related to the construction of the second phase of the Talisman, which began in 2024 and is expected to be completed in 2026. Remaining contracted capital expenditures for this project not yet incurred are approximately $26,000.

18. SUPPLEMENTAL CASH FLOW INFORMATION

	2025	2024
Adjustments for items not involving cash	**$**	$
Depreciation and amortization	**12,263**	10,563
Revaluation losses (gains) on hotel properties *(note 2)*	**1,500**	(3,900)
Fair value adjustments on investment properties *(note 2)*	**(14,900)**	(34,000)
Deferred income tax expense *(note 8)*	**4,380**	8,503
Accretion	**166**	2
Pension expense (recovery) *(note 5)*	**2,132**	(1,132)
Loss (gain) on disposal of subsidiary *(note 7)*	**(856)**	376
Gain on disposal of property and equipment	**(17)**	(78)
Unrealized foreign exchange gains and other	**(5)**	(102)
	4,663	(19,768)

	2025	2024
Net change in non-cash working capital balances	**$**	$
Receivables	**(696)**	(2,445)
Other assets	**(458)**	(589)
Accounts payable and other liabilities	**(422)**	2,581
Income taxes payable	**—**	281
	(1,576)	(172)

	2025	2024
	$	$
Income taxes paid	**—**	70
Interest received	**—**	1,015
Interest paid	**12,158**	10,072

19. CAPITAL DISCLOSURES

The Company's capital consists of shareholders' equity and interest-bearing debt. The objectives of the Company's capital management program are to maintain a level of capital that complies with existing debt covenants, optimizes the cost of capital, funds its business strategies, provides returns to shareholders and builds long-term shareholder value. To maintain or adjust its capital structure, the Company may, from time to time, issue new shares, secure or repay its debt, repurchase shares and/or adjust the amount of dividends paid to shareholders. The Company was in compliance with all debt covenants as at December 31, 2025 and 2024.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of the Company's cash, receivables, short-term indebtedness and accounts payable and other liabilities approximates their fair value due to the short-term maturity of these instruments.

The fair value of long-term debt is determined using internal valuation techniques which incorporate the discounted future cash flows using discount rates that reflect current market conditions for debt instruments with similar interest rates, terms and risk. The fair values do not necessarily represent the amounts the Company might pay in actual market transactions. The carrying value and fair value of the Company's outstanding long-term debt at December 31, 2025 was $245,188 and $246,212 (2024 – $158,227 and $160,237), respectively.

The Company uses the following hierarchy in attempting to maximize the use of observable inputs and minimize the use of unobservable inputs, primarily using market prices in active markets:

Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing on an ongoing basis.

Level 2 – Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's assets recognized and measured at fair value include certain classes of property and equipment totalling $205,400 (note 6) and investment properties of $363,660 (note 7). Both are classified as level 3 in the fair value hierarchy.

Risks associated with financial assets and liabilities

The Company is exposed to various financial risks arising from its financial assets and liabilities. These include market risk, liquidity risk and credit risk. To manage these risks, the Company performs detailed risk assessment procedures at the individual investment level, under the framework of a global risk management philosophy.

Credit risk

Credit risk refers to the risk that a counterparty will fail to fulfill its obligations under a contract and, as a result, will cause the Company to suffer a loss. This risk is mitigated through credit policies that limit transactions according to counterparties' credit quality. The Company assesses the credit quality of all counterparties, considering their financial position, past experience and other factors. The maximum exposure to credit risk associated with financial assets is the total carrying value of the Company's receivables.

(in thousands of Canadian dollars, except per share amounts)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is typically comprised of equity price risk, interest rate risk and foreign exchange risk. Given the Company's holdings at December 31, 2025, equity price risk and foreign exchange risk are considered insignificant.

Interest rate risk

The Company's interest rate risk arises from its secured credit facilities and long-term debt with variable rates, which expose it to cash flow interest rate risk. It manages its exposure to interest rate risk by using a combination of fixed rate debt and variable debt, so changes to cash flows are mitigated by changes in interest rates. The weighted average interest rate on its long-term debt is 4.25% with a weighted average maturity of approximately 2.0 years.

The Company has one construction loan, one term loan, two hotel-secured mortgages and two revolving credit facilities that use variable rates. At December 31, 2025, the after-tax, annualized net income effect of a 1% change in interest rates would have been $1,724 on variable rate debt of $239,294.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company believes it has access to sufficient capital through cash on hand, operating cash flows and existing or other borrowing facilities to meet these obligations. The Company monitors and forecasts its cash balances and cash flows generated from operations to meet its required obligations. As at December 31, 2025, the Company had cash on-hand of $560 and available undrawn revolving facilities of $55,376.

The following table shows the current timing of contractual payments of the Company's liabilities:

	Due within 1 year $	1 to 3 years $	3 to 5 years $	After 5 years $
Accounts payable and other liabilities	**28,996**	**1,994**	**1,593**	**42**
Short-term indebtedness	**39,624**	**—**	**—**	**—**
Long-term debt	**2,009**	**234,037**	**9,445**	**—**
Interest on long-term debt	**10,018**	**8,754**	**560**	**—**
	80,647	**244,785**	**11,598**	**42**

21. SEGMENTED INFORMATION

The Company operates in two reportable business segments. The Investment segment comprises the Company's investment properties and ferry business. The Hospitality segment consists of the Company's ownership, management and operation of hotels. The Other category is not a segment and is disclosed for reconciliation purposes. The Other category consists of the Company's treasury and executive functions, pension plans and its revolving credit facilities. In 2024, the Company's revolving credit facilities were included in the hospitality segment, as that was the primary use of the funds. These facilities are no longer specific to the hospitality operations and in 2025 are included in the Other category. Revenue in the Other category is primarily investment management fees.

Transactions between the segments are recorded at fair value, which is the amount of consideration established and agreed to by management. Reconciling items represent eliminations for services provided between the segments.

The Company has no assets or operations located outside of Canada.

(in thousands of Canadian dollars, except per share amounts)

21. SEGMENTED INFORMATION (CONT'D)

Year ended December 31, 2025	**Investment $**	**Hospitality $**	**Other $**	**Eliminations $**	**Total $**
Revenue and other income (loss):					
Hotel and rental revenue and provision of services	**20,502**	**59,746**	**1,324**	**(36)**	**81,536**
Other income (loss)	**15,756**	**(1,461)**	**(2,087)**	**—**	**12,208**
	36,258	**58,285**	**(763)**	**(36)**	**93,744**
Operating expenses before the undernoted	**10,186**	**39,718**	**3,373**	**(36)**	**53,241**
Depreciation and amortization	**194**	**12,064**	**5**	**—**	**12,263**
Interest and accretion	**4,834**	**2,518**	**3,491**	**—**	**10,843**
Income (loss) before income taxes	**21,044**	**3,985**	**(7,632)**	**—**	**17,397**
Assets	**364,849**	**231,213**	**37,244**	**—**	**633,306**
Liabilities	**232,592**	**64,157**	**50,145**	**—**	**346,894**
Capital expenditures	**97,669**	**11,427**	**19**	**—**	**109,115**

Year ended December 31, 2024	Investment $	Hospitality $	Other $	Eliminations $	Total $
Revenue and other income:					
Hotel and rental revenue and provision of services	12,696	61,620	1,083	(30)	75,369
Other income	34,541	3,912	1,246	—	39,699
	47,237	65,532	2,329	(30)	115,068
Operating expenses before the undernoted	8,013	39,716	2,949	(30)	50,648
Depreciation and amortization	37	10,447	79	—	10,563
Interest and accretion	1,791	3,230	2,510	—	7,531
Income (loss) before income taxes	37,396	12,139	(3,209)	—	46,326
Assets	250,268	230,409	35,701	—	516,378
Liabilities	110,946	85,862	42,628	—	239,436
Capital expenditures	79,954	12,294	—	—	92,248