WALL FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATIONS

NINE MONTHS ENDED OCTOBER 31, 2019

December 12, 2019

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The following discussion of Wall Financial Corporation's (the "Company", "we", or "us") financial conditions and results of operations should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended January 31, 2019 and 2018. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

The financial statements underlying this Management's Discussion and Analysis ("MD&A"), including comparative information, have been prepared in Canadian dollars, and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise noted, using the same accounting policies as described in notes 2 and 3 of the Company's consolidated financial statements for the years ended January 31, 2019 and 2018.

The Board of Directors of the Company (the "Board"), on the recommendation of the Audit Committee, approved the content of this MD&A on December 12, 2019.

The role of the Audit Committee and the Board in respect of financial information included in this MD&A and the consolidated financial statements is set out in the Overview section of this MD&A. Additional information relating to the Company, its activities and operations, including the Annual Information Form, is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning the Company's future objectives, strategies to achieve those objectives, as well as statements with respect to management's plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "anticipate," "believe," "continue," "estimate," "expect," "intent," "objective," "outlook," or "plan," or similar expressions or statements that events, conditions or results "will," "may," "could," or "should" occur or be achieved. Such forward-looking statements reflect management's current beliefs, expectations, estimates, projections and assumptions that were made in light of management's experience and perception of historical trends, as well as information currently available to management.

This MD&A contains forward-looking statements concerning planned increases in rental rates, average daily rates and occupancy rates, anticipated increases in revenue from operations, timing for commencement and completion of construction and renovations, the Company's policy to only acquire land for development which is zoned for its intended use, or where the required rezoning is contemplated and encouraged by the governing authorities, anticipated timing of the closings of sales, anticipated timing and approval of rezoning and subdivision applications, anticipated growth, anticipated cost and financing of planned projects, anticipated resources being sufficient to carry the Company's operations through uncertain times, impact of interest rates on net earnings; recovery of cash flow, capital expenditures and investments, property acquisitions, development plans, outlook with respect to financing availability and operating and financial conditions, plans to make the necessary capital and operating expenditures to facilitate compliance with environmental laws and other requirements and the impact of those expenditures, prevention and mitigation of the impact of catastrophic loss of life and property through the provision of safe work sites, safe living areas and maintenance of adequate and cost effective insurance, and continual evaluation and modification of internal controls over financial reporting. These forward-looking statements are not a guarantee of future performance and are based on the Company's estimates and assumptions, which include, but are not limited to assumptions based on management experience, historical results, current expectations and analyses, trends, government policies, and current business and economic conditions, including the Company's analysis of its business and services and its expectations regarding the effects of anticipated business and service changes and the potential benefits of such efforts and activities on the Company's results of operations in future periods. Forward-looking statements are subject to inherent uncertainties and risks, including, but not limited to: general business and economic conditions in the Company's operating regions, pricing pressures and other competitive factors, results of the Company's ongoing efforts to reduce costs, market its developments for sale, the ability to obtain rezoning and subdivision of certain properties, and the availability and terms of financing. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements. The Company, except as required by applicable law, undertakes no obligation to publicly update or revise any forward-looking statements.

OVERVIEW

The Company is a real estate investment and development company incorporated under the laws of the Province of British Columbia in January 1969.

All of the Company's current revenue is generated from assets that are situated in Metro Vancouver and the Lower Mainland of British Columbia. The Company's activities are concentrated as follows: development and management of residential and commercial rental units, development and construction of residential housing units for sale, and development and management of hotel properties.

The Company is governed by the Board who follow the corporate governance guidelines established for public companies. In January 2005, the Company formalized its governance policy by adopting a Code of Business Conduct and Ethics, a Disclosure Policy, and an Insider Trading Policy. The Board has three committees: the Audit Committee, the Management and Investment Committee, and the Governance and Nomination Committee.

The Audit Committee consists of three directors, all of whom are independent directors. The Audit Committee operates pursuant to the Audit Committee Charter of the Company and meets quarterly to review internal controls and financial disclosure including the consolidated financial statements and management's discussion and analysis.

The Management and Investment Committee consists of four directors, all of whom are independent directors. The Management and Investment Committee meets quarterly or as needed to review new development projects, operations, and to review and administer agreements related to the participation of related parties in development projects.

The Governance and Nomination Committee consists of three directors, all of whom are independent directors. The Governance and Nomination Committee meets at least annually and as needed to review the Board composition and the effectiveness of the Board, to review all significant proposed related party transactions for any potential conflict of interest, to monitor and review the Company's Code of Business Conduct and Ethics, and to review and recommend executive compensation.

STRATEGIES AND RISK MANAGEMENT

Strategies

The hotel, residential, and commercial properties owned by the Company provide an income stream and capital appreciation that is utilized for acquisitions, investments in development properties, reduction of debt, and payment of dividends to shareholders. As at October 31, 2019, the Company owns and manages 934 hotel units (188 at the Westin Wall Centre Vancouver Airport Hotel, and 746 at the Sheraton Vancouver

Wall Centre Hotel). It also owns and manages 1,400 residential and commercial rental units located in Metro Vancouver.

The Company develops for sale residential housing units with a primary focus on high-rise multi-family projects. It is the Company's strategy to acquire land for development that is zoned for its intended use or where the required rezoning is contemplated and encouraged by the governing authorities. There are three properties under active development as at October 31, 2019: Eagle Mountain subdivision in Abbotsford, B.C. (262 single-family lots); the first of six phases of the Trails ("Trails") project in North Vancouver, B.C. (66 townhome and low-rise residential units); and the Ivy on the Park ("Ivy on the Park") project next to the University of British Columbia in Vancouver, B.C. (226 condominium units).

Risk management:

All real estate investments are subject to a degree of risk and uncertainty. In the normal course of its business, the Company is exposed to various risks that could adversely impact the Company's financial condition, results of operations, and the value of the Company's common shares. Certain of these risks and the Company's actions are summarized below. The risks set out below are not the only risks faced by the Company. Other risks and uncertainties may also affect our business, financial condition and results of operations.

General risks:

We are exposed to the micro- and macro-economic conditions that affect the markets in which the Company operates and owns assets. In general, a decline in economic conditions will result in downward pressure on the Company's margins and asset values as a result of lower demand for the services and products offered by the Company. Specifically, general inflation and interest rate fluctuations; population growth and migration; job creation and employment patterns; consumer confidence; government policies, regulations and taxation; and availability of credit and financing could pose a threat to our ongoing business operations.

National and international economic forces and conditions will impact the Company's hotel business as a significant portion of the Company's hotel business is from conventions and tourists from across Canada, the US and internationally. The Company adapts its business plan to reflect current conditions and management believes that the Company has sufficient resources to carry its operations through uncertain times.

The Company participates in joint arrangements under the normal course of business that may have an effect on certain assets and businesses. These joint arrangements may involve risks that would not otherwise be present if the third parties were not involved, including the possibility that the partners have different economic or business interests or goals. Also, within these arrangements, the Company may not have sole control of major decisions relating to these assets and businesses, such as: decisions relating to the sale of the assets and businesses; timing and amount of distributions of cash from such entities to the Company and its joint arrangement partners; and capital expenditures.

Industry risks:

Real estate investments are generally subject to varying levels of risk. These risks include changes to general economic conditions, government and environmental regulations, local supply/demand, and competition from other real estate companies. Real estate assets are relatively illiquid in down markets, particularly raw land. As a result, the Company may not be able to quickly rebalance its portfolio in response to changing economic or investment conditions. Management attempts to manage these risks by acquiring properties with strong economic and growth indicators, and ensuring the Company has adequate capital and liquidity to enable the Company to deal with fluctuating markets and ongoing changes in the economic environment.

Concentration of assets risk:

The majority of the Company's assets are located in Metro Vancouver. Adverse changes in economic conditions in Metro Vancouver may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to pay dividends. The Metro Vancouver economy is influenced by the demand for new housing in the region, which is impacted by interest rates, growth in employment, migration, and general economic conditions. Various government bodies (including the Canadian federal government, the British Columbia provincial government and the Vancouver municipal government) are exploring or enacting legislation and regulations that are intended to have an impact on the real estate industry, which could result in negative impacts on the Company and its assets.

Investment properties:

In its operation of residential rental properties, the Company's primary risks are general economic conditions and local market conditions, reduced revenue growth in the event of increased vacancy rates, the inability to increase rental rates due to oversupply, restrictive government legislation or changes to government legislation, and the failure to maintain the properties at a competitive level.

The Company manages these risks by insisting on a high standard of maintenance and invests only in those locations highly desired by tenants. Vacancy rates are stable in Metro Vancouver and remain at a relatively low rate of 1% to 2% and rental rates are slowly increasing. The Company is proceeding with capital improvements at those properties where the greatest benefit in terms of increased rents may be achieved.

Hotels:

In its hotel operations, the Company is exposed to a variety of risks such as changes in market and economic conditions, an increase in the supply of hotel rooms, currency rate fluctuations, and changes in the labour market. These risks are managed by securing long-term relationships with clients, developing and enhancing relationships with international hotel chains and their reservation systems, and ensuring a strong and open relationship with staff.

Properties under development:

There are a variety of risks associated with the Company's development activities such as municipal regulatory requirements and environmental considerations that affect the approval for planning, subdivision and use of land. During this period, the market conditions in general and/or the market for condominium units in the size and price range in the Company's developments may change dramatically. Other risks include increasing costs of construction, reduced demand for new residential units, changes in regulations and taxes, and general market risk. The Company is also subject to risk that the actual performance of properties acquired by the Company may be materially different from the assumptions made by management of the Company when purchasing the properties.

The Company manages the risks associated with its development activities as follows:

- Acquiring land for development that is zoned for its intended use or where the required re-zoning is contemplated and encouraged by the governing authorities.
- Managing construction costs through fixed-price contracts with general contractors or sub-contractors.
- Undertaking pre-sale programs where feasible and securing the sales with non-refundable deposits.
- Encouraging purchasers to secure and lock-in purchase financing.

Environmental Matters:

As an owner of real property, the Company is subject to various federal, provincial and municipal laws and other requirements relating to environmental matters. Under such requirements, the Company could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous substances. The failure to remove or remediate such substances, if any, could adversely affect the Company's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in the Company incurring expenses, including in connection with orders or claims against the Company. The Company is not aware of any material non-compliance with environmental requirements at any of the properties or otherwise affecting the Company or its business. The Company is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or otherwise affecting the Company or its business or any pending or threatened claims relating to environmental conditions at its properties or otherwise affecting the Company or its business. The Company has policies and procedures to review, monitor and manage environmental exposure.

The Company plans to make the necessary capital and operating expenditures to facilitate compliance with environmental laws and other requirements. Although there can be no assurances, the Company does not believe that costs relating to environmental matters will have a material adverse effect on the Company's business, financial condition or results of operations. Moreover, environmental laws and other requirements can change and the Company may become subject to more stringent environmental laws and other requirements in the future, including those related to greenhouse gas emission reduction. Compliance with more stringent environmental laws and other requirements could have an adverse effect on the Company's business, financial condition or results of operation.

Catastrophic and general uninsured losses:

A catastrophic loss includes the loss of or extreme damage to a property or portfolio of properties, loss of life, or disability that could have a material adverse effect on the Company's business, financial condition, prospects, results of operations, or reputation. A significant injury, loss of life or damage to property could be a result of accidents incurred by employees, contractors, or residents due to an unsafe work environment, unsafe properties, lack of appropriate safety precautions, or natural disasters, beyond the control of the Company, such as fire, flood, or earthquakes. The Company will continue to prevent and mitigate the impact of catastrophic loss of life or property by continuing to provide safe work sites for employees and contractors and providing safe living areas for residents by adhering to the Company's occupational health and safety standards. The Company will mitigate the financial impact of potential losses by maintaining an adequate and cost-effective insurance program for the operation of the Company's business.

The Company carries General Liability and All Risks Property coverage including Business Interruption and Rental Income, with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. The Company has insurance for earthquake and flood risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the Company would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Technology and information security:

The Company is also subject to technology and information security risk, including the risk that confidential information held by the Company is stolen or accessed causing financial or personal harm to the affected individual(s) or the Company's business. The Company reduces this risk through enhancement of policies and procedures, and monitoring and auditing to ensure compliance related to information technology, safety of data, and secure storage of physical files. The Company is also subject to risks related to reliance on key personnel and catastrophic and general uninsured loss.

A summary of the financial risks that arise from the Company's financial assets and liabilities are summarized under the Financial Instruments and Risk Management section in this MD&A.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

The following is a summary of the Company's financial information for the three and nine months ended October 31, 2019, with comparative information for the periods identified, all expressed in Canadian dollars:

	Three months ended October 31		Nine months ended October 31	
Revenue and earnings	**2019**	**2018**	**2019**	**2018**
Total revenue and other income	$ 52,609,913	$ 37,162,855	$ 446,269,555	$ 315,225,008
Net earnings attributable to shareholders of the Company	$ 11,234,355	$ 5,326,481	$ 118,994,647	$ 17,222,512
Earnings per share (diluted and non-diluted)	$ 0.33	$ 0.16	$ 3.50	$ 0.51

Balance sheet	**October 31, 2019**	**January 31, 2019**
Total assets	$ 1,035,509,139	$ 1,244,788,463
Total non-current liabilities	$ 266,741,250	$ 313,429,192
Dividends paid	$ 67,906,730	$ 33,953,365
Dividends paid per share	$ 2.00	$ 1.00

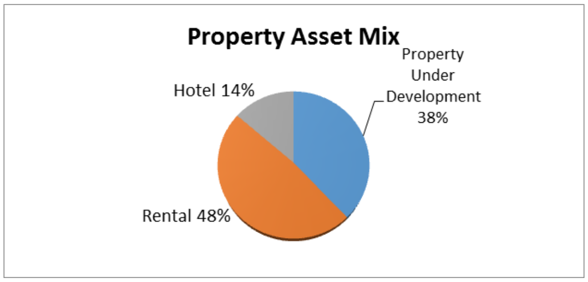
The variations in the financial data provided above are discussed in greater detail under "Discussion of Operations" in this MD&A.

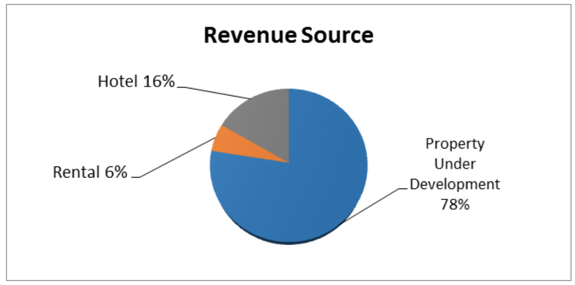
Significant variations with respect to revenues are typically the result of the timing and quantity of residential and commercial unit sales closing at the development properties. The fluctuations in the total assets owned by the Company are predominantly the result of development activities undertaken by the Company. Total assets and non-current liabilities are also impacted by the acquisitions and dispositions of investment properties, which the Company manages and reviews on an ongoing basis to maximize value for shareholders. Dividends fluctuate as the Company is on a flexible dividend policy; the amount and timing of dividends will be based on the Company's availability of and need for cash flow.

OVERALL PERFORMANCE AND QUARTERLY INFORMATION

The Company operates in three different segments of the real estate industry: ownership and management of residential and commercial rental properties, the development and sale of residential housing (referred to as development properties), and the ownership and management of hotel properties.

The charts below show the Company's property holdings as at October 31, 2019 and revenue derived from such segments for the nine months ended October 31, 2019.





Revenues

	Three months ended October 31		Nine months ended October 31	
	2019	**2018**	**2019**	**2018**
Investment properties (rental)	$ 8,915,622	$ 9,057,583	$ 25,822,949	$ 24,697,740
Property, plant, & equipment (hotel)	27,962,925	25,557,375	73,769,108	68,635,173
	36,878,547	34,614,958	99,592,057	93,332,913
Properties under development for sale	15,686,035	2,500,065	343,417,486	221,582,038
	$ 52,564,582	$ 37,115,023	$ 443,009,543	$ 314,914,951

Earnings (loss) before income taxes and non-controlling interest

	Three months ended October 31		Nine months ended October 31	
	2019	**2018**	**2019**	**2018**
Investment properties (rental)	$ 916,976	$ 1,047,642	$ 1,857,377	$ 1,251,109
Property, plant, & equipment (hotel)	10,716,137	10,064,260	24,298,710	23,280,961
	11,633,113	11,111,902	26,156,087	24,532,070
Properties under development for sale	7,061,329	(1,494,620)	146,145,963	12,338,504
Corporate expenses	(1,526,845)	(1,422,787)	(6,838,365)	(6,062,885)
	$ 17,167,597	$ 8,194,495	$ 165,463,685	$ 30,807,689

DISCUSSION OF OPERATIONS

For the nine months ended October 31, 2019, the Company earned revenue of $443,009,543 with a gross margin[1] of $193,037,020 compared with revenue of $314,270,472 with a gross margin of $58,303,601 for the nine months ended October 31, 2018. Revenue and earnings for the nine months of the current year were higher than the same period in the prior year due primarily to the closings of 240 condominium units at the Company's development in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. ("Shannon Wall Centre Kerrisdale").

General and administrative costs of $3,196,459 for the nine months ended October 31, 2019 were comparable with general and administrative costs of $3,274,261 for the same period in the prior year.

Depreciation and amortization expense for the nine months ended October 31, 2019 of $13,908,780 was higher than the nine months of the prior year of $12,950,839, mainly due to the ongoing capital improvements at the hotel and rental properties, which result in a corresponding increase to the depreciation expense.

Investment and other income for the nine months ended October 31, 2019 was $3,260,012 compared with $946,876 in the nine months of the prior year. The increase in the current year is due to interest earned on

[1] Refer to the discussion of Non-Standard Measures for definition

deposits held in trust on condominium sales which accrued to the benefit of the Company and which were paid to the Company on the closing of the units.

Finance costs of $13,728,108 for the nine months ended October 31, 2019 include an interest rate swap loss of $403,006, and interest paid of $22,822,937, less interest capitalized to the development projects of $9,497,835. For the same period of the prior year, finance costs were $12,854,506 which included an interest rate swap loss of $212,851 and interest paid of $28,764,754, less interest capitalized to the development projects of $16,123,099. Interest paid and interest capitalized were lower for the current year compared to the prior year due to the completion of the Shannon Wall Centre Kerrisdale development in the current year.

Increases in interest rates are closely monitored by the Company and are managed by securing term financing on the Company's rental and hotel properties, or by entering into swap financing transactions, where feasible and practical.

The Company uses interest rate swaps to eliminate the variability of the interest rate on debt, converting variable interest expense into a fixed interest expense. The interest rate swap is not impacted from subsequent market rate fluctuations, but as hedge accounting is not applied, the interest rate swaps must be carried at fair value. Depending on the fair value of the swap contracts on the reporting date, the swap contracts are reported as assets (positive) or liabilities (negative) and the change in fair value is recognized in net earnings for the year as a swap gain or loss.

REVENUE-PRODUCING PROPERTIES

Residential and Commercial Rentals

At October 31, 2019, the Company owns and manages 1,390 residential units and 10 commercial units in 13 properties in Metro Vancouver.

Combined revenues from the residential and commercial rental units were $25,822,949 for the nine months ended October 31, 2019 with earnings of $1,857,377 compared with revenues of $24,697,740 and earnings of $1,251,109 for the nine months ended October 31, 2018. Revenues and earnings increased in the nine months of the current year due generally to higher re-rental rates.

Residential rental market conditions remain stable. All residential units are leased primarily for a one-year term and all leasing arrangements are governed by the Residential Tenancy Act (British Columbia), which require that fixed term residential tenancies automatically become month-to-month at the end of their term. Rental rates may be increased on tenant turnover or on the anniversary date of each tenant's date of occupancy, the increases for which will be restricted to the maximum percentage equal to British Columbia's Consumer Price Index (currently 2.50%). The average turnover rate for all of the Company's units is approximately 20% annually.

Acquisitions and Dispositions

There were no acquisitions or dispositions of investment rental properties for the nine months ended October 31, 2019.

Hotels

The Company owns and manages two hotel properties in Metro Vancouver: the Sheraton Vancouver Wall Centre Hotel and the Westin Wall Centre Vancouver Airport Hotel.

The Sheraton Vancouver Wall Centre Hotel is the largest single hotel property in British Columbia with 746 guestrooms and 45,000 sq. ft. of meeting space. Occupancy[2] for the nine months of the current year was 85% with an average daily rate ("ADR")[2] of $259 compared to occupancy of 82% with an ADR of $250 for the nine months of the prior year. Revenue increased from $56,597,319 for the nine months ended October 31, 2018 to $60,480,163 for the nine months ended October 31, 2019. Revenue, occupancy and ADR for the current year continued its growth trend due to management's continued focus on maximizing ADR through servicing higher rated business.

The Westin Wall Centre Vancouver Airport Hotel is located near the Vancouver International Airport and consists of 188 guestrooms and 9,900 sq. ft. of meeting space. Revenue for the nine months ended October 31, 2019 was $13,378,946 with occupancy of 88% and an ADR of $218. For the nine months ended October 31, 2018, revenue was $12,037,854 with occupancy of 82% and an ADR of $219.

The combined revenues for the hotel properties for the nine months ended October 31, 2019 of $73,769,108 were higher than revenues for the nine months of the prior year of $68,635,173, while combined earnings from hotel operations, before income taxes, are $24,298,710 as compared to the prior year of $23,280,961. Revenue and earnings growth is continuing but at a slower pace than last year due to increasing labour, utility, and property tax expenses.

DEVELOPMENT PROPERTIES

The asset values of properties under development for sale decreased from $456,605,711 as at January 31, 2019 to $341,596,788 as at October 31, 2019. This decrease is mainly due to closings of 240 condominium units at the Company's Shannon Wall Centre Kerrisdale project in the first half of the current year, which contributed significantly to revenues from the sale of properties under development for the nine months ended October 31, 2019 of $343,417,486. For the nine months ended October 31, 2018, revenue from the sale of properties under development was $221,582,038, generated primarily from the closing of 611 condominium units. The condominium closings in the current year generated higher profit margins which resulted in earnings from properties under development of $146,145,963 compared with earnings of $12,338,504 in the nine months of the prior year.

Properties Under Development Completed Over the Past Three Fiscal Years

Project	Description	Fiscal Year
Shannon Wall Centre Kerrisdale Phase 1	Phase 1 of a 10-acre development project consisting of 600 residential units located in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. Phase 1 was substantially completed in November, 2015, and consisted of 65 condominium units, of which 59 units have closed. The remaining six units have been retained as rental units.	2016
Binning Tower	A 170-unit condominium tower located on leased land in the Wesbrook neighborhood at the University of British Columbia. Construction substantially completed in May, 2016 and all sales have closed.	2017

[2] See discussion under Non-Standard Measures for definition

Project	Description	Fiscal Year
Mandarin Residences	A two-tower project consisting of 347 residential units located on a property on No. 3 Road in Richmond, B.C. The project was developed with Fairmont Pacific Properties Limited, an arm's length 50% joint venture managing partner. All 347 sales have closed.	2017
Strathcona Village	A three-tower mid-rise mixed-use project with 280 market residential units, and 60,000 sq. ft. of light industrial space. All 280 condominium units have closed and 16 of the 18 commercial units have closed. The Company is underway with the sale of the remaining two commercial units.	2019
Wall Centre Central Park	A four-tower project consisting of 1,060 residential units located in Vancouver, B.C. Development is being conducted in two phases. All 728 condominium units in Phase 1 and all 332 condominium units in Phase 2 have closed.	2017/2019
Shannon Wall Centre Kerrisdale Phase 2	A five-acre development project consisting of 322 residential units located in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. As at December 12, 2019, 314 of the 318 units under contract have closed, and there are four units available for sale, with three of those units currently rented.	2019

Projects Under Active Development

The Company has three projects under active development as at October 31, 2019:

Project	Description	Estimated Cost to Complete
Eagle Mountain	An 80-acre, single-family subdivision property in Abbotsford B.C. with approvals in place for 262 building lots. The property is being developed with a 15% non-controlling interest partner. Development is being phased. There are 74 lots in Phases 7 and 8 of which 65 can be sold. Of the 65 lots, 56 have been sold, with 34 sales closed, and the balance of 22 lots scheduled to close by February 28, 2020.	$1,262,000
Trails North Vancouver	On April 13, 2017, the Company, along with other investors, acquired a property located in North Vancouver, B.C. for a gross purchase price of $138,500,000 to develop approximately 307 residential units. The Company has a 28.6% interest in the property and will guarantee all loans incurred in respect of the property. Development and construction will be conducted in six phases, with the first phase consisting of 31 townhome and low-rise residential units, and of which 28 units are pre-sold. Construction has commenced, and the first phase is expected to complete by February 2020.	$7,930,000 (Phase 1)

Ivy on the Park	On April 12, 2018, the Company, along with a wholly owned company of the President of the Company, acquired leased land located at the University of British Columbia in Vancouver, B.C. for a gross purchase price of $82,884,000 to develop 226 residential units. The Company has a 75% interest in the development while the wholly owned company of the President of the Company has a 25% interest. As at December 12, 2019, 175 of the 226 units are pre-sold. Construction is underway with completion expected in January 2021.	$81,406,000

Acquisitions and Dispositions

There were no acquisitions or dispositions of properties under development for the nine months ended October 31, 2019.

SUMMARY OF QUARTERLY RESULTS

The following sets forth certain financial information expressed in Canadian dollars for the Company with respect to the eight most recently completed quarterly periods. This information should be read in conjunction with the applicable condensed consolidated interim financial statements and notes, and MD&A.

	Revenue and Other Income	Net Earnings (Loss)*	Per Share**
October 31, 2019	$ 52,609,913	$ 11,234,355	$ 0.33
July 31, 2019	142,321,293	34,097,525	1.00
April 30, 2019	251,338,349	73,662,767	2.17
January 31, 2019	138,026,267	37,115,648	1.09
October 31, 2018	37,807,334	5,970,960	0.18
July 31, 2018	254,428,064	12,398,212	0.37
April 30, 2018	23,618,769	(502,181)	(0.01)
January 31, 2018	20,759,915	(1,479,761)	(0.04)

All the financial data above is prepared in accordance with IFRS, using the same accounting policies and methods of application as described in notes 2 and 3 of the Company's consolidated financial statements for the year ended January 31, 2019.
** Net earnings (loss) pertains to net earnings (loss) (diluted and non-diluted) and comprehensive income (loss) attributable to shareholders of the Company.*
*** Per Share pertains to net earnings (loss) per share (diluted and non-diluted) attributable to shareholders of the Company.*

Variations over the quarters are generally the result of the timing of residential and commercial unit closings at the development properties and the seasonal fluctuations characteristic of the tourism and hospitality industry in which the Company's hotels operate.

Revenue and other income[3], as well as net earnings for the quarters ended July 31, 2018, January 31, 2019, April 30, 2019, and July 31, 2019 were greater than the other quarters due mainly to the closing of residential condominium units at the Company's development projects: July 31, 2018 – 331 units at Phase 2 of the Central Park project, and 280 residential and 14 commercial units at the Strathcona project; January 31, 2019 – 70 units at the Shannon Wall Centre Kerrisdale project; April 30, 2019 – 162 units at the Shannon Wall Centre Kerrisdale project; and July 31, 2019 – 75 units at the Shannon Wall Centre Kerrisdale project. The net loss for the quarters ended January 31, 2018 and April 30, 2018 was mainly due to depreciation and interest expense on the 1111 Seymour and Wall Centre Yaletown rental properties which were not offset by rental revenues as the properties were being leased up.

[3] See Non-Standard Measures for definition.

Fluctuations in earnings (loss) for the quarters will also be impacted by the timing of sales and marketing expenses incurred at the Company's development projects, which are expensed as they are incurred.

INVESTMENTS

There are no significant changes in investment activities or investment strategies for fiscal 2020.

BANK INDEBTEDNESS AND CREDIT FACILITIES

At October 31, 2019, the Company has borrowed $177,827,786 (January 31, 2019 - $282,447,853) on available construction financing facilities in the form of Canadian dollar prime rate loans, letters of credit, and bankers' acceptances. The maximum available funding under such facilities is $264,110,000 (January 31, 2019 - $355,682,000). The credit facilities are secured by first mortgages and assignment of rents on the related properties, and assignment of deposit insurance. The borrowings are due on demand.

At October 31, 2019, the Company's borrowings of $125,602,085 (January 31, 2019 - $163,287,167) are made available by way of lines of credit with a maximum available aggregate amount of $294,100,000 (January 31, 2019 - $259,100,000). The debt is secured by fixed and floating demand debentures, second mortgages, and an assignment of rents on certain investment properties, and property, plant, and equipment. The borrowings are due on demand and interest rates are based on a spread over prime or banker acceptance rates.

All floating rate debt obligations are in good standing, and the Company maintains excellent relations with its lenders.

MORTGAGES PAYABLE

Mortgages payable increased from $322,661,464 as at January 31, 2019 to $354,595,191 as at October 31, 2019 due primarily to an increase of approximately $37 million to the Company's loan facility from the refinancing of the Company's Sheraton Vancouver Wall Centre hotel property.

At October 31, 2019, the Company held $122,055,663 (January 31, 2019 - $85,831,174) in mortgages on property, plant and equipment. Of this amount, $12,850,000 (January 31, 2019 - $49,281,138) bear interest at bankers' acceptance rates plus applicable stamping fees. Four interest rate swaps are in place to fix the interest rate on the remaining balance of the mortgages payable of $109,205,663 (January 31, 2019 - $36,550,036) at fixed rates ranging from 3.80% to 4.10% for a term of 3 years maturing August to November 2022.

For the nine months ended October 31, 2019, a mark-to-market loss in the fair value of the interest rate swap of $403,006 (October 31, 2018 – $212,851) was recorded in finance costs on the statement of earnings. As at October 31, 2019, the fair value of the interest rate swap liability is $115,840 (January 31, 2019 – asset of $287,165) and is included in accounts payable on the statement of financial position.

Mortgages payable on investment properties of $238,987,186 (January 31, 2019 - $243,122,213) bears interest at fixed rates ranging from 1.97% to 6.50% (January 31, 2019 – 1.97% to 6.50%).

All mortgages are secured by first and second fixed charges over the Company's properties under development for sale, investment properties, and property, plant, and equipment.

Fixed rate mortgage maturity dates range from 2020 to 2028.

CONTRACTUAL OBLIGATIONS

Principal instalments payable within the next five fiscal years, and thereafter on mortgages payable as at October 31, 2019 are as follows:

	Total	1 Year	2 to 3 Years	4 to 5 Years	After 5 Years
Mortgages payable	$ 361,042,849	$ 127,579,626	$ 22,364,901	$ 22,641,456	$ 188,456,866

COMMITMENTS AND CONTINGENCIES

The Company has entered into hotel franchise agreements in respect of its two hotel properties. Fees charged are calculated based on monthly gross hotel revenues and are paid monthly.

At October 31, 2019, the estimated costs to complete properties under construction are approximately $90,600,000 (January 31, 2019 - $151,700,000). These costs predominantly reflect construction expenditures for the development projects.

LIQUIDITY AND FINANCIAL CONDITION

As at October 31, 2019, cash and cash equivalents totalled $63,164,160. Net cash generated from operations was $286,741,516, primarily as a result of funds from operating activities of $193,312,073, and a recovery of costs through the closing of 240 condominium units from the Shannon Wall Centre Kerrisdale project of $167,445,172, offset by funds used in development activities of $42,374,616, interest paid of $22,822,937, and taxes paid of $5,809,445.

Investment activities increased cash by $33,150,056 due mainly to funds received from the utilization of a deposit insurance facility with respect to the Company's Ivy on the Park project.

Financing activities decreased cash by $289,497,382, primarily due to the repayment of bank indebtedness of $161,055,764 from proceeds received on the closing of condominium units, the distribution of funds to non-controlling partners in the various development projects of $13,059,615, the repayment of a loan to a company owned by a significant shareholder of the Company of $80,000,000, and the payment of a $2.00 per share dividend totalling $67,906,730 on July 11, 2019. Funds used in financing activities were partially offset by an increase of approximately $37 million to the Company's loan facility from the refinancing of the Company's Sheraton Vancouver Wall Centre hotel property.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized capital of the Company consists of 54,000,000 common shares without par value. The number of common shares issued and fully paid as at December 12, 2019 was 33,953,365 (January 31, 2019 – 33,953,365).

At the Company's annual general meeting on May 29, 2008, the shareholders approved the Company's Stock Option Plan (2008) (the "**Stock Option Plan**"). Under the Stock Option Plan, options may be granted to any director, officer or employee of the Company. The number of common shares reserved for all purposes under the Stock Option Plan is 3,200,000, which represented approximately 10% of the Company's total issued and outstanding common shares at the date of approval.

The exercise price of an option will not be less than the price at which the last recorded sale of a board lot of common shares took place on the Toronto Stock Exchange ("**TSX**") during the trading day immediately preceding the date of grant; if there was no such sale, the weighted average trading price on the TSX for the common shares for the five trading days immediately preceding the date of the grant.

For the period ended October 31, 2019, no options were granted; 1,310,000 common shares are available for future issuance under the Stock Option Plan.

DIVIDENDS

On June 13, 2019, the Board of Directors approved a dividend of $2.00 per common share for each share held on June 27, 2019. This dividend of $67,906,730 was paid on July 11, 2019.

On September 13, 2018, the Board approved a dividend of $1.00 per common share for each share held on September 27, 2018. This aggregate dividend of $33,953,365 was paid on October 11, 2018.

On June 15, 2017, the Board approved a dividend of $0.50 per common share for each share held on June 29, 2017. This aggregate dividend of $16,976,683 was paid on July 13, 2017.

The Company has a flexible dividend policy, and the amount and timing of dividends is based on the cash flow of the Company and the cash flow required by the Company to meet planned growth and to fund future developments and investments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company's significant accounting estimates and judgements are described in note 2 to the Company's January 31, 2019 audited consolidated financial statements, and the Company's significant accounting policies are described in note 3 to these financial statements.

CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies and standards are described in note 4 of the Company's consolidated financial statements for the year ended January 31, 2019.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to senior management to ensure appropriate and timely decisions are made regarding public disclosure. The Company's management, including the President, the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), have designed internal controls over financial reporting (as defined in the Canadian Securities Administrator's National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

Under the supervision of the President, the CEO and the CFO, the operating effectiveness of the disclosure controls and procedures and internal control over financial reporting were assessed using the criteria set forth by the Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO 2013 Framework) in Internal Control Over Financial Reporting. Based on these evaluations, the CEO and the CFO concluded that as at October 31, 2019:

(i) Disclosure controls and procedures were effective to provide reasonable assurance that material information was made known to management and information required to be disclosed by the Company in its annual filings, interim filings and other reports filed by the Company under securities legislations was recorded, processed, summarized and reported within the periods specified in securities legislation.

(ii) Internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

For the period ended October 31, 2019, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company's management will continue to periodically evaluate the Company's disclosure controls and procedures and internal control over financial reporting and will make any modifications from time to time as deemed necessary.

Based on their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 31, 2019, the Company's financial assets and liabilities consisted primarily of cash and cash equivalents, amounts receivable, deposits held in trust, bank indebtedness, accounts payable and accrued liabilities, income taxes payable, loans from shareholders, and mortgages payable. These financial instruments relate to the Company's normal course of business, with respect to the financing of its day-to-day operations, capital expenditures and acquisitions.

The carrying values of the Company's amounts receivable, deposits held in trust, accounts payable and accrued liabilities generally approximate their fair values due to their short term nature with the exception of interest rate swap contracts which are recorded at fair value. The face value of bank and other indebtedness approximates its fair value, as it is due on demand. The fair value of mortgages payable is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Company for similar financial instruments. The fair value of the mortgages payable at October 31, 2019 is $363,255,000 (January 31, 2019 - $326,929,000).

The Company is exposed to interest rate and credit risks associated with its financial assets and liabilities. Management continually performs risk assessments to ensure that all significant risks related to the Company's operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities. The Company does not enter into financial instrument arrangements for speculative purposes.

Interest rate risk:

Certain debt on the Company's properties bears interest at floating rates. Fluctuations in interest rates will impact the cost of financing incurred in the future. The Company monitors its interest rate exposure on an ongoing basis.

Based on the debt outstanding for the period ended October 31, 2019, management has determined that every 1% increase or decrease in the applicable interest rates results in a corresponding $1,384,000 decrease or increase in the Company's net earnings.

The Company uses interest rate swap contracts to effectively fix the interest rate on certain mortgages payable. As hedge accounting is not applied, the contracts are carried at fair value and reported as assets (positive) or liabilities (negative) depending on the fair value on the reporting date. The change in fair value is recognized in net earnings for the year. The fair value of the interest rate swap contracts is calculated through discounting future expected cash flows using the bankers' acceptance based swap curve adjusted for credit risk. For the nine months ended October 31, 2019, a mark-to-market loss in the fair value of the interest rate swap of $403,006 (October 31, 2018 – $212,851) was recorded in finance costs on the statement of earnings. As at October 31, 2019, the fair value of the interest rate swap liability is $115,840 (January 31, 2019 – asset of $287,165) and is included in accounts payable on the statement of financial position.

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument.

The Company is exposed to credit risk with respect to amounts receivable. This risk is mitigated by the Company's general policy to secure loans receivables with real estate property. For its hotel operations, the Company's credit policy is designed to ensure there is a standard credit practice throughout the Company to measure and monitor credit risk. The policy outlines delegation of authority, the due diligence process required to approve a new customer or counterparty and the maximum amount of credit exposure per single entity. The Company also regularly monitors credit risk and exposure to any single customer or counter party.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the maintenance of sufficient available credit facilities to support the Company's ongoing operational and capital requirements.

The Company regularly monitors its operations and cash flows to ensure that current and future obligations will be met. The Company believes that its current sources of liquidity are sufficient to cover its currently known short- and long-term cash obligations.

The maturities of the Company's financial liabilities are as follows:

As at October 31, 2019	Carrying amount	Total contractual cash flows	Less than one year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	$ 22,176,465	$ 22,176,465	$ 22,176,465	$ -	$ -
Bank and other indebtedness	284,679,256	284,679,256	284,679,256	-	-
Loans from shareholder	20,000,000	20,800,000	20,800,000	-	-
Mortgages payable	354,595,191	403,087,641	128,437,875	83,679,450	190,970,315
	$ 681,450,912	$ 730,743,362	$ 456,093,596	$ 83,679,450	$ 190,970,315

The Company enjoys excellent relations with several major Canadian chartered banks and numerous fixed-term lenders. With a solid base of revenue-producing properties, the Company's credit facilities have been maintained and, in some cases, enhanced.

Over the current fiscal year, the Company's credit requirements consist of the following:

- Capital improvements to certain investment properties and the hotels. Improvements will be funded primarily from operating cash flow.

- Re-financing term debt on investment properties as it matures. Given the current interest rates and the stable cash flow from rental apartments, management does not anticipate any difficulty in re-financing term debt.
- Construction financing for properties under development. It is management's policy to not proceed with significant new construction or land purchases if financing commitments are not in place.

OFF-BALANCE SHEET FINANCING

In the normal course of development operations, the Company is required to issue letters of credit as collateral for the completion of obligations pursuant to development agreements signed with municipalities. Under IFRS, these letters of credit are disclosed as commitments of the Company and only recorded on the Consolidated Statement of Financial Position if they are drawn upon.

The Company has outstanding letters of credit at October 31, 2019 of $18,856,038 (January 31, 2019 - $20,418,539) related primarily to works and services to be performed by the Company as required in respect of its development projects.

TRANSACTIONS BETWEEN RELATED PARTIES

As at October 31, 2019, the Company has a loan payable of $20,000,000 (January 31, 2019 - $100,000,000) due to a company owned by Mr. Peter Wall, a significant shareholder of the Company. The $20,000,000 is used to fund activities for the Trails project, and is secured by a charge over that property and a guarantee from the Company, bears interest at 6.00% and is due on April 11, 2020.

On July 31, 2019, the Company repaid an $80,000,000 (January 31, 2019 – $80,000,000) term loan to a company owned by Mr. Peter Wall. The loan was secured by a second mortgage on the Sheraton Wall Centre and Westin Wall Centre hotel properties and bore interest at the greater of prime plus 1.00% or 4.75%.

For the nine months ended October 31, 2019, the Company recorded and paid interest on these loans totaling $2,880,000 (October 31, 2018 - $3,750,000).

The Company has a 28.6% interest in a property located in North Vancouver, B.C. for the Trails project and will guarantee all loans incurred in respect of the property and development. The other investors in this property include a wholly owned company of the President of the Company, and a wholly owned company of Mr. Michael Redekop, a director of the Company, which in aggregate comprise an 18.60% interest in this property. All the other remaining investors are arm's length with the Company. At October 31, 2019, non-controlling interests relating to this project totals $52,459,911 (January 31, 2019 - $52,559,981), and includes the interest held by the wholly owned company of the President of the Company in the amount of $10,491,982 (January 31, 2019 – $10,511,996), and by a wholly owned company of Mr. Michael Redekop, a director of the Company in the amount of $3,147,595 (January 31, 2019 – $3,153,599).

As discussed under "Development Properties" in this MD&A, a wholly owned company of the President of the Company holds a 25% interest in the Ivy on the Park project on leased land at the University of British Columbia. As at October 31, 2019, non-controlling interests, comprised of the interest held by a wholly owned company of the President of the Company, totals $4,417,152 (January 31, 2019 - $10,883,971).

On January 30, 2019, the Company acquired a 50% interest in a property located in Vancouver, British Columbia from a wholly owned company of a significant shareholder of the Company, and assumed its 50% share of the debts and liabilities associated with this property for consideration of $7,600,000 which was determined based on the fair value of the investment property of $39,200,000 less debt of 24,000,000. The transaction was accounted for as an asset acquisition. The Company intends to redevelop the property with a wholly owned company of the President of the Company, which owns the remaining 50% interest in the property. On January 31, 2019, the Company and the wholly owned company of the President of the Company transferred their respective interest into a partnership, of which they each own a 50% interest. The Company has determined that it controls the partnership and has consolidated the partnership's results in its financial statements with the other partner's 50% interest being recorded as non-controlling interest. As at October 31, 2019, non-controlling interest, comprised of the interest held by a wholly owned company of the President of the Company, totals $7,809,103 (January 31, 2019 – $7,845,000).

In the normal course of its business activities, the Company sells individual condominium units in properties held-for-sale to significant shareholders, directors, and officers on similar terms as sales to unrelated parties. As at October 31, 2019, the total value of the condominium units, in properties under development for sale under contract to shareholders, directors, and officers to be received upon closing is $3,024,800 (January 31, 2019 - $1,759,800).

For the nine months ended October 31, 2019, the Company sold a condominium unit to an officer of the Company for aggregate gross proceeds of $799,900 (October 31, 2018 - $706,210).

These transactions are in the normal course of business and are measured at the exchange amount of consideration established and agreed to by the related parties. In management's opinion, the exchange amount approximates fair market value.

CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to provide financial capacity and flexibility to meet its strategic objectives.

The Company's liquidity needs are for development costs, potential property acquisitions, scheduled debt maturities and non-recurring capital expenditures. The Company's strategy is to meet these needs with one or more of the following: cash flow from operations; credit facilities; and refinancing opportunities.

The following schedule details the components of the Company's capital as at October 31, 2019 and January 31, 2019:

	October 31, 2019	January 31, 2019
Liabilities:		
Bank and other indebtedness	$ 284,679,256	$ 445,735,020
Loans from shareholder	20,000,000	100,000,000
Mortgages payable	354,595,191	322,661,464
Shareholders' equity:		
Share capital	24,099,401	24,099,401
Non-controlling interest	78,200,409	87,998,969
Total capital	$ 761,574,257	$ 980,494,854

The Company is subject to covenants on some of its credit facilities, which are monitored on an ongoing basis. The Company is in compliance with all of its covenants.

OUTLOOK FOR OPERATING CONDITIONS

Rental Apartments

Operating results for the rental apartments continue to improve over last year with lower turnover and losses due to vacancy. The only slightly weak segment of the market appears to be units priced in excess of $3,000 per month. With lower turnover, we are renovating fewer units and incurring fewer expenses and less vacancy loss.

Hotel Operations

We experienced a strong third quarter, a result in part due to the labour disruption at four of our competitors, which has now been resolved. The gross profit margin is 4.7% higher than last year and we expect to increase this to 5.0% by January 31st.

For the next year, we anticipate a further 5% increase in revenues offset in part by higher labour costs.

We continue to pursue new hotel opportunities at the Cambie & 43rd development site.

Development Properties

Construction at our Ivy on the Park project at the University of British Columbia is on schedule and on budget and expected to complete in early 2021. Sales activity has slowed this quarter and we expect to launch a new sales campaign in March 2020.

Phase 1A of The Trails townhome project is expected to complete in early 2020. Sales of Phase 2 are scheduled to commence in spring of 2020 and we are processing our Development Permit application for Phases 2A and 2B (148 condominium units).

The condominium market in Greater Vancouver appears to be showing signs of stabilizing, with a slightly increased volume of sales.

Financing

All of the company's credit facilities remain in good standing and we have arranged construction financing and mortgage and renewals as required. Credit facilities secured by our hotel assets have been renewed and increased.

NON-STANDARD MEASURES

Throughout this MD&A, we refer to terms that are not specifically defined in the CICA Handbook and do not have any standardized meaning prescribed by IFRS. These non-standard measures may not be comparable to similar measures presented by other companies.

We believe these non-standard measures are useful in assisting investors in understanding components of our financial results. The non-standard terms that are referred to in this MD&A are defined below.

ADR = average daily rate, which represents the average rental income per paid occupied room in a given time period. ADR is calculated by dividing the rooms revenue earned by the number of rooms sold.

Gross margin = gross revenues less cost of sales and operating expenses.

Occupancy (%) = calculated by dividing the total number of rooms occupied by the total number of rooms available.

Revenue and other income = gross revenue plus earnings from investments in joint ventures and investment and other income