



**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**(Unaudited)**

**For the three and nine months ended October 31, 2021 and 2020**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

# WALL FINANCIAL CORPORATION

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited)	October 31, 2021	January 31, 2021
<b>Assets</b>		
Investment properties	\$ 558,954,256	\$ 461,364,920
Property, plant, and equipment	115,309,028	120,308,292
Properties under development for sale	101,285,672	137,677,593
Investments in joint ventures	136,736	136,736
Deferred tax asset	550,320	1,336,138
Non-current assets	776,236,012	720,823,679
Current portion of properties under development for sale	60,228,764	168,878,981
Deposits held in trust	333,846	37,622,748
Other assets	1,779,910	4,821,842
Income taxes receivable	5,497,630	10,213,672
Amounts receivable	11,079,031	13,169,547
Cash and cash equivalents	25,439,920	17,963,096
Current assets	104,359,101	252,669,886
	\$ 880,595,113	\$ 973,493,565
<b>Liabilities</b>		
Mortgages payable (note 4)	\$ 265,042,798	\$ 250,608,969
Deferred tax liabilities	13,866,230	9,634,117
Non-current liabilities	278,909,028	260,243,086
Current portion of mortgages payable (note 4)	97,731,313	113,704,905
Income taxes payable	7,976	25,879,492
Accounts payable and accrued liabilities	23,222,296	26,120,137
Deposits on real estate sales	857,229	26,827,338
Loans from shareholder (note 7)	20,000,000	68,000,000
Bank and other indebtedness (note 4)	198,989,753	174,013,999
Current liabilities	340,808,567	434,545,871
Total liabilities	\$ 619,717,595	\$ 694,788,957
<b>Equity</b>		
Share capital (note 8)	\$ 24,099,401	\$ 24,099,401
Contributed surplus	370,000	370,000
Retained earnings	158,113,225	168,228,251
Equity attributable to shareholders of the Company	182,582,626	192,697,652
Non-controlling interest	78,294,892	86,006,956
Total equity	260,877,518	278,704,608
	\$ 880,595,113	\$ 973,493,565

See accompanying notes to these condensed consolidated interim financial statements.

Approved on behalf of the Board:

"Bruno Wall" Director "Peter Ufford" Director

# WALL FINANCIAL CORPORATION

## Condensed Consolidated Interim Statements of Earnings and Comprehensive Income

For the three and nine months ended October 31, 2021 and 2020

(Unaudited)	Three months ended October 31		Nine months ended October 31,	
	2021	2020	2021	2020
Revenue (note 11)	\$ 30,273,571	\$ 20,246,168	\$ 211,834,182	\$ 83,574,395
Cost of sales and operating expenses	19,678,688	12,601,950	162,128,070	63,712,340
	10,594,883	7,644,218	49,706,112	19,862,055
Expenses:				
General and administration	976,481	576,550	1,998,419	2,027,884
Depreciation and amortization	3,843,718	4,650,563	11,462,771	14,122,111
	4,820,199	5,227,113	13,461,190	16,149,995
Net finance expense (income) (note 6):				
Investment and other income	(49,060)	(89,031)	(401,395)	(531,507)
Finance expense	2,963,719	2,889,269	8,169,461	9,638,653
Change in fair value of interest rate swap contracts	-	(394,269)	-	3,575,396
	2,914,659	2,405,969	7,768,066	12,682,542
Earnings (loss) before income taxes	2,860,025	11,136	28,476,856	(8,970,482)
Income tax expense (recovery):				
Current	388,323	12,740,627	2,081,564	36,981,056
Deferred	422,066	(12,783,238)	5,017,931	(39,014,595)
	810,389	(42,611)	7,099,945	(2,033,539)
Net earnings (loss) and comprehensive income (loss)	\$ 2,049,636	\$ 53,747	\$ 21,377,361	\$ (6,936,943)
Net earnings (loss) and comprehensive income (loss) attributable to:				
Shareholders of the Company	\$ 1,710,422	\$ (115,570)	\$ 13,884,974	\$ (5,498,449)
Non-controlling interests	339,214	169,317	7,492,387	(1,438,494)
	\$ 2,049,636	\$ 53,747	\$ 21,377,361	\$ (6,936,943)
Basic and diluted earnings (loss) per share	\$ 0.05	\$ (0.00)	\$ 0.42	\$ (0.16)
Weighted average shares outstanding	32,456,365	33,953,365	32,761,057	33,953,365

See accompanying notes to these condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended October 31, 2021 and 2020

(Unaudited)	Attributable to shareholders of the company			Total	Non-controlling Interests	Total Equity
	Share Capital	Contributed surplus	Retained Earnings			
Balance at February 1, 2021	\$ 24,099,401	\$ 370,000	\$ 168,228,251	\$ 192,697,652	\$ 86,006,956	\$ 278,704,608
Net earnings	-	-	13,884,974	13,884,974	7,492,387	21,377,361
Share purchase and redemption (note 8)	-	-	(24,000,000)	(24,000,000)	-	(24,000,000)
Distributions	-	-	-	-	(15,204,451)	(15,204,451)
<b>Balance at October 31, 2021</b>	<b>\$ 24,099,401</b>	<b>\$ 370,000</b>	<b>\$ 158,113,225</b>	<b>\$ 182,582,626</b>	<b>\$ 78,294,892</b>	<b>\$ 260,877,518</b>
Balance at February 1, 2020	\$ 24,099,401	\$ 370,000	\$ 165,159,589	\$ 189,628,990	\$ 77,826,535	\$ 267,455,525
Loss for the period	-	-	(5,498,449)	(5,498,449)	(1,438,494)	(6,936,943)
Contributions	-	-	-	-	1,572,243	1,572,243
Distributions	-	-	-	-	(3,795,200)	(3,795,200)
<b>Balance at October 31, 2020</b>	<b>\$ 24,099,401</b>	<b>\$ 370,000</b>	<b>\$ 159,661,140</b>	<b>\$ 184,130,541</b>	<b>\$ 76,165,084</b>	<b>\$ 258,295,625</b>

See accompanying notes to these condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended October 31, 2021 and 2020

(Unaudited)	2021	2020
Cash provided by (used in):		
Operating activities:		
Net earnings (loss)	\$ 21,377,361	\$ (6,936,943)
Adjustments for items not involving cash:		
Depreciation	11,462,771	14,122,111
Deferred income tax expense (recovery)	5,017,931	(39,014,595)
Current income tax expense	2,081,564	36,981,056
Finance costs (note 6)	8,169,461	9,638,653
Decrease in fair value of interest rate swap contracts (note 6)	-	3,575,396
	48,109,088	18,365,678
Recovery of costs through real estate sales	117,422,448	41,365,245
Additions to development properties	(18,127,173)	(37,745,189)
Interest paid	(12,248,555)	(18,697,686)
Income taxes paid	(23,237,038)	(10,391,618)
Deposits held in trust	37,288,902	3,784,269
Deposits on real estate sales	(25,970,109)	(3,469,940)
Changes in non-cash operating working capital:		
Amounts receivable	2,090,516	(587,100)
Accounts payable and accrued liabilities	(2,897,841)	(8,187,102)
Inventory	(55,994)	134,213
Deposits and prepaids	3,090,222	592,308
	125,464,466	(14,836,922)
Investing activities:		
Additions to investment properties	(52,851,399)	(5,356,729)
Additions to property, plant, and equipment	(848,959)	(540,546)
Additions to sales centres	-	(436,440)
Distributions from investment in joint ventures	-	79,973
	(53,700,358)	(6,253,742)
Financing activities:		
Repayment of loans from shareholder	(48,000,000)	-
Proceeds from mortgages payable	26,568,416	32,075,208
Payment of financing fees	(1,674,068)	(890,690)
Repayment of mortgages payable	(26,952,935)	(17,620,943)
Bank and other indebtedness	24,975,754	(27,456,410)
Contributions by non-controlling interest	-	1,572,243
Distributions to non-controlling interest	(15,204,451)	(3,795,200)
Share purchase and redemption	(24,000,000)	-
	(64,287,284)	(16,115,792)
Increase in cash and cash equivalents	7,476,824	(37,206,456)
Cash and cash equivalents, beginning of period	17,963,096	56,237,950
Cash and cash equivalents, end of period	\$ 25,439,920	\$ 19,031,494

See accompanying notes to condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

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## 1. Reporting entity:

Wall Financial Corporation (“WFC”) is a publicly listed company incorporated under the British Columbia Business Corporations Act. Its shares are listed on the Toronto Stock Exchange under the symbol “WFC”.

These condensed consolidated interim financial statements comprise WFC and its subsidiaries (together referred to as the “Company”), and the Company’s interests in joint ventures. The Company predominantly operates in the greater Vancouver area of British Columbia in the development and management of residential rental units, development and construction of residential housing for re-sale, and the development and management of hotel properties.

The registered office of the Company is located at 10<sup>th</sup> Floor, 938 Howe Street, Vancouver, BC V6Z 1N9, Canada.

## 2. Basis of presentation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements (“Interim Financial Statements”) and the notes thereto have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the years ended January 31, 2021 and 2020 (“Annual Audited Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

The Company’s quarterly results are impacted by the cyclical nature of the Company’s business. Revenues and other income can fluctuate significantly from period to period due to the timing and quantity of closings of residential and commercial units at the development properties. Assets can fluctuate due to the amount of development activities undertaken by the Company and are also impacted by the acquisitions and dispositions of rental properties, which the Company will manage and review 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.

These Interim Financial Statements were approved by the Company’s Board of Directors on December 14, 2021, and are the responsibility of the Company’s management.

### (b) Basis of measurement:

These Interim Financial Statements are presented in Canadian dollars, which is also the functional currency of each of the Company’s subsidiaries, and have been prepared on the historical cost basis.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

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## 2. Basis of presentation (continued):

### (c) Impact of COVID-19

The outbreak of COVID-19, has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, quarantine periods and social distancing, have caused material disruption to businesses. Global equity and capital markets have also experienced significant volatility. Governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The emergency measures globally, domestically and locally have had a significant impact on the Company's operations, most significantly its hotel operations. The Company enacted cost reduction programs at its two hotels, which include the closure of one of the two towers at its downtown hotel, the furlough of all non-essential staff, and the elimination of all but the most necessary expenses in order to preserve cash flow. During the three months ended October 31, 2021, the Company began operating both towers at its downtown hotel and brought back many of the previously furloughed staff. For the year ended January 31, 2021 and the nine months ending October 31, 2021, the Company's hotel operations have experienced a significant decline as compared to pre-Covid levels. Over the past six months, occupancy levels have begun to improve.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's business are not known at this time. As a result, it is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the Company's business and operations, both in the short term and in the long term.

### (d) Use of estimates and judgements:

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expense. The Company has incorporated the potential impact of COVID-19 that affect the carrying amounts of its assets and liabilities, and the reported amount of its results using the best available information as of October 31, 2021. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and key estimates are disclosed in note 2 of the Annual Audited Financial Statements.

## 3. Significant accounting policies:

These Interim Financial Statements follow the same accounting policies and methods of application as the Annual Audited Financial Statements.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

## 4. Debt on properties:

	October 31, 2021	January 31, 2021
Bank and other indebtedness:		
Properties under development	\$ 79,977,690	\$ 158,135,002
General corporate debt	119,012,063	15,878,997
Total bank and other indebtedness	198,989,753	174,013,999
Mortgages payable:		
Investment properties	285,455,483	263,819,108
Property, plant and equipment	85,352,928	107,373,822
	370,808,411	371,192,930
Deferred financing fees	(8,034,300)	(6,879,056)
	362,774,111	364,313,874
Current portion of mortgages payable	(97,731,313)	(113,704,905)
Non-current portion of mortgages payable	\$ 265,042,798	\$ 250,608,969

(a) Bank and other indebtedness on properties under development:

As at October 31, 2021 the Company had outstanding borrowings of \$79,977,690 (January 31, 2021 - \$158,135,002) on available construction financing facilities in the form of Canadian dollar prime rate loans, and bankers' acceptances. The maximum available funding under such facilities is \$102,850,000 (December 31, 2021 - \$166,825,000). The credit facilities are secured by first mortgages and assignment of rents and insurance proceeds on the related properties. The borrowings are due on demand.

(b) General corporate debt:

As at October 31, 2021, the Company's borrowings of \$119,012,063 (January 31, 2021 - \$15,878,997) are made available by way of lines of credit with a maximum available aggregate amount of \$236,949,000 (January 31, 2021 - \$207,009,000). 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.

(c) Mortgages payable:

Mortgages payable on investment properties of \$285,455,483 (January 31, 2021 - \$263,819,108) bears interest at fixed rates ranging from 1.48% to 3.23% (January 31, 2021 - 1.48% to 3.23%).

As at October 31, 2021, mortgage payable on property, plant and equipment of \$85,352,928 (January 31, 2021 - \$107,373,822) bears interest at bankers' acceptance rates plus applicable stamping fees.

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.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

## 5. Government assistance:

During the nine months ended October 31, 2021, the Company was eligible for \$4,705,705 in government assistance related to COVID-19 relief programs, of which \$687,615 was receivable as at October 31, 2021. Of the total amount, \$4,529,108 was recorded in the statements of earnings with the remainder recorded to property under development.

During the nine months ended October 31, 2020, the Company was eligible for \$3,405,208 in government assistance related to COVID-19 relief programs. Of the total amount, \$3,280,536 was recorded in the statement of earnings with the remainder recorded to property under development.

## 6. Net finance costs:

	Nine months ended October 31,	
	2021	2020
Finance income:		
Investment income	\$ 43,914	\$ 43,801
Interest income	357,481	487,706
	<u>401,395</u>	<u>531,507</u>
Finance costs:		
Interest on:		
Bank and other indebtedness	6,679,887	12,516,151
Mortgages payable	6,087,492	6,474,746
	<u>12,767,379</u>	<u>18,990,897</u>
Interest capitalized to properties under development for sale	(4,597,918)	(9,352,244)
	<u>8,169,461</u>	<u>9,638,653</u>
Decrease in fair value of interest rate swap contracts	-	3,575,396
	<u>8,169,461</u>	<u>13,214,049</u>
Net finance cost	\$ 7,768,066	\$ 12,682,542

## 7. Related party transactions:

As at October 31, 2021, the Company had a \$20,000,000 (January 31, 2021 - \$68,000,000) loan payable due to a company owned by a significant shareholder of the Company. The loan is secured by charges over property under development, bearing interest at 6.00%.

For the nine months ended October 31, 2021, the Company recorded interest on loans payable to the significant shareholder totaling \$997,231 (2020 - \$900,000).

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

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## 8. Share capital:

On March 17, 2021, the Company repurchased 1,500,000 common shares of the Company (the "Common Shares") or approximately 4.42% of the 33,953,365 Common Shares that were issued and outstanding. The purchase price was \$24,000,000, or \$16.00 per Common Share. Of the total, 1,100,000 shares were cancelled on March 24, 2021 and the balance on April 8, 2021.

The repurchase and cancellation was made as an exempt issuer bid pursuant to section 4.7 National Instrument 62-104 Take-Over Bids and Issuer Bids ("NI 62-104"). The price per Common Share was calculated to comply with the requirements of section 1.11 of NI 62-104.

Subsequent to this repurchase and cancellation, the Company has 32,453,365 Common Shares issued and outstanding.

## 9. Financial instruments:

The carrying values of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loans from shareholders approximate their fair values due to the short-term nature of these financial assets and liabilities. The face value of bank and other indebtedness approximates its fair value, as it is due on demand. Management estimates that these differences are not material to the consolidated financial statements.

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, 2021 was \$370,060,000 (January 31, 2021 - \$381,127,000).

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of mortgages payable is considered Level 2 and investment properties are considered Level 3.

## 10. Investment properties:

On September 20, 2021, the Company completed the acquisition of an investment property for a purchase price of \$45,000,000. The transaction was accounted for as an asset acquisition as the Company applied the concentration test available under IFRS 3 *Business Combinations* and determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar identifiable assets being the land and building.

During the nine months ended October 31, 2021, one property with a carrying amount of \$50,334,411 as at October 31, 2021 was reclassified to investment properties from properties under development as the property will be held to earn rental income.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

## 11. Segment disclosures:

The Company operates in three different segments of the real estate industry: ownership and management of revenue-producing residential and commercial properties ("Rental"), ownership and management of hotel properties ("Hotel"), and the development and sale of residential housing ("Development"). Operating performance of the Company is evaluated primarily based on the net operating income of these three segments. Centrally managed expenses such as interest, amortization, and general administrative costs are not included or allocated to the operating segment results.

The following summarizes the Company's assets as at October 31, 2021 and January 31, 2021:

	October 31, 2021	January 31, 2021
Identifiable assets:		
Properties:		
Investment properties (Rental)	\$ 562,405,060	\$ 463,998,515
Property, plant, and equipment (Hotel)	123,794,673	125,351,178
Properties under development for sale (Development)	173,725,647	367,941,995
	<u>859,925,380</u>	<u>957,291,688</u>
Corporate	20,669,733	16,201,877
	<u>\$ 880,595,113</u>	<u>\$ 973,493,565</u>

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2021 and 2020  
(unaudited)

## 11. Segment disclosures (continued):

The following summarizes the Company's operating results for the three and nine months ended October 31, 2021 and 2020:

	Rental		Hotel		Development		Corporate		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the three months ended October 31,										
Revenue	\$ 9,471,828	\$ 8,727,084	\$ 10,363,146	\$ 2,626,995	\$ 10,438,597	\$ 8,892,089	\$ -	\$ -	\$ 30,273,571	\$ 20,246,168
Depreciation expense	1,874,087	2,399,853	1,967,063	2,002,402	-	215,468	2,568	12,840	3,843,718	4,650,563
Net earnings (loss) before taxes	2,130,706	1,801,393	411,656	(2,393,064)	1,219,859	1,150,951	(902,196)	(548,144)	2,860,025	11,136
For the nine months ended October 31,										
Revenue	\$ 27,492,434	\$ 26,098,291	\$ 20,907,656	\$ 13,312,809	\$ 163,434,092	\$ 44,163,295	\$ -	\$ -	\$ 211,834,182	\$ 83,574,395
Depreciation expense	5,596,474	7,197,241	5,848,223	6,117,500	10,370	794,530	7,704	12,840	11,462,771	14,122,111
Earnings (loss) before taxes	7,146,095	2,716,443	(971,851)	(6,873,276)	24,546,573	544,297	(2,243,961)	(5,357,946)	28,476,856	(8,970,482)