



WALL FINANCIAL CORPORATION

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

THREE AND NINE MONTHS ENDED OCTOBER 31, 2021

December 14, 2021



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This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Wall Financial Corporation (the "Company", "we", or "us") includes material financial information as of December 14, 2021. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the three and nine months ended October 31, 2021 and 2020 and audited consolidated financial statements and related notes for the years ended January 31, 2021 and 2020 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as indicative of future operations or results. 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 website at www.sedar.com.

All amounts presented in this MD&A are in Canadian dollars.

The Board of Directors of the Company (the "Board"), on the recommendation of the Audit Committee of the Company, approved the content of this MD&A on December 14, 2021.

The role of the Audit Committee and the Board in respect of financial information included in this MD&A and the Financial Statements is set out in the Overview section of this MD&A

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 changes in rental rates, average daily rates and occupancy rates, anticipated changes in revenue from operations, timing for commencement and completion of construction projects 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, refinancing term-debt, the Company having sufficient sources of liquidity to cover its cash obligations, continuity of insurance coverage, 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, continual evaluation and modification of internal controls over financial reporting, and the potential impacts of the COVID-19 pandemic on the Company's rental apartments, hotel operations and development properties.

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, the Company's joint-venture operations, adverse government and environmental regulations, local supply/demand, pricing pressures and other competitive factors, the geographic concentration of the Company's assets, failure to maintain properties at a competitive level, changes in the labour market, increased construction costs, potential environmental remediation responsibilities, 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, the availability and terms of financing, interest rate and credit risks, liquidity risks, catastrophic loss, cybersecurity risks, and the negative economic impact of the COVID-19 pandemic. 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 which follows 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 Financial Statements and MD&A.

The Management and Investment Committee consists of three 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.

RECENT DEVELOPMENTS

The declaration of the COVID-19 virus as a pandemic by the world health organization on March 11, 2020, and the subsequent government imposed or suggested restrictions globally, domestically and locally have had a significant impact on the Company's businesses, and in particular on the hotel business. While the situation is dynamic and the ultimate duration and magnitude of the impact is unknown, the immediate and short-term impact is summarized in this MD&A.

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 the Company's shareholders. At present, the Company owns and manages 934 hotel units (188 at the Westin Wall Centre, Vancouver Airport, and 746 at the Sheraton Vancouver Wall Centre). It also owns and manages 1,406 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, 2021: Eagle Mountain subdivision in Abbotsford, B.C.; the Ivy on the Park ("Ivy on the Park") project next to the University of British Columbia in Vancouver, B.C.; and the Trails project in the City of North Vancouver, B.C.

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:

Investing in properties involves the risk that the actual performance of these acquisitions may be materially different from the assumptions made in purchasing the properties, which could have a material adverse effect on the Company's business, financial condition, prospects or results of operations. 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. Over the past three months, vacancy rates have stabilized but operating costs such as property taxes and insurance are increasing. The provincial government has mandated no rental rate increase for current tenants until December 2021 and possibly longer.

Hotels:

In its hotel operations, the Company is exposed to a variety of risks such as changes in market and economic conditions, as we are experiencing now due to the COVID-19 pandemic, 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 proposed 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.

Disease outbreak:

A local, regional, national or international outbreak of a contagious disease, including, but not limited to, the recent COVID-19 pandemic or any other illness could result in: a general or acute decline in economic activity in the regions the Company operates in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the Company's apartment units, hotels or buildings. Contagion in one of the Company's buildings or a market in which the Company operates could negatively impact the Company's occupancy, its reputation or attractiveness of that market. Public health crises, pandemics and epidemics could also adversely impact the Company's tenants' ability to meet their payment obligations, impact the ability of purchasers of units to satisfy their purchase obligations or disrupt supply chains and transactional activities that are important to the Company's construction and development activities, in addition to negatively impacting local, national or global economies. To mitigate this risk, Management closely monitors all evolving disease outbreaks, epidemics or pandemics, including the recent COVID-19 pandemic and proactively raises its level of preparedness planning to adapt its operations as risk levels rise. With regard to the specific COVID-19 pandemic, Management is actively involved in business continuity and pandemic planning to monitor the evolving circumstances. All of these occurrences may have a material adverse effect on the business, financial condition and results of operations of the Company.

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's insurance is subject to certain policy limits, deductibles and self-insurance arrangements. The Company 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 subject to technology and information security risk, including the risk that confidential information held by the Company is stolen or accessed causing financing or personal harm to the affected individual(s) or the Company's business. Additionally, cyber-attacks could cause disruption of operations or data corruption or result in remediation costs, additional regulatory scrutiny, litigation, and reputational damage. The Company is also subject to risks related to reliance on key personnel and catastrophic and general uninsured loss. 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.

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, 2021 and 2020:

Statements of Earnings	Three months ended October 31		Nine months ended October 31	
	2021	2020	2021	2020
Total revenue and other income	\$ 30,322,631	\$ 20,335,199	\$ 212,235,577	\$ 84,105,902
Net earnings (loss) attributable to shareholders of the Company	\$ 1,710,422	\$ (115,570)	13,884,974	(5,498,449)
Earnings (loss) per share (diluted and non-diluted)	\$ 0.05	\$ (0.00)	0.42	(0.16)

Statements of Financial Position	October 31, 2021	January 31, 2021
Total assets	\$ 880,595,113	\$ 973,493,565
Total non-current liabilities	\$ 278,909,028	\$ 260,243,086
Dividends paid	\$ -	\$ -

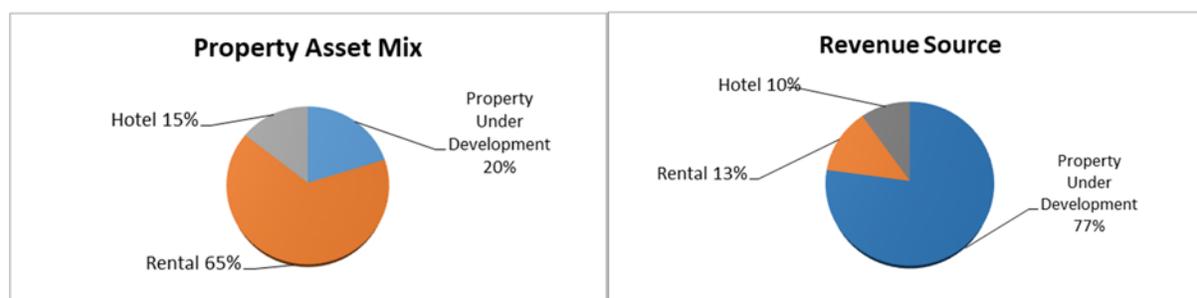
The variations in the financial data provided above are discussed in greater detail under "Discussion of Operations" in this MD&A.

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. In addition, the COVID-19 pandemic has had a significant negative impact on the Company's hotel operations. 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 at October 31, 2021 and revenue derived from such segments for the nine months ended October 31, 2021.



Revenues	Three months ended October 31		Nine months ended October 31	
	2021	2020	2021	2020
Investment properties (Rental)	\$ 9,471,828	\$ 8,727,084	\$ 27,492,434	\$ 26,098,291
Property, plant, & equipment (Hotel)	10,363,146	2,626,995	20,907,656	13,312,809
	19,834,974	11,354,079	48,400,090	39,411,100
Properties under development for sale	10,438,597	8,892,089	163,434,092	44,163,295
	\$ 30,273,571	\$ 20,246,168	\$ 211,834,182	\$ 83,574,395

Earnings (loss) before income taxes and non-controlling interest	Three months ended October 31		Nine months ended October 31	
	2021	2020	2021	2020
Investment properties (Rental)	\$ 2,130,706	\$ 1,801,393	\$ 7,146,095	\$ 2,716,443
Property, plant, & equipment (Hotel)	411,656	(2,393,064)	(971,851)	(6,873,276)
	2,542,362	(591,671)	6,174,244	(4,156,833)
Properties under development for sale	1,219,859	1,150,951	24,546,573	544,297
Corporate expenses	(902,196)	(548,144)	(2,243,961)	(5,357,946)
	\$ 2,860,025	\$ 11,136	\$ 28,476,856	\$ (8,970,482)

DISCUSSION OF OPERATIONS

For the three months ended October 31, 2021, the Company earned revenues of \$30,273,571 (2020 – \$20,246,168) with a gross margin¹ of \$10,594,883 (2020 – \$7,644,218). For the nine months ended October 31, 2021, the Company earned revenues of \$211,834,182 (2020 – \$83,574,395) with a gross margin of \$49,706,112 (2020 - \$19,862,055).

During the three months ended October 31, 2021, the Company closed on the sale of 9 units at the Ivy on the Park project. During the nine months ended October 31, 2021, the Company closed on the sale of 120 units at the Ivy on the Park project, 7 lots at the Eagle Mountain project in Abbotsford, BC and the remaining two commercial units at Strathcona Village project in Vancouver, BC. Revenues and gross margins in the current period were higher than the prior period mainly due to sales at the Ivy on the Park project.

General and administrative costs for the three and nine months ended October 31, 2021 were \$976,481 and \$1,998,419, respectively (2020 - \$576,550 and \$2,027,884). The costs are consistent with the prior period as cost saving measurements taken in response to the impact of COVID-19 on the hotel and development operations were enacted in the prior year. This includes the 50% reduction of the President's salary and Director's fees and a general reduction of professional fees.

During the three and nine months ended October 31, 2021, the Company was eligible for government assistance related to COVID-19 relief programs totaling \$1,330,364 and \$4,705,705, respectively. The Company recognizes government assistance when there is reasonable assurance that the entity complies with the conditions attached to them and the grants will be received.

Depreciation and amortization expense for the three and nine months ended October 31, 2021 was \$3,843,718 and \$11,462,771, respectively (2020 - \$4,650,563 and \$14,122,111). The decrease is attributable to the full deprecation of furniture, fixtures and equipment at a number of the Company's rental properties over the last year as well as the amortization of the Company's sales centre costs at the Ivy on the Park project in the prior year. The basis of depreciation for furniture, fixtures and equipment is straight-line over 2 to 7 years.

Investment and other income for three and nine months ended October 31, 2021 was \$49,060 and \$401,395 (2020 - \$89,031 and \$531,507). Investment and other income are predominantly due to interest earned on

¹ Refer to the discussion of non-IFRS measures in this MD&A

surplus funds, and on interest earned on deposits held in trust in connection with condominium sales which accrue to the benefit of the Company.

Finance expense for the three and nine months ended October 31, 2021 was \$2,963,719 and \$8,169,461, respectively (2020 - \$2,889,269 and \$9,638,653). Finance expense for the three months ended October 31, 2021 includes interest expense of \$4,365,679 (2020 - \$5,526,844) less interest of \$1,401,960 (2020 - \$2,637,575) capitalized to the development projects. Finance expense of for the nine months ended October 31, 2021 includes interest expense of \$12,767,379 (2020 - \$18,990,897) less interest of \$4,597,918 (2020 - \$9,352,244) capitalized to the development projects. Finance expense for the three months ended October 31, 2021 is higher than the prior period due to financing fees and interest paid for new financing entered into during the period. Finance expense for the nine months ended October 31, 2021 is lower than the prior period due to the combination of lower interest rates and lower average level of outstanding debt.

During the year ended January 31, 2021, the Company used interest rate swaps to eliminate the variability of interest rates on debt, converting variable interest expense into a fixed interest expense. Interest rate swaps are measured 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 change in fair value of the interest rate swap contracts.

The impact of the COVID-19 pandemic on the economy resulted in a significant decline in interest rates starting in March 2020. As a result of the decline in interest rates, a mark-to-market loss in the fair value of the interest rate swap of \$3,575,396 was recorded on the statements of earnings for the nine months ended October 31, 2020. All interest rate swaps were terminated during the year ended January 31, 2021.

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 management's discussion and analysis.

	Revenue and Other Income	Net Earnings (Loss)*	Per Share**
October 31, 2021	\$ 30,322,631	\$ 1,716,668	\$ 0.05
July 31, 2021	\$ 64,635,819	\$ 5,843,084	0.18
April 30, 2021	117,277,126	6,331,468	0.19
January 31, 2021	108,169,328	6,042,742	0.18
October 31, 2020	20,335,199	(115,570)	-
July 31, 2020	25,025,451	(1,506,193)	(0.04)
April 30, 2020	38,745,252	(3,876,686)	(0.11)
January 31, 2020	32,115,807	5,635,038	0.17

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 Financial Statements.

* 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 seasonal and economic fluctuations characteristic of the tourism and

hospitality industry in which the Company's hotels operate. 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.

Revenue and other income² as well as net earnings for the quarters ended July 31, 2021, April 30, 2021 and January 31, 2021 were greater than the other quarters due mainly to the closing of residential condominium units at the Company's development projects: July 31, 2021 – 30 units at the Ivy on the Park project and 2 units at Eagle Mountain; April 30, 2021 – 81 units at the Ivy on the Park project and 5 units at Eagle Mountain; January 31, 2021 – 81 units at the Ivy on the Park project and 3 units at Eagle Mountain.

The net loss for the quarter ended April 30, 2020 was mainly due to mark-to-market losses recognized on interest rate swap contracts. The net loss for the quarter ended July 31, 2020 was due predominantly to operating losses from the Company's hotel division as a result of the COVID-19 impact on the hotel and tourism industry.

REVENUE-PRODUCING PROPERTIES

Residential and Commercial Rentals

As at October 31, 2021, the Company owned and managed 1,392 residential units and 14 commercial units in 14 properties in Metro Vancouver.

Combined revenues from the residential and commercial rental units were \$9,471,828 (2020 - \$8,727,084) for the three months ended October 31, 2021 with net earnings of \$2,130,706 (2020 - \$1,801,393). For the nine months ended October 31, 2021, revenues from rental operations were \$27,492,434 (2020 - \$26,098,291) with net earnings of \$7,146,095 (2020 - \$2,716,443).

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 requires that fixed term residential tenancies automatically become month-to-month at the end of their term. Historically, rental rates may be increased to the maximum percentage equal to British Columbia's Consumer Price Index (currently 1.40%) on tenant turnover or on the anniversary date of each tenant's date of occupancy. Effective January 1, 2022, the provincial government confirmed that rent increases of 1.50% may be issued.

Acquisitions and Dispositions

During the three months ended October 31, 2021, the Company acquired a commercial property located at 1290 Hornby Street in Vancouver for \$45,000,000 and one commercial strata lot for \$1,400,000. During the six months ended July 31, 2021, the Company acquired two commercial strata lots for \$3,028,000.

During the nine months ended October 31, 2021, the property representing Phase 2 at Trails North Vancouver with a carrying amount of \$50,334,411 as at October 31, 2021 was reclassified to revenue producing properties out of properties under development.

Hotels

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

² See discussion under non-IFRS Measures of this MD&A.

The combined revenues for the hotel properties for the three and nine months ended October 31, 2021 were \$10,363,146 (2020 - \$2,626,995) and \$20,907,656 (2020 - \$13,212,809), respectively. The combined net income for the three months ended October 31, 2021 before income taxes from hotel operations was \$411,656 (2020 – loss of \$2,393,064). For the nine months ended October 31, 2021, loss before income taxes from hotel operations was \$971,851 (2020 - \$6,873,276)

The Sheraton Vancouver Wall Centre is the largest single hotel property in British Columbia with 746 guestrooms and 45,000 sq. ft. of meeting space. Since the World Health Organization's declaration of the COVID-19 virus as a pandemic, current and future hotel bookings have decreased significantly but have recently improved. During the three months ended October 31, 2021, revenues were \$7,699,541 (2020 - \$1,938,252) with occupancy³ of 49.3% (2020 – 10.1%) and an average daily rate ("ADR")³ of \$156 (2020 - \$156). During the nine months ended October 31, 2021, revenues were \$13,689,466 (2020 - \$10,489,435) with occupancy of 28.5% (2020 – 16.6%) and an ADR of \$156 (2020 - \$175).

The Westin Wall Centre, Vancouver Airport is located near the Vancouver International Airport and consists of 188 guestrooms and 9,900 sq. ft. of meeting space. During the three months ended October 31, 2021, revenues were \$2,663,605 (2020 - \$688,743) with occupancy of 80.5% (2020 – 20.1%) and an ADR of \$161 (2020 - \$161). During the nine months ended October 31, 2021, revenues were \$7,218,190 (2020 - \$2,823,374) with occupancy of 50.7% (2020 – 23.9%) and an ADR of \$234 (2020 - \$174). The increase in revenue at this property during the nine months ended October 31, 2021 is attributable in part to the government mandated hotel quarantine program, which ended in mid-2021.

The full extent to which the COVID-19 pandemic ultimately impacts the hotel operations will depend on future developments of the pandemic, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, and the actions taken by various government and health authorities to contain the pandemic or mitigate its impact. All these factors have a direct and indirect impact on the hotel operations.

At the onset of the COVID-19 pandemic, the Company enacted cost reduction programs, which included the closure of one of the two towers at the Wall Centre Downtown, the furlough of all non-essential staff, a reduction to senior management salary, and the elimination of all but the most necessary expenses in order to preserve cashflow. The Company also deferred significant capital improvement projects, and applied for and accessed various government programs. During the quarter ended October 31, 2021, the Company re-opened all facilities at Wall Centre Downtown and brought back the majority of the furloughed staff. The Company is refreshing the hotels and working to secure future business while maximizing government assistance to reduce costs. The Company is well capitalized to weather the pandemic with \$117,937,000 in undrawn available general corporate credit facilities.

DEVELOPMENT PROPERTIES

The asset value of properties under development for sale decreased from \$306,556,574 at January 31, 2021 to \$161,514,436 as at October 31, 2021. Cost of sales for closings totaling \$117,442,448, a transfer of a property into investment properties at a carrying value of \$50,334,412 were offset by development costs totaling \$22,725,083.

During the three months ended October 31, 2021, the Company closed on the sale of 9 units at the Ivy on the Park project. During the nine months ended October 31, 2021, the Company closed on the sale of 120 units at the Ivy on the Park, 7 lots at the Eagle Mountain project and the remaining two commercial units at Strathcona

³ See discussion under non-IFRS measures of this MD&A.

Village project in Vancouver, BC. Revenues and gross margins in the current period were higher than the prior period mainly due to sales at the Ivy on the Park project.

Earnings before taxes from properties under development for the three and nine months ended October 31, 2021 were \$1,219,859 (2020 – 1,150,951) and \$24,546,573 (2020 – \$544,297). All of the closings in the current year generated a positive gross margin whereas the closings for the Trails project in the prior year generated a negative gross margin.

Properties Under Development Completed Over the Past Three Fiscal Years:

Project	Description	Fiscal Year
Strathcona Village	A three-tower mid-rise mixed-use project with 280 market residential units, and 60,000 sq. ft. of light industrial space. Sales of all 280 condominium units and 18 commercial units have closed.	2019
Wall Centre Central Park	A four-tower project consisting of 1,060 residential units located in Vancouver, B.C. Sales of 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 321 residential units located in the Kerrisdale neighbourhood at 57 th and Granville Street in Vancouver, BC. As at December 14, 2021 318 of the units have been closed. The remaining three units are available for sale, with all of them currently rented.	2019

Projects Under Active Development

The Company has three projects under active development as at October 31, 2021:

Project	Description	Estimated Cost to Complete
Eagle Mountain	<p>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.</p> <p>There are 74 lots in Phases 7 and 8 of which 66 can be sold. Of the 66 lots, 65 sales have closed and 1 is unsold.</p> <p>A rezoning application has been submitted for the final phase which proposes approximately 44 single family building lots in addition to the 262 noted above.</p>	<p>\$225,000</p> <p>(Phase 7/8)</p>
Trails North Vancouver	<p>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 purchased a 28.6% interest in the property and guarantees all loans incurred in respect of the property. Development and construction will be conducted in several phases.</p> <p>The first phase consisting of 31 townhome and low-rise residential units; 30 units have closed and the remaining unit will be used as a sales centre for subsequent phases.</p> <p>On January 19, 2021, the Company purchased an additional 28.6% interest in Phase 2 for a gross purchase price of \$8,065,276. Phase 2 is being developed as two strata rental properties.</p> <p>Construction of the first strata rental property consisting of 104 units commenced in March 2021 and is expected to complete in August 2022.</p>	<p>\$250,000</p> <p>(Phase 1A)</p> <p>\$19,204,000</p> <p>(Phase 2B)</p>
Ivy on the Park	<p>On April 12, 2018, the Company, along with a company owned by the Company's President, 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 President's Company has a 25% interest.</p> <p>As at December 14, 2021, 207 of the 226 units have been sold with 203 sales closed.</p>	<p>\$359,000</p>

Acquisitions and Dispositions

During the nine months ended October 31, 2021, the Company purchased an additional parcel of land at Trails North Vancouver for \$2,400,000.

INVESTMENTS

There are no significant changes in investment activities or investment strategies for the three and nine months ended October 31, 2021.

BANK INDEBTEDNESS AND CREDIT FACILITIES

As at October 31, 2021 and January 31, 2021, the Company was either in compliance with or had received accommodations from lenders with respect to its related loan covenants.

Properties under development:

At October 31, 2021, the Company has borrowed \$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 (January 31, 2021 - \$166,825,000). The decrease in borrowings and credit facilities is primarily due to the repayment of construction financing for 81 closings at the Company's Ivy on the Park project, offset by new construction financing for the Company's Trails North Vancouver Phase 2B rental development.

The credit facilities are secured by first mortgages and assignment of rents and insurance proceeds on the related properties under development. The borrowings are due on demand.

General corporate debt:

The Company's general corporate borrowings increased from \$15,878,997 at January 31, 2021 to \$119,012,063 at October 31, 2021. These facilities 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 increase is attributable to the repayment of loans from shareholder totaling \$48,000,000 and a new credit facility for investment property purchased during the three months ended October 31, 2021.

This 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.

During the nine months ended October 31, 2020, a mark-to-market loss in the fair value of an interest rate swap of \$939,694 was recorded in finance costs in the statements of earnings. On September 3, 2020, the Company terminated \$50,000,000 of an original interest rate swap of \$75,000,000 at a cost of \$655,500 and repaid \$50,000,000 of the loan. On November 2, 2020 the balance of the interest rate swap of \$25,000,000 was terminated at a cost of \$282,905 and the loan repaid in full.

MORTGAGES PAYABLE

In these unprecedented times resulting from the COVID-19 pandemic, the Company focused on maximizing its liquidity to lock in the current low interest rates and working with its lenders to secure new financing.

Mortgages payable net of deferred financing fees increased from \$364,313,874 at January 31, 2021 to \$362,774,111 at October 31, 2021. All mortgages are secured by first charges over the Company's investment properties and property, plant and equipment as well as an assignment of rents and insurance proceeds.

Investment properties:

Mortgages payable on investment properties increased from \$263,819,108 at January 31, 2021 to \$285,455,483 at October 31, 2021. This increase is attributable to refinancing for three rental properties which

generated proceeds totaling \$26,568,416 offset by principal payments made during the period. At October 31 and January 31, 2021, these mortgages bear interest at fixed rates ranging from 1.48% to 3.23%.

Property, plant and equipment:

Mortgage payable on property, plant and equipment decreased from \$107,373,822 as at January 31, 2021 to \$85,352,928 at October 31, 2021. This decrease is primarily attributable to the Company exercising the option to temporarily reduce the loan balance. The loan can be re-drawn up to \$20,000,000 at any time but not after January 31, 2022. As at October 31, 2021, this mortgage bears interest at 2.66% (January 31, 2021 - 2.66%).

During the nine months ended October 31, 2020, a mark-to-market loss in the fair value of an interest rate swap of \$2,317,976 was recorded in finance costs in the statements of earnings. On November 10, 2020, these interest rate swaps were terminated at a cost of \$2,983,940.

CONTRACTUAL OBLIGATIONS

Principal instalments payable within the next five fiscal years, and thereafter on mortgages payable as at October 31, 2021 are as follows:

	Total	2022	2023 to 2024	2025 to 2026	Thereafter
Mortgages payable	\$ 370,808,411	\$ 87,054,618	\$ 18,936,634	\$ 26,769,988	\$ 238,047,171

COMMITMENTS AND CONTINGENCIES

The Company has entered into hotel franchise agreements in respect of its two hotel properties, with one maturing June 30, 2034 and the other maturing March 31, 2030. Fees paid are calculated based on a percentage of monthly gross hotel revenues and are paid monthly.

At August 31, 2021, the estimated costs to complete properties under construction are approximately \$20,143,000 (January 31, 2021 - \$5,816,000). These costs predominantly reflect construction expenditures for the development projects.

LIQUIDITY AND FINANCIAL CONDITION

Cash and cash equivalents increased \$7,476,824 from \$17,963,096 at January 31, 2021 to \$25,439,920 at October 31, 2021.

Net cash provided by operating activities for the nine months ended October 31, 2021 was \$125,464,466 (2020 - \$14,836,922 net cash used in operating activities). Condominium unit and lot sale closings in the nine months ended October 31, 2021 resulted in the recovery of costs totaling \$117,422,448 (2020 - \$41,365,245) and a reduction of deposits held in trust of \$37,288,902 (2020 - \$3,784,269). The increase to cash was offset by deposits received in a previous period of \$25,970,109 and corporate income tax net payments of \$23,237,038.

Cash used in financing activities for the nine months ended October 31, 2021 was \$64,287,284, primarily due to the repayment of loans from shareholder of \$48,000,000 and the share purchase of \$24,000,000. Bank and other indebtedness increased by \$24,975,754 which consisted of an increase in general corporate debt of \$103,133,066 offset by a decrease in construction financing for properties under development of \$78,157,312. Other financing activities during the 9 months ended October 31, 2021 included the refinancing of three rental properties for proceeds of \$26,568,416 and reduction of the mortgage payable on property, plant and equipment of \$20,000,000. Cash used in financing activities for the nine months ended October 31, 2020 was

\$16,115,792, primarily due to the repayment of bank indebtedness and mortgages payable totaling \$45,077,353 offset by proceeds from mortgage payable of \$32,075,208.

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 October 31, 2021 was 32,453,365 (January 31, 2021 – 33,953,365).

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.

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 (the "TSX") during the trading day immediately preceding the date of grant; if there was no such sale, the volume-weighted average trading price on the TSX for the common shares for the five trading days immediately preceding the date of the grant.

During the nine months ended October 31, 2021, no options were granted; 1,310,000 common shares are available for future issuance under the Stock Option Plan.

DIVIDENDS

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. Given the reduction of the earnings from the hotel operations due to the negative impact of COVID 19 on the travel and tourism industry, no dividends were paid or approved during the nine months ended October 31, 2021.

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 Financial Statements, and the Company's significant accounting policies are described in note 3 to the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies and standards are described in note 3 of the Financial Statements.

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 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 in Internal Control Over Financial Reporting. Based on these evaluations, the CEO and the CFO concluded that as at October 31, 2021:

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

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 at October 31, 2021, management has determined that every 1% increase or decrease in the applicable interest rates results in a corresponding \$2,549,000 decrease or increase in the Company's annual earnings before income taxes.

During the year ended January 31, 2020, the Company used interest rate swap contracts to effectively fix the interest rate on certain bank indebtedness and mortgages payable. As hedge accounting was not applied, the contracts were 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 was 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 three and nine months ended October 31, 2020, the change in fair value of interest rate swaps resulted in a mark-to-market gain of \$394,269 and a mark-to-market loss of \$3,575,396, respectively, recorded in the statements of earnings. All interest swaps were terminated as part of the Company's strategy to access refinancing at lower interest rates. The total mark-to-market liabilities were discharged and termination fees totaling \$3,922,345 were paid during the year ended January 31, 2021.

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.

A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations and by maintaining sufficient headroom on its committed borrowing facilities.

The Company's bank and other indebtedness are repayable on demand, which creates a liquidity risk. The Company uses these loans to finance its development operations, and believes it could convert these loans into long term if desired. As at October 31, 2021, the Company was either in compliance with or had received accommodations from lenders with respect to its related loan covenants, has made all required principal repayments, and has generated positive cash flow from its combined rental and hotel operations, which are used to fund interest cost associated with the operating loans.

The following table summarizes the Company's contractual obligations over the next five fiscal years:

As at October 31, 2021	Carrying amount	Total contractual cash flows	Less than one year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 23,222,296	\$ 23,222,296	\$ 23,222,296	\$ -	\$ -
Bank and other indebtedness	198,989,753	198,989,753	198,989,753	-	-
Loans from shareholder	20,000,000	20,000,000	20,000,000	-	-
Mortgages payable	370,808,411	416,183,714	105,485,038	118,346,227	192,352,449
	\$ 613,020,460	\$ 658,395,763	\$ 347,697,087	\$ 118,346,227	\$ 192,352,449

Based on the performance of the Company to date and the support from its lenders, the Company believes that the liquidity risk described above is manageable and has implemented strategies, including regular monitoring of debt covenants and cash flows in order to support this conclusion.

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

- Cashflow to maintain hotel operations until the hospitality industry regains momentum following the COVID-19 virus pandemic.
- Capital improvements to certain investment properties which will be funded primarily from operating cash flow.
- 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 to various municipalities (or other beneficiaries) in which its developments are being conducted. These letters of credit are to secure the Company's obligations pursuant to development agreements signed with the beneficiaries and include a wide range of works and services, such as those related to off-site civil works, street lighting, on-site and off-site landscaping, public art, energy standards, and various public amenities. The beneficiaries have the right to call on the letters of credit if the Company defaults on its obligations, which obligates the Company to pay money to the beneficiaries based on terms outlined in the letters of credit.

Under IFRS, these letters of credit are disclosed as commitments of the Company and only recorded on the Consolidated Statements of Financial Position if they are drawn upon. As at October 31, 2021, the Company has total outstanding letters of credit of \$16,781,405 (January 31, 2021 - \$16,028,824).

TRANSACTIONS BETWEEN RELATED PARTIES

As at October 31, 2021, the Company had a loan payable of \$20,000,000 (January 31, 2021 - \$68,000,000) due to a company owned by Mr. Peter Wall, a significant shareholder of the Company. \$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 demand.

During the nine months ended October 31, 2021, the Company recorded and paid interest on these loans totaling \$997,231 (2020 - \$900,000).

The Company has entered into co-owners' and project participation agreements with PWO Investments Ltd., a wholly owned company of Mr. Peter Wall, a significant shareholder of the Company, and BJW Investments Ltd., a wholly owned company of Mr. Bruno Wall, the President of the Company, (collectively referred to as the "Wall Equity Companies"), with respect to certain properties under development for sale.

The Wall Equity Companies have collectively provided up to 25% of the equity to finance such properties. In fiscal 2005, the Company amended its compensation plan and the project participation agreement to reduce the amount of compensation that Peter Wall and Bruno Wall receive from the Company and to increase by a corresponding amount the consideration which the Wall Equity Companies may receive pursuant to the project participation agreement, up to a maximum of 40%. The amendments do not directly or indirectly increase the Company's liabilities, obligations, or costs. Non-controlling interest at October 31, 2021 includes \$1,899,951 (January 31, 2021 - \$4,722,200) relating to these agreements with the Wall Equity Companies.

All other agreements entered into with any related party will be based on a profit share in proportion to their capital investment in the respective projects. These agreements include the following three projects:

1. The Company has a 28.6% interest the Trails project, a property located in North Vancouver, B.C. and will guarantee all loans incurred in respect of the property and its development. The other investors in this property include a wholly owned company of Mr. Bruno Wall, 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, 2021, non-controlling interests relating to this project excluding Phase 2 totaled \$42,828,940 (January 31, 2021 - \$42,685,531), and includes the interest held by Mr. Bruno Wall's company in the amount of \$8,565,788 (January 31, 2021 - \$8,603,192), and by Mr. Michael Redekop's company in the amount of \$2,569,737 (January 31, 2021 - \$2,580,957).

On January 19, 2021, the Company purchased an additional 28.6% in the Trails Phase 2 for a gross purchase price of \$7,631,142. The Company's total interest in Trails Phase 2 after this purchase is 57.1%.

At October 31, 2021, non-controlling interests relating to Trails Phase 2 totaled \$5,346,618 (January 31, 2021 - \$5,369,180), and includes the interest held by Mr. Bruno Wall's company in the amount of \$1,782,207 (January 31, 2021 - \$1,789,726), and by Mr. Michael Redekop's company in the amount of \$534,662 (January 31, 2021 - \$536,918).

2. As discussed under "Development Properties" in this MD&A, a wholly owned company of Mr. Bruno Wall holds a 25% interest in the Ivy on the Park project on leased land at the University of British Columbia.

As at October 31, 2021, this interest represents \$2,949,424 (January 31, 2021 - \$7,492,156) in non-controlling interests.

3. The Company, through a partnership, intends to jointly redevelop a property located in Vancouver, British Columbia with a wholly owned company of Mr. Bruno Wall, which owns a 50% interest.

As at October 31, 2021, non-controlling interest, comprised of the interest held by a wholly owned company of Mr. Bruno Wall, totaled \$20,167,536 (January 31, 2021 - \$20,152,277).

In February 2016, the Company leased premises at the Sheraton Wall Centre Hotel (the "Premise") to 1062682 BC Ltd. (the "Tenant"), a wholly owned company of Mr. Peter Wall, for a term of 10 years commencing on April 1, 2016. Under this agreement, the Tenant pays a base rent of \$14,286 per month. The Tenant is responsible for its operating costs, while the Company is responsible for property taxes and utilities in respect of the Premise.

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 and January 31, 2021, 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 nil.

During the nine months ended October 31, 2020, the Company closed the sale of one condominium unit to an officer of the Company for aggregate gross proceeds of \$1,139,900.

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:

	October 31, 2021	January 31, 2021
Liabilities:		
Bank and other indebtedness	\$ 198,989,753	\$ 174,013,999
Loans from shareholder	20,000,000	68,000,000
Mortgages payable	362,774,111	364,313,874
Shareholders' equity:		
Share capital	24,099,401	24,099,401
Non-controlling interest	78,294,892	86,006,956
Total capital	\$ 684,158,157	\$ 716,434,230

As at October 31, 2021, the Company was either in compliance with or had received accommodations from lenders with respect to its related loan covenants, has made all required principal repayments, and has generated positive cash flow from its combined rental and hotel operations, which are used to fund interest cost associated with the operating loans.

OUTLOOK FOR OPERATING CONDITIONS

The declaration of the COVID-19 virus as a pandemic by the World Health Organization on March 11, 2020, and the subsequent governmentally imposed or suggested restrictions globally, domestically and locally have had a significant impact on the Company's hotel business. Rental apartment operations and developments have been much less impacted. The situation is dynamic and the ultimate duration of the impact remains unknown.

Hotel Operations

Our hotel operations have been most profoundly impacted by the pandemic and we anticipate this will be ongoing at least until the summer of 2022. We continue to benefit from the Canada Emergency Wage Subsidy program which has been extended to May, 2022. With improving occupancy rates over the past 4 months, we have now recalled the majority of our associates.

Our lenders remain supportive and have waived debt service covenants; we have repaid some of the debt serviced by the hotels using funds from development projects and rental apartment re-financing.

Rental Apartments

Over the past 4 months, we have experienced notable increases in demand for rental housing results, lower vacancies and increasing rents. The provincial government has now allowed rent increases of 1.50% effective January 1, 2022 for existing tenants. Operating costs, especially for insurance, utilities and property tax, continue to increase but are now being offset by increasing revenues.

We have re-commenced with renovations to older units upon tenant turnover. There was no new financing activity this past quarter.

Development Properties

Closings at the Ivy on the Park project continue with 203 sales closed to date and 209 firm sales in place. Our objective is to sell the remaining units by March 31, 2022.

At Trails, Phase 1B consisting of 48 units, has been submitted for approval and we expect to commence with pre-sales in February/March, 2022.

Trails Phase 2B, which consists of 104 strata rental units is under construction with CMHC construction and term financing in place, with completion anticipated by August, 2022.

We continue to work through the approval process for our various proposed projects; the Cambie & 43rd property received rezoning approval in March. The 10 acre site on Hastings in North Burnaby is part of the Lochdale neighbourhood and the community plan for this area is under review and we anticipate approval by spring, 2022 after which we can submit for a rezoning application for a mixed use residential and commercial development. At the Crofton property, on West 41st Avenue in Kerrisdale, we are negotiating the community amenity contributions in advance of submitting a rezoning application.

Financing

The Company's credit facilities are generally in good standing with our hotel lenders providing forbearance on debt coverage requirements. We have negotiated reduced interest rate financing on some of our rental properties.

NON-IFRS MEASURES

The Company has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors use these non-financial IFRS measures to evaluate the Company's performance, its ability to generate cash flows and its financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with

IFRS. These terms are not recognized under IFRS; as a result, they do not have standardized meanings prescribed by IFRS and may not be comparable to measures used by other issuers in the real estate industry. These non-IFRS financial measures used 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.