



WALL FINANCIAL CORPORATION

2021 ANNUAL REPORT



Wall Financial Corporation was incorporated under the laws of British Columbia in 1969. The Company is focused on the development, acquisition, and management of residential and commercial income producing properties, the development and sale of single and multi-family housing, and the development and management of hotel properties. All of the Company's current activities are concentrated in Metro Vancouver and the Lower Mainland. The total Company portfolio as at April 22, 2021 contains 1,402 residential and commercial rental units and 934 hotel rooms.

5 Year Comparison

Years ended January 31

	2021	2020	2019	2018	2017
Statements of Earnings					
Revenue and other income	\$ 192,275,230	\$ 478,385,362	\$ 453,880,434	\$ 295,936,507	\$ 309,457,301
Cost of sales and expenses	150,968,536	267,775,908	331,168,760	245,877,672	248,505,446
Earnings before income taxes	3,846,556	168,610,482	83,605,048	20,482,851	37,296,407
Net earnings attributable to owners of the Company	544,293	122,456,489	54,982,639	12,426,057	19,493,635
Earnings per share	\$ 0.02	\$ 3.61	\$ 1.62	\$ 0.37	\$ 0.58
Earnings before depreciation, interest, income taxes, & non-controlling interest	38,002,803	206,143,000	118,560,609	46,563,929	57,220,888
Per share	\$ 1.12	\$ 6.07	\$ 3.49	\$ 1.37	\$ 1.71
Statements of Financial Position					
Total assets	\$ 973,493,565	\$1,051,671,420	\$1,244,788,463	\$1,316,007,993	\$1,022,783,372
Investment properties	461,364,920	464,590,635	468,753,484	434,467,031	187,397,718
Property, plant and equipment	120,308,292	127,775,220	134,015,051	137,157,027	141,907,767
Properties under development for sale	306,556,574	350,745,309	456,605,711	495,295,605	449,494,413
Fixed rate indebtedness	283,819,108	340,594,490	299,672,250	228,200,245	264,261,830
Floating rate indebtedness	329,387,821	310,882,654	575,016,158	709,026,999	412,599,698
Shareholders' Equity					
Book value	\$ 192,697,652	\$ 189,628,990	\$ 135,079,231	\$ 114,049,957	\$ 118,600,583
Book value market price (per share)	\$ 5.68	\$ 5.58	\$ 3.98	\$ 3.36	\$ 3.49
Common share market price					
High	\$ 37.90	\$ 38.95	\$ 29.85	\$ 25.47	\$ 20.00
Low	\$ 15.01	\$ 21.21	\$ 22.09	\$ 18.81	\$ 13.30
Dividends paid	\$ -	\$ 67,906,730	\$ 33,953,365	\$ 16,976,683	\$ 20,372,021
Dividends paid per share	\$ -	\$ 2.00	\$ 1.00	\$ 0.50	\$ 0.60
Operations					
Number of rental units	1,402	1,400	1,400	1,400	1,081
Number of hotel rooms	934	934	934	934	934

*President's
Report*

The Company's operations for the year ended January 31, 2021 resulted in net earnings attributable to the shareholders of the Company of \$544,293 or \$0.02 per share as compared to \$122,456,489 or \$3.61 per share in the previous year. This significant decline in earnings is due primarily to the Covid-19 pandemic's negative impact on the Company's hotel operations and also due to fewer condominium sale closings than in 2020.

While the duration and extent of the impact of the government imposed restrictions on travel and meetings is difficult to determine, it does appear that any appreciable recovery in the hotel revenues in this fiscal year will be unlikely. Our management team is focused on keeping hotel operating costs to a minimum, maintaining strong relationships with clients and confirming bookings into 2022 so that we can be ready for the anticipated recovery in our business.

Fortunately, the rental apartment operations continue to remain stable and we have been able to re-finance term debt at very low rates thereby reducing interest costs well into the future. We continue to pursue opportunities to expand our portfolio of rental apartments in desirable locations and have initiated approvals for two rental "infill" projects at existing properties. Rezoning approvals are moving forward for all of our vacant properties held for development and we anticipate finalizing several proposals this year.



Bruno Wall
President
April 22, 2021

Management's Discussion and Analysis of Financial Conditions and Results Of Operations

YEAR ENDED JANUARY 31, 2021

April 22, 2021

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The following discussion of Wall Financial Corporation's (the "Company", "we", or "us") financial conditions and results of operations should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended January 31, 2021 and 2020 (the "Financial Statements"). Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

The Financial Statements underlying this Management's Discussion and Analysis ("MD&A"), including comparative information, have been prepared in Canadian dollars, and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, unless otherwise noted, using the same accounting policies as described in notes 2 and 3 of the Financial Statements.

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 April 22, 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. 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.

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

The Audit Committee consists of three directors, all of whom are independent directors. The Audit Committee operates pursuant to the Audit Committee Charter of the Company and meets quarterly to review internal controls and financial disclosure including the 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 1,402 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 January 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 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. Vacancy rates have now stabilized for higher priced newer units and the province has mandated no rental rate increases until July 2021. As a consequence, the Company is temporarily suspending work on capital improvements.

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 has insurance for earthquake and flood risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the Company would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Technology and information security:

The Company is subject to technology and information security risk, including the risk that confidential information held by the Company is stolen or accessed causing financial or personal harm to the affected individual(s) or the Company's business. 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 months and for the years ended January 31, 2021, 2020, and 2019, all expressed in Canadian dollars:

Statements of Earnings	Three months ended January 31			Year ended January 31		
	2021	2020	2019	2021	2020	2019
Total revenue and other income	\$ 108,169,328	\$ 32,115,807	\$ 138,026,759	\$ 192,275,230	\$ 478,385,362	\$ 453,880,434
Net earnings attributable to shareholders of the Company	\$ 6,042,742	\$ 3,461,842	\$ 37,115,648	\$ 544,293	\$ 122,456,489	\$ 54,982,639
Earnings per share	\$ 0.18	\$ 0.10	\$ 1.09	\$ 0.02	\$ 3.61	\$ 1.62

Statements of Financial Position	January 31, 2021	January 31, 2020	January 31, 2019
Total assets	\$ 973,493,565	\$ 1,051,671,420	\$ 1,244,788,463
Total non-current liabilities	\$ 260,243,086	\$ 276,156,368	\$ 313,429,192
Dividends paid	\$ -	\$ 67,906,730	\$ 33,953,365
Dividends paid per share	\$ -	\$ 2.00	\$ 1.00

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

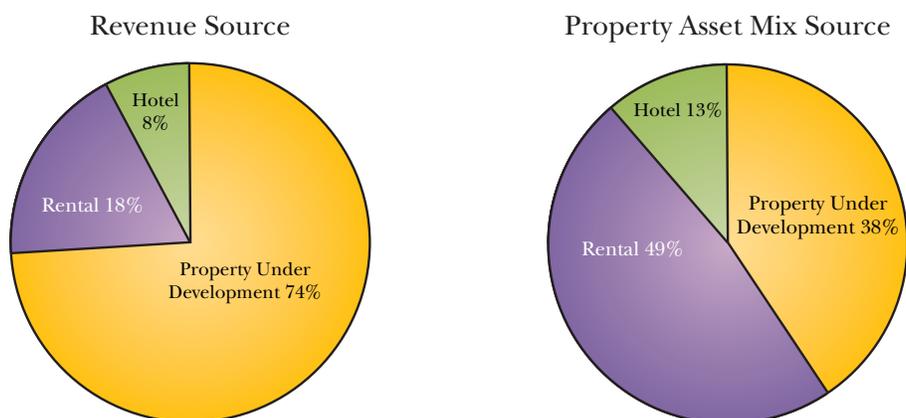
Significant variations with respect to revenues are typically the result of the timing and quantity of residential and commercial unit sales closing at the development properties. The fluctuations in the total assets owned by the Company are predominantly the result of development activities undertaken by the Company. Total assets and non-current liabilities are also impacted by the acquisitions and dispositions of investment properties, which the Company manages

and reviews on an ongoing basis to maximize value for shareholders. Dividends fluctuate as the Company is on a flexible dividend policy; the amount and timing of dividends will be based on the Company's availability of and need for cash flow.

OVERALL PERFORMANCE AND QUARTERLY INFORMATION

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

The charts below show the Company's property holdings as at January 31, 2021 and revenue derived from such segments for the year ended January 31, 2021.



Revenues

	Three months ended January 31		Year ended January 31	
	2021	2020	2021	2020
Investment properties (rental)	\$ 8,925,702	\$ 8,734,188	\$ 35,023,993	\$ 34,557,137
Property, plant, & equipment (hotel)	2,081,798	17,983,764	15,394,607	91,752,872
	11,007,500	26,717,952	50,418,600	126,310,009
Properties under development for sale	96,976,545	4,873,032	141,139,840	348,290,518
	\$ 107,984,046	\$ 31,590,984	\$ 191,558,440	\$ 474,600,527

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

	Three months ended January 31		Year ended January 31	
	2021	2020	2021	2020
Investment properties (rental)	\$ 1,600,276	\$ 290,591	\$ 4,316,719	\$ 2,147,968
Property, plant, & equipment (hotel)	(2,340,540)	1,477,945	(9,213,816)	25,776,655
	(740,264)	1,768,536	(4,897,097)	27,924,623
Properties under development for sale	14,736,364	3,170,982	15,280,661	149,316,945
Corporate expenses	(1,179,062)	(1,792,721)	(6,537,008)	(8,631,086)
	\$ 12,817,038	\$ 3,146,797	\$ 3,846,556	\$ 168,610,482

DISCUSSION OF OPERATIONS

For the year ending January 31, 2021, the Company earned revenues of \$191,558,440 with a gross margin of \$40,589,905 compared with revenues of \$474,600,527 with a gross margin¹ of \$206,824,619 for the year ended January 31, 2020.

In the current year the company closed 81 units at the Company's Ivy on the Park project at the University of British Columbia and 28 units at the first phase of the Trails project in North Vancouver, BC. Revenues were higher in the prior year primarily due to the closing of 247 condominium units at the Company's development in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. ("Shannon Wall Centre Kerrisdale"). In addition to a lower volume of sales in the current year, the gross margin earned in the prior year for the Shannon Wall Centre Kerrisdale was higher than that earned on current year closings.

Revenues in the current year also declined relative to the prior year due to the impact of the COVID-19 virus in the Company's hotel operations. This is discussed in greater detail under the Hotels section below.

General and administrative costs of \$3,303,891 for the year ending January 31, 2021 were lower than the general and administrative costs of \$4,466,453 for the year ending January 31, 2020. This decrease was the result of cost saving measurements taken in response to the impact of COVID-19 on the hotel and development operations. This includes the 50% reduction of the President's salary and Director's fees and a general reduction of professional fees.

During the year ending January 31, 2021, the Company was eligible for government assistance related to COVID-19 relief programs totalling \$4,937,837. A total of \$4,104,076 had been received prior to January 31, 2021. 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 year ending January 31, 2021 of \$18,127,552 was lower than the prior year of \$19,576,104. The decrease is primarily attributable to higher amortization of the Company's sales centre costs at the Ivy on the Park project in the prior year.

Investment and other income for year ending January 31, 2021 was \$716,790 compared with \$3,784,834 in the prior year. Investment and other income are predominantly due to interest earned on surplus funds, and on interest earned on deposits held in trust in connection with condominium sales which accrue to the benefit of the Company. The higher level of interest income earned in the prior year aligns with the higher level of prior year closings.

Finance expense of \$12,560,331 for the year ending January 31, 2021 include interest paid of \$22,980,987 less interest capitalized to the development projects of \$10,400,126. For the prior year, finance expense was \$17,553,408 which includes interest paid of \$29,529,729 less interest capitalized to the development projects of \$12,351,735. Finance expense and interest paid in the current year are lower than in the prior year due to the combination of a lower interest rates and lower level of outstanding debt.

The Company was using 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 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 \$3,468,364 was recorded on the statements of earnings in the year ending January 31, 2021 compared to \$778,420 in the year ending January 31, 2020.

To take advantage of the lower interest rates available, the Company terminated all interest swaps incurring a cost of \$3,922,345.

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.

¹ Refer to the discussion of Non-Standard Measures in this MD&A.

	Revenue and Other Income	Net Earnings (Loss)*	Per Share **
January 31, 2021	\$ 108,169,328	\$ 6,042,742	\$ 0.17
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
October 31, 2019	52,609,913	9,061,159	0.27
July 31, 2019	142,321,293	34,097,525	1.00
April 30, 2019	251,338,349	73,662,767	2.17

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 April 30, 2019, July 31, 2019, and January 31, 2020 were greater than the other quarters due mainly to the closing of residential condominium units at the Company's development projects: April 30, 2019 – 162 units at the Shannon Wall Centre Kerrisdale project; July 31, 2019 – 75 units at the Shannon Wall Centre Kerrisdale project; and, January 31, 2020 – 81 units at the Ivy on the Park project.

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. The net loss for the quarter ended October 30, 2020 is attributable to ongoing operating losses at the hotels and a loss realized on the Trails project as a result of cost overruns and the impact of the soft market on selling prices.

Highlights of the fourth quarter of the year ended January 31, 2021 include:

- Continuing losses at the Company's hotel properties due to COVID-19 restrictions negatively impacting the travel and tourism industry
- Purchase of an additional 28.57% interest in the Company's Trails phase 2 project which is being developed as strata rental property
- Closed refinancing for a first mortgage on one of the Company's revenue producing properties, reducing the interest rate on \$11,503,864 from 3.99% to 1.48%, and
- Closing 81 of 226 units at the Company's Ivy on the Park project.

REVENUE-PRODUCING PROPERTIES

Residential and Commercial Rentals

At January 31, 2021, the Company owned and managed 1,392 residential units and 10 commercial units in 13 properties in Metro Vancouver.

Combined revenues from the residential and commercial rental units were \$35,023,993 for year ending January 31, 2021 with net earnings of \$4,316,719 compared with revenues of \$34,557,137 and net earnings of \$2,147,968 for the prior year. The increase in net earnings in the current year is primarily due to the decrease in interest expense subsequent to the reduction of bank indebtedness.

² See discussion under Non-Standard Measures of this MD&A.

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. However, the provincial government recently mandated that no rent increases may be issued until July 2021. On turnover, the rates at the newer properties have declined somewhat.

Acquisitions and Dispositions

On March 1, 2020, the Company acquired two condominium units at a property located at 1050 Burrard Street in downtown Vancouver, B.C. for the cost of \$1,832,000.

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").

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, which resulted in a decline in revenues from \$77,820,173 in the prior year to \$12,143,095 in the year ended January 31, 2021. Occupancy³ for the current year was 14% with an average daily rate ("ADR")³ of \$170 compared to occupancy of 82% with an ADR of \$240 in the prior year.

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. Revenue for the year ended January 31, 2021 was \$3,371,512 with occupancy of 22% and an ADR of \$167. For the prior year, revenue was \$16,984,793 with occupancy of 86% and an ADR of \$207.

The combined revenues for the hotel properties for the year ended January 31, 2021 were \$15,394,607 compared to revenues for the same period in the prior year of \$91,752,872, while the combined net loss from hotel operations, before income taxes, were \$9,213,816 as compared to earnings in the prior year of \$25,776,655.

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 will all have a direct and indirect impact on the hotel operations.

Until the tourism and travel industry recovers from the impact of the COVID-19 pandemic, the Company has enacted cost reduction programs, which include 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 has also deferred significant capital improvement projects, and has applied for and accessed the various government programs including wage subsidies, and temporary mortgage and tax deferrals. The Company is well capitalized to weather the pandemic with \$207,009,000 in available general corporate credit facilities.

DEVELOPMENT PROPERTIES

The asset value of properties under development for sale decreased from \$350,745,309 at January 31, 2020 to \$306,556,574 as at January 31, 2021. Development costs totalling \$59,276,554 are offset against cost of sales for closings totalling \$103,034,747.

Revenue in the current year totalled \$141,139,840 compared with \$348,290,518 in the prior year. The current year closings include 81 condominium units at the Ivy on the Park project, 21 lots at the Eagle Mountain project, and 28 townhome units at the Trails phase 1A project. In the prior year, revenue from the sale of properties under development was generated primarily from the closing of 247 condominium units at the Shannon Wall Centre Kerrisdale project in Vancouver, B.C.

Earnings before taxes from properties under development for the year ending January 31, 2021 was \$15,280,661 compared with \$149,316,945 in the prior year. The condominium closings in the current year generated lower profit margins than the prior year which contributed to the lower current year earnings before taxes from properties under development.

³ See discussion under Non-Standard Measures of this MD&A.

Properties Under Development Completed Over the Past Three Fiscal Years

Project	Description	Fiscal Year
Strathcona Village	<p>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 have closed and 16 of the 18 commercial units have closed.</p> <p>As at April 22, 2021, the Company has entered into agreements for the sale of the remaining two commercial units.</p>	2019
Wall Centre Central Park	<p>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.</p>	2017/2019
Shannon Wall Centre Kerrisdale Phase 2	<p>A five-acre development project consisting of 321 residential units located in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C.</p> <p>As at April 22, 2021, 318 of the units have closed. The remaining three units are available for sale, with all of them currently rented.</p>	2019

Projects Under Active Development

The Company has three projects under active development as at January 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, 62 sales have closed, 3 sold, and 1 unsold. A rezoning application has been submitted for the final phase which proposes approximately 44 single family building lots.</p>	\$504,000
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, with 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>	\$399,000 (Phase 1a only)
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 April 22, 2021, 188 of the 226 units have been sold with 158 sales closed.</p>	\$4,914,000

Acquisitions and Dispositions

There were no acquisitions or dispositions of properties under development for the year ended January 31, 2021.

INVESTMENTS

There are no significant changes in investment activities or investment strategies for the year ended January 31, 2021.

BANK INDEBTEDNESS AND CREDIT FACILITIES

At January 31, 2021, the Company has borrowed \$158,135,002 (January 31, 2020 - \$167,081,865) 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 \$166,825,000 (January 31, 2020 - \$251,660,000). 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.

At January 31, 2021, the Company's general corporate borrowings of \$15,878,997 (January 31, 2020 - \$105,500,000) are made available by way of lines of credit with a maximum available aggregate amount of \$207,009,000 (January 31, 2020 - \$274,100,000). The debt is secured by fixed and floating demand debentures, second mortgages, and an assignment of rents on certain investment properties, and property, plant, and equipment. The borrowings are due on demand and interest rates are based on a spread over prime or banker acceptance rates.

During the fiscal year ending January 31, 2021, a mark-to-market loss in the fair value of an interest rate swap of \$975,679 was recorded in finance costs on 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.

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

MORTGAGES PAYABLE

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

Mortgages payable net of deferred financing fees increased from \$352,527,442 as at January 31, 2020 to \$364,313,673 as at January 31, 2021 primarily due to an increase of \$43,579,072 from the refinancing of three rental properties. Part of the proceeds were used to repay existing higher rate loans.

Mortgages payable on investment properties of \$263,819,108 (2020 - \$263,819,108) bear interest at fixed rates ranging from 1.48% to 3.23% (January 31, 2020 - 1.97% to 6.50%). These mortgages payable are secured by first charges over the Company's investment properties as well as an assignment of rents and insurance proceeds.

After refinancing, the weighted average interest rate for mortgages payable on investment properties decreased from 3.15% at January 31, 2020 to 2.82% at January 31, 2021.

For the year ended January 31, 2020, mortgages payable on property, plant and equipment was \$121,301,969 of which \$38,300,789 bore interest at bankers' acceptance rates plus applicable stamping fees. An interest rate swap was in place to fix the interest rate on the remaining balance of \$83,001,180 at rates ranging from 3.80% to 4.16% for terms of 3 years maturing between August 2, 2022 to February 10, 2023.

During the fiscal year ended January 31, 2021, a mark-to-market loss in the fair value of the interest rate swaps of \$2,492,685 was recorded in finance costs on the Statements of Earnings. On November 10, 2020 the interest rate swaps were terminated at a cost of \$2,983,940.

After termination of the interest rate swaps and refinancing, the weighted average interest rate for mortgages payable on property, plant and equipment decreased from 4.06% at January 31, 2020 to 2.66% at January 31, 2021.

CONTRACTUAL OBLIGATIONS

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

	Total	1 Year	2 to 3 Years	4 to 5 Years	After 5 Years
Mortgages payable	\$ 371,192,930	\$ 113,704,905	\$ 20,707,999	\$ 26,867,773	\$ 209,912,253

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 January 31, 2021, the estimated costs to complete properties under construction are approximately \$5,816,000 (January 31, 2020 - \$74,760,000). These costs predominantly reflect construction expenditures for the development projects.

LIQUIDITY AND FINANCIAL CONDITION

Cash and cash equivalents decreased \$38,274,854, from \$56,237,950 at January 31, 2020 to \$17,963,096 at January 31, 2021.

Net cash provided by operating activities was \$4,067,777. Cash inflow generated by the recovery of costs through the closing of condominium units and lot sales of \$103,034,747 was largely utilized to fund additions to development properties \$48,490,823, interest paid of \$22,980,987, decrease in deposits on real estate sales of \$33,532,671, and corporate income tax payments of \$12,299,044.

The Company's investing activities decreased cash by \$10,235,099 primarily due to additions to the investment properties of \$6,048,511 and the purchase of an additional 28.57% interest in the Trails Phase 2 project at for cash totalling \$3,298,596, purchase price totalling \$8,065,276 net of debt assumed \$4,766,683.

Financing activities decreased cash by \$32,107,532, primarily due to the repayment of bank indebtedness of \$98,567,866, and the repayment of mortgages payable of \$31,281,419. These repayments are offset by an increase in shareholder loans of \$48,000,000, and the refinancing of three rental properties for proceeds of \$43,579,072.

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 January 31, 2021 was 33,953,365 (January 31, 2020 – 33,953,365).

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

The exercise price of an option will not be less than the price at which the last recorded sale of a board lot of common shares took place on the Toronto Stock Exchange (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.

For the year ending January 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 in the year ending January 31, 2021.

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

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 4 of the Financial Statements except as described in note 3 of the Condensed Consolidated Interim 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 January 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 year ending January 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 January 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 January 31, 2021 was \$381,127,000 (January 31, 2020 - \$361,361,000).

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 January 31, 2021, management has determined that every 1% increase or decrease in the applicable interest rates results in a corresponding \$1,719,000 decrease or increase in the Company's earnings before income taxes.

The Company was using interest rate swap contracts to effectively fix the interest rate on certain bank indebtedness and mortgages payable. As hedge accounting is 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 year ended January 31, 2021, a mark-to-market loss in the fair value of the interest rate swap of \$3,468,364 (January 31, 2020 – \$778,420) was recorded on the Statements of Earnings. Including the mark-to-market loss in the amount of \$491,255 included in accounts payable in the Statements of Financial Position at January 31, 2020, the total mark to market liabilities was discharged when termination fees totalling \$3,922,345 were paid during the year ending January 31, 2021.

All interest swaps were terminated as part of the company's strategy to access refinancing at lower interest rates.

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

As at January 31, 2021	Carrying amount	Total contractual cash flows	Less than one year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 26,120,137	\$ 26,120,137	\$ 26,120,137	-	-
Bank and other indebtedness	174,013,999	174,013,999	174,013,999	-	-
Loans from Shareholder	68,000,000	68,000,000	68,000,000	-	-
Mortgages payable	371,192,930	420,305,959	131,472,840	122,310,481	166,522,638
	\$ 639,327,066	\$ 688,440,095	\$ 399,606,976	\$ 122,310,481	\$ 166,522,638

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 not significant 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 tourism 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 Statement of Financial Position if they are drawn upon. The Company has outstanding letters of credit at January 31, 2021 of \$13,787,715 (January 31, 2020 - \$16,735,784).

TRANSACTIONS BETWEEN RELATED PARTIES

As at January 31, 2021, the Company had a loan payable of \$68,000,000 (January 31, 2020 - \$20,000,000) due to a company owned by Mr. Peter Wall, a significant shareholder of the Company. Of the total, \$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. The balance in the amount of \$48,000,000 is used to temporarily fund the Company's equity in investment properties, bears interest at prime less 0.95% but in no case less than 1.50%, and is due on demand.

For the year ending January 31, 2021, the Company recorded and paid interest on these loans totalling \$1,278,227 (January 31, 2020 - \$3,180,000).

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 January 31, 2021 includes \$4,722,200 (January 31, 2020 - \$6,427,372) 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 January 31, 2021, non-controlling interests relating to this project excluding phase 2 totaled \$42,685,531 (January 31, 2020 - \$56,838,875), and includes the interest held by Mr. Bruno Wall's company in the amount of \$8,603,192 (January 31, 2020 - \$11,367,775), and by Mr. Michael Redekop's company in the amount of \$2,580,957 (January 31, 2020 - \$3,410,333).

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 January 31, 2021, non-controlling interests relating to Trails phase 2 totaled \$5,369,180, and includes the interest held by Mr. Bruno Wall's company in the amount of \$1,789,726, and by Mr. Michael Redekop's company in the amount of \$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 January 31, 2021, this interest represents \$7,492,156 (January 31, 2020 - \$4,283,357) 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 January 31 31, 2021, non-controlling interest, comprised of the interest held by a wholly owned company of Mr. Bruno Wall, totaled \$20,152,277 (January 31, 2020 - \$7,802,0646).

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 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 (January 31, 2020 - \$3,024,800).

For the year ended January 31, 2021, the Company closed the sale of two condominium units to officers of the Company for aggregate gross proceeds of \$2,099,800 (January 31, 2020 - \$799,900).

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 as at January 31, 2021 and as at January 31, 2020:

	2021	2020
Liabilities:		
Bank and other indebtedness	\$ 174,013,999	\$ 272,581,865
Loans from shareholder	68,000,000	20,000,000
Mortgages payable	364,313,874	352,527,442
Shareholders' equity:		
Share capital	24,099,401	24,099,401
Non-controlling interest	86,006,956	77,826,535
Total capital	\$ 716,434,230	\$ 747,035,243

As at January 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 businesses, and in particular on the hotel business. While the situation is dynamic and the ultimate duration of the impact is unknown, the impact is summarized below.

Rental Apartments

Our operations remain relatively stable with vacancy and bad debts of approximately 2.5% at our older properties and at 4.5% at our newer and higher rent properties. The provincial government has prohibited any rent increases for existing tenants until July, 2021 and we expect this ban to continue beyond that. Operating costs, especially for utilities and property tax, continue to increase; as a consequence, we anticipate slightly lower operating profits for the upcoming fiscal year. All commercial tenants are open and paying rent.

With the lower term mortgage interest rates, we have placed new financing over the past 6 months with rates ranging between 1.48% to 2.40% for 10 year terms.

Hotel Operations

Our hotel operations have been most profoundly impacted by the pandemic over the past 14 months and we expect this will continue at least until the end of the current fiscal year ending January 31, 2022. As discussed in previous reports, the majority of our employees are on leave and we are benefiting from the Canada Emergency Wage Subsidy program and the federal traveller quarantine program. We anticipate occupancy rates of approximately 20% at our downtown property and approximately 40% at the Richmond property for the balance of the year.

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.

Development Properties

The Ivy on the Park project received its first occupancy permit for the majority of the units in January and we closed on the sale of 81 units by January 31, 2021. All units will be completed by June 30th, and the objective is to sell all 226 units (158 sales closed to date) by January 31, 2022.

At Trails, Phase 1a is complete with 30 of 31 units sold; Phase 1a consisting of 48 units, has been submitted for approval and we expect to commence with pre-sales in fall, 2021.

Phase 2b, 104 units, and owned 57% by the Company, is under construction with CMHC construction and term financing in place. We anticipate starting on Phase 2b (44 units) in June, 2021.

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 December, 2021 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 rate financing on some of our rental properties and are taking advantage of property tax payment deferrals as permitted.

NON-STANDARD MEASURES

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

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

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

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

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

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

*Independent
Auditors'
Report*

To the Shareholders of Wall Financial Corporation:

We have audited the consolidated financial statements of Wall Financial Corporation (the Entity), which comprise:

- the consolidated statements of financial position as at January 31, 2021 and January 31, 2020
- the consolidated statements of earnings and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at January 31, 2021 and January 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors’ report.

Evaluation of the net realizable value of properties under development for sale

Description of the matter

We draw attention to Notes 2(e)(i), 3(c) and 7 to the financial statements. The Entity has recorded properties under development for sale at the lower of cost and net realizable value for an amount of \$306,556,574. Net realizable value is the estimated selling price in the ordinary course of business, less cost to complete the development and selling costs. Costs to complete include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs. Significant assumptions in determining the net realizable value of properties under development for sale include estimated selling price and direct development costs to complete the development.

Why the matter is a key audit matter

We identified the evaluation of the net realizable value of properties under development for sale as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of properties under development for sale and the high degree of estimation uncertainty underlying the significant assumptions. Therefore, increased audit effort was required to evaluate the Entity's significant assumptions. In addition, significant auditor judgment was required to evaluate the results of our audit procedures due to the sensitivity of the net realizable value of properties under development for sale to minor changes to significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's ability to accurately estimate the estimated selling price and direct development costs to complete the development by comparing the Entity's prior year estimates to actual results for a selection of completed developments.

For a selection of properties under development for sale, we evaluated the Entity's significant assumptions by:

- Comparing estimated selling price to executed pre-sale agreements, to actual prices realized for the Entity's other developments recently completed, and/or, against local real estate market outlook reports indicating customer demand and recent pricing trends. We considered features specific to the respective development in making our evaluation.
- Comparing direct development costs to complete the development to the Entity's other similar developments recently completed, to third party quantity surveyor reports, and/or against local real estate market outlook reports indicating price per buildable square foot. We considered features specific to the respective development in making our evaluation
- For a selection of properties under development for sale where the Entity obtained an external appraisal, we obtained a copy of the appraisal and assessed whether the estimated selling price was consistent with the range of actual selling prices for comparable developments.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions; and
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (“IFRS”), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The image shows the handwritten signature "KPMG LLP" in black ink. The letters are bold and slightly slanted. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Lorne Burns.

Vancouver, Canada

April 22, 2021

Consolidated Statements of Financial Position

January 31, 2021 and 2020

	2021	2020
Assets		
Investment properties (note 5)	\$ 461,364,920	\$ 464,590,635
Property, plant and equipment (note 6)	120,308,292	127,775,220
Properties under development for sale (note 7)	137,677,593	141,948,616
Investments in joint ventures	136,736	216,708
Deferred tax asset (note 15)	1,336,138	30,491,256
<hr/>		
Non-current assets	720,823,679	765,022,435
Current portion of properties under development for sale (note 7)	168,878,981	208,796,693
Deposits held-in-trust	37,622,748	4,090,077
Other assets (note 9)	4,821,842	8,653,746
Income taxes receivable	10,213,672	-
Amounts receivable (note 8)	13,169,547	8,870,519
Cash and cash equivalents	17,963,096	56,237,950
<hr/>		
Current assets	252,669,886	286,648,985
<hr/>		
	\$ 973,493,565	\$ 1,051,671,420
<hr/>		
Liabilities		
Mortgages payable (note 10)	\$ 250,608,969	\$ 214,070,799
Deferred tax liability (note 15)	9,634,117	62,085,569
<hr/>		
Non-current liabilities	260,243,086	276,156,368
Current portion of mortgages payable (note 10)	113,704,905	138,456,643
Income tax payable	25,879,492	4,393,617
Accounts payable and accrued liabilities	26,120,137	25,060,562
Deposits on real estate sales	26,827,338	47,566,840
Loans from shareholder (note 17(d))	68,000,000	20,000,000
Bank and other indebtedness (note 10)	174,013,999	272,581,865
<hr/>		
Current liabilities	434,545,871	508,059,527
<hr/>		
	694,788,957	784,215,895
<hr/>		
Equity		
Share capital (note 14)	24,099,401	24,099,401
Contributed surplus (note 14)	370,000	370,000
Retained earnings	168,228,251	165,159,589
<hr/>		
Equity attributable to shareholders of the Company	192,697,652	189,628,990
Non-controlling interests (note 13)	86,006,956	77,826,535
<hr/>		
Total equity	278,704,608	267,455,525
<hr/>		
	\$ 973,493,565	\$ 1,051,671,420
<hr/>		

Commitments and contingencies (note 16)

Subsequent events (note 19)

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board:

"Bruno Wall" Director
 "Peter Ufford" Director

Consolidated Statements of Earnings and Comprehensive Income

Years ended January 31, 2021 and 2020

	2021	2020
Revenue (note 20)	\$ 191,558,440	\$ 474,600,527
Cost of sales and operating expenses	150,968,536	267,775,908
	40,589,904	206,824,619
Expenses:		
General and administrative	3,303,891	4,466,454
Depreciation (notes 5, 6 and 9)	18,127,552	19,576,104
	21,431,443	24,042,558
Net finance expense (income) (note 12):		
Investment and other income	(716,790)	(3,784,835)
Finance expense	12,560,331	17,553,408
Change in fair value of interest rate swap contracts (note 10)	3,468,364	403,006
	15,311,905	14,171,579
Earnings before income taxes	3,846,556	168,610,482
Income tax expense (note 15):		
Current	23,570,927	10,908,877
Deferred	(23,296,333)	33,438,328
	274,594	44,347,205
Net earnings and comprehensive income	3,571,962	124,263,277
Net earnings and comprehensive income attributable to non-controlling interests	3,027,669	1,806,788
Net earnings and comprehensive income attributable to shareholders of the Company	544,293	122,456,489
Basic and diluted earnings per share	\$ 0.02	\$ 3.61
Weighted average shares outstanding	33,953,365	33,953,365

See accompanying notes to these consolidated financial statements.

Consolidated Statements of Changes in Equity

Years ended January 31, 2021 and 2020

	Attributable to shareholders of the Company					Total equity
	Share capital	Contributed surplus	Retained earnings	Total	Non-controlling interests	
Balance, January 31, 2019	\$ 24,099,401	\$ 370,000	\$ 110,609,830	\$ 135,079,231	\$ 87,998,969	\$ 223,078,200
Net earnings	-	-	122,456,489	122,456,489	1,806,788	124,263,277
Contributions	-	-	-	-	5,842,500	5,842,500
Distributions	-	-	-	-	(17,821,722)	(17,821,722)
Dividends declared (note 14(c))	-	-	(67,906,730)	(67,906,730)	-	(67,906,730)
Balance, January 31, 2021	24,099,401	370,000	165,159,589	189,628,990	77,826,535	267,455,525
Net earnings	-	-	544,293	544,293	3,027,669	3,571,962
Acquisition of non-controlling interest (note 13(b))	-	-	2,524,369	2,524,369	(5,822,965)	(3,298,596)
Contributions	-	-	-	-	16,557,218	16,557,218
Distributions	-	-	-	-	(5,581,501)	(5,581,501)
Balance, January 31, 2021	\$ 24,099,401	\$ 370,000	\$ 168,228,251	\$ 192,697,652	\$ 86,006,956	\$ 278,704,608

See accompanying notes to these consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended January 31, 2021 and 2020

	2021	2020
Cash provided by (used in):		
Cash flows from operating activities:		
Net earnings and comprehensive income	\$ 3,571,962	\$ 124,263,277
Adjustments for items not involving cash:		
Depreciation	18,127,552	19,576,104
Deferred income tax expense (recovery)	(23,296,333)	33,438,328
Current income tax expense	23,570,927	10,908,877
Finance expense	12,560,331	17,177,994
Decrease in fair value of interest rate swap contracts	3,468,364	778,420
	<u>38,002,803</u>	<u>206,143,000</u>
Recovery of costs through real estate sales	103,034,747	177,400,086
Additions to development properties	(48,490,823)	(58,332,828)
Interest paid	(22,580,987)	(29,529,729)
Income taxes paid	(12,299,044)	(7,285,226)
Deposits held in trust	(33,532,671)	91,481,419
Deposits on real estate sales	(20,739,502)	(46,916,214)
Changes in non-cash operating working capital:		
Amounts receivable	(4,299,028)	607,481
Accounts payable and accrued liabilities	1,513,875	(5,456,563)
Inventory	181,493	(6,785)
Deposits and prepaids	3,276,914	7,062,675
	<u>4,067,777</u>	<u>335,167,316</u>
Cash flows from investing activities:		
Additions to investment properties	(6,048,511)	(6,279,276)
Additions to property, plant, and equipment	(529,836)	(1,710,327)
Additions to sales centres	(438,128)	(458,592)
Purchase of non-controlling interest	(3,298,596)	-
Distributions from investment in joint ventures	79,972	213,311
	<u>(10,235,099)</u>	<u>(8,234,884)</u>
Cash flows from financing activities:		
Proceeds from loans from shareholder	48,000,000	-
Repayment of loans from shareholder	-	(80,000,000)
Proceeds from mortgages payable	43,579,072	72,051,933
Payment of financing fees	(890,691)	(367,236)
Payment of swap termination fees (note 10)	(3,922,345)	-
Repayment of mortgages payable	(31,281,419)	(42,110,041)
Bank and other indebtedness	(98,567,866)	(173,153,155)
Contributions by non-controlling interest	16,557,218	5,842,500
Distributions to non-controlling interest	(5,581,501)	(17,821,722)
Dividends paid	-	(67,906,730)
	<u>(32,107,532)</u>	<u>(303,464,452)</u>
Increase (decrease) in cash and cash equivalents	(38,274,854)	23,467,980
Cash and cash equivalents, beginning of year	56,237,950	32,769,970
Cash and cash equivalents, end of year	<u>\$ 17,963,096</u>	<u>\$ 56,237,950</u>

See accompanying notes to these consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

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 consolidated financial statements comprise WFC and its subsidiaries (together referred to as the “Company”), and the Company’s interests in joint ventures. The Company operates predominantly 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 10th Floor, 938 Howe Street, Vancouver, British Columbia, V6Z1N9, Canada.

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 22, 2021.

(b) Basis of measurement:

These consolidated 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 with the exception of interest rate swap contracts which are recorded at fair value.

(c) Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “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, self-imposed quarantine periods and social distancing, have caused material disruption to businesses resulting in an economic slowdown. 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. However, for the year ended January 31, 2021 the Company’s hotel operations have experienced a significant decline in current and future guest bookings and occupancy levels remain low.

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.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

2. Basis of presentation (continued):

(c) Impact of COVID-19 (continued):

In the preparation of these consolidated financial statements, the Company has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities, and the reported amount of its results using the best available information as of January 31, 2021. Actual results could differ from those estimates.

(d) Basis of consolidation:

(i) Subsidiaries:

These consolidated financial statements comprise the assets and liabilities of all subsidiaries and the results of operations of all subsidiaries. Subsidiaries are entities controlled directly or indirectly by WFC. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The material subsidiaries and percentage owned in these subsidiaries are as follows:

Name	% owned
1300 Richards Street Developments Limited Partnership	100%
1415 Commercial Developments Ltd.	100%
1415 Condominium Developments Ltd.	100%
41st Ave. Development Limited Partnership	100%
588526 British Columbia Ltd.	100%
Brunswick & 6th Development Ltd.	100%
Cambie and 43rd Developments Limited Partnership	100%
Cambie and 58th (No. 2) Developments Limited Partnership	50%
Eagle Mountain Properties Ltd.	100%
Hastings Street Developments Limited Partnership	100%
Shannon Condominium Developments Unit Trust	100%
Shannon Estates Utility Ltd.	100%
Shannon Wall Centre Condominium Developments Limited Partnership	100%
Shannon Wall Centre Rental Apartments Limited Partnership	100%
Strathcona Village Limited Partnership	75%
SWC Hotels LLP	100%
Wall Centre Central Park Condominiums Limited Partnership	75%
Wall Centre Construction Ltd.	100%
Wall Centre (Central Park) Construction Co. Ltd.	100%
Wall Centre (Point Grey) Developments Limited Partnership	75%
Wall North Vancouver Townhome Development Limited Partnership	29%
Wall Trails Rental Developments Limited Partnership	57%
Wall University Developments Limited Partnership	50%
W.F.C. Investments Limited Partnership	100%
WWC Hotels LLP	100%

(ii) Interests in joint ventures:

WFC and certain of its subsidiaries have interests in and joint control of a number of properties through joint ventures, which are accounted for using the equity method. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

2. Basis of presentation (continued):

(d) Basis of consolidation (continued):

(iii) Transactions eliminated on consolidation:

All intercompany transactions, balances, income, and expenses are eliminated in preparing the consolidated financial statements.

(e) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities. These judgments, estimates and assumptions are based on historical experience and management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following critical estimates and judgments.

Judgments:

(i) Consolidation of subsidiaries:

Judgment is applied in assessing whether the Company exercises control or significant influence over subsidiaries, in which the Company directly or indirectly is a participant or owns an interest. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of the joint venture. Where the Company is determined to have control, these entities are consolidated.

(ii) Classification of joint arrangements:

The classification of joint arrangements structured through separate vehicles as either joint ventures or joint operations requires significant judgment and depends on the legal form and contractual terms of the arrangement, as well as, other facts and circumstances. Where the Company's investment is determined to be a joint venture, the investment is accounted for using the equity method.

(iii) Investment properties and property, plant and equipment:

The Company's accounting policies relating to investment properties and property, plant and equipment are described in notes 3(a) and 3(b), respectively. In applying these policies, judgment is applied to determine the significant components of each asset, including the useful lives over which the componentized assets are to be amortized.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

2. Basis of presentation (continued):

(c) Use of estimates and judgments (continued):

Judgments:

(iv) Capitalization of borrowing costs:

Under IFRS, borrowing costs must be capitalized to qualifying assets. This requires the determination of whether the borrowings are specific to a project or general in calculating the capitalized borrowing costs. Judgment is involved in this determination. Borrowing costs are capitalized to investment properties when under active development. Capitalization to properties under development ceases when the property is considered developed and ready for sale.

Estimates:

(i) Net realizable value of properties under development for sale:

As described in note 3(c), the Company records properties under development for sale at the lower of cost and net realizable value. Significant assumptions are required in determining the net realizable value of properties under development for sale, including the estimated selling price and direct development costs to complete the development. See note 7 for further details of properties under development for sale.

(ii) Fair value of investment properties:

The fair value of investment properties disclosed in note 5 is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (i.e., tenant profiles, future revenue streams and overall repair and condition of the property), discount rates applicable to those assets' cash flows and capitalization rates. These estimates are based on market conditions existing at the reporting date.

(iii) Income taxes:

Significant estimates are required in determining the provision for income taxes due to the various transactions and calculations for which the ultimate tax determination is uncertain. Management annually evaluates tax positions taken which could be subject to differing interpretations of applicable tax legislation. The Company recognizes a tax provision when a payment to tax authorities is considered probable. Management believes that adequate provisions have been made for all income tax obligations, although the results of audits and reassessments and changes in the interpretations of standards may result in a material increase or decrease in the Company's assets, liabilities and net earnings.

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax assets could be impacted.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies:

(a) Investment properties:

Investment properties comprise residential and commercial property held either to earn rental income or for capital appreciation or both. Investment properties include land and buildings, and are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building, its components, and residual value. The basis of depreciation and estimated useful lives of buildings and major components are as follows:

Asset	Basis	Rate
Buildings	Straight-line	30 - 50 years
Other major components	Straight-line	5 - 50 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted as required.

Repair and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized and amortized on a straight-line basis over the expected useful life of the improvement.

Note 5 discloses the investment properties' fair values. The following approaches either individually or in combination, are used by management, together with appraisers, in their determination of the fair value of investment properties:

- The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.
- The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews all independent appraisals obtained for properties to ensure the assumptions used by the appraisers are reasonable and the fair value amount reflects those assumptions used in the approaches above.

Under certain circumstances, investment properties may be redeveloped as properties under development for resale. Once appropriate evidence of a change in use is established, typically at the commencement of redevelopment, the property is transferred to properties under development for sale at its carrying value. In other circumstances, properties under development for resale may be reclassified to investment properties if the intended use of the property has changed and reclassification occurs at the inception of an operating lease.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(a) Investment properties (continued):

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the statement of earnings in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset on the date the transaction occurred.

(b) Property, plant and equipment:

Property, plant and equipment is comprised of the Company's hotel properties and are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building and its components, and residual value.

The basis of depreciation and estimated useful lives for the assets are as follows:

Asset	Basis	Rate
Building	Straight-line	40 - 55 years
Elevators	Straight-line	30 years
HVAC, sprinklers, plumbing	Straight-line	30 years
Other major components	Straight-line	13 - 50 years
Furniture, fixtures and equipment	Straight-line	2 - 7 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Repair and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized and amortized on a straight-line basis over the expected useful life of the improvement.

Property, plant and equipment is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of property, plant and equipment are recognized in the statement of earnings in the year of retirement or disposal.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between net disposal proceeds and the carrying value of the asset on the date the transaction occurred.

(c) Properties under development for sale:

Properties under development for sale include properties being constructed or developed for future resale and also density rights to be applied to future development projects.

Properties under development are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less cost to complete the development and selling costs. Costs to complete include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(c) Properties under development for sale (continued):

The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings, and is capitalized from the commencement of the development until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

The Company considers the date of completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits.

The cost of sale of a property or unit is allocated on the basis of the estimated total cost of the project prorated by the selling price of the property or unit over the anticipated sales proceeds from the entire project.

(d) Deposits held-in-trust and deposits on real estate sales:

Deposits held-in-trust represents the initial cash down-payment made by purchasers toward the acquisition of condominium units from the Company. Such cash is held by a designated trustee and may be used towards the Company's construction costs if authorized by the lender(s) on the project through an insured program.

Deposits on real estate sales will be recognized as revenue in accordance with the Company's revenue recognition policy.

(e) Other assets:

Other assets include prepaid expenses, deposits on property acquisitions not yet closed, prepaid commissions on the sale of residential units that have not yet closed, sales centres used in the sales and marketing of residential units, inventory at hotel properties, and corporate furniture, fixtures and equipment. Inventory, which consists of food, beverage and supplies, is valued at the lower of cost and net realizable value. The cost of sales centres are amortized on a straight-line basis over the estimated use life of the assets.

(f) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, cash held at banks, cheques issued in excess of funds on deposits and term deposits maturing within ninety days from the date of acquisition.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(g) Impairment:

The carrying amounts of the Company's non-financial assets, consisting of investment property and property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Revenue recognition:

Revenue is generated primarily from the sale of properties under development, rental of investment properties and the operation of the Company's hotels.

Revenue from properties under development for sale is recognized at a point in time when possession or title passes to the purchaser, and all performance obligations of the sales contract have been met, and at which time all proceeds are received or collectability is reasonably assured.

Rental revenue from investment properties and revenue from the hotel operations is recognized when services are rendered and the amount is earned.

Revenue from hotels is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring goods and services to a customer. The Company's performance obligation is to provide accommodation and other goods and services to guests. Revenue is recognized when the rooms are occupied, and other goods and services are sold or provided to customers.

(i) Finance income and finance costs:

Finance income consists of interest and other income, which is recognized in the period in which it is earned.

Finance costs comprise interest expense on borrowings and any change in the fair value of interest rate swap contracts. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the period in which they are incurred.

Fees and costs related to obtaining debt financing are amortized over the term using the effective interest rate method and are included in finance costs. The unamortized balance of the fees and costs are presented as a reduction to the related debt.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(j) Compensation expense:

(i) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Securities-based compensation:

The Company accounts for all securities-based payments to directors, officers and employees using the fair value-based method. The grant date fair value of share-based payment awards granted to directors, officers and employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

(k) Earnings per share:

Basic earnings per share is calculated by dividing the earnings attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated similar to basic earnings per share except that the weighted average ordinary shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(l) Income taxes:

Current income tax is the expected amount of tax payable to the taxation authorities, using the applicable tax rates enacted, or substantively enacted, for the Company's fiscal year, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the liability method based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are measured at the tax rates that are expected to apply to the year when the assets are realized, based on the tax rates and laws that have been enacted or substantively enacted at the date of the statement of financial position.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(m) Financial instruments:

(i) Classification and measurement:

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit and loss (“FVTPL”). Financial liabilities are classified and measured on two categories: amortized cost or FVTPL. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, *Financial Instruments*, are not separated, but the hybrid financial instrument as a whole is assessed for classification.

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

The following summarizes the classification and measurement of financial assets and liabilities:

Asset/liability	Classification
Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Mortgages payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans from shareholder	Amortized cost
Bank and other indebtedness	Amortized cost
Interest rate swap contracts	FVTPL

(ii) Impairment of financial assets:

An allowance for expected credit losses (“ECL”) is recognized at each balance sheet date for all financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Impairment losses, if incurred, would be recorded as expenses in the consolidated statement of income and comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of income and comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(n) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Provisions include estimated future warranty costs on completed and sold development properties.

(o) Segment reporting:

The Company's operating segments are strategic business units that offer unique products and services, and are reported with a manner consistent with the internal reporting provided to the chief operating decision maker. They are managed separately as each business unit requires different management skills and marketing strategies. The accounting policies of the segments are the same as those described in the summary of significant account policies.

All operating segments' operating results for which discrete financial information is available are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income taxes.

(p) Leases:

At inception of a contract, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

3. Significant accounting policies (continued):

(p) Leases (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset may be periodically adjusted by impairment losses.

The lease liability is initially measured at the present value of future lease payments discounted using an implicit interest rate or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases in net earnings on a straight-line basis over the lease term.

(q) Accounting for government grants:

The Company applied IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* during the year ended January 31, 2021. The Company recognizes government assistance when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. The Company recognizes government assistance on a systematic basis over the periods in which the Company recognizes the related expenses for which the assistance is intended to compensate.

4. Accounting standard changes:

(a) New standards and interpretations issued and adopted:

IFRS 3 Amendments:

IFRS 3 Amendments – Clarifying What is a Business, was issued in October 2018 and effective as of January 1, 2020. The amendments provide guidance on whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments include an election to use a concentration test which is a simplified assessment that results in an asset acquisition of substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The Company adopted the standard effective February 1, 2020. There was no impact as a result of the adoption of the amendments on the Company's financial statements.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

5. Investment properties:

	Land	Buildings	Major components	Total
Cost:				
Balance, January 31, 2019	\$ 246,867,321	\$ 201,921,731	\$ 56,521,546	\$ 505,310,598
Additions	11,078	4,432,827	707,775	5,151,680
Disposals	-	-	-	-
Reclass from properties under development	-	-	563,798	563,798
Balance, January 31, 2020	246,878,399	206,354,558	57,793,119	511,026,076
Additions	1,292,000	3,721,648	1,034,863	6,048,511
Disposal	-	-	-	-
Reclass from properties under development	-	-	-	-
Balance, January 31, 2021	248,170,399	210,076,206	58,827,982	517,074,587
Accumulated depreciation:				
Balance, January 31, 2019	-	21,509,389	15,047,725	36,557,114
Depreciation	-	5,205,377	4,672,950	9,878,327
Balance, January 31, 2020	-	26,714,766	19,720,675	46,435,441
Depreciation	-	5,280,668	3,993,558	9,274,226
Balance, January 31, 2021	-	31,995,434	23,714,233	55,709,667
Net carrying value at January 31, 2021	\$ 248,170,399	\$ 178,080,772	\$ 35,113,749	\$ 461,364,920
Net carrying value at January 31, 2020	\$ 246,878,399	\$ 179,639,792	\$ 38,072,444	\$ 464,590,635

The Company's management has estimated the fair values of the investment properties as follows:

	Fair value	Carrying value
January 31, 2021	\$ 927,430,000	\$ 464,364,920
January 31, 2020	912,653,000	464,590,635

The fair value of the investment properties has been determined internally by management. Included in the fair value of the investment properties are properties measured at the acquisition costs of land plus development costs to date as the assumptions that would be used in other valuation methods such as the direct capitalization approach or discounted cash flow models are not reliably determinable at this stage of the properties under redevelopment. At January 31, 2021, the total of properties measured at cost is \$227,133,029 (2020 - \$222,931,647)

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

6. Property, plant and equipment:

	Land	Buildings	Major components	Furniture, fixtures and equipment	Total
Cost:					
Balance, January 31, 2019	\$ 18,391,761	\$ 115,685,808	\$ 37,064,961	\$ 66,074,860	\$ 237,217,390
Additions	-	-	374,230	1,336,097	1,710,327
Balance, January 31, 2020	18,391,761	115,685,808	37,439,191	67,410,957	238,927,717
Additions	-	-	-	529,836	529,836
Balance, January 31, 2021	18,391,761	115,685,808	37,439,191	67,940,793	239,457,553
Accumulated depreciation:					
Balance, January 31, 2019	-	36,562,408	19,179,704	47,460,227	103,202,339
Depreciation	-	2,044,484	1,237,972	4,667,702	7,950,158
Balance, January 31, 2020	-	38,606,892	20,417,676	52,127,929	111,152,497
Depreciation	-	1,879,287	1,236,026	4,881,451	7,996,764
Balance, January 31, 2021	-	40,486,179	21,653,702	57,009,380	119,149,261
Net carrying value, January 31, 2021	\$ 18,391,761	\$ 75,199,629	\$ 15,785,489	\$ 10,931,413	\$ 120,308,292
Net carrying value, January 31, 2020	\$ 18,391,761	\$ 77,078,916	\$ 17,021,515	\$ 15,283,028	\$ 127,775,220

7. Properties under development for sale:

	2021	2020
Properties under development for sale	\$ 137,677,593	\$ 141,948,616
Current portion of properties under development for sale	168,878,981	208,796,693
	\$ 306,556,574	\$ 350,745,309

Current portion of properties under development for sale represent properties that are expected to be sold or disposed of within a year, and as such are presented as current assets in the consolidated statement of financial position.

Properties under development for sale expensed to cost of sales during the year was \$103,034,747 (2020 - \$199,697,724).

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

7. Properties under development for sale (continued):

The following carrying amounts were capitalized to properties under development for sale for the years ended January 31, 2021 and 2020.

	2021	2020
Property taxes	\$ 1,141,957	\$ 1,236,621
Interest on borrowings	10,400,126	12,351,735

8. Amounts receivable:

Included in amounts receivable are the following:

- (a) As at January 31, 2021, one loan to third party was \$1,024,684, which is due on demand and secured by real estate property, bearing interest at 2%.

As at January 31, 2020, loans to third parties were \$1,164,684, all of which were due on demand and secured by real estate, bearing interest ranging from 2% to prime + 0.50%.

- (b) Loans to employees in the aggregate amount of \$4,610,769 (2020 - \$2,079,739) of which \$4,312,823 (2020 - \$2,079,739) is secured by real estate property, bearing interest ranging from 1% to 2% (2020 - 1% to 2%), and due on demand.

Total interest accrued as at January 31, 2021 on the above loans receivable, and included in amounts receivable on the statement of financial position is \$2,783 (2020 - \$1,506).

- (c) Trade and other receivables of \$7,534,093 (2020 - \$5,626,096).

9. Other assets:

	2021	2020
Prepaid commissions on properties under development for sale	\$ 2,442,815	\$ 5,223,137
Deposits and prepaids	2,147,895	2,644,487
Sales centres, less accumulated amortization of \$2,801,104 (2020 - \$1,989,479)	35,966	409,464
Inventory	195,166	376,658
	\$ 4,821,842	\$ 8,653,746

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

10. Debt on properties:

		Weighted average interest rate	2021	2020
Bank and other indebtedness:				
Properties under development	(a)	3.18% (2020 - 4.56%)	\$ 158,135,002	\$ 167,081,865
General corporate debt	(b)	2.95% (2020 - 4.63%)	15,878,997	105,500,000
			<u>\$ 174,013,999</u>	<u>\$ 272,581,865</u>
Mortgages payable:				
Investment properties	(c)	2.82% (2020 - 3.11%)	\$ 263,819,108	\$ 237,593,310
Property, plant and equipment	(d)	2.66% (2020 - 4.06%)	107,373,822	121,301,969
			371,192,930	358,895,279
Less: deferred financing fees			(6,879,056)	(6,367,837)
			364,313,874	352,527,442
Less: current portion of mortgages payable			113,704,905	138,456,643
			<u>\$ 250,608,969</u>	<u>\$ 214,070,799</u>

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

At January 31, 2021 the Company had outstanding borrowings of \$158,135,002 (2020 - \$167,081,865) 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 \$166,825,000 (2020 - \$251,660,000). 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:

At January 31, 2021, the Company's borrowings of \$15,878,997 (2020 - \$105,500,000) are made available by way of lines of credit with a maximum available aggregate amount of \$207,009,000 (2020 - \$274,100,000). The debt is secured by fixed and floating demand debentures, second mortgages, and an assignment of rents on certain investment properties, and property, plant, and equipment. The borrowings are due on demand.

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.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

10. Debt on properties (continued):

(c) Mortgages payable:

Mortgages payable on investment properties of \$263,819,108 (2020 - \$237,593,310) bears interest at fixed rates ranging from 1.48% to 3.23% (2020 - 1.97% to 6.50%).

As at January 31, 2021, mortgage payable on property, plant and equipment of \$107,373,822 (2020 - \$121,301,369) bears interest at bankers' acceptance rates plus applicable stamping fees. During the year ended January 31, 2021, the Company terminated two interest rate swap arrangements for a total cost of \$2,983,940. An interest rate swap was in place to fix the interest rate on the principal amount of \$83,001,180 for one mortgage at rates ranging from 3.80% to 4.16% for term of 3 years maturing in 2022 and another mortgage for the principal amount of \$12,650,000 at a fixed rate of 1.72% maturing in 2023. The swap on the mortgage of \$12,650,000 was terminated when the mortgage was paid out in full during the year.

As at January 31, 2020, the fair value of the interest rate swap liability was \$492,255, which was included in accounts payable on the statement of financial position.

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.

Principal instalments payable within the next five fiscal years, excluding financing fees, and thereafter on mortgages payable are as follows:

2022	\$	113,704,905
2023		6,501,038
2024		14,206,961
2025		6,421,320
2026		20,446,453
Thereafter		209,912,253
	\$	371,192,930

11. Government assistance:

During the year ending January 31, 2021, the Company was eligible for \$4,937,837 in government assistance related to COVID-19 relief programs, of which \$883,761 was receivable as at January 31, 2021. Of the total amount, \$4,739,018 is recorded in the statements of earnings, the balance reduced labor costs capitalized to properties under development for sale.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

12. Net finance expense (income):

	2021	2020
Finance income:		
Investment income	\$ 110,385	\$ 58,555
Interest income	606,405	3,726,280
	<u>716,790</u>	<u>3,784,835</u>
Finance expense:		
Interest on:		
Bank and other indebtedness	14,411,827	21,603,408
Mortgages payable	8,548,630	7,926,321
	<u>22,960,457</u>	<u>29,529,729</u>
Interest capitalized to properties under development for sale	<u>(10,400,126)</u>	<u>(12,351,735)</u>
	12,560,331	17,177,994
Decrease in fair value of interest rate swap contracts	3,468,364	778,420
Net finance expense	<u>\$ 15,311,905</u>	<u>\$ 14,171,579</u>

13. Non-controlling interests:

(a) Non-controlling interests includes the following significant amounts with related parties:

(i) The Company has entered into project participation agreements with a company owned by an officer of the Company and a company owned by a significant shareholder (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 and will receive consideration, pursuant to the project participation agreement, up to a maximum of 40%. Non-controlling interests at January 31, 2021 includes \$4,722,200 (2020 - \$6,427,372) relating to these agreements with the Wall Equity Companies.

(ii) All other agreements entered into with any officer, or significant shareholder of the Company, and with any of their respective companies or related parties, or any other party, will be based on a profit share in proportion to their capital investment in the respective projects. At January 31, 2021, non-controlling interest relating to these agreements totals \$41,155,227 (2020 - \$26,864,111). Of this amount, \$38,037,351 (2020 - \$23,453,779) pertains to the interests held by a wholly owned company of an officer of the company in various development projects with the Company. The balance of \$3,117,876 (2020 - \$3,410,333) pertains to interest held by a wholly owned company of a director of the Company in a development project in North Vancouver, British Columbia.

(b) Non-controlling interest acquired:

During the year ended January 31, 2021, the Company acquired an additional 28.57% interest in a development project in North Vancouver, British Columbia. The Company previously held a 28.57% controlling interest bringing the Company's total interest to 57.14%. As the Company had a controlling interest in this property prior to the acquisition of the additional 28.57% ownership interest, the acquisition has been recorded as an equity transaction. On the date of the transaction, the carrying value of the 28.57% non-controlling interest was \$5,822,965 while the consideration paid was \$3,298,596. The difference has been recorded as an increase to the Company's retained earnings.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

14. Share capital:

- (a) Issued and outstanding:

Common shares:

	Shares		Amount	
	2021	2020	2021	2020
Authorized:				
54,000,000 common shares without par value				
Issued and outstanding at				
January 31, 2021 and 2020	33,953,365	33,953,365	\$ 24,099,401	\$ 24,099,401

- (b) Stock options:

At the Company's annual general meeting on May 29, 2008, the shareholders approved Stock Option Plan (2008). Under this 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 represents 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 TSX during the trading day immediately preceding the date of grant; if there was no such sale, the weighted average trade price on the TSX for the common shares for the five trading days immediately preceding the date of the grant.

There were no outstanding stock options as at January 31, 2021 and 2020 and the Company did not record any stock-based compensation expense for the years ended January 31, 2021 and 2020.

- (c) Dividends:

In the year ending January 31, 2021, no dividends were declared or paid.

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

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

15. Income taxes:

- (a) The components of income tax recognized in earnings are as follows:

	2021	2020
Current income tax expense	\$ 23,570,927	\$ 10,908,877
Deferred income tax expense (recovery)	(23,296,333)	33,438,328
	\$ 274,594	\$ 44,347,205

- (b) Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates of 27% (2020 - 27%) to earnings before income taxes and non-controlling interest as a result of the following:

	2021	2020
Earnings before income taxes	\$ 3,846,566	\$ 168,610,482
Tax expense at statutory rate	1,037,982	45,525,074
Increase (decrease) resulting from:		
Attributable to non-controlling interest	(771,818)	(487,833)
Non-deductible expenses and non-taxable income	10,146	14,271
Change in filing estimates for prior periods and other	(1,716)	(704,307)
	\$ 274,594	\$ 44,347,205

- (b) The following is a summary of the deductible (taxable) differences that have been recognized:

	2021	2020
Deferred tax assets:		
Non-capital loss-carry forwards	\$ 788,957	\$ 2,764,655
Properties	105,348	27,726,601
	1,336,138	30,491,256
Deferred tax liabilities:		
Properties	(9,634,117)	(62,085,569)
Net deferred tax assets (liabilities)	\$ (8,297,979)	\$ (31,594,313)

The Company estimates that it has \$2,922,065 (2020 - \$10,239,465) of non-capital losses for income tax purposes available at January 31, 2021 to reduce taxable income of future years. The full benefit of these losses has been recorded. The expiry date for these losses ranges from 2034 to 2040.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

16. Commitments and contingencies:

- (a) 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.
- (b) At January 31, 2021, the estimated committed costs to complete properties under development at year-end are approximately \$5,816,000 (2020 - \$74,760,000).
- (c) The Company has outstanding letters of credit at January 31, 2021 of \$13,787,715 (2020 - \$16,735,784) related primarily to works and services to be performed by the Company as required in respect of its properties under development.

17. Related party transactions:

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

- (a) Compensation of key management personnel:

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's directors and members of the Board committees. Compensation awarded to key management is as follows:

	2021	2020
Salaries and wages	\$ 1,952,167	\$ 2,328,100
Employee benefits	52,333	115,845
	\$ 2,004,500	\$ 2,443,945

- (b) Transactions with shareholders, directors, and officers:

- (i) In the normal course of its business activities, the Company sells individual condominium units in properties under development for sale to significant shareholders, directors, and officers on similar terms as sales to unrelated parties. As at 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 (2020 - \$3,024,800).

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.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

17. Related party transactions (continued):

- (b) Transactions with shareholders, directors, and officers (continued):
- (ii) On January 30, 2019, the Company acquired a 50% interest in a property located in Vancouver, British Columbia from a wholly owned company of a significant shareholder of the Company, and assumed its 50% share of the debts and liabilities associated with this property for consideration of \$7,600,000 which was determined based on the fair value of the investment property of \$39,200,000 less debt of 24,000,000. The transaction was accounted for as an asset acquisition. The Company intends to redevelop the property jointly with a wholly owned company of the President of the Company, which owns the remaining 50% interest in the property. On January 31, 2019, the Company and the wholly owned company of the President of the Company transferred their respective interests into a partnership, of which they each own a 50% interest. The Company has determined that it controls the partnership and has consolidated the partnership's results in its financial statements with the other partner's 50% interest being recorded as non-controlling interest. As at January 31, 2020, non-controlling interest totals \$7,802,646.
- (c) In the year ended January 31, 2021, the Company sold two condominium units to officers of the Company for aggregate gross proceeds of \$2,099,800 (2020 - \$799,900).
- (d) Shareholder loans:

As at January 31, 2021, the Company has \$68,000,000 (2020 - \$20,000,000) loans payable due to a company owned by a significant shareholder of the Company. Of the \$68,000,000 loans payable, \$20,000,000 (2020 - \$20,000,000) is secured by charges over property under development, bearing interest at 6.00% and matured on April 11, 2020. The loan renewal terms are currently being negotiated. The remaining balance of \$48,000,000 is secured by charges over property, plant and equipment, bearing interest at prime less .95% but in no case less than 1.50%.

For the year ended January 31, 2021, the Company recorded interest on loans payable to the significant shareholder totaling \$1,278,227 (2020 - \$3,180,000).

18. Financial instruments:

- (a) Fair values:

The carrying values of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loans from shareholder 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 January 31, 2021 is \$381,127,000 (2020 - \$361,361,260).

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

18. Financial instruments (continued):

(a) Fair values (continued):

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 are considered Level 2 and investment properties are considered Level 3.

(b) Financial risk management:

The Company does not enter into financial instrument arrangements for speculative purposes. The Company may be exposed to financial risks resulting from its normal operating activities, as follows:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

As described in note 10, certain of the Company's debt on properties bears interest at floating rates. Fluctuations in interest rates will impact the cost of financing incurred in the future. The Company monitors its interest rate exposure on an ongoing basis.

Based on the debt outstanding for the year ended January 31, 2021, management has determined that every 1% increase or decrease in the applicable interest rates results in a corresponding \$1,719,000 decrease or increase in the Company's net earnings.

(ii) 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 counterparty.

At January 31, 2021, substantially all of the Company's trade receivables of \$7,534,093 (2020 - \$5,626,096) were current. The historical bad debt write-off has been less than 1% of accounts receivable.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

18. Financial instruments (continued):

(b) Financial risk management (continued):

(iii) 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 fund ongoing operational and capital requirements. As at January 31, 2021, the Company has available unused approved credit facilities of \$191,130,000. The Company also has trade receivables of \$7,534,093, which it expects to collect in full, and cash and cash equivalents totaling \$17,963,096.

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 January 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.

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 not significant and has implemented strategies, including regular monitoring of debt covenants and cash flows in order to support this conclusion.

The contractual cash flows of the Company's financial liabilities including expected interest payments are as follows:

As at January 31, 2021	Carrying amount	Total contractual cash flows	Less than one year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 26,120,137	\$ 26,120,137	\$ 26,120,137	\$ -	\$ -
Bank and other indebtedness	174,013,999	174,013,999	174,013,999	-	-
Loans from shareholder	68,000,000	68,000,000	68,000,000	-	-
Mortgages payable	371,192,930	420,305,959	131,472,840	122,310,481	166,522,638
	\$ 639,327,066	\$ 688,440,095	\$ 399,606,976	\$ 122,310,481	\$ 166,522,638

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

18. Financial instruments (continued):

(c) 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:

	2021	2020
Liabilities:		
Bank and other indebtedness	\$ 174,013,999	\$ 272,581,865
Loans from shareholder	68,000,000	20,000,000
Mortgages payable	364,313,874	352,527,442
Shareholders' equity:		
Share capital	24,099,401	24,099,401
Non-controlling interest	86,006,956	77,826,535
Total capital	\$ 716,434,230	\$ 747,035,243

19. Subsequent events:

- (a) 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 is a total of \$24 million, or \$16.00 per Common Share.

The Common Shares repurchased by the Company were canceled. The repurchase and cancellation is being 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.

- (b) On February 1, 2021, shareholder loans payable was reduced by an \$11,000,000 payment.

20. 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 operating segment results.

Notes to Consolidated Financial Statements

Years ended January 31, 2021 and 2020

20. Segment disclosures (continued):

	Rental		Hotel		Development		Corporate		Consolidation	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total assets	\$ 463,998,515	\$ 484,203,007	\$ 125,351,178	\$ 135,046,284	\$ 367,941,995	\$ 411,983,113	\$ 16,201,877	\$ 20,439,016	\$ 973,493,565	\$ 1,051,671,420
Revenue	\$ 35,023,993	\$ 34,557,137	\$ 15,394,607	\$ 91,752,872	\$ 141,139,840	\$ 348,290,518	\$ -	\$ -	\$ 191,558,440	\$ 474,600,527
Depreciation expense	9,274,226	9,878,327	7,996,764	7,950,158	841,154	1,747,619	15,408	-	18,127,552	19,576,104
Earnings (loss) from operations before income taxes	4,316,719	2,147,968	(9,213,816)	25,776,655	15,280,661	149,316,945	(6,537,008)	(8,631,086)	3,846,556	168,610,482

Corporate Information

Directors

Peter Ufford
Robert King
Michael Redekop
Sascha Voth
Bruno Wall

Officers

PETER UFFORD
Chair of Board
BRUNO WALL
President
SASCHA VOTH
Vice-President, Hotel Operations

Stock Exchange

Wall Financial is listed on the Toronto Stock Exchange.
Its symbol is WFC and the CUSIP number is 931902100.

Total shares issued and outstanding: 32,453,365

Total number of registered shareholders: 153

Transfer Agent

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Head Office

Wall Financial Corporation
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Telephone: 604.893.7131
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Auditors

KPMG LLP

Annual Meeting

Vancouver, BC
June 14, 2021, 10:30 AM Pacific Time
Sheraton Vancouver Wall Centre
Port Alberni Room, 4th Floor, North Tower
1000 Burrard Street
Vancouver, BC V6Z 2R9



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