



WALL FINANCIAL CORPORATION

**ANNUAL INFORMATION FORM
YEAR ENDED JANUARY 31, 2021**

April 28, 2021

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FORWARD-LOOKING STATEMENTS

Certain information included in this Annual Information Form contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning Wall Financial Corporation'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 Annual Information Form contains forward-looking statements concerning planned changes in rental units and rates, average daily rates and occupancy and turnover rates, timing for completion and commencement of construction projects and renovations, the Company's policy to only acquire land for development which is zoned for its proposed use, or where the required rezoning is contemplated and encouraged by the governing authorities, anticipated timing of the closings of sales, plans to make the necessary capital and operating expenditures to facilitate compliance with environmental laws and other requirements, and the impact of those expenditures, mitigation of industry risks by acquiring properties with strong economic and growth factors and ensuring adequate capital liquidity, 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, anticipated cost and financing of planned projects, capital expenditures and investments, property acquisitions, development plans, effects of litigation on the financial position of the Company (as defined below), the potential impacts of the COVID-19 pandemic on the Company's rental apartments, hotel operations and development properties and operating and financial conditions. 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, potential litigation against the Company, 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.

THE COMPANY

Wall Financial Corporation (the "**Company**") was incorporated under the laws of the Province of British Columbia in January 1969. The Company amended its memorandum and articles, by special resolution, at its annual general meeting held on May 31, 2005, to comply with the *Business Corporations Act* (British Columbia), which replaced the *Company Act* (British Columbia) in March 2004. The registered office of the Company is located on the 10th Floor – 938 Howe Street, Vancouver, British Columbia, V6Z 1N9 and the principal office of the Company is located at 1010 Burrard Street, Vancouver, British Columbia, V6Z 2R9.

At January 31, 2021, the Company held interests in the following six entities established in the Province of British Columbia which own assets greater than 10% of the consolidated assets of the Company and/or earned gross

revenues greater than 10% of the consolidated revenues of the Company. There were no other subsidiaries of the Company that owned assets or have revenues greater than 10% of the consolidated assets and/or revenues of the Company.

Entities with Assets Greater Than 10% of Consolidated Assets

Entity	% Owned	Assets Owned	Assets as % of consolidated
1300 Richards Street Developments Limited Partnership	100%	\$ 121,782,205	13%
41st Ave. Development Limited Partnership	100%	126,091,548	13%
Wall North Vancouver Townhome Development Limited Partnership	29%	\$ 129,577,915	14%
Wall University Developments Limited Partnership	75%	129,911,464	14%
		\$ 507,363,132	53%

Entities with Revenues Greater Than 10% of Consolidated Revenue

Entity	% Owned	Revenues Earned	Revenues as % of consolidated
Wall North Vancouver Townhome Development Limited Partnership	29%	\$ 32,352,071	17%
Wall University Developments Limited Partnership	75%	91,314,536	47%
		\$ 123,666,607	64%

GENERAL DEVELOPMENT OF THE COMPANY

The Company is a Canadian public real estate investment and development company. The Company's historical asset base consists of residential apartment properties and hotels located in the Metro Vancouver region of British Columbia. The majority of these properties were built by the Company and continue to be managed by the Company. At January 31, 2021, the total number of hotel units was 934, and the total number of residential and commercial units was 1,402. These properties provide a stable income stream and capital appreciation which is utilized for further asset growth, investment in development properties for resale, and to pay dividends to shareholders.

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

Revenue Producing Residential Properties

The Company owned thirteen rental properties in Metro Vancouver, consisting of 1,392 residential and ten commercial rental units as at January 31, 2021.

As set forth in the table that follows, all but one of the properties is 100% owned by the Company.

Portfolio of Rental Properties

Property Name and Address	Year Built or Acquired	No. of Units	Percentage of Ownership
1415 St. Georges Avenue, North Vancouver, B.C.	2009	77	100
Amber Lodge, 1045 West 14 th Avenue, Vancouver, B.C.	1972	50	100
Ambleside Tower, 1552 Esquimalt Avenue, West Vancouver, B.C.	1970	185	100
Beaconhill, 125 West Keith Road, North Vancouver, B.C.	1969	98	100
Maple Place, 10611 – 10675 150 th Street, Surrey, B.C.	1973	250	100
Seafair, 3851 Francis Road, Richmond, B.C.	1969	78	100
Seymour, 1111 Seymour Street, Vancouver, B.C.	2017	40	100
Shannon Mews & Apartments, 1507 W. 57 th , Vancouver, B.C.	2015	215	100
Shannon Mansion, Atlas Lane, Vancouver, B.C.	2016	6	100

Property Name and Address	Year Built or Acquired	No. of Units	Percentage of Ownership
1050 Burrard Street, Vancouver, B.C.	2016-2020	6	100
Vista Del Mar, 145 West Keith Road, North Vancouver, B.C.	1967	86*	70
Yaletown, 1310 Richards Street, Vancouver, B.C.	2017	276	100
Yorkshire, 2336 York Avenue, Vancouver, B.C.	1970	35	100
		1,402	

*The Company has a 70% ownership interest in the Vista rental property, which contains 123 rental units, of which the Company's share is 86 units.

The residential units are leased primarily for one-year terms and all leasing arrangements are governed by the *Residential Tenancy Act* (British Columbia). Rental rates may be increased on tenant turnover or, historically, on the annual anniversary date of each tenant's date of occupancy. The provincial government however, has decreed in response to the pandemic that no rent increases may be issued to existing tenants until at least July 01, 2021. The average turnover rate for all of the Company's units is approximately 20% annually.

To keep properties competitive, they are regularly upgraded to ensure that the Company achieves market rental rates. Upon acquisition, older properties are typically renovated.

Acquisitions

The following summarizes the Company's acquisition of investment rental properties for the past three completed fiscal years.

In February 2020, the Company purchased 2 additional units at the 1050 Burrard property at a cost of \$1,832,000.

On January 30, 2019, the Company acquired a 50% interest in a property located in Vancouver, B.C. and assumed 50% of the related debts and liabilities of the property for consideration of \$7,600,000. See discussion under "Interests of Management and Others in Material Transactions" for additional details pertaining to this purchase.

Dispositions

There were no dispositions of investment rental properties for the past three completed fiscal years.

Hotel Properties

The Company owns and manages two hotel properties in Metro Vancouver, and has been in the hospitality sector since 1994 with the opening of the Sheraton Vancouver Wall Centre in downtown Vancouver.

Property Name and Address	Year Built or Acquired	No. of Units	Percentage of Ownership
Sheraton Vancouver Wall Centre, 1088 Burrard Street, Vancouver, B.C.			
South Tower	1994	438	100
North Tower	2001	308	100
		746	
The Westin Wall Centre, Vancouver Airport, 3099 Corvette Way, Richmond, B.C.	2010	188	100
		934	

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. The economic impact of COVID-19 significantly reduced occupancy and average

daily rates. Occupancy for the year ended January 31, 2021 was 14% (January 31, 2020 82%) with an average daily rate (“ADR”) of \$170 (January 31, 2020 - \$240).

The Westin Wall Centre, Vancouver Airport is located near the Vancouver Airport and consists of 188 guestrooms and 9,900 sq. ft. of meeting space. The economic impact of COVID-19 significantly reduced occupancy and average daily rates. Occupancy for the year ended January 31, 2021 was January 31, 2021, occupancy was 22% (January 31, 2020 – 86%) with an ADR of \$167 (January 31, 2020 - \$207).

Revenue from the Company’s hotel properties is seasonal, with higher revenue in the summer months as customer demand increases during that period.

Development Properties

The Company is active in the development and sale of residential housing. It is 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. All construction projects are managed through fixed price contracts with general contractors or sub-contractors.

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 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, 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, 158 sales closed.</p>	\$4,914,000

Acquisitions

There have been no other acquisitions made by the Company of development properties over the last three completed fiscal years not already discussed above.

Dispositions

The following highlights the disposition of development properties over the last three completed fiscal years:

Project Name	Sales Revenue as at January 31		
	2021	2020	2019
Shannon Wall Centre Kerrisdale	\$ 4,771,429	\$ 331,924,406	\$ 101,322,000
Strathcona Village	-	2,180,426	110,744,291
Wall Centre Central Park	-	-	112,008,294
Eagle Mountain	12,050,208	13,930,500	10,275,000
Wall North Vancouver - Trails	32,208,726	-	-
Wall University - Ivy on the Park	91,235,756		
Others	157,721	255,186	184,000
Total	\$ 140,423,840	\$ 348,290,518	\$ 334,533,585

Phase 2 of the Shannon Wall Centre Kerrisdale project is a five-acre development project consisting of 322 residential units located in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. As at April 22, 2021, 318 units have closed, and the remaining three units are available for sale, all of them currently rented.

The Strathcona Village project is a three-tower mid-rise mixed-use project with 280 market residential units, and 60,000 sq. ft. of light industrial space. All 280 condominium units have closed and 16 of the 18 commercial units have closed. The Company has entered into agreements for the sale of these two remaining commercial units scheduled to close by April 30, 2021.

Information pertaining to the Eagle Mountain project is provided for in the discussion above under “Development Properties” on page 4.

INVESTMENTS

There were no significant changes in investment activities or investment strategies for fiscal 2021.

EMPLOYEES

The Company currently employs approximately 179 people in its various locations:

Head Office and Property Management	50 full-time
Development	7 full-time
Hotel Operations	72 full-time and 103 part-time

All employees are non-union. Employment at the hotels has significantly reduced due to negative economic impact of COVID-19, with approximately 377 employees on leave.

RISK FACTORS

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 common shares in the capital of the Company (“**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 rebalance its portfolio (quickly or at all) 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, and are all solely related to the real estate industry in that market. Adverse changes in economic conditions in metro Vancouver (in general, or in the real estate industry in particular) 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 primarily 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 recently stabilized and the province has mandated no rental rate

increases until July 2021 while utility and property tax costs have increased. 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. Since the beginning of the pandemic, the hotel's revenue and cash flow has declined significantly and the timeline for the recovery of revenue to pre COVID levels is unknown.

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. The financing risk arising from the reduced profitability of the hotel properties has been addressed through the reduction of outstanding debt and renegotiation of credit facilities secured by the hotel properties.

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

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 financing or personal harm to the affected individual(s) or the Company's business. Additionally, cyber attacks could cause disruption of operations or data corruption or result in remediation costs, additional regulatory scrutiny, litigation, and reputational damage. The Company is also subject to risks related to reliance on key personnel and catastrophic and general uninsured loss. The Company reduces this risk through enhancement of policies and procedures, and monitoring and auditing to ensure compliance related to information technology, safety of data, and secure storage of physical files.

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.

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 Company ongoing operational and capital requirements.

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

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.

DIVIDENDS

The Company paid the following dividends within the last three years:

<u>Date Paid</u>	<u>Dividend per common share</u>
July 11, 2019	\$ 2.00
October 11, 2018	\$ 1.00

The Company has a flexible dividend policy. The directors of the Company review the financial position of the Company and make determinations on the amount and timing of dividends based on the Company's availability of and need for cash flow.

DESCRIPTION OF CAPITAL STRUCTURE**General Description**

The Company's authorized share capital consists of 54,000,000 common shares without par value, of which 33,953,365 common shares are issued and outstanding as at January 31, 2021.

On March 17, 2021, the Company purchased 1,500,000 common shares of the Company (the “**Common Shares**”) or approximately 4.42% of the 33,953,365 Common Shares that were issued and outstanding. The purchase price was a total of \$24 million, or \$16.00 per Common Share.

The Common Shares purchased by the Company were cancelled. The purchase and cancellation was made as an exempt issuer bid pursuant to section 4.7 National Instrument 62-104 Take-Over Bids and Issuer Bids (“**NI 62-104**”). The price per Common Share was calculated to comply with the requirements of section 1.11 of NI 62-104.

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

The following summarizes certain rights of holders of common shares. This summary is qualified in its entirety by the articles of the Company and the actual terms and conditions of the common shares.

Common Shares

The holders of common shares are entitled to notice of, to attend and to one vote per common share, at all meetings of the Company’s shareholders, except meetings at which only holders of a specified class, other than common shares, or series of shares, are entitled to vote. The holders of common shares are entitled to receive dividends as and when declared by the Company’s board of directors (the “**Board**”). In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of common shares, after payment of all outstanding debts, are entitled to share in distributions of the property or assets of the Company.

MARKET FOR THE SECURITIES OF THE COMPANY

Common shares are listed on the Toronto Stock Exchange (“**TSX**”). The stock symbol is WFC and the CUSIP number is 931902100. The trading price range and volume for common shares on the TSX during the fiscal year ended January 31, 2021 are set out below.

Date	High (\$)	Low (\$)	Close (\$)	Volume
January 2021	18.26	16.65	17.55	21,100
December 2020	19.00	16.05	17.50	47,900
November 2020	18.71	16.58	17.40	27,300
October 2020	17.50	15.01	16.70	23,300
September 2020	18.38	16.90	17.50	50,900
August 2020	18.99	17.50	18.60	39,400
July 2020	21.03	18.50	18.60	65,000
June 2020	24.39	20.61	20.97	97,200
May 2020	24.39	20.50	20.60	64,100
April 2020	24.33	20.45	23.16	67,500
March 2020	31.52	18.55	22.99	77,400
February 2020	37.90	30.26	30.35	52,400

PRIOR SALES

There were no distributions of securities of the Company during the most recently completed financial year.

ESCROWED SECURITIES

At January 31, 2021, there were no securities of the Company held in escrow.

DIRECTORS AND OFFICERS

Directors

The names and municipalities of residence of the proposed directors of the Company, each of whom will hold office until the next annual general meeting of shareholders of the Company, and their principal occupations all as at the date of this Annual Information Form, are as follows:

Name and Municipality of Residence	Year First Appointed as Director	Principal Occupation for the Past 5 Years ⁽⁴⁾
Robert King ^{(1) (2) (3)} Vancouver, B.C., Canada	2005	President, King Pacific Capital Corporation, a real estate investment firm, and Principal, Westbridge Capital Group, a commercial mortgage business
Michael Redekop ^{(1) (2) (3)} Abbotsford, B.C., Canada	2011	President, Quadra Homes Ltd., a real estate investment and holding company
Peter Ufford ^{(1) (2) (3)} Surrey, B.C., Canada	1993	President of Stack Investments Ltd., an investment holding company
Sascha Voth North Vancouver, B.C., Canada	2019	General Manager and Vice President, Hotel Operations of the Company
Bruno Wall Vancouver, B.C., Canada	1994	President of the Company

⁽¹⁾ Members of the Audit Committee.

⁽²⁾ Members of the Management and Investment Committee.

⁽³⁾ Members of the Governance and Nomination Committee.

⁽⁴⁾ The information as to principal occupation, business or employment is not within the knowledge of management of the Company and has been furnished by the respective individual.

Officers

The names and municipalities of residence of the officers of the Company for the year ended January 31, 2021 and the office held by them are as follows:

Name and Municipality of Residence	Position	Principal Occupation for the Past 5 Years
Peter Ufford Surrey, B.C., Canada	Chair	President of Stack Investments Ltd., an investment holding company
Bruno Wall Vancouver, B.C., Canada	President, CEO, and CFO	President of the Company
Sascha Voth North Vancouver, B.C., Canada	General Manager, and Vice- President, Hotel Operations	General Manager

All of the officers of the Company, unless otherwise noted, have been employed by the Company in various capacities during the five years preceding this Annual Information Form.

The directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 4,189,560 common shares or 12.91% of the issued and outstanding common shares. The

information as to common shares beneficially owned or controlled by directors and executive officers, is not within the knowledge of management of the Company and has been furnished by the respective individual.

Cease Trade Orders or Bankruptcies

No director or executive officer of the Company is, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he was acting in the capacity of a director, chief executive officer or chief financial officer.

Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No director or executive officer of the Company, or, to the knowledge of the Company, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

No director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

CORPORATE AND PROPERTY FINANCING

(THE COMPANY AND SUBSIDIARIES)

The Company's financing consists of mortgage financing on investment properties and bank lines-of-credit secured by charges on investment and hotel properties. Construction financing for properties held for and under development are available in the form of Canadian dollar prime rate loans, letters of credit and bankers' acceptances. These credit facilities are secured by first mortgages and assignment of rents on related properties. The Company's policy on debt management is to maintain maximum flexibility while reducing risk. This is achieved by managing the ratio of short and long-term debt depending on market conditions, which includes securing term financing on the Company's rental and hotel properties, entering into swap financing transactions, and fixing short term rates through bankers' acceptances.

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.

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.

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.

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.

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 3.05% at January 31, 2021.

The following schedule of mortgages payable, excluding financing fees, illustrates the Company's refinancing requirements over the next five fiscal years.

Schedule of Mortgages Payable

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

Existing financing is in place to meet operating requirements over the next 12 months and construction financing has been placed on the projects under development.

LEGAL PROCEEDINGS

The management of the Company is not aware of any outstanding, threatened or pending litigation as of the date of this Annual Information Form, by or against the Company, which would be material to the Company. From time to

time, the Company is named as a defendant in various legal proceedings in the ordinary course of conducting its business. No such current litigation is expected to have a material adverse effect on the financial position of the Company.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, except as described herein and elsewhere in this document, no director or executive officer of the Company, no person who beneficially owns, directly or indirectly, common shares, carrying more than 10% of the voting rights attached to all issued and outstanding common shares (each of the foregoing being an “**Informed Person**”), no director or executive officer of an entity that is itself an Informed Person or a subsidiary of the Company, and no associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the Company’s last completed financial year, or in any proposed transaction which, in either case, has materially affected, or would materially affect, the Company.

The Company has entered into co-owners’ and project participation agreements with PWO Investments Ltd. (“**PWO**”), a wholly owned company of Mr. Peter Wall, a significant shareholder of the Company, and BJW Investments Ltd. (“**BJW**”), 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 (2020 - \$6,427,372) relating to these agreements with the Wall Equity Companies.

All other agreements entered into with any Informed Persons 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 holds a 28.6% interest in a partnership for the purpose of developing property in North Vancouver, British Columbia, while other investors hold the remaining 71.4%. The other investors include BJW, which holds a 14.3% interest, and MCR Projects Ltd. of 1010 Burrard Street, Vancouver, British Columbia, V6Z 2R9 (“**MCR**”), a wholly owned company of Mr. Michael Redekop, a director of the Company, which holds a 4.3% interest. At January 31, 2021, non-controlling interests relating to this project totaled \$42,685,531 (2020 - \$56,838,875), and includes the interest held by BJW in the amount of \$8,603,192 (2020 – \$11,367,775), and by MCR in the amount of \$2,580,957 (2020 – \$3,410,333).

On January 19, 2021, the Company purchased an additional 28.6% interest in the Trails phase 2 for a gross purchase price of \$8,065,276. 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 BJW in the amount of \$1,789,726, and by MCR in the amount of \$536,918.

- 2) The Company entered into a partnership for the purpose of developing property at the University of British Columbia in Vancouver, British Columbia. The Company owns a 75% interest while BJW owns the remaining 25%. As at January 31, 2021, non-controlling interests, comprised of the interest held by BJW, totals \$7,492,156 (2020 - \$4,283,357).
- 3) On January 30, 2019, the Company acquired a 50% interest in a property located in Vancouver, British Columbia from PWO, and assumed its 50% share of the debts and liabilities associated with this property for consideration of \$7,600,000 which was determined based on the fair value of the investment property of \$39,200,000 less debt of \$24,000,000. The transaction was accounted for as an asset acquisition. The Company intends to redevelop the property with BJW, which owns the remaining 50% interest in the property. On January 31, 2019, the Company and BJW transferred their respective interest into a partnership, of which they each own a 50% interest. The Company has determined that it controls the

partnership and has consolidated the partnership's results in its financial statements with the other partner's 50% interest being recorded as non-controlling interest. As at January 31, 2021, non-controlling interest totaled \$20,152,277 (2020 – \$7,802,646).

The Company, in the normal course of its operations, has had transactions with certain of its directors, officers or significant shareholders or associates or affiliates of any of these persons or companies. In all cases, the transactions are, in respect of the Company, on no more favourable terms than similar transactions with unrelated third parties. Details of these transactions are as follows.

As at January 31, 2021, the Company has loans payable due to PWO of \$68,000,000 (2020 - \$20,000,000). \$20,000,000 is secured by a charge over property under development, bearing interest at 6.00%; and the balance of \$48,000,000 is secured by a second charge on the Company's hotel assets, bearing interest at prime less .95% but not less than 1.50%. All loans payable to PWO are due on demand.

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

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 to significant shareholders, directors, and officers on similar terms as sales to unrelated parties, which have been described below.

At January 31, 2021 the total value of the condominium units in properties under development for sale under contract to shareholders, director and officers is \$Nil (2020 - \$3,024,800). In the year ended January 31, 2021, the Company closed a condominium unit purchased by Mr. Sascha Voth in the prior year for aggregate gross proceeds of \$1,139,900 and a condominium unit purchased by Mr. Bruno Wall in the prior year for aggregate gross proceeds of \$959,900

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for common shares is Computershare Trust Company of Canada at its principal office in Vancouver, B.C.

MATERIAL CONTRACTS

The Company has no material contracts, other than contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

The Company's independent auditors, KPMG LLP, Vancouver, British Columbia, have delivered an audit report to the Company concerning the year ended January 31, 2021 as at April 22, 2021 (audit report date). KPMG LLP is an independent auditor within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE

The Audit Committee's Charter

The Audit Committee's Charter, as approved by the Board, is included as Appendix A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three members, each of whom is independent and financially literate as defined by Canadian securities laws. The members of the Audit Committee are Robert King (Chair), Michael Redekop and Peter Ufford.

Education and Experience of Audit Committee Members

This section describes the education and experience of the Company's Audit Committee members that is relevant to the performance of their responsibilities in that role.

Robert King - Mr. King joined the Board in 2005. Since 1995, he has served as President of King Pacific Capital Corporation, a private company specializing in mortgage finance and real estate development and investment in Western Canada. Mr. King is also a principal of Westbridge Capital Group, a full-service commercial mortgage company. Mr. King earned his MBA from Dalhousie University in 1992, a Bachelor of Arts from the University of British Columbia in 1989, an ICD.D designation from the Institute of Corporate Directors, and has over 30 years' experience with corporate and real estate financing.

Mr. King has extensive experience with the financial statement cycle, from the determination of appropriate accounting principles, oversight of the accounting process and successful completion of the annual audit.

Michael Redekop - Mr. Redekop joined the Board in 2011 and was Chair of the Audit Committee from 2012 to 2020. He received his Chartered Accountant designation in 1997 and was in public practice from 1994 to 1998. Since 2005, he is the President of Quadra Homes Ltd., a real estate holding and investment company.

As a Chartered Professional Accountant, Mr. Redekop's understanding of accounting principles, internal controls, financial statement preparation and the audit process is derived from both his academic achievements and work experience gained during and subsequent to his years in public practice.

Peter Ufford - Mr. Ufford joined the Board in 1993 and is currently the Chair of the Board of Directors. He is the former Vice President External Affairs & Business Relations for UBC and has served as a Director and Advisor to numerous organizations including the Red Cross, United Way, the Rick Hansen Foundation and the Canadian Olympic Committee. Although transitioning to retirement, Mr. Ufford is currently President of Stack Investments Ltd., an investment holding company.

Mr Ufford has extensive experience evaluating financial statements including their effectiveness in communicating information to financial statement users.

Audit Committee Oversight

For the completed financial year ended January 31, 2021, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Audit Fees

In the financial year ended January 31, 2021, KPMG LLP billed the Company \$230,007 (2020 - \$193,433) for audit services.

Audit-Related Fees

In the financial year ended January 31, 2021 and 2020, there were no billings from KPMG LLP for assurance and related services related to the performance of the audit or review of the Company's financial statements that were not reported under "Audit Fees" above.

Tax Fees

In the financial year ended January 31, 2021, KPMG LLP billed the Company \$122,402 (2020 - \$129,150) for advice related to tax compliance, tax advice and tax planning.

All Other Fees

In the financial years ended January 31, 2021 and 2020, there were no other billings from KPMG LLP for professional services.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company, options to purchase securities and interests of insiders in material transactions, as applicable, is contained in the Company's Information Circular with respect to the annual meeting of shareholders of the Company, to be held on June 14, 2021. Additional financial information is provided in the Company's comparative financial statements and management discussion and analysis for the period ended January 31, 2021. A copy of such documents may be obtained at www.sedar.com or upon request from the Secretary of the Company.

APPENDIX A

WALL FINANCIAL CORPORATION

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors of Wall Financial Corporation (the “Company”) in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental body or the public, the Company’s systems of internal controls regarding finance, accounting and reporting that management and the Board have established, and the Corporation’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- Oversee management’s conduct of the Company’s financial reporting process and systems of internal accounting and financial controls.
- Monitor the independence and performance of the Company’s external auditors.
- Provide an open avenue of communication among the external auditors, financial and senior management and the Board of Directors.

II. COMPOSITION

The Audit Committee shall be comprised of three or more Directors as determined by the Board, each of whom shall be independent Directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. And “independent director” is a director who is not an associate, director, officer or employee of the Company or a related party or any affiliate thereof. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member shall have accounting or related financial management expertise.

No member of the Committee shall accept any consulting, advisory or other compensatory fee from the Company other than in connection with serving on the committee or as a member of the Board.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors are duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote to the full Committee membership.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

Minutes of all meetings of the Audit Committee shall be submitted to the Board of Directors.

The Committee shall, through its chairperson, report regularly to the Board of Directors following the meetings of the Committee, addressing such matters as the quality of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the external auditors, the performance of the internal audit function or other matters related to the Committee's functions and responsibilities.

IV. RESPONSIBILITIES AND DUTIES

While the Committee has the powers and responsibilities set forth in this charter, it is not the responsibility of the Committee to plan or conduct audits to determine that the Company's financial statements present fairly the financial position, the results of operations and the cash flows of the Company, in compliance with generally accepted accounting principles. This is the responsibility of management and the external auditors. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the external auditor's work.

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and update this Charter at least annually as conditions dictate.
2. Review the Company's annual financial statements, related footnotes and any report, opinion or review rendered by the external auditors, including reviewing the nature and extent of any changes in accounting principles or the application thereof.
3. Review quarterly financial statements of the Company prior to public distribution including the earnings press release.
4. Review all public filings of the Company which includes significant financial information including the Annual Report and the Annual Information Form.
5. Review and discuss the Company's disclosure and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in any annual or quarterly report.

External Auditors

6. The external auditors of the Company are responsible to the Audit Committee and Board of Directors of the Company as representatives for the Company's shareholders. The Audit Committee will recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. On an annual basis, the Committee should review and discuss with the auditors all significant relationships the auditors have with the Company to ensure the auditors' independence.
7. Confer with the external auditors concerning the audit scope and plan; review and approve the external auditors' annual engagement letter; direct attention of the auditors to specific matters or areas deemed by the Committee or the auditors to be of special significance; and authorize the auditors to perform such supplemental reviews or audits as the Committee may deem desirable.
8. Review the performance of the external auditors and approve any proposed discharge of the external auditors when the circumstances warrant.
9. Periodically consult with the external auditors out the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

Financial Reporting Processes

10. In consultation with the external auditors, review the integrity of the financial reporting processes, both internal and external
11. Review and discuss:
 - The existence of significant estimates and judgements underlying the financial statements including the rationale behind those estimates as well as the details on material accruals and reserves and the Company's accounting principles;
 - All critical accounting policies identified to the Committee by the external auditors;
 - Major changes to the Company's accounting principles and practices, including those required by professional or regulatory pronouncements and actions, as brought to its attention by management and/or the external auditors; and
 - Material questions of choice with respect to the appropriate accounting principles and practices to be used in the preparation of the Company's financial statements, as brought to its attention by management and/or the external auditors.

Process Improvement

12. Established regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
13. Following completion of the annual audit, review separately with each of the management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and any changes required in the audit plan.
14. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
15. Review with the external auditors and management the extent to which changes or improvement in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

Internal Control

16. Obtain reasonable assurance that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively.
17. Consider and review:
 - The adequacy of the Company's internal controls, including computerized information system control and security.
 - Any related significant findings and recommendations of independent accountant together with management's responses thereto.
18. Assess whether management has implemented policies ensuring that risks are identified and that controls are adequate.

Compliance and Authority

19. Review legal or regulatory matters that could have material impact on the Company's financial statements.
20. Review the procedures established by the Company to monitor compliance by the Company with any covenants and restrictions contained in its loan agreements, indentures and Declaration of Company.
21. Inquire of management and the external auditor about significant risks and exposures and assess the steps management has taken to minimize such risk to the Company, including a review of insurance coverage.
22. Review any material litigation, claims or other contingent liabilities of the Company.
23. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
24. Perform any other activities consistent with this Charter, the Company's Declaration of Company and governing law, as the Committee or the Board deems necessary or appropriate.
25. The Audit Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent legal counsel, accountants or other to assist in the conduct of any investigation.