



WALL FINANCIAL CORPORATION

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

YEAR ENDED JANUARY 31, 2021

April 22, 2021



TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	1
OVERVIEW.....	2
Recent Developments.....	3
STRATEGIES AND RISK MANAGEMENT	3
Strategies	3
Risk management	3
<i>General risks:</i>	3
<i>Industry risks:</i>	4
<i>Concentration of assets risk:</i>	4
<i>Investment properties:</i>	4
<i>Hotels:</i>	4
<i>Properties under development:</i>	4
<i>Disease outbreak:</i>	5
<i>Environmental matters:</i>	5
<i>Catastrophic and general uninsured losses:</i>	6
<i>Technology and information security:</i>	6
SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION	6
OVERALL PERFORMANCE AND QUARTERLY INFORMATION	7
DISCUSSION OF OPERATIONS	8
SUMMARY OF QUARTERLY RESULTS	9
REVENUE-PRODUCING PROPERTIES	10
Residential and Commercial Rentals	10
Acquisitions and Dispositions	10
Hotels.....	11
DEVELOPMENT PROPERTIES.....	11
Properties Under Development Completed Over the Past Three Fiscal Years.....	12
Projects Under Active Development	13
Acquisitions and Dispositions	13
INVESTMENTS	13
BANK INDEBTEDNESS AND CREDIT FACILITIES	14
MORTGAGES PAYABLE.....	14
CONTRACTUAL OBLIGATIONS.....	15
COMMITMENTS AND CONTINGENCIES	15
LIQUIDITY AND FINANCIAL CONDITION.....	15
DISCLOSURE OF OUTSTANDING SHARE DATA	15
DIVIDENDS	16
CRITICAL ACCOUNTING ESTIMATES.....	16
CHANGES IN ACCOUNTING POLICIES.....	16
INTERNAL CONTROLS OVER FINANCIAL REPORTING.....	16
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT	17
<i>Interest rate risk:</i>	17
<i>Credit risk:</i>	18
<i>Liquidity risk:</i>	18
OFF-BALANCE SHEET FINANCING	19

Wall Financial Corporation
Management's Discussion and Analysis

TRANSACTIONS BETWEEN RELATED PARTIES..... 19
CAPITAL MANAGEMENT 21
OUTLOOK FOR OPERATING CONDITIONS 21
 Rental Apartments..... 21
 Hotel Operations..... 21
 Development Properties..... 22
 Financing..... 22
NON-STANDARD MEASURES..... 22

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

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

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

The following is a summary of the Company's financial information for the three 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

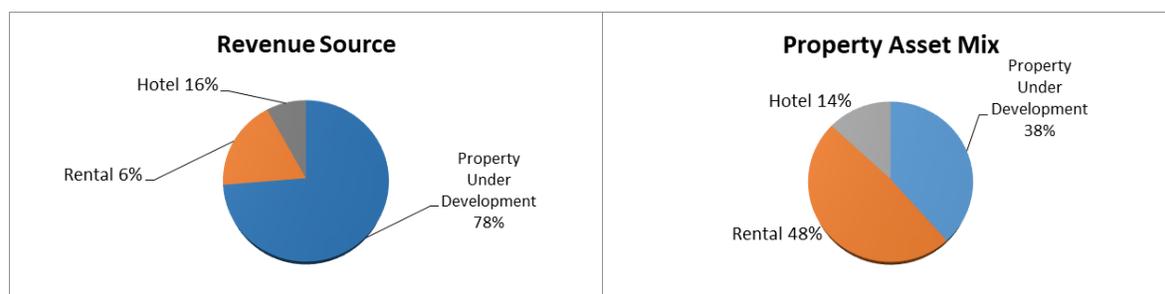
The variations in the financial data provided above are discussed in greater detail under "Discussion of Operations" in this MD&A.

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.

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

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.

	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 ending 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.

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.

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

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.

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

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.

Properties Under Development Completed Over the Past Three Fiscal Years

Project	Description	Fiscal Year
Strathcona Village	A three-tower mid-rise mixed-use project with 280 market residential units, and 60,000 sq. ft. of light industrial space. Sales of all 280 condominium units have closed and 16 of the 18 commercial units have closed. As at April 22, 2021, the Company has entered into agreements for the sale of the remaining two commercial units.	2019
Wall Centre Central Park	A four-tower project consisting of 1,060 residential units located in Vancouver, B.C. Sales of all 728 condominium units in Phase 1 and all 332 condominium units in Phase 2 have closed.	2017/2019
Shannon Wall Centre Kerrisdale Phase 2	A five-acre development project consisting of 321 residential units located in the Kerrisdale neighbourhood at 57th and Granville Street in Vancouver, B.C. 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.	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 counterparty.

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.