



**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**(Unaudited)**

**For the three and nine months ended October 31, 2022 and 2021**

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

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

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

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

# WALL FINANCIAL CORPORATION

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited)	October 31, 2022	January 31, 2022
<b>Assets</b>		
Investment properties	\$ 554,186,132	\$ 520,600,903
Property, plant, and equipment	108,438,654	113,600,247
Properties under development for sale	116,109,533	113,387,957
Investments in joint ventures	11,736	136,736
Deferred tax asset	459,164	720,590
Non-current assets	778,205,219	748,446,433
Current portion of properties under development for sale	32,799,066	39,953,975
Assets held for sale	-	43,460,555
Notes receivable	3,573,402	8,062,991
Deposits held in trust	-	196,970
Other assets	3,831,267	2,838,873
Income taxes receivable	684,819	1,279,894
Amounts receivable	11,616,367	9,709,918
Cash and cash equivalents	13,485,067	20,113,817
Current assets	65,989,988	125,616,993
	\$ 845,195,207	\$ 874,063,426
<b>Liabilities</b>		
Mortgages payable (note 4)	\$ 271,599,658	\$ 263,475,206
Deferred tax liabilities	18,133,226	14,346,174
Non-current liabilities	289,732,884	277,821,380
Current portion of mortgages payable (note 4)	59,684,457	97,055,188
Liabilities associated with assets held for sale	-	8,500,000
Income taxes payable	7,288,264	1,967,345
Accounts payable and accrued liabilities	19,000,540	21,463,405
Deposits on real estate sales	256,053	336,465
Due to related party	-	12,000,000
Loans from shareholder (note 7)	-	20,000,000
Bank and other indebtedness (note 4)	184,842,071	187,455,186
Current liabilities	271,071,385	348,777,589
	\$ 560,804,269	\$ 626,598,969
<b>Equity</b>		
Share capital	\$ 24,099,401	\$ 24,099,401
Contributed surplus	370,000	370,000
Retained earnings	209,749,015	160,610,127
Equity attributable to shareholders of the Company	234,218,416	185,079,528
Non-controlling interest	50,172,522	62,384,929
Total equity	284,390,938	247,464,457
	\$ 845,195,207	\$ 874,063,426

See accompanying notes to these condensed consolidated interim financial statements.

Approved on behalf of the Board:

“Bruno Wall” \_\_\_\_\_ Director

“Peter Ufford” \_\_\_\_\_ Director

# WALL FINANCIAL CORPORATION

## Condensed Consolidated Interim Statements of Earnings and Comprehensive Income

For the three and nine months ended October 31, 2022 and 2021

(Unaudited)	Three months ended October 31		Nine months ended October 31	
	2022	2021	2022	2021
Revenue (note 12)	\$ 39,828,595	\$ 30,273,571	\$ 113,627,828	\$ 211,834,182
Cost of sales and operating expenses	20,865,840	19,678,688	61,630,948	162,128,070
	18,962,755	10,594,883	51,996,880	49,706,112
Expenses:				
General and administration	1,193,338	976,481	2,891,084	1,998,419
Depreciation and amortization	3,905,919	3,843,718	11,625,783	11,462,771
	5,099,257	4,820,199	14,516,867	13,461,190
Net finance expense (income) (note 6):				
Investment and other income	(50,482)	(49,060)	(178,421)	(401,395)
Finance expense	3,596,632	2,963,719	9,241,984	8,169,461
	3,546,150	2,914,659	9,063,563	7,768,066
Gain on sale of asset (note 10)	-	-	30,340,556	-
Earnings before income taxes	10,317,348	2,860,025	58,757,006	28,476,856
Income tax expense (recovery):				
Current	1,070,419	388,323	7,390,308	2,081,564
Deferred	1,610,952	422,066	3,675,679	5,017,931
	2,681,371	810,389	11,065,987	7,099,945
Net earnings and comprehensive income	\$ 7,635,977	\$ 2,049,636	\$ 47,691,019	\$ 21,377,361
Net earnings and comprehensive income attributable to:				
Shareholders of the Company	\$ 7,233,196	\$ 1,710,422	\$ 46,546,834	\$ 13,884,974
Non-controlling interests	402,781	399,214	1,144,185	7,492,387
	\$ 7,635,977	\$ 2,049,636	\$ 47,691,019	\$ 21,377,361
Basic and diluted earnings per share	\$ 0.22	\$ 0.05	\$ 1.43	\$ 0.42
Weighted average shares outstanding	32,453,365	32,453,365	32,453,365	32,761,057

See accompanying notes to these condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended October 31, 2022 and 2021

(Unaudited)	Attributable to shareholders of the company			Total	Non-controlling Interests	Total Equity
	Share Capital	Contributed surplus	Retained Earnings			
Balance at February 1, 2022	\$ 24,099,401	\$ 370,000	\$ 160,610,127	\$ 185,079,528	\$ 62,384,929	\$ 247,464,457
Net earnings	-	-	46,546,834	46,546,834	1,144,185	47,691,019
Acquisition of non-controlling interest (note 8)	-	-	2,592,054	2,592,054	(8,564,852)	(5,972,798)
Contributions	-	-	-	-	3,474,055	3,474,055
Distributions	-	-	-	-	(8,265,795)	(8,265,795)
<b>Balance at October 31, 2022</b>	<b>\$ 24,099,401</b>	<b>\$ 370,000</b>	<b>\$ 209,749,015</b>	<b>\$ 234,218,416</b>	<b>\$ 50,172,522</b>	<b>\$ 284,390,938</b>
Balance at February 1, 2021	\$ 24,099,401	\$ 370,000	\$ 168,228,251	\$ 192,697,652	\$ 86,006,956	\$ 278,704,608
Net earnings	-	-	13,884,974	13,884,974	7,492,387	21,377,361
Share purchase and redemption	-	-	(24,000,000)	(24,000,000)	-	(24,000,000)
Distributions	-	-	-	-	(15,204,451)	(15,204,451)
<b>Balance at October 31, 2021</b>	<b>\$ 24,099,401</b>	<b>\$ 370,000</b>	<b>\$ 158,113,225</b>	<b>\$ 182,582,626</b>	<b>\$ 78,294,892</b>	<b>\$ 260,877,518</b>

See accompanying notes to these condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended October 31, 2022 and 2021

(Unaudited)	2022	2021
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 47,691,019	\$ 21,377,361
Adjustments for items not involving cash:		
Depreciation	11,625,783	11,462,771
Deferred income tax expense	3,675,679	5,017,931
Current income tax expense	7,390,308	2,081,564
Gain on sale of assets	(30,340,556)	-
Finance costs	9,241,984	8,169,461
	49,284,217	48,109,088
Recovery of costs through real estate sales	10,763,248	117,422,448
Additions to development properties	(3,022,828)	(18,127,173)
Interest paid	(13,848,054)	(12,248,555)
Income taxes paid	(1,474,314)	(23,237,038)
Deposits held in trust	196,970	37,288,902
Deposits on real estate sales	(80,412)	(25,970,109)
Changes in non-cash operating working capital:		
Amounts receivable	893,551	2,090,516
Accounts payable and accrued liabilities	(3,862,864)	(2,897,841)
Inventory	(125,328)	(55,994)
Deposits and prepaids	(874,770)	3,090,222
	37,849,416	125,464,466
Investing activities:		
Additions to investment properties	(37,559,162)	(52,851,399)
Additions to property, plant, and equipment	(741,556)	(848,959)
Additions to assets held for sale	(50,674)	-
Net proceeds from sale of assets	64,016,434	-
Distributions from investment in joint ventures	125,000	-
	25,790,042	(53,700,358)
Financing activities:		
Proceeds from loans from shareholder	33,750,000	-
Repayment of loans from shareholder	(53,750,000)	(48,000,000)
Repayment of due to related party	(12,000,000)	-
Proceeds from mortgages payable	13,346,013	26,568,416
Payment of financing fees	(334,452)	(1,674,068)
Repayment of mortgages payable	(42,764,503)	(26,952,935)
Bank and other indebtedness	(2,613,115)	24,975,754
Notes receivable	(3,573,402)	-
Purchase of non-controlling interest	(5,600,000)	-
Contributions from non-controlling interest	3,474,055	-
Distributions to non-controlling interest	(202,804)	(15,204,451)
Share purchase and redemption	-	(24,000,000)
	(70,268,208)	(64,287,284)
Increase (decrease) in cash and cash equivalents	(6,628,750)	7,476,824
Cash and cash equivalents, beginning of period	20,113,817	17,963,096
Cash and cash equivalents, end of period	\$ 13,485,067	\$ 25,439,920

See accompanying notes to condensed consolidated interim financial statements.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

---

## 1. Reporting entity:

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

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

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

## 2. Basis of presentation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements (“Interim Financial Statements”) and the notes thereto have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the years ended January 31, 2022 and 2021 (“Annual Audited Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

The Company’s quarterly results are impacted by the cyclical nature of the Company’s business. Revenues and other income can fluctuate significantly from period to period due to the timing and quantity of closings of residential and commercial units at the development properties. Assets can fluctuate due to the amount of development activities undertaken by the Company and are also impacted by the acquisitions and dispositions of rental properties, which the Company will manage and review on an ongoing basis to maximize value for shareholders. Dividends fluctuate as the Company is on a flexible dividend policy; the amount and timing of dividends will be based on the Company’s availability of and need for cash.

These Interim Financial Statements were approved by the Company’s Board of Directors on December 13, 2022, and are the responsibility of the Company’s management.

### (b) Basis of measurement:

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

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

---

## 2. Basis of presentation (continued):

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

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expense. The significant judgements made by management in applying the Company's accounting policies and key estimates are disclosed in note 2 of the Annual Audited Financial Statements. There have been no changes to the significant accounting estimates and assumptions during the nine months ended October 31, 2022. Actual results could differ from those estimates.

## 3. Significant accounting policies:

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

## 4. Debt on properties:

	October 31, 2022	January 31, 2022
Bank and other indebtedness:		
Properties under development	\$ 49,842,065	\$ 50,569,609
Investment properties	127,503,807	119,437,038
General corporate debt	7,496,199	17,448,539
Total bank and other indebtedness	184,842,071	187,455,186
Mortgages payable:		
Investment properties	286,354,780	283,752,234
Property, plant and equipment	52,667,954	84,688,990
	339,022,734	368,441,224
Deferred financing fees	(7,738,619)	(7,910,830)
	331,284,115	360,530,394
Current portion of mortgages payable	(59,684,457)	(97,055,188)
Non-current portion of mortgages payable	\$ 271,599,658	\$ 263,475,206

# WALL FINANCIAL CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

---

### 4. Debt on properties (continued):

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

At October 31, 2022 the Company had outstanding borrowings of \$49,842,065 (January 31, 2022 - \$50,569,609) 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 \$75,842,065 (January 31, 2022 - \$50,569,609). The credit facilities are secured by first mortgages on the related properties. The borrowings are due on demand.

(b) Bank and other indebtedness on investment properties:

At October 31, 2022 the Company had outstanding borrowings of \$127,503,807 (January 31, 2022 - \$119,437,038) on available credit facilities in the form of Canadian dollar prime rate loans, and bankers' acceptances. The maximum available funding under such facilities is \$129,795,000 (January 31, 2022 - \$136,195,000). 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.

(c) General corporate debt:

At October 31, 2022, the Company's borrowings of \$7,496,199 (January 31, 2022 - \$17,448,539) are made available by way of lines of credit with a maximum available aggregate amount of \$144,733,000 (January 31, 2022 - \$153,033,000). 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.

(d) Mortgages payable:

Mortgages payable on investment properties of \$286,354,780 (January 31, 2022 - \$283,752,234) bears interest at fixed rates ranging from 1.48% to 3.77% (January 31, 2021 - 1.48% to 3.23%).

As at October 31, 2022, the mortgage payable on property, plant and equipment of \$52,667,954 (January 31, 2022 - \$84,688,990) bears interest at bankers' acceptance rates plus applicable stamping fees.

All mortgages are secured by first and second fixed charges over the Company's properties under development for sale, investment properties, and property, plant, and equipment.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

## 5. Government assistance:

During the nine months ended October 31, 2022, the Company was eligible for \$2,218,699 (2021 - \$4,705,705) in government assistance related to COVID-19 relief programs including the Tourism and Hospitality Recovery Program, Canada Recovery Hiring Program, and the Tourism Accommodation and Commercial Recreation Relief Grant, of which all amounts were received as at October 31, 2022.

## 6. Net finance costs:

	Nine months ended October 31,	
	2022	2021
Finance income:		
Investment income	\$ 43,934	\$ 43,914
Interest income	134,487	357,481
	<u>178,421</u>	<u>401,395</u>
Finance costs:		
Interest on:		
Bank and other indebtedness	8,036,858	6,679,887
Mortgages payable	6,317,861	6,087,492
	<u>14,354,719</u>	<u>12,767,379</u>
Interest capitalized to properties under development for sale and investment properties	(5,112,735)	(4,597,918)
	<u>9,241,984</u>	<u>8,169,461</u>
Net finance cost	\$ 9,063,563	\$ 7,768,066

## 7. Related party transactions:

As at October 31, 2022, the Company had a \$nil (January 31, 2022 - \$20,000,000) loan payable due to a company owned by a significant shareholder of the Company.

During the nine months ended October 31, 2022, the Company recorded interest on loans payable to the significant shareholder totaling \$594,974 (2021 - \$997,231).

In the normal course of its business activities, the Company sells individual condominium units in properties under development for sale to significant shareholders, directors, and officers on similar terms as sales to unrelated parties. During the nine months ended October 31, 2022, the Company closed the sale of one condominium unit for \$1,100,000 to a company owned by an officer of the Company.

## 8. Non-controlling interest:

On February 4, 2022, the Company acquired an additional 14.29% interest in a development project in North Vancouver, British Columbia. The Company previously held a 28.57% controlling interest bringing the Company's total interest to 42.86%. As the Company had a controlling interest in this property prior to the acquisition of the additional 14.29%, the acquisition was recorded as an equity transaction. On the date of the transaction, the carrying value of the 14.29% non-controlling interest was \$8,564,852 while the consideration paid was \$5,600,000. The difference was recorded as an increase to the Company's retained earnings.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

---

## 9. Financial instruments:

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

The fair value of mortgages payable is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Company for similar financial instruments. The fair value of the mortgages payable at October 31, 2022 was \$325,912,000 (January 31, 2022 - \$367,500,000).

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

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

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

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

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

## 10. Investment properties:

On March 4, 2022, the Company sold an investment property classified as assets held for sale for gross proceeds of \$76,000,000 and recorded a gain of \$30,340,556.

During the three months ended October 31, 2022, the Company purchased an investment property for \$21,100,000 and two residential strata units for \$1,184,000. The Company accounted for these transactions as asset acquisitions as a result of applying the concentration test available under IFRS 3 *Business Combinations*.

## 11. Subsequent events:

On November 1, 2022, the Company entered into a term credit facility agreement with availability of \$14,770,000 at a rate of prime plus 0.6% or a bankers acceptances acceptance fee rate of 2.40%. The term loan is repayable on October 31, 2025. The credit facility is secured by general security and a fixed charge over investment property.

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

## 12. Segment disclosures:

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

The following summarizes the Company’s assets as at October 31, 2022 and January 31, 2022:

	October 31, 2022	January 31, 2022
Identifiable assets:		
Properties:		
Investment properties (Rental)	\$ 558,716,386	\$ 565,440,015
Property, plant, and equipment (Hotel)	122,016,416	121,643,433
Properties under development for sale (Development)	159,194,980	176,981,784
	<u>839,927,782</u>	<u>864,065,232</u>
Corporate	5,267,425	9,998,194
	<u>\$ 845,195,207</u>	<u>\$ 874,063,426</u>

# WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021  
(unaudited)

## 12. Segment disclosures (continued):

The following summarizes the Company's operating results for the three and nine months ended October 31, 2022 and 2021:

	Rental		Hotel		Development		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
For the three months ended October 31,										
Revenue	\$ 9,995,849	\$ 9,471,828	\$ 26,068,573	\$ 10,363,146	\$ 3,764,173	\$ 10,438,597	\$ -	\$ -	\$ 39,828,595	\$ 30,273,571
Depreciation expense	1,922,585	1,874,087	1,980,766	1,967,063	-	-	2,568	2,568	3,905,919	3,843,718
Net earnings (loss) before taxes	1,949,829	2,130,706	8,323,778	411,656	1,407,853	1,219,859	(1,364,112)	(902,196)	10,317,348	2,860,025
For the nine months ended October 31,										
Revenue	\$ 29,167,481	\$ 27,492,434	\$ 65,557,779	\$ 20,907,656	\$ 18,902,568	\$ 163,434,092	\$ -	\$ -	\$ 113,627,828	\$ 211,834,182
Depreciation expense	5,714,930	5,596,474	5,903,149	5,848,223	-	10,370	7,704	7,704	11,625,783	11,462,771
Net earnings (loss) before taxes	36,724,489	7,146,095	20,483,999	(971,851)	4,676,853	24,546,573	(3,128,335)	(2,243,961)	58,757,006	28,476,856