



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

(Unaudited)

For the three and nine months ended October 31, 2023 and 2022

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, 2023	January 31, 2023
Assets		
Investment properties	\$ 575,587,629	\$ 572,195,378
Property, plant, and equipment	107,113,916	108,961,472
Properties under development for sale	117,419,310	117,174,679
Other long term asset	1,632,350	-
Deferred tax asset	893,094	589,750
Non-current assets	802,646,299	798,921,279
Current portion of properties under development for sale	52,945,820	34,220,545
Notes receivable	-	3,573,402
Other assets	3,582,942	2,985,115
Income taxes receivable	-	462,133
Amounts receivable	16,541,477	9,153,690
Cash and cash equivalents	17,923,590	25,412,793
Current assets	90,993,829	75,807,678
	\$ 893,640,128	\$ 874,728,957
Liabilities		
Mortgages payable (note 4)	\$ 331,695,287	\$ 329,472,719
Deferred tax liabilities	15,221,541	22,162,381
Non-current liabilities	346,916,828	351,635,100
Current portion of mortgages payable (note 4)	57,306,120	66,634,222
Income taxes payable	11,902,374	4,736,383
Accounts payable and accrued liabilities	23,948,745	19,571,592
Deposits on real estate sales	281,053	281,053
Due to shareholder (note 11)	100,000,000	-
Bank and other indebtedness (note 4)	144,890,041	143,842,953
Current liabilities	338,328,333	235,066,203
	\$ 685,245,161	\$ 586,701,303
Equity		
Share capital	\$ 24,099,401	\$ 24,099,401
Contributed surplus	370,000	370,000
Retained earnings	134,008,411	211,408,801
Equity attributable to shareholders of the Company	158,477,812	235,878,202
Non-controlling interest	49,917,155	52,149,452
Total equity	208,394,967	288,027,654
	\$ 893,640,128	\$ 874,728,957

Subsequent events (note 12)

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, 2023 and 2022

(Unaudited)	Three months ended October 31		Nine months ended October 31,	
	2023	2022	2023	2022
Revenue (note 12)	\$ 45,511,342	\$ 39,828,595	\$ 122,611,351	\$ 113,627,828
Cost of sales and operating expenses	21,838,779	20,865,840	62,389,904	61,630,948
	23,672,563	18,962,755	60,221,447	51,996,880
Expenses:				
General and administration	939,457	1,193,338	2,599,456	2,891,084
Depreciation and amortization	3,145,574	3,905,919	9,598,070	11,625,783
	4,085,031	5,099,257	12,197,526	14,516,867
Net finance expense (income) (note 5):				
Investment and other income	(148,062)	(50,482)	(564,339)	(178,421)
Finance expense	6,750,499	3,596,632	20,198,694	9,241,984
	6,602,437	3,546,150	19,634,355	9,063,563
Gain on sale of asset (note 8)	-	-	-	30,340,556
Earnings before income taxes	12,985,095	10,317,348	28,389,566	58,757,006
Income tax expense (recovery):				
Current	1,435,123	1,070,419	15,304,174	7,390,308
Deferred	2,204,570	1,610,952	(7,244,184)	3,675,679
	3,639,693	2,681,371	8,059,990	11,065,987
Net earnings and comprehensive income	\$ 9,345,402	\$ 7,635,977	\$ 20,329,576	\$ 47,691,019
Net earnings and comprehensive income attributable to:				
Shareholders of the Company	\$ 9,773,021	\$ 7,233,196	\$ 21,681,844	\$ 46,546,834
Non-controlling interests	(427,619)	402,781	(1,352,268)	1,144,185
	\$ 9,345,402	\$ 7,635,977	\$ 20,329,576	\$ 47,691,019
Basic and diluted earnings per share	\$ 0.30	\$ 0.22	\$ 0.67	\$ 1.43
Weighted average shares outstanding	32,396,354	32,453,365	32,423,040	32,453,365

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, 2023 and 2022

(Unaudited)	Attributable to shareholders of the company			Total	Non-controlling Interests	Total Equity
	Share Capital	Contributed surplus	Retained Earnings			
Balance at February 1, 2023	\$ 24,099,401	\$ 370,000	\$ 211,408,801	\$ 235,878,202	\$ 52,149,452	\$ 288,027,654
Net earnings	-	-	21,681,844	21,681,844	(1,352,268)	20,329,576
Dividends declared (note 10(a))	-	-	(97,360,095)	(97,360,095)	-	(97,360,095)
Share repurchases, net of transaction costs (note 10(b))	-	-	(1,722,139)	(1,722,139)	-	(1,722,139)
Contributions	-	-	-	-	2,693,373	2,693,373
Distributions	-	-	-	-	(3,573,402)	(3,573,402)
Balance at October 31, 2023	\$ 24,099,401	\$ 370,000	\$ 134,008,411	\$ 158,477,812	\$ 49,917,155	\$ 208,394,967
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	46,446,834	1,144,185	47,691,019
Acquisition of non-controlling interest (note 6)	-	-	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)
Balance at October 31, 2022	\$ 24,099,401	\$ 370,000	\$ 209,749,015	\$ 234,218,416	\$ 50,172,522	\$ 284,390,938

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, 2023 and 2022

(Unaudited)	2023	2022
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 20,329,576	\$ 47,691,019
Adjustments for items not involving cash:		
Depreciation	9,598,070	11,625,783
Deferred income tax recovery	(7,244,184)	3,675,679
Current income tax expense	15,304,174	7,390,308
Gain on sale of assets	-	(30,340,556)
Finance costs	20,198,694	9,241,984
	58,186,330	49,284,217
Recovery of costs through real estate sales	-	10,763,248
Additions to development properties	(18,007,340)	(3,022,828)
Interest paid	(22,262,877)	(13,848,054)
Income taxes paid	(7,676,050)	(1,474,314)
Deposits held in trust	-	196,970
Deposits on real estate sales	-	(80,412)
Changes in non-cash operating working capital:		
Amounts receivable	(7,387,787)	893,551
Accounts payable and accrued liabilities	4,377,153	(3,862,864)
Inventory	(27,756)	(125,328)
Deposits and prepaids	(577,775)	(874,770)
	6,623,898	37,849,416
Investing activities:		
Additions to investment properties	(6,965,694)	(37,559,162)
Additions to property, plant, and equipment	(2,211,627)	(741,556)
Additions to other long term assets	(1,632,350)	-
Additions to assets held for sale	-	(50,674)
Net proceeds from sale of assets	-	64,016,434
Distributions from investments in joint ventures	-	125,000
	(10,809,671)	25,790,042
Financing activities:		
Dividends paid	(97,360,095)	-
Proceeds from loan from shareholder	100,000,000	33,750,000
Repayment of loan from shareholder	-	(53,750,000)
Repayment of due to related party	-	(12,000,000)
Proceeds from mortgages payable	-	13,346,013
Payment of financing fees	(625,490)	(334,452)
Repayment of mortgages payable	(7,336,167)	(42,764,503)
Bank and other indebtedness	1,047,088	(2,613,115)
Notes receivable	-	(3,573,402)
Purchase of non-controlling interest	-	(5,600,000)
Contributions from non-controlling interest	2,693,373	3,474,055
Distributions to non-controlling interest	-	(202,804)
Share repurchase	(1,722,139)	-
	(3,303,430)	(70,268,208)
Decrease in cash and cash equivalents	(7,489,203)	(6,628,750)
Cash and cash equivalents, beginning of period	25,412,793	20,113,817
Cash and cash equivalents, end of period	\$ 17,923,590	\$ 13,485,067

See accompanying notes to condensed consolidated interim financial statements.

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended October 31, 2023 and 2022
(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 10th 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, 2023 and 2022 (“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 14, 2023, 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 three and nine months ended October 31, 2023 and 2022
(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, 2023. 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, 2023	January 31, 2023
Bank and other indebtedness:		
Properties under development	\$ 62,308,403	\$ 50,835,884
Investment properties	79,600,000	87,950,000
General corporate debt	2,981,638	5,057,069
Total bank and other indebtedness	144,890,041	143,842,953
Mortgages payable:		
Investment properties	346,551,181	351,806,645
Property, plant and equipment	49,903,713	51,984,416
	396,454,894	403,791,061
Less: deferred financing fees	(7,453,487)	(7,684,120)
	389,001,407	396,106,941
Less: current portion of mortgages payable	(57,306,120)	(66,634,222)
Non-current portion of mortgages payable	\$ 331,695,287	\$ 329,472,719

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended October 31, 2023 and 2022
(unaudited)

4. Debt on properties (continued):

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

At October 31, 2023 the Company had outstanding borrowings of \$62,308,403 (January 31, 2023 - \$50,835,884) 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 \$70,302,065 (January 31, 2023 - \$68,302,065). 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, 2023 the Company had outstanding borrowings of \$79,600,000 (January 31, 2023 - \$87,950,000) on available credit facilities in the form of Canadian dollar prime rate loans, and bankers' acceptances. The maximum available funding under such facilities is \$78,265,000 (January 31, 2023 - \$90,015,000). The credit facilities are secured by first mortgages and assignment of rents on the related properties. The borrowings are due on demand.

(c) General corporate debt:

At October 31, 2023, the Company's borrowings of \$2,981,638 (January 31, 2023 - \$5,057,069) are made available by way of lines of credit with a maximum available aggregate amount of \$172,733,000 (January 31, 2023 - \$144,733,000). The debt is secured by fixed and floating demand debentures, second mortgages, and an assignment of rents on certain investment properties, and property, plant, and equipment. The borrowings are due on demand.

On March 3, 2023, the Company entered into an amended credit facility increasing its previous availability of \$7,000,000 to \$35,000,000. The amended credit facility bears interest of prime plus 0.65% or the bankers' acceptance rate plus a stamping fee of 2.15%.

(d) Mortgages payable:

Mortgages payable on investment properties of \$346,551,181 (January 31, 2023 - \$351,806,645) bears interest at fixed rates ranging from 1.48% to 4.80% (January 31, 2023 - 1.48% to 3.77%) with one variable rate mortgage at 7.8% (January 31, 2023 - 7.3%).

As at October 31, 2023, the mortgage payable on property, plant and equipment of \$49,903,713 (January 31, 2023 - \$51,984,416) bears interest at bankers' acceptance rates plus applicable stamping fees. An additional amount of \$50,000,000 is available to the Company and can be drawn at any time but not after January 31, 2024 under current arrangements.

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 three and nine months ended October 31, 2023 and 2022
(unaudited)

5. Net finance expense (income):

	Nine months ended October 31,	
	2023	2022
Finance income:		
Investment income	\$ 44,135	\$ 43,934
Interest income	520,204	134,487
	<u>564,339</u>	<u>178,421</u>
Finance costs:		
Interest on:		
Bank and other indebtedness	15,260,220	8,036,858
Mortgages payable	7,858,780	6,317,861
	<u>23,119,000</u>	<u>14,354,719</u>
Interest capitalized to properties under development for sale and investment properties	(2,920,306)	(5,112,735)
	<u>20,198,694</u>	<u>9,241,984</u>
Net finance cost	\$ 19,634,355	\$ 9,063,563

6. Non-controlling interest:

During the nine months ended October 31, 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 three and nine months ended October 31, 2023 and 2022
(unaudited)

7. Financial instruments:

The carrying values of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, 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, 2023 was \$377,529,000 (January 31, 2023 - \$382,926,000).

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.

8. Investment properties:

On March 30, 2023 and April 3, 2023, the Company purchased two residential strata units for \$1,379,000. On May 23, 2023, the Company purchased a commercial strata unit for \$1,275,000.

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 nine months ended October 31, 2022.

9. Properties under development for sale:

On April 14, 2023, the Company purchased 12 residential strata units for \$6,800,000.

10. Share capital:

(a) Dividends:

On February 3, 2023, the Company declared a cash dividend of \$3.00 per Common Share to holders of record of the Common Shares on February 17, 2023 for a total dividend payment of \$97,360,095 which was paid on March 3, 2023.

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended October 31, 2023 and 2022
(unaudited)

10. Share capital (continued):

(b) Normal Course Issuer Bid ("NCIB"):

On March 10, 2023, the TSX accepted the Company's notice of intention to commence a NCIB which allows the Company to repurchase, at its discretion, up to 688,362 Common Shares in the market or as otherwise permitted by the TSX, subject to normal terms and limitations. Common Shares purchased by the Company will be cancelled. On March 15, 2023, the Company entered into an Automatic Share Purchase Plan with a broker that allows the purchase of Common Shares for cancellation under the NCIB at any time during predetermined trading blackout periods. During the nine months ended October 31, 2023, the Company purchased and cancelled 88,500 Common Shares at a weighted average price of \$19.16 per share for \$1,722,138 including transaction costs. As at October 31, 2023, the Company has 32,364,865 Common Shares outstanding.

11. Related party transactions:

On September 1, 2023, the Company received a non-revolving loan of \$100,000,000 from a company owned by a significant shareholder of the Company. The loan is secured by charges over property, plant and equipment and bears interest at 4.0%. Interest is payable monthly and the loan is due on demand with 30 days' notice.

12. Subsequent events:

- (a) The Company purchased 22,100 Common Shares from November 1, 2023 to December 14, 2023 at a weighted average price of \$19.15 and cancelled 17,600 Common Shares.
- (b) On November 29, 2023, the Company purchased one residential strata units for \$649,000.

13. 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.

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended October 31, 2023 and 2022
(unaudited)

14. Segment disclosures (continued):

The following summarizes the Company's assets as at October 31, 2023 and January 31, 2023:

	October 31, 2023	January 31, 2023
Identifiable assets:		
Properties:		
Investment properties (Rental)	\$ 575,423,674	\$ 589,152,962
Property, plant, and equipment (Hotel)	118,060,316	118,082,600
Properties under development for sale (Development)	189,052,072	164,566,499
	<u>882,536,062</u>	<u>871,802,061</u>
Corporate	11,104,066	2,926,896
	<u>\$ 893,640,128</u>	<u>\$ 874,728,957</u>

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended October 31, 2023 and 2022
(unaudited)

12. Segment disclosures (continued):

The following summarizes the Company's operating results for the three and nine months ended October 31, 2023 and 2022:

	Rental		Hotel		Development		Corporate		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the three months ended October 31,										
Revenue	\$ 11,282,512	\$ 9,995,849	\$ 33,293,320	\$ 26,068,573	\$ 935,510	\$ 3,764,173	\$ -	\$ -	\$ 45,511,342	\$ 39,828,595
Depreciation expense	1,841,758	1,922,585	1,301,248	1,980,766	-	-	2,568	2,568	3,145,574	3,905,919
Net earnings (loss) before taxes	2,418,414	1,949,829	13,545,457	8,323,778	(129,430)	1,407,853	(2,849,346)	(1,364,112)	12,985,095	10,317,348
For the nine months ended October 31,										
Revenue	\$ 33,321,725	\$ 29,167,481	\$ 87,516,720	\$ 65,557,779	\$ 1,772,906	\$ 18,902,568	\$ -	\$ -	\$ 122,611,351	\$ 113,627,828
Depreciation expense	5,531,183	5,714,930	4,059,183	5,903,149	-	-	7,704	7,704	9,598,070	11,625,783
Net earnings (loss) before taxes	6,342,890	36,724,489	30,792,994	20,483,999	(621,192)	4,676,853	(8,125,126)	(3,128,335)	28,389,566	58,757,006