



WALL FINANCIAL CORPORATION

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

YEAR ENDED JANUARY 31, 2023

April 26, 2023



TABLE OF CONTENTS

| | |
|---|----|
| FORWARD-LOOKING STATEMENTS | 1 |
| OVERVIEW | 2 |
| RECENT EVENTS | 3 |
| STRATEGIES AND RISK MANAGEMENT | 3 |
| Strategies | 3 |
| Risk Management | 3 |
| General risks | 3 |
| Industry risks | 4 |
| Concentration of assets risk | 4 |
| Investment properties | 4 |
| Hotels | 4 |
| Properties under development | 5 |
| Disease outbreak | 5 |
| Environmental matters | 5 |
| Catastrophic and general uninsured losses | 6 |
| Technology and information security | 6 |
| SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION | 7 |
| 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 |
| Fair Value in Excess of Carrying Value | 11 |
| DEVELOPMENT PROPERTIES | 12 |
| Projects Under Active Development | 13 |
| Acquisitions and Dispositions | 14 |
| INVESTMENTS | 14 |
| BANK INDEBTEDNESS AND CREDIT FACILITIES | 14 |
| Properties Under Development | 14 |
| Investment Properties | 14 |
| General Corporate Debt | 14 |
| MORTGAGES PAYABLE | 14 |
| Investment Properties | 15 |
| Property, Plant and Equipment | 15 |
| COMMITMENTS AND CONTINGENCIES | 15 |
| LIQUIDITY AND FINANCIAL CONDITION | 15 |
| DISCLOSURE OF OUTSTANDING SHARE DATA | 16 |
| DIVIDENDS | 16 |
| CRITICAL ACCOUNTING ESTIMATES | 16 |
| SIGNIFICANT ACCOUNTING POLICIES | 17 |
| INTERNAL CONTROLS OVER FINANCIAL REPORTING | 17 |
| FINANCIAL INSTRUMENTS AND RISK MANAGEMENT | 17 |

Wall Financial Corporation
Management's Discussion and Analysis

| | |
|--|----|
| Interest Rate Risk | 18 |
| Credit Risk | 18 |
| Liquidity Risk | 18 |
| OFF-BALANCE SHEET FINANCING | 19 |
| TRANSACTIONS BETWEEN RELATED PARTIES | 19 |
| CAPITAL MANAGEMENT | 20 |
| OUTLOOK FOR OPERATING CONDITIONS | 21 |
| Hotel Operations | 21 |
| Rental Apartments | 21 |
| Development Properties | 21 |
| Financing | 22 |

This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Wall Financial Corporation (the "Company", "we", or "us") includes material financial information as of April 26, 2023. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended January 31, 2023 and 2022 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as an indication of future operations or results.

All amounts presented in this MD&A are in Canadian dollars.

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 26, 2023.

The role of the Audit Committee and the Board in respect of the 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 anticipated changes in revenue from operations, timing for commencement and completion of development projects and renovations, the Company's policy to acquire land for development which is zoned for its intended use, or where the required rezoning is contemplated and encouraged by the governing authorities, government plans to explore or enact legislation and regulations that negatively impact the real estate industry, anticipated timing of the closings of sales and the completion of construction, 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, including the ability to rebalance its portfolio in response to changing economic and investment conditions, increases and decreases in demand for rental housing and the resulting impact on vacancies and rents, anticipated increasing operating costs, anticipated fluctuations in interest rates, anticipated recovery to and surpassing of pre-pandemic revenue levels in fiscal 2024, the Company having sufficient sources of liquidity to cover its cash obligations, the Company being able to convert loans repayable on demand into long-term debt, capital expenditures and investments, increased operating costs and fixed expenses, 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, providing financial capacity and flexibility to meet the Company's strategic objectives, prevention and mitigation of the impact of catastrophic loss of life and property through the provision of safe

work sites, potential liability for removal and remediation of certain hazardous substances and compliance with various federal, provincial and municipal environmental requirements, safe living areas and maintenance of adequate and cost effective insurance, credit requirements for the current fiscal year, continual evaluation and modification of disclosure controls and procedures and internal controls over financial reporting, compliance with policies and procedures for monitoring and auditing compliance related to information technology, safety of data, and secure storage of physical files, anticipated improvement in hotel occupancy rates and forward bookings, and the Company's outlook for operating conditions including 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, local market conditions, adverse government and environmental regulations, national and international economic forces and conditions, local supply and demand, pricing pressures and other competitive factors, the geographic concentration of the Company's assets, failure to maintain properties at a competitive level, seasonal and economic fluctuations in the tourism and hospitality industry, changes in the labour market, increased construction costs, potential environmental remediation responsibilities, results of the Company's ongoing efforts to reduce costs, successfully 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 changes in market and economic conditions as a result of the ongoing 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 located in the Lower Mainland of British Columbia with the majority located in Metro Vancouver. 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 which follows the corporate governance guidelines established for public companies. The Company has 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 two directors, all of whom are independent directors. The Governance and Nomination Committee meets annually and as needed to review the composition and 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 EVENTS

During the three months ended January 31, 2023, the Company purchased an investment property for \$14,000,000. The Company entered into a demand loan for the above-noted property with availability of \$12,500,000. The Company completed its 104 unit strata rental project (Phase 2B) at Trails North Vancouver.

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 1,521 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 two properties under active development as at January 31, 2023: Eagle Mountain subdivision in Abbotsford, B.C. and the Trails project in the City of 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. A description of some 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, the following factors could pose a threat to our ongoing business operations: 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.

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. Over the past year, vacancy rates have decreased and rents are increasing substantially on unit turnover. Operating costs such as property taxes, utilities, and insurance are also increasing.

Hotels

In its hotel operations, the Company is exposed to a variety of risks such as changes in market and economic conditions, 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 approvals for planning and 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 ongoing 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 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 its 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 mitigates 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's insurance is subject to certain policy limits, deductibles, and self-insurance arrangements. The Company 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 years ended January 31, 2023, 2022 and 2021:

| Statements of Earnings | Three months ended January 31 | | | Year ended January 31 | | |
|--|-------------------------------|---------------|----------------|-----------------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| Total revenue and other income | \$ 30,920,469 | \$ 29,566,882 | \$ 108,169,328 | \$ 144,726,718 | \$ 241,546,354 | \$ 192,275,230 |
| Net earnings attributable to shareholders of the Company | 1,659,786 | 729,736 | 6,042,742 | 48,206,620 | 14,614,710 | 544,293 |
| Earnings per share | 0.05 | 0.03 | 0.18 | 1.49 | 0.45 | 0.02 |

| Statements of Financial Position | January 31, 2023 | January 31, 2022 | January 31, 2021 |
|----------------------------------|------------------|------------------|------------------|
| Total assets | \$ 874,728,957 | \$ 874,063,426 | \$ 973,493,565 |
| Total non-current liabilities | 351,635,100 | 277,821,380 | 260,243,086 |

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 has 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 (referred to as investment properties), the development and sale of residential housing (referred to as development properties), and the ownership and management of hotel properties (referred to as property, plant and equipment).

The charts below show the Company's property holdings at January 31, 2023 and revenue derived from such segments for the year ended January 31, 2023.



| Revenues | Three months ended January 31 | | Year ended January 31 | |
|--|-------------------------------|---------------|-----------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Investment properties (Rental) | \$ 10,398,162 | \$ 9,624,056 | \$ 39,565,643 | \$ 36,860,385 |
| Property, plant, and equipment (Hotel) | 19,892,035 | 8,443,681 | 85,449,814 | 29,351,337 |
| | 30,290,197 | 18,067,737 | 125,015,457 | 66,211,722 |
| Properties under development for sale | 434,153 | 11,402,960 | 19,336,721 | 174,837,052 |
| | \$ 30,724,350 | \$ 29,470,697 | \$ 144,352,178 | \$ 241,048,774 |

| Earnings (loss) before income taxes and non-controlling interest | Three months ended January 31 | | Year ended January 31 | |
|--|-------------------------------|--------------|-----------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Investment properties (Rental) | \$ 1,957,572 | \$ 1,970,303 | \$ 38,682,061 | \$ 9,116,398 |
| Property, plant, and equipment (Hotel) | 2,822,710 | (1,481,411) | 23,306,709 | (2,453,262) |
| | 4,780,282 | 488,892 | 61,988,770 | 6,663,136 |
| Properties under development for sale | 399,813 | 2,474,558 | 5,076,666 | 27,021,131 |
| Corporate expenses | (2,038,852) | (1,207,796) | (5,167,187) | (3,451,757) |
| | \$ 3,141,243 | \$ 1,755,654 | \$ 61,898,249 | \$ 30,232,510 |

Revenues from investment properties increased due to acquisitions of investment properties during the year, a decrease in vacancy rates, and increased rents on tenant turnover. Earnings from investment properties included the gain on the sale of an asset of \$30,340,556 related to an investment property sold during the three months ended April 30, 2022.

Revenues and earnings from property, plant and equipment (hotels) are higher than the prior year due to higher occupancy¹ and a higher average daily rate ("ADR")² at each of the Company's hotels.

Revenues and earnings from properties under development for sale were lower than the prior year due to the closing of 130 units at Ivy on the Park in the prior year compared to 15 units in the current year.

DISCUSSION OF OPERATIONS

For the three months ended January 31, 2023, the Company earned revenues of \$30,724,350 (2022 - \$29,470,697) with a gross margin of \$11,397,391 (2022 - \$9,466,500). For the year ended January 31, 2023, the Company earned revenues of \$144,352,178 (2022 - \$241,048,774) with a gross margin of \$63,394,271 (2022 - \$59,172,612).

During the year ended January 31, 2023, the Company closed on the sale of the remaining 15 units at Ivy on the Park.

Revenues and gross margins in the three months ended January 31, 2023 were higher than the prior period due to an increase in hotel revenues. Revenues in the year ended January 31, 2023 were lower than the prior period due to sales at Ivy on the Park in the prior year. Gross margins in the year ended January 31, 2023 were higher than the prior year due to higher revenues at the Company's hotel operations.

General and administrative costs for the three months and year ended January 31, 2023 were \$1,827,379 and \$4,718,463 respectively (2022 - \$1,087,761 and \$3,086,180). The costs are higher than the prior period due to the receipt of government grants in the prior period.

¹ Occupancy (%) is calculated by dividing the total number of rooms occupied by the total number of rooms available.

² ADR is the average daily rate, which represents the average rental income per paid occupied room in a given time period. ADR is calculated by dividing the room revenue earned by the numbers of rooms sold.

During the year ended January 31, 2023, the Company received \$2,304,924 (2022 - \$7,221,886) 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.

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 three months and year ended January 31, 2023 was \$2,578,448 and \$14,204,231, respectively (2022 - \$3,855,818 and \$15,318,589). The decrease in the depreciation for the three months ended January 31, 2023 is due to assets that have been fully depreciated earlier in the year. The increase of depreciation for the year ended January 31, 2023 is due to the depreciation of asset additions in the prior year.

Investment and other income for the three months and year ended January 31, 2023 was \$196,119 and \$374,540, respectively (2022 - \$96,185 and \$497,580). 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.

Finance expense for the three months and year ended January 31, 2023 was \$4,046,440 and \$13,288,424, respectively (2022 - \$2,863,452 and \$11,032,913). Finance expense for the three months ended January 31, 2023 includes interest paid of \$6,073,374 (2022 - \$4,139,093) less interest of \$2,165,562 (2022 - \$1,399,112) capitalized to the development projects. Finance expense for the year ended January 31, 2023 includes interest and financing fees paid of \$19,921,429 (2022 - \$16,433,063) less interest of \$7,279,297 (2022 - \$6,042,444) capitalized to the development projects. Finance expense for the current period is higher than the prior period due to higher interest rates and higher average level of outstanding debt not capitalized.

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 thereto and the applicable management's discussion and analysis.

| | Revenue and Other Income | Net Earnings (Loss)* | Per Share** |
|------------------|-----------------------------|-------------------------|----------------|
| January 31, 2023 | \$ 30,920,469 | \$ 1,659,786 | \$ 0.05 |
| October 31, 2022 | 39,879,077 | 7,233,196 | 0.22 |
| July 31, 2022 | 41,018,707 | 9,314,113 | 0.29 |
| April 30, 2022 | 32,908,465 | 29,999,525 | 0.92 |
| January 31, 2022 | 29,566,882 | 729,736 | 0.03 |
| October 31, 2021 | 30,322,631 | 1,716,668 | 0.05 |
| July 31, 2021 | 64,635,819 | 5,843,084 | 0.18 |
| April 30, 2021 | 117,277,126 | 6,331,468 | 0.19 |

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 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 income³ as well as net earnings for the quarters ended October 31 and July 31, 2022 was greater than the other quarters due to improved performance at the Company's hotels. Net earnings for the quarter ended April 30, 2022 were greater than the other quarters due to the sale of an investment property. Revenue and other income and earnings for the quarters ended July 31, 2021 and April 30, 2021 were due mainly to the closing of residential condominium units at the Company's development projects: July 31, 2021 - 30 units at the Ivy on the Park project and 2 units at Eagle Mountain; April 30, 2021 - 81 units at the Ivy on the Park project and 5 units at Eagle Mountain.

REVENUE-PRODUCING PROPERTIES

Residential and Commercial Rentals

As at January 31, 2023, the Company owned and managed 1,501 residential units and 20 commercial units in 17 properties in Metro Vancouver.

Combined revenues from the residential and commercial rental units were \$10,398,162 (2022 - \$9,624,056) for the three months ended January 31, 2023 with net earnings of \$1,957,572,038 (2022 - \$1,970,303). For the year ended January 31, 2023, revenues from rental operations were \$39,565,643 (2022 - \$36,860,385). Net earnings were \$38,682,061 (2022 - \$9,116,398) which included the gain on the sale of asset of \$30,340,556 related to an investment property sold during the three months ended April 30, 2022.

All residential units are leased primarily for a one-year term and all residential 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 on tenant turnover or on the anniversary date of each tenant's date of occupancy. Effective January 1, 2023, the provincial government confirmed that rent increases of 2% may be issued.

Acquisitions and Dispositions

As at January 31, 2022, a property located in Vancouver with a carrying value of \$43,460,555 was classified as assets held for sale. On March 4, 2022, the property sold for gross proceeds of \$76,000,000 and recognized a gain on the sale of the asset of \$30,340,556.

During the year ended January 31, 2023, the Company purchased two investment properties for \$35,100,000 and two residential strata units for \$1,184,000.

On March 30 2023 and April 3 2023, the Company purchased two residential strata units for \$1,379,000.

³ Revenue and other income means gross revenue plus investment and other income. Revenue and other income can be calculated by taking revenue and adding investment and other income which is directly disclosed in the Company's Financial Statements. Management believes that this measure is useful for investors to evaluate the Company's performance, its ability to generate cash flows and its financial condition.

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 ("Wall Centre Richmond").

The combined revenues for the hotel properties for the three months and year ended January 31, 2023 were \$19,892,035 (2022 - \$8,443,681) and \$85,449,814 (2022 - \$29,351,337), respectively. Earnings for the three months and year ended January 31, 2023 before income taxes from hotel operations were \$2,822,710 (2022 – loss of \$1,481,411) and \$23,306,709 (2022 – loss of \$2,453,262), respectively. The increase in revenues and earnings was due to higher occupancy and ADR compared to the prior period at both hotels.

The Wall Centre Downtown is the largest single hotel property in British Columbia with 746 guestrooms and 45,000 sq. ft. of meeting space. During the three months ended January 31, 2023, revenues were \$16,003,785 (2022 - \$6,491,885) with occupancy of 74.2% (2022 – 40.4%) and an ADR of \$196 (2022 - \$146). During the year ended January 31, 2023, revenues were \$68,594,541 (2022 - \$20,181,351) with occupancy of 80.1% (2022 – 31.5%) and an ADR of \$230 (2022 - \$153).

The Wall Centre Richmond is located near the Vancouver International Airport and consists of 188 guestrooms and 9,900 sq. ft. of meeting space. During the three months ended January 31, 2023, revenues were \$3,888,250 (2022 - \$1,951,796) with occupancy of 87.3% (2022 – 58.9%) and an ADR of \$189 (2022 - \$157). During the year ended January 31, 2023, revenues were \$16,855,273 (2022 - \$9,169,986) with occupancy of 86.7% (2022 – 52.8%) and an ADR of \$221 (2022 - \$213).

The extent of the ongoing impact of COVID-19 will depend on future developments of the pandemic and the actions taken by various government and health authorities to contain the pandemic or mitigate its impact. While hotel revenues and operations have significantly improved, these factors may impact future hotel operations.

The Company is well capitalized with \$139,676,000 in undrawn available general corporate credit facilities.

Fair Value in Excess of Carrying Value

Management has estimated the fair value in excess of carrying value⁴ of its revenue-producing properties as at January 31, 2023 as follows:

| As at January 31, 2023 | Residential and Commercial Rentals | Hotels | Total |
|--|--|----------------|------------------|
| Fair Value | \$ 1,238,781,000 | \$ 625,000,000 | \$ 1,863,781,000 |
| Carrying value | 572,195,378 | 108,961,472 | 681,156,850 |
| Fair value in excess of carrying value | \$ 666,585,622 | \$ 516,038,528 | \$ 1,182,624,150 |
| Fair value in excess of carrying value per share | | | \$ 36.44 |

⁴ Fair value in excess of carrying value per share means fair value in excess of carrying value divided by the number of shares outstanding as at January 31, 2023 (32,453,365). Fair value in excess of carrying value per share does not contemplate transactions costs, tax liabilities, and other related costs if the properties were to be sold. Fair value in excess of carrying value is calculated by taking fair value internally determined by management and subtracting the carrying value of investment properties and property, plant, and equipment which is directly disclosed in the Company's Financial Statements. Management believes that this measure is useful for investors to evaluate the Company's financial condition.

The fair values have been determined internally by management, in conjunction with independent real estate valuation experts using recognized valuation techniques.

DEVELOPMENT PROPERTIES

The asset value of properties under development for sale decreased from \$153,341,932 as at January 31, 2022 to \$151,395,224 as at January 31, 2023. Cost of sales for closings totaling \$10,763,248 were offset by development costs totaling \$8,688,007.

During the year ended January 31, 2023, the Company closed on the sale of the remaining 15 units, at Ivy on the Park and all units have now closed. Earnings before taxes from properties under development for the three months and year ended January 31, 2023 were \$399,813 (2022 – \$2,474,558) and \$5,076,666 (2022 - \$27,021,131) respectively. Revenues and earnings in the current period were lower than the prior period due the sale of 130 units at Ivy on the Park in the prior period.

Projects Under Active Development

Properties Under Development Completed Over the Past Three Fiscal Years:

| Project | Description | Fiscal Year |
|-----------------------------|---|--------------------|
| Ivy on the Park | A development with 226 residential units located at the University of British Columbia in Vancouver, B.C. Sales of all units have closed as at January 31, 2023 | 2023 |
| Trails North Vancouver (1A) | The first phase consists of 31 townhome and low-rise residential units. All units for Phase 1A have closed as at January 31, 2023. | 2023 |
| Trails North Vancouver (2B) | Phase 2B consisting of 104 strata rental units. Completed in December 2022. | 2023 |

The Company has two projects under active development as at January 31, 2023:

| 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, 65 sales have closed and one is unsold.</p> <p>A rezoning application has been submitted for the final phase which proposes approximately 55 single family building lots in addition to the 262 noted above.</p> | <p>\$225,000</p> <p>(Phase 7/8)</p> |
| 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 has a 42.86% interest. Development and construction will be conducted in several phases.</p> <p>Phase 1B consists of 48 strata units with completion expected in March 2024.</p> <p>The Company has a 57.14% interest in Phase 2. Phase 2 is being developed as two strata rental properties. As this property is held to earn rental income, the carrying value is included in Investment Properties.</p> | <p>\$16,016,000</p> <p>(Phase 1B)</p> |

Acquisitions and Dispositions

There were no acquisitions or dispositions of properties under development for the three months and year ended January 31, 2023.

INVESTMENTS

There are no significant changes in investment activities or investment strategies for the three months and year ended January 31, 2023.

BANK INDEBTEDNESS AND CREDIT FACILITIES

As at January 31, 2023 and January 31, 2022, the Company was in compliance with its loan covenants.

Properties Under Development

As at January 31, 2023, the Company has borrowed \$50,835,884 (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 \$68,302,065 (2022 - \$50,569,609).

The credit facilities are secured by first mortgages and insurance proceeds on the related properties under development. The borrowings are due on demand.

Investment Properties

As at January 31, 2023, the Company has borrowed \$87,950,000 (2022 - \$119,437,038) on available credit and construction financing facilities in the form of Canadian dollar prime rate loans and bankers' acceptances. The maximum available funding under such facilities is \$90,015,000 (2022 - \$136,195,000). The decrease is due to the reclassification of a facility to mortgages payable upon completion of Phase 2B of the Trails North Vancouver project.

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.

General Corporate Debt

The Company's general corporate borrowings decreased from \$17,448,539 at January 31, 2022 to \$5,057,069 at January 31, 2023. These facilities are made available by way of lines of credit with a maximum available aggregate amount of \$144,733,000 (2022 - \$153,033,000).

This 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.

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 facility bears interest of prime plus 0.65% or the bankers' acceptance stamping fee of 2.15%.

MORTGAGES PAYABLE

Mortgages payable net of deferred financing fees increased from \$360,530,394 as at January 31, 2022 to \$396,106,941 as at January 31, 2023. All mortgages are secured by first charges over the Company's

investment properties and property, plant and equipment as well as an assignment of rents and insurance proceeds.

Investment Properties

Mortgages payable on investment properties increased from \$283,752,234 as at January 31, 2022 to \$351,806,645 at January 31, 2023 due to the reclassification mentioned above, the refinancing of a mortgage, and regularly scheduled principal payments. As at January 31, 2023, these mortgages bear interest at fixed rates ranging from 1.48% to 3.77% (2022 – 1.48% to 3.23%).

Property, Plant and Equipment

Mortgages payable on property, plant and equipment decreased from \$84,688,990 as at January 31, 2022 to \$51,984,416 as at January 31, 2023. This decrease is primarily attributable to the Company exercising the option to temporarily reduce the loan balance. As at January 31, 2023, this mortgage bears interest at 6.90% (2022 - 2.65%).

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.

As at January 31, 2023, the estimated costs to complete properties under construction are approximately \$16,750,000 (2022 - \$15,784,000). These costs predominantly reflect construction expenditures for the development projects.

LIQUIDITY AND FINANCIAL CONDITION

Cash and cash equivalents increased \$5,298,976 from \$20,113,817 as at January 31, 2022 to \$25,412,793 as at January 31, 2023.

Net cash provided by operating activities for the year ended January 31, 2023 was \$44,739,272 (2022 - \$141,637,932). Condominium unit closings in the year ended January 31, 2023 resulted in the recovery of costs totaling \$10,763,248 (2022 - \$124,837,069) and a reduction of deposits held in trust on real estate sales of \$196,970 (2022 - \$37,425,778). The Company paid interest of \$19,714,944 (2022 - \$16,433,063) and paid income taxes of \$1,460,934 (2022 - \$17,142,436).

Cash provided by investing activities for the year ended January 31, 2023 was \$5,298,849 (2022 - cash used \$50,458,644). Cash proceeds from the sale of investment property was \$64,016,434 offset by additions to investment properties.

Cash used in financing activities for the year ended January 31, 2023 was \$44,739,144 due to mortgage payable payments of \$45,046,173, the net repayment of shareholder loans of \$20,00,000 and the repayment of bank and other indebtedness of \$9,425,195. This was offset by mortgage proceeds of \$46,208,974. Other financing activities during the year ended January 31, 2023 included the repayment of due to related party of \$12,000,000 and the purchase of non-controlling interest for \$5,600,000. Cash used in financing activities for the year ended January 31, 2022 was \$89,028,567, primarily due to the repayment of shareholder loans of \$48,000,000 and a share purchase and redemption of \$24,000,000.

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, 2023 was 32,453,365.

On March 17, 2021, the Company repurchased 1,500,000 common shares of the Company (the "Common Shares") or approximately 4.42% of the 33,953,365 Common Shares that were then issued and outstanding. The purchase price was \$24,000,000, or \$16.00 per Common Share. Of the total, 1,100,000 Common Shares were cancelled on March 24, 2021 and the balance on April 8, 2021.

The repurchase and cancellation was made as an exempt issuer bid pursuant to section 4.7 National Instrument 62-104 - Take-Over Bids and Issuer Bids ("NI 62-104"). The price per Common Share was calculated to comply with the requirements of section 1.11 of NI 62-104.

On March 10, 2023, the TSX accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("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. As at April 26, 2023, the Company has purchased 14,600 Common Shares at a weighted average price of \$17.52 per share for \$255,791 and cancelled 6,500 Common Shares.

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.

During the year ended January 31, 2023, 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.

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 on March 3, 2023.

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.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies and standards are described in note 3 of the 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, 2023:

- (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 ended January 31, 2023, 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, 2023, the Company's financial assets and liabilities consisted primarily of cash and cash equivalents, amounts receivable, deposits held in trust, notes receivable, accounts payable and accrued liabilities, mortgages payable, deposits on real estate sales, and bank and other indebtedness. 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, notes receivable, due to related party, deposits on real estate sales, 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 as at January 31, 2023 was \$382,926,000 (2022 - \$367,500,000).

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 as at January 31, 2023, management has determined that every 1% increase or decrease in the applicable interest rates results in a corresponding \$2,106,000 decrease or increase in the Company's annual earnings before income taxes.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument.

The Company is exposed to credit risk with respect to amounts receivable. This risk is mitigated by the Company's general policy to secure loan 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 debt if desired. As at January 31, 2023, the Company was in compliance with its loan covenants, has made all required principal repayments, and has generated positive cash flow from operations, which are used to fund interest costs associated with the operating loans.

The following table summarizes the Company's contractual obligations including expected interest payments over the next five fiscal years:

| As at January 31, 2023 | Carrying amount | Total contractual cash flows | Less than one year | 1-5 years | More than 5 years |
|--|-----------------|------------------------------|--------------------|----------------|-------------------|
| Accounts payable and accrued liabilities | \$ 19,571,592 | \$ 19,571,592 | \$ 19,571,592 | \$ - | \$ - |
| Bank and other indebtedness | 143,842,953 | 143,842,953 | 143,842,953 | - | - |
| Mortgages payable | 403,791,061 | 436,058,366 | 75,430,927 | 115,071,826 | 245,555,613 |
| | \$ 567,205,606 | \$ 599,472,911 | \$ 238,845,472 | \$ 115,071,826 | \$ 245,555,613 |

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 manageable 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:

- 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 Statements of Financial Position if they are drawn upon. Refer to the Company's Consolidated Financial Statements for the years ended January 31, 2023 and 2022. As at January 31, 2023, the Company has total outstanding letters of credit of \$16,557,225 (2022 - \$16,781,405).

TRANSACTIONS BETWEEN RELATED PARTIES

As at January 31, 2023, the Company had a loan payable of \$nil (2022 - \$20,000,000) due to a company owned by Mr. Peter Wall, a significant shareholder of the Company. The loan was repaid in cash on April 24, 2022.

During the year ended January 31, 2023, the Company recorded and paid interest during the year on this loan totaling \$594,974 (2022 - \$1,297,231).

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 the fiscal year 2005, the Company amended its compensation plan and the project participation agreement to reduce the amount of compensation that Mr. Peter Wall and Mr. 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 as at January 31, 2023 includes \$1,708,423 (2022 - \$4,004,397) 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.

As at January 31, 2023, non-controlling interests in the Trails North Vancouver project, a property located in North Vancouver, B.C., excluding Phase 2 totaled \$40,069,808 (2022 - \$42,824,260), and includes the interest held by Mr. Bruno Wall's company in the amount of \$10,017,452 (2022 - \$8,564,852), and by Mr. Michael Redekop's company in the amount of \$3,005,255 (2022 - \$2,569,456).

As at January 31, 2023, the Company's interest in Trails Phase 2 totaled 57.14%. Non-controlling interests relating to Trails Phase 2 totaled \$1,624,332 (2022 - \$1,705,875), and includes the interest held by Mr. Bruno Wall's company in the amount of \$541,442 (2022 - \$568,626), and by Mr. Michael Redekop's company in the amount of \$162,433 (2022 - \$170,588).

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, 2023, this interest represents \$3,647,008 (2022 - \$8,748,432).

The Company, through a partnership, previously intended to jointly redevelop a property located in Vancouver, B.C. with a wholly owned company of Mr. Bruno Wall, which owns a 50% interest. On January 21, 2022, the Company acquired the remaining 50% interest in this property bringing the Company's total interest to 100%. On the date of the transaction, the carrying value of the 50% non-controlling interest was \$20,168,532. The consideration paid included the assumption of a \$12,000,000 demand loan and cash paid of \$6,401,366, totaling \$18,401,366. The difference was recorded as an increase to the Company's retained earnings. The \$12,000,000 loan assumption was recorded as a due to related party as at January 31, 2022. On March 7, 2022, this due to related party balance was repaid in full.

In February 2016, the Company leased premises at the Wall Centre Downtown (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.

During the year ended January 31, 2023, the Company closed the sale of one condominium unit for \$1,100,000 to a wholly owned company of Mr. Bruno Wall (2022 - \$nil).

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:

| | January 31, 2023 | January 31, 2022 |
|-----------------------------|-----------------------|-----------------------|
| Liabilities: | | |
| Bank and other indebtedness | \$ 143,842,953 | \$ 187,455,186 |
| Loans from shareholder | - | 20,000,000 |
| Due to related party | - | 12,000,000 |
| Mortgages payable | 396,106,941 | 360,530,394 |
| Shareholders' equity: | | |
| Share capital | 24,099,401 | 24,099,401 |
| Non-controlling interest | 52,149,452 | 62,384,929 |
| Total capital | \$ 616,198,747 | \$ 666,469,910 |

As at January 31, 2023, the Company was in compliance with its 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

Hotel Operations

The Company's hotels ended this past fiscal year with better than expected operating results, approaching pre-pandemic levels in the last two quarters. While difficult to project with certainty, current booking trends should result in surpassing pre-pandemic revenue levels in fiscal 2024. Operating costs, however, continue to increase, especially for hourly associates and for fixed expenses such as property taxes, utilities, and insurance.

Rental Apartments

The Company continues to expand its portfolio of rental apartments with the completion in December 2022 of the 104-unit Trails North Vancouver project, of which the Company owns a 57.14% interest, where lease-up is now complete.

Vacancy rates continue to decline across the portfolio and rents are increasing significantly on tenant turnover. Effective 2023, rental rates for existing tenants are permitted to increase by a maximum of 2.0% annually. Operating costs, especially for insurance, utilities, and property taxes continue to increase at rates in excess of 2.0%.

The Company has acquired two development sites over the past 6 months that will potentially yield over 300 rental units upon redevelopment.

Development Properties

Trails 1B, consisting of 48 units, is now under construction with completion expected by March 2024, of which the Company owns a 42.86 % interest. The Company is proceeding without pre-sales and will market the units once complete.

The Company continues to make progress with the approval process for various proposed development projects:

1290 Hornby Street, Vancouver

- A Development Permit application proposing 179,000 sf of strata residential area with 217 strata rental units was submitted on April 11, 2023
 - Anticipate a Development Permit by late 2023 and a Building Permit in mid 2024
- Hastings Street between Sperling and Kensington Avenues, North Burnaby
- The Community Plan has been approved and the Company is working on the Master Site Plan for the 10.5-acre site which will include a subdivision plan, allocation of uses, building heights, and overall architectural character with a developable building area of approx. 1,800,000 sf.
 - This Plan should be submitted by June 2023 and approved by late 2023 or early 2024
- Eagle Mountain, Abbotsford
- The Company submitted a subdivision application for an additional 55 lots and anticipate receiving preliminary lot approval by June and/or July 2023. Servicing will take approx. 6-8 months
- Broadway & Fraser Street, Vancouver
- The Company closed on the purchase of this site in September 2022 and concurrently submitted a Letter of Enquiry for Rezoning Advice proposing approx. 120,000 sf of strata residential area together with approx. 4,000 sf of ground floor commercial space
- 1045 West 14th Avenue, Vancouver
- This historical asset of 50 rental apartments that is located within the recently approved Broadway Plan which contemplates a development potential of 150,000 sf of residential rental area for the site
 - A Letter of Enquiry for Rezoning Advice was submitted in September 2022 proposing 185 dedicated rental units in accordance with the Plan
- 325 East 6th Avenue, Vancouver
- The Company has an option to purchase this development site which is also located within the Broadway Plan; the option will be exercised in approx. Spring 2024
 - A Letter of Enquiry for Rezoning Advice was submitted in September 2022 proposing a strata residential tower of 115,000 sf and 130 units
- Crofton Property at West 41st Ave, Kerrisdale, Vancouver
- The Company anticipates submitting a Rezoning Application for this 4.5-acre site within the next 6 months
- 1065 Pacific Ave, Vancouver
- This site is improved with a 30-unit, 1960's era rental apartment building. The Company submitted a rezoning application in December 2022 and completed the purchase in January 2023.
 - The application proposes a 32-storey tower of 180 dedicated rental units, of which 36 will be affordable rentals
 - The Company anticipates rezoning approval by late 2023

Financing

The Company's credit facilities are all in good standing.