



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**
(Unaudited)

For the three months ended April 30, 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)	April 30, 2023	January 31, 2023
Assets		
Investment properties	\$ 574,125,251	\$ 572,195,378
Property, plant, and equipment	108,387,010	108,961,472
Properties under development for sale	117,277,427	117,174,679
Deferred tax asset	565,043	589,750
Non-current assets	800,354,731	798,921,279
Current portion of properties under development for sale	43,934,545	34,220,545
Notes receivable	-	3,573,402
Other assets	2,718,022	2,985,115
Income taxes receivable	-	462,133
Amounts receivable	12,100,249	9,153,690
Cash and cash equivalents	14,850,270	25,412,793
Current assets	73,603,086	75,807,678
	\$ 873,957,817	\$ 874,728,957
Liabilities		
Mortgages payable (note 4)	\$ 327,757,306	\$ 329,472,719
Deferred tax liabilities	13,162,892	22,162,381
Non-current liabilities	340,920,198	351,635,100
Current portion of mortgages payable (note 4)	66,050,910	66,634,222
Income taxes payable	14,284,472	4,736,383
Accounts payable and accrued liabilities	21,849,943	19,571,592
Deposits on real estate sales	281,053	281,053
Bank and other indebtedness (note 4)	240,251,881	143,842,953
Current liabilities	342,718,259	235,066,203
	\$ 683,638,457	\$ 586,701,303
Equity		
Share capital	\$ 24,099,401	\$ 24,099,401
Contributed surplus	370,000	370,000
Retained earnings	116,501,058	211,408,801
Equity attributable to shareholders of the Company	140,970,459	235,878,202
Non-controlling interest	49,348,901	52,149,452
Total equity	190,319,360	288,027,654
	\$ 873,957,817	\$ 874,728,957

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 months ended April 30, 2023 and 2022

(Unaudited)	2023	2022
Revenue (note 12)	\$ 32,204,872	\$ 32,876,019
Cost of sales and operating expenses	18,620,676	19,744,509
	13,584,196	13,131,510
Expenses:		
General and administration	759,040	864,951
Depreciation and amortization	3,313,857	3,854,393
	4,072,897	4,719,344
Net finance expense (income) (note 5):		
Investment and other income	(292,418)	(32,446)
Finance expense	6,340,408	2,807,696
	6,047,990	2,775,250
Gain on sale of asset (note 8)	-	30,340,556
Earnings before income taxes	3,463,309	35,977,472
Income tax expense (recovery):		
Current	10,010,222	8,075,958
Deferred	(8,974,782)	(2,582,903)
	1,035,440	5,493,055
Net earnings and comprehensive income	\$ 2,427,869	\$ 30,484,417
Net earnings (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Company	\$ 2,730,741	\$ 29,999,525
Non-controlling interests	(302,872)	484,892
	\$ 2,427,869	\$ 30,484,417
Basic and diluted earnings per share	\$ 0.08	\$ 0.92
Weighted average shares outstanding	32,450,828	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 three months ended April 30, 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	-	-	2,730,741	2,730,741	(302,872)	2,427,869
Dividends declared (note 10(a))	-	-	(97,360,095)	(97,360,095)	-	(97,360,095)
Share repurchases, net of transaction costs (note 10(b))	-	-	(278,389)	(278,389)	-	(278,389)
Contributions	-	-	-	-	1,075,723	1,075,723
Distributions	-	-	-	-	(3,573,402)	(3,573,402)
Balance at April 30, 2023	\$ 24,099,401	\$ 370,000	\$ 116,501,058	\$ 140,970,459	\$ 49,348,901	\$ 190,319,360
Balance at February 1, 2022	\$ 24,099,401	\$ 370,000	\$ 160,610,127	\$ 185,079,528	\$ 62,384,929	\$ 247,464,457
Net earnings	-	-	29,999,525	29,999,525	484,892	30,484,417
Acquisition of non-controlling interest (note 7)	-	-	2,592,054	2,592,054	(8,564,852)	(5,972,798)
Contributions	-	-	-	-	2,481,468	2,481,468
Distributions	-	-	-	-	(8,215,795)	(8,215,795)
Balance at April 30, 2022	\$ 24,099,401	\$ 370,000	\$ 193,201,706	\$ 217,671,107	\$ 48,570,642	\$ 266,241,749

See accompanying notes to these condensed consolidated interim financial statements.

WALL FINANCIAL CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended April 30, 2023 and 2022

(Unaudited)	2023	2022
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 2,427,869	\$ 30,484,417
Adjustments for items not involving cash:		
Depreciation	3,313,857	3,854,393
Deferred income tax recovery	(8,974,782)	(2,582,903)
Current income tax expense	10,010,222	8,075,958
Gain on sale of assets	-	(30,340,556)
Finance costs	6,340,408	2,807,696
	13,117,574	12,299,005
Recovery of costs through real estate sales	-	6,838,521
Additions to development properties	(9,599,483)	(380,919)
Interest paid	(6,859,619)	(4,067,097)
Income taxes paid	-	(1,252,859)
Deposits held in trust	-	160,607
Deposits on real estate sales	-	(60,319)
Changes in non-cash operating working capital:		
Amounts receivable	(2,946,559)	1,818,108
Accounts payable and accrued liabilities	2,278,351	(1,213,700)
Inventory	(28,608)	(110,231)
Deposits and prepaids	293,133	560,106
	(3,745,211)	14,591,222
Investing activities:		
Additions to investment properties	(3,134,182)	(5,419,369)
Additions to property, plant, and equipment	(898,571)	(26,055)
Additions to assets held for sale	-	(50,674)
Net proceeds from sale of assets	-	64,016,434
	(4,032,753)	58,520,336
Financing activities:		
Dividends paid	(97,360,095)	-
Proceeds from loan from shareholder	-	33,750,000
Repayment of loan from shareholder	-	(20,000,000)
Repayment of due to related party	-	(12,000,000)
Payment of financing fees	(192,373)	(165,825)
Repayment of mortgages payable	(2,438,353)	(12,383,255)
Bank and other indebtedness	96,408,928	(46,811,295)
Notes receivable	-	(1,962,639)
Contributions from non-controlling interest	1,075,723	2,481,468
Distributions to non-controlling interest	-	(152,804)
Purchase of non-controlling interest	-	(5,600,000)
Share repurchase	(278,389)	-
	(2,784,559)	(62,844,350)
Increase (decrease) in cash and cash equivalents	(10,562,523)	10,267,207
Cash and cash equivalents, beginning of period	25,412,793	20,113,817
Cash and cash equivalents, end of period	\$ 14,850,270	\$ 30,381,025

See accompanying notes to condensed consolidated interim financial statements.

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 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 June 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 months ended April 30, 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 three months ended April 30, 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:

	April 30, 2023	January 31, 2023
Bank and other indebtedness:		
Properties under development	\$ 52,699,060	\$ 50,835,884
Investment properties	87,950,000	87,950,000
General corporate debt	99,602,821	5,057,069
Total bank and other indebtedness	<u>240,251,881</u>	<u>143,842,953</u>
Mortgages payable:		
Investment properties	350,056,821	351,806,645
Property, plant and equipment	51,295,886	51,984,416
	<u>401,352,707</u>	<u>403,791,061</u>
Less: deferred financing fees	<u>(7,544,491)</u>	<u>(7,684,120)</u>
	393,808,216	396,106,941
Less: current portion of mortgages payable	(66,050,910)	(66,634,222)
Non-current portion of mortgages payable	<u>\$ 327,757,306</u>	<u>\$ 329,472,719</u>

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022
(unaudited)

4. Debt on properties (continued):

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

As April 30, 2023 the Company had outstanding borrowings of \$52,699,060 (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 \$68,302,065 (January 31, 2023 - \$68,302,065). The credit facilities are secured by first mortgages and insurance proceeds on the related properties. The borrowings are due on demand.

(b) Bank and other indebtedness on investment properties:

As April 30, 2023 the Company had outstanding borrowings of \$87,950,000 (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 \$90,015,000 (January 31, 2023 - \$90,015,000). The credit facilities are secured by first mortgages and assignment of rents and insurance proceeds on the related properties. The borrowings are due on demand.

(c) General corporate debt:

At April 30, 2023, the Company's borrowings of \$99,602,821 (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 stamping fee of 2.15%.

(d) Mortgages payable:

Mortgages payable on investment properties of \$350,056,821 (January 31, 2023 - \$351,806,645) bears interest at fixed rates ranging from 1.48% to 3.77% (January 31, 2023 - 1.48% to 3.77%) with one variable rate mortgage at 7.3% (January 31, 2023 - 7.3%).

As at April 30, 2023, the mortgage payable on property, plant and equipment of \$51,295,886 (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.

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 months ended April 30, 2023 and 2022
(unaudited)

5. Net finance expense (income):

	Three months ended April 30,	
	2023	2022
Finance income:		
Investment income	\$ 14,812	\$ 15,141
Interest income	277,606	17,305
	<u>292,418</u>	<u>32,446</u>
Finance costs:		
Interest on:		
Bank and other indebtedness	4,578,834	2,118,742
Mortgages payable	2,612,785	2,087,574
	<u>7,191,619</u>	<u>4,206,316</u>
Interest capitalized to properties under development for sale and investment properties	(851,211)	(1,398,620)
	<u>6,340,408</u>	<u>2,807,696</u>
Net finance cost	\$ 6,047,990	\$ 2,775,250

6. Non-controlling interest:

During the three months ended April 30, 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 months ended April 30, 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 April 30, 2023 was \$381,171,000 (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 March 4, 2022, the Company sold an investment property classified as assets held for sale for gross proceeds of \$76,000,000 and recorded a gain of \$30,340,556 during the three months ended April 30, 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 months ended April 30, 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 three months ended April 30, 2023, the Company purchased and cancelled 14,600 Common Shares at a weighted average price of \$17.52 per share for \$278,389 including transaction costs. As at April 30, 2023, the Company has 32,438,765 Common Shares outstanding.

11. Subsequent events:

- (a) The Company purchased 25,900 Common Shares from May 1, 2023 to June 14, 2023 at a weighted average price of \$19.80 and cancelled 18,000 Common Shares.
- (b) On May 23, 2023, the Company purchased a commercial strata unit for \$1,275,000.

12. Segment disclosures:

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

The following summarizes the Company's assets as at April 30, 2023 and January 31, 2023:

	April 30, 2023	January 31, 2023
Identifiable assets:		
Properties:		
Investment properties (Rental)	\$ 580,410,229	\$ 589,152,962
Property, plant, and equipment (Hotel)	117,806,060	118,082,600
Properties under development for sale (Development)	170,955,248	164,566,499
	869,171,537	871,802,061
Corporate	4,786,280	2,926,896
	\$ 873,957,817	\$ 874,728,957

WALL FINANCIAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022
(unaudited)

12. Segment disclosures (continued):

The following summarizes the Company's operating results for the three months ended April 30, 2023 and 2022:

	Rental		Hotel		Development		Corporate		Consolidated		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
For the three months ended April 30,											
Revenue	\$ 10,940,878	\$ 9,526,806	\$ 20,859,515	\$ 12,897,483	\$ 404,479	\$ 10,451,730	\$ -	\$ -	\$ 32,204,872	\$ 32,876,019	
Depreciation expense	1,838,256	1,892,777	1,473,033	1,959,048	-	-	2,568	2,568	3,313,857	3,854,393	
Net earnings (loss) before taxes	2,020,000	32,507,151	3,522,018	2,485,572	241,014	1,935,416	(2,319,723)	(950,667)	3,463,309	35,977,472	