

PETER WALL,
Chairman of the Board



PETER REDEKOP,
President



Wall & Redekop Building, Bellevue, Washington



DIRECTORS' REPORT

The past year has been one of outstanding results for your company. Operations during the year resulted in a net profit of \$2,803,508 or \$1.54 per share as compared to \$2,039,169 or \$1.12 a share in 1979. These results are particularly satisfying to your board, reflecting both the culmination of several long-term projects and the strength of the real estate market in British Columbia.

During 1980, real estate in British Columbia equalled the growth experienced in western Canada. In our opinion the valuation of property in British Columbia is accurate and reflects not only the strength of our economy but also our geographical location.

All divisions of the Company contributed to a successful year. A large portion of the assets are in income-producing properties and their increased value is not necessarily reflected in the reports of the annual performance.

The Directors declared an extraordinary dividend of \$1.00 per share to the Corporation shareholders, and also approved the moving of its Head Office to the new office tower "Broadway Plaza", #520 - 601 West Broadway, Vancouver, B.C.

The figures and accompanying statements in your annual report have been prepared by management in conformity with generally accepted accounting principles judged by management as being the most appropriate for the Company. The information included in this report is consistent with the financial statements and has been approved by your Board of Directors.

The Board is pleased to be able to report that the employees have helped to make this year a happy and successful one.

Respectfully submitted on behalf of the Board of Directors.

Peter Wall, Chairman

Peter Redekop, President

Growth Comparisons

	Year Ended January 31			
	1981	1980	1979	1978
Operating revenues	\$49,713,592	\$35,669,859	\$24,382,822	\$23,156,910
Operating expenses	\$43,639,339	\$31,591,522	\$19,790,108	\$19,416,892
Earnings before taxes	\$ 6,074,253	\$ 4,078,337	\$ 1,714,253	\$ 1,434,078
Net earnings	\$ 2,805,445	\$ 2,039,168	\$ 848,555	\$ 906,416
Earnings per common share after tax	\$1.54	\$1.12	46*	50*
Earnings per common share before extraordinary item	\$1.54	\$1.12	46*	38*
Earnings per common share before tax	\$3.31	\$2.23	94*	75*
Average common shares outstanding	1,825,640	1,825,640	1,825,640	1,825,640
Shareholders' equity	\$13,113,497	\$10,581,898	\$ 9,272,986	\$ 8,698,277
Retained earnings	\$11,665,425	\$ 9,133,826	\$ 7,824,914	\$ 7,250,205
Cash flow provided from operations	\$ 4,189,568	\$ 4,509,860	\$ 2,125,668	\$ 1,805,112
Total number of people employed by the Corporation	473	450	452	368
Total salaries, wages and commissions paid to employees of Corporation	\$ 9,306,088	\$ 5,889,142	\$ 4,946,234	\$ 4,842,661
Interest in rental properties (suites)	1,731	1,759	1,719	1,719



OPERATIONS REPORT

Realty Division

The overall strength of our real estate sales force was demonstrated by the fact that 45 of our salespeople were recognized by the various Real Estate Boards for their performance during the year. In addition, there were 48 Gold Guild and 34 Silver Guild awards won by our sales force. The figures tell the real story and our volume increased by 82 percent and the number of transactions by 43 percent.

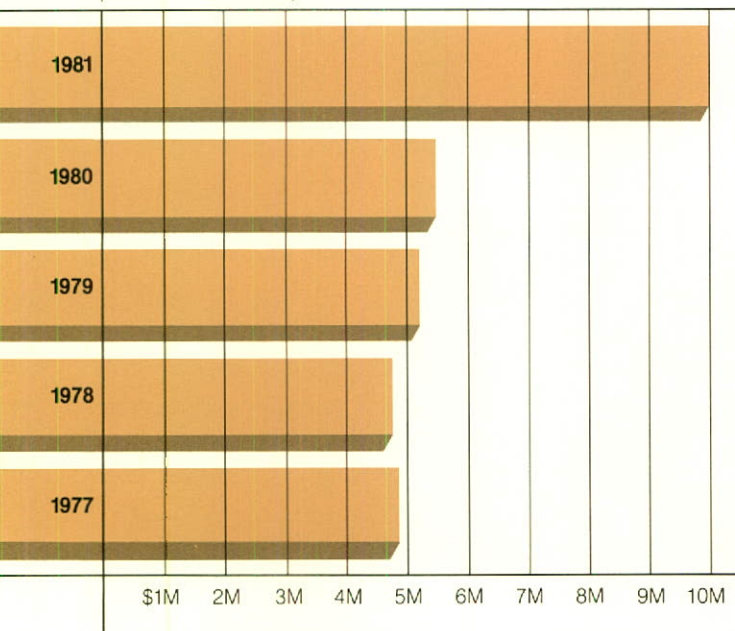
The annual awards banquet, held April 2 in the Hotel Vancouver, attests to the strength of our training programs. Mr. Daryl Cochran of the Surrey office was awarded "Rookie of the Year", following in the footsteps of previous winners Robert Dyck and Andrew Martens. Art Daher of Chilliwack, Bob Scragg of Surrey, and Fred Fredrikson of Head Office were our top I.C.I. salesmen. The Surrey office, under the direction of Mr. Jim Kaufman, tripled all previous sales records and was awarded "Office of the Year".

The real estate market underwent considerable change during the year with house prices experiencing a rapid increase. This resulted in considerable movement into the Langley, Chilliwack

and Abbotsford areas, our major development areas. The strength of the demand in the Fraser Valley area was reflected in the Company's decision to open a new residential sales office in White Rock and plans have been made to open an office in Clearbrook in May of 1981. Although house prices have soared, the general health of the provincial economy remains sound and the demand for housing will remain strong.

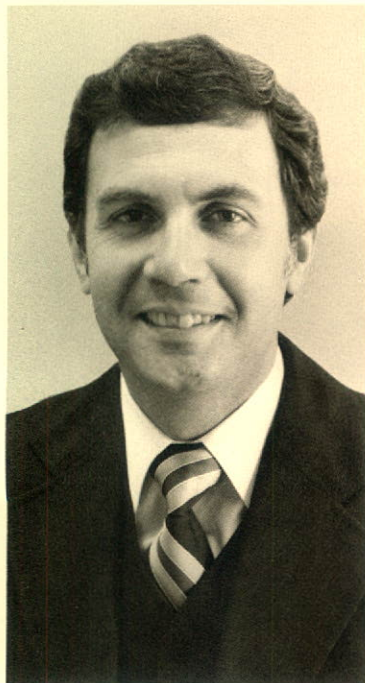
Gross Revenues — Real Estate

(In Millions of Dollars)





JIM ROGERS,
*Vice President
& General Manager*



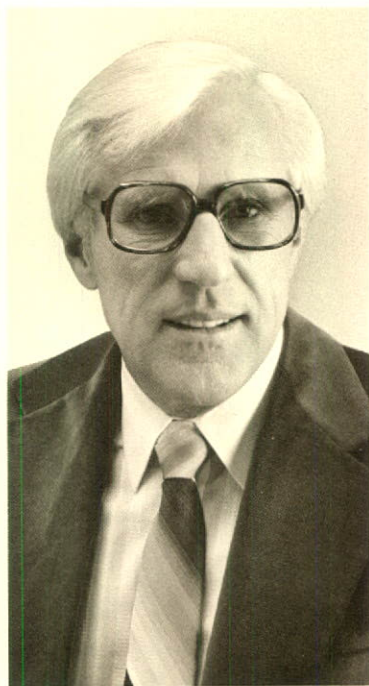
ROGER THOMPSON,
*Sales Development
Manager*



More than 300 attended this year's Awards Banquet at Hotel Vancouver.



DENNIS FACER,
Vice President,
Land & Construction
Division



JOHN REDEKOP,
Vice President,
Valley Land Division

Land Division

The Land Division enjoyed its most successful year in both volume of activity and profitability. Development and sale of single family building lots was the area of main concentration. Four subdivisions were completed and sold during the year in the Langley and Abbotsford area. The division is proud of its contribution to the home building industry and will continue to supply lots to builders and individuals.

The division currently holds land that will enable expanded activity in the 1981 year. While high interest rates and raw land costs may have a levelling effect on the immediate market, long term potential for the industry in the province is very encouraging. The division is well positioned to participate in this bright future.



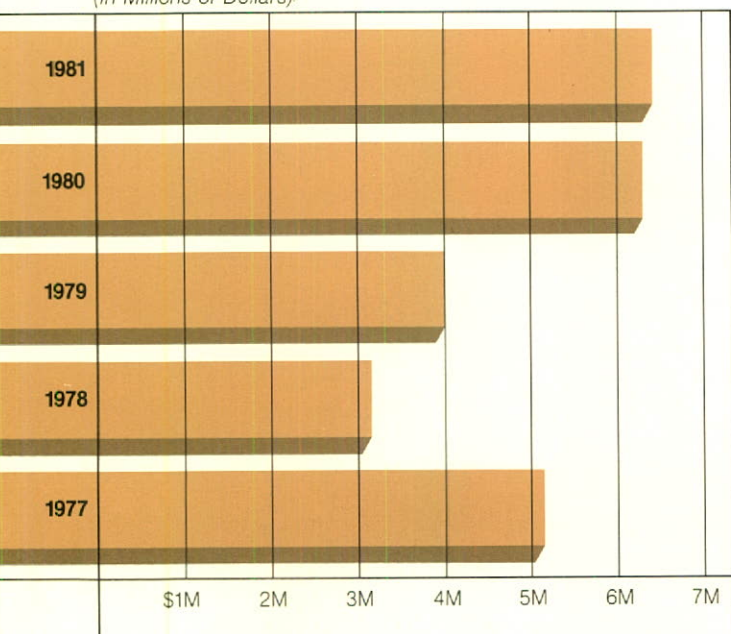
Take raw land . . .



. . . just add houses.

Gross Revenues — Land Development

(In Millions of Dollars)



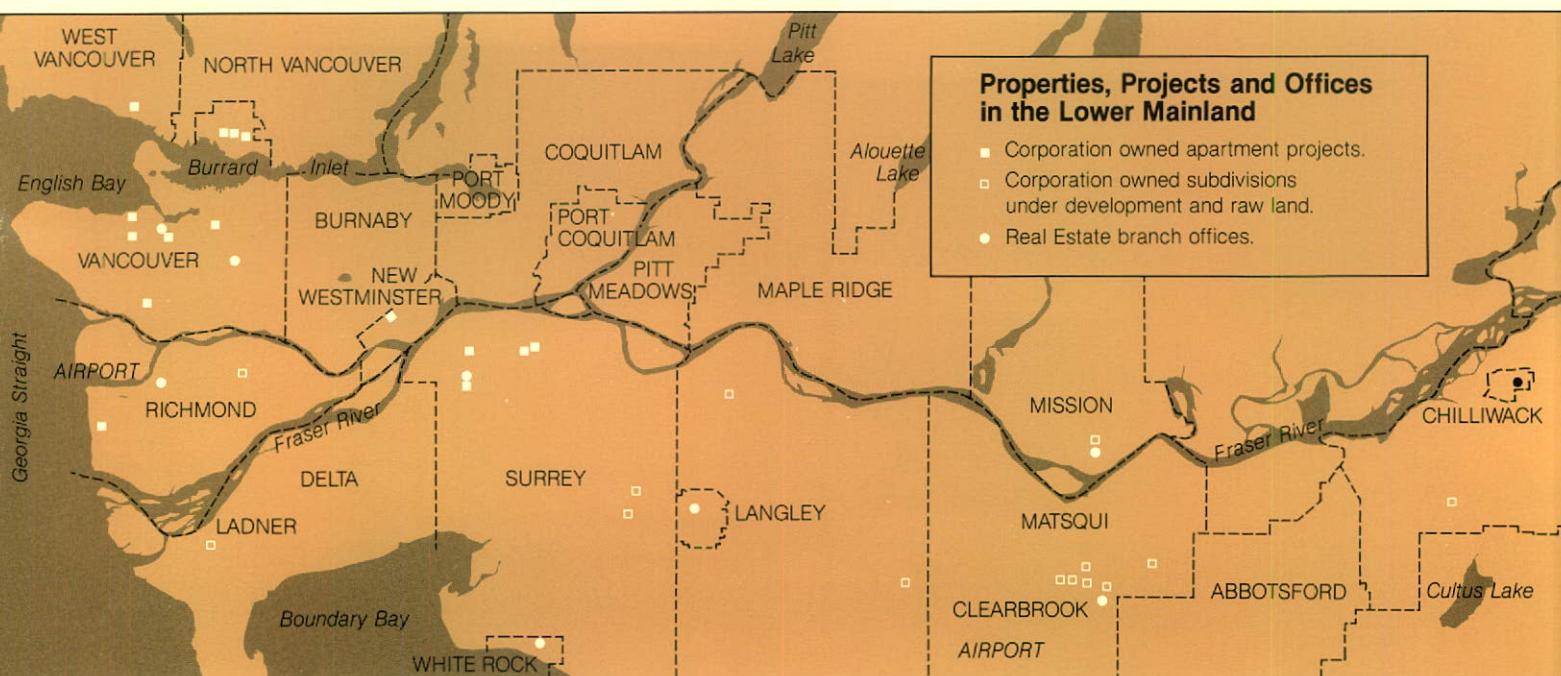


Seattle, Washington Operation

The division enjoyed a satisfactory year. Several condominium projects in Renton and Bellevue were completed and sold out. The Wall & Redekop Office Building is now fully leased and apartment complexes owned and operated by the Company are doing well. Development and sale of single family lots is continuing and additional residential projects are presently in the development stage. The division is looking forward to a stronger market and plans to have product on line to meet this anticipated demand in 1982.

Other Divisions

Lumber and Building Products, Revenue Properties, and Property Management divisions recorded sound performances and contributed to the overall performance of the Company for the year.





CONSOLIDATED BALANCE SHEET

as at January 31, 1981

	1981	1980
Assets		
Accounts receivable	\$ 2,767,894	\$ 2,057,812
Agreements receivable (Note 2)	4,505,084	2,935,415
Inventory (Note 3)	23,684,094	21,976,368
Revenue producing properties, less accumulated depreciation of \$1,805,103	31,549,978	32,040,437
Fixed assets, at cost:		
Land, property and equipment, less accumulated depreciation and amortization	899,063	880,662
Other assets	461,906	436,794
	<u>\$63,868,019</u>	<u>\$60,327,488</u>
Liabilities		
Bank indebtedness (Note 4)		
Operating loans	\$ 922,598	\$ 2,122,771
Land development and construction	4,221,650	6,563,863
	<u>5,144,248</u>	<u>8,686,634</u>
Accounts payable and accrued liabilities	4,550,790	3,098,598
Income taxes payable	2,366,889	11,860
Mortgages and agreements payable (Note 5)	7,876,459	8,138,436
Mortgages on revenue producing properties (Note 6)	21,418,802	21,290,682
Sinking fund debentures (Note 7)	1,164,400	1,210,900
Deferred income taxes	8,232,934	7,308,480
Shareholders' Equity		
Capital stock (Note 8)	1,448,072	1,448,072
Retained earnings	11,665,425	9,133,826
	<u>13,113,497</u>	<u>10,581,898</u>
	<u>\$63,868,019</u>	<u>\$60,327,488</u>

See accompanying notes to consolidated financial statements.

Approved by the Directors:

Director

Director



CONSOLIDATED STATEMENT OF NET EARNINGS AND RETAINED EARNINGS

for the year ended January 31, 1981

	1981	1980
Revenue	\$49,713,592	\$35,669,859
Costs and expenses		
Cost of sales and operating expenses	36,721,820	25,475,503
Selling, administrative and general	3,622,963	3,045,478
Depreciation and amortization	459,669	438,803
Interest	2,834,887	2,631,738
	43,639,339	31,591,522
Earnings before income taxes	6,074,253	4,078,337
Income taxes:		
Current	2,335,591	7,280
Deferred	933,217	2,031,889
	3,268,808	2,039,169
Net earnings for the year	2,805,445	2,039,168
Retained earnings, opening balance	9,133,826	7,824,914
Less dividends	(273,846)	(730,256)
Retained earnings, closing balance	\$11,665,425	\$ 9,133,826
Earnings per share	\$ 1.54	\$ 1.12

See accompanying notes to consolidated financial statements.



AUDITORS' REPORT

The Shareholders, Wall & Redekop Corporation

We have examined the consolidated balance sheet of Wall & Redekop Corporation as at January 31, 1981 and the consolidated statements of net earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Vancouver, B.C.,
April 22, 1981.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at January 31, 1981 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Leanne Ross & Co.

Chartered Accountants



CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1981

	1981	1980
Source of funds		
Operations:		
Net earnings for the year	\$2,805,445	\$2,039,168
Items not requiring an outlay of funds	1,384,123	2,470,692
	4,189,568	4,509,860
Decrease in revenue producing properties, net of mortgages thereon	335,257	710,934
Increase in income taxes payable	2,355,029	7,280
Increase in accounts payable and accrued liabilities	1,452,192	1,076,117
	8,332,046	6,304,191
Application of funds		
Increase in inventory, net of change in mortgages and agreements payable	1,969,703	3,395,268
Increase in fixed assets	189,085	182,071
Increase in accounts receivable	710,082	352,161
Increase in other assets	30,775	17,913
Increase in agreements receivable	1,569,669	261,815
Decrease in sinking fund debentures	46,500	24,000
Dividends payable	—	456,410
Cash dividends	273,846	273,846
Minority interest	—	123,677
	4,789,660	5,087,161
Decrease in bank indebtedness	3,542,386	1,217,030
Bank indebtedness, opening balance	8,686,634	9,903,664
Bank indebtedness, closing balance	\$5,144,248	\$8,686,634

See accompanying notes to consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1981

1. Summary of significant accounting policies

a. CONSOLIDATION

The consolidated financial statements include:

The accounts of the Corporation and its subsidiaries, Wall & Redekop Realty Ltd., Southland Developments Ltd. and Cloverdale Lumber & Plywoods Ltd.

The Corporation's proportionate share of the assets, liabilities, revenues and expenses of joint ventures and partnerships.

b. FOREIGN EXCHANGE TRANSLATION

Asset and liability, revenue, cost and expense accounts in United States dollars are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Foreign exchange gains and losses are deferred.

c. CAPITALIZATION OF COSTS — land for resale and development, construction-in-progress and revenue producing properties

In addition to acquisition, direct development costs and foreign exchange, the Corporation capitalizes:

- i) Direct carrying costs, such as interest and property taxes on land for resale or development until such land is sold or development commenced.
- ii) Interest, property taxes and the applicable portion of administrative overhead of construction-in-progress until the project is completed or sold.
- iii) A portion of the interest on general borrowing based on the Corporation's equity in certain construction and land development projects.
- iv) Operating results of revenue producing properties until 80% occupancy is obtained.

The capitalization policy has not resulted in land for resale or development, construction-in-progress and revenue producing properties being reflected at a value greater than their estimated net realizable values.

d. REVENUE RECOGNITION

Revenue from the sale of land inventory and revenue producing properties is recognized when all material conditions of the sale have been fulfilled and a down payment appropriate in the circumstances has been received.

e. DEPRECIATION AND AMORTIZATION

The Corporation's revenue producing properties are depreciated on a 5% — 40 year sinking fund basis. Fixed assets are depreciated on the declining balance method and, in the case of leasehold improvements, on the straight-line method.

2. Agreements receivable

The agreements receivable consist of balances due from the sale of land inventory and revenue producing properties and are primarily secured by agreements for sale and mortgages.

Principal instalments receivable within the next five years are:

1982	\$2,045,677
1983	\$1,005,672
1984	\$ 764,832
1985	\$ 103,390
1986	\$ 30,432

3. Inventory

Inventory is valued at the lower of cost and net realizable value and consists of:

	1981	1980
Lumber and building products	\$ 1,051,667	\$ 1,090,464
Feed	232,074	181,496
Property for resale or development	21,792,228	20,056,959
Construction-in-progress	608,125	647,449
	<u>\$23,684,094</u>	<u>\$21,976,368</u>

Interest, property taxes and overhead costs capitalized during the year were \$2,923,162 (1980 — \$2,722,357).



4. Bank indebtedness

Bank indebtedness is secured by fixed and floating demand debentures and various forms of specific security.

Land development and construction includes bank indebtedness of \$4,171,650 (\$3,500,000 U.S.) which is payable in U.S. funds.

Bank lines of credit at January 31, 1981 amounted to \$23,000,000 of which \$5,283,507 has been drawn down.

5. Mortgages and agreements payable

Mortgages and agreements payable includes \$3,770,175 (\$3,163,164 U.S.) which is payable in U.S. funds.

6. Mortgages

Mortgages are secured by revenue producing properties.

The approximate principal instalments payable within the next five years are:

1982	\$ 217,508
1983	\$ 236,640
1984	\$ 983,391
1985	\$2,550,671
1986	\$1,987,854

7. Sinking fund debentures, 8% redeemable Series A

The Corporation has covenanted to establish a sinking fund to retire principal amounts of Series A debentures in the amount of \$75,000 per annum to 1986. The unfunded balance will become due in 1987.

The debentures are secured by a floating charge on the Corporation's undertakings, property and assets, subject only to specifically mortgaged properties, floating charges to permit dealings in the ordinary course of business, and bank borrowings secured by specific charges or other collateral.

During the current year, the Corporation satisfied the balance of its April 15, 1980 sinking fund requirements by purchasing debentures on the open market.

8. Capital stock

There are 3,000,000 common shares authorized without nominal or par value. The number of shares publicly held is 1,825,640.

The trust deed for the sinking fund debentures contains certain restrictions on the payment of dividends on the common shares.

9. Remuneration to directors and senior officers

Directors' and senior officers' remuneration for the year was \$1,007,464 (1980 — \$480,217). In addition, \$300,000 has been advanced with respect to 1982 salaries.

10. Commitments

a. CONSTRUCTION COMPLETION COSTS

The estimated additional cost to complete construction-in-progress is \$1,838,478 (1980 — \$480,218) for which mortgage financing has been arranged.

b. LEASE COMMITMENTS

The Corporation has entered into lease agreements on certain land, property and equipment for terms up to forty-five years. The approximate amounts payable over the next five years are:

1982	\$322,734
1983	\$235,305
1984	\$157,226
1985	\$154,867
1986	\$154,867

c. CONTINGENT LIABILITIES

The Corporation is contingently liable for the obligations of its associates in joint venture and partnership investments. At January 31, 1981 the assets of these joint venture and partnership interests exceeded their liabilities.



11. Partnerships and joint ventures

The following amounts included within the consolidated financial statements represent the Company's proportionate share of its interest in partnerships and joint venture developments:

Assets	\$4,216,826
Liabilities	\$3,719,566
Revenue	\$1,839,905
Expenses	\$1,865,094

14. Related party transactions

At January 31, 1981 the Corporation had received \$150,000 of a \$200,000 management fee under an agreement to construct an apartment building on a cost plus basis. The agreement pertains to land sold to two directors at the independently appraised value of \$440,000.

12. Dividend

Subsequent to January 31, 1981 the Corporation declared and paid a dividend of \$1 per share.

13. Segmented information

INDUSTRY SEGMENTS	000's				
	Land and revenue producing property sales	Rental and real estate agency	Other	Elimin- ation	Total
Sales — customers	\$23,109	\$16,513	\$10,092	\$ —	\$49,714
Inter-segment	275	142	—	(417)	—
	<u>\$23,384</u>	<u>\$16,655</u>	<u>\$10,092</u>	<u>(\$ 417)</u>	<u>\$49,714</u>
Operating profit	<u>\$ 4,082</u>	<u>\$ 2,697</u>	<u>\$ 279</u>		<u>\$ 7,058</u>
General administration and interest					984
Income taxes					3,269
Net income for the year					<u>\$ 2,805</u>

GEOGRAPHICAL SEGMENTS	000's		
	Canada	U.S.	Total
Sales	<u>\$41,105</u>	<u>\$ 8,609</u>	<u>\$49,714</u>
Operating profit	<u>\$ 7,010</u>	<u>\$ 48</u>	<u>\$ 7,058</u>
General administration and interest			984
Income taxes			3,269
Net income			<u>\$ 2,805</u>



ADMINISTRATIVE

Within every corporation there is a support division known as Administration. The management of the Company, on behalf of its shareholders, wishes to extend its appreciation to these dedicated employees for their contribution to a successful year.



Darlene Anderson



Janice Arden



Elsa Chan



SUSAN DOSOT, Administrator



Noella Cloutier



Jean Hamagami



Joanne Kemila



Nancy MacDonald



Marlin Martin



Paula Merriman



Faye Ryan



Diedre Sam



Amina Summers



Kris Todman



Carolyn Tucker



Owen Jones and the U.S. team, Bellevue, Washington.



CORPORATE INFORMATION

Directors

Peter Wall
Peter Redekop
John Redekop
Alan D. Perley
C. G. Baldwin

Officers

Peter Wall
Chairman of the Board

Peter Redekop
President

John Redekop
Vice-President, Valley Division

Dennis Facer
Senior Vice-President,
Land & Construction

Jim Rogers
Vice-President,
Real Estate Division

Gary Strother
Vice-President

Susan Dosot
Secretary & Administrator

Divisions

As a shareholder, you are part of the Wall & Redekop organization. When you have need of the services offered by Wall & Redekop, we suggest that you patronize your Company.

HEAD OFFICE

Wall & Redekop Corporation
#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

Effective May 1, 1981 — New Address:

#520 - 601 West Broadway
Vancouver, B.C.
872-3555

LUMBER AND BUILDING PRODUCTS

Cloverdale Lumber & Plywoods Ltd.

17848-56th Avenue
Surrey, B.C. V3S 1C7
574-4144

W.K. WoodKing

17848-56th Avenue
Surrey, B.C. V3S 1C7
574-4144

KITCHEN CABINETS

Monocrest Kitchens

10611 River Drive
Richmond, B.C. V6X 1Z2
273-4655

PROPERTY MANAGEMENT

#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

CONSTRUCTION & LAND DEVELOPMENT

Vancouver Division

#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

Valley Division

#105-33119 South Fraser Way
Abbotsford, B.C. V2S 2B1
530-9591 (Toll Free) or
(112) 859-7636

U.S. Division

Suite 250
520-112th Avenue, N.E.
Bellevue, Wash. 98004
(112) 206-453-8925

Southland Developments Ltd.

#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

FEED OPERATIONS

3067 Turner
Abbotsford, B.C.
530-0616 (Toll Free) or
(112) 859-7636

REAL ESTATE

Wall & Redekop Realty Ltd.

Head Office

#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

Commercial Division

#300-1070 West Broadway
Vancouver, B.C. V6H 1E9
736-9111

Kingsway Branch

1790 Kingsway
Vancouver, B.C. V5N 2S6
873-3474

Richmond Branch

#160-4800 No. 3 Road
Richmond, B.C. V6X 3A6
277-1111

Surrey Branch

12855-96th Avenue
Surrey, B.C. V3V 6V9
588-1221

Langley Branch

20260 Fraser Highway
Langley, B.C. V3A 4E6
530-1111

Mission Branch

#20-32530 Lougheed Highway
Mission, B.C. V2V 1A5
826-1221 or 526-6333

Abbotsford Branch

#105-33119 South Fraser Way
Abbotsford, B.C. V2S 2B1
530-9591 (Toll Free) or
(112) 859-7636

Chilliwack Branch

39 Yale Road East
Chilliwack, B.C. V2P 2P2
530-8911 (Toll Free) or
(112) 792-0077

White Rock Branch

#101-1548 Johnston Road
White Rock, B.C. V4B 3Z8
536-2120



Wall & Redekop Corporation
#300-1070 West Broadway, Vancouver, B.C. V6H 1E9