



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2019 and 2018
(Unaudited)

SECOND QUARTER

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(In thousands of Canadian dollars)

	Notes	June 30, 2019	December 31, 2018
Assets			
Real estate held for development and sale	4	200,124	202,499
Amounts receivable		6,557	14,960
Vendor-take-back mortgage receivable		21,219	20,558
Other operating assets		5,974	4,416
Right-of-use assets		260	-
Deferred tax assets		9,215	9,398
Income tax recoverable		-	2,283
Cash and cash equivalents		19,144	24,042
Total assets		262,493	278,156
Liabilities			
Loans and credit facilities	5	17,865	31,696
Customer deposits		3,395	3,111
Accounts payable and accrued liabilities		11,275	12,679
Lease liabilities		293	-
Income tax payable		56	-
Provision for future development costs		19,767	20,901
Total liabilities		52,651	68,387
Commitments and contingencies	9		
Subsequent events	15		
Equity			
Share capital		52,894	52,898
Contributed surplus		398	259
Retained earnings		138,526	138,813
Shareholders' equity		191,818	191,970
Non-controlling interest		18,024	17,799
Total equity		209,842	209,769
Total liabilities and equity		262,493	278,156

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)
For the three and six months ended June 30, 2019 and 2018
(In thousands of Canadian dollars except per share amounts)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Revenues					
Sales revenue		16,501	18,933	29,188	33,271
Other revenue		32	22	42	53
		16,533	18,955	29,230	33,324
Direct cost of sales		(11,210)	(13,382)	(19,809)	(23,325)
Write-down of real estate held for development and sale		(800)	(920)	(800)	(920)
		(12,010)	(14,302)	(20,609)	(24,245)
Gross margin		4,523	4,653	8,621	9,079
General and administrative		(2,224)	(2,604)	(5,050)	(5,302)
Selling and marketing		(1,029)	(1,071)	(2,047)	(1,852)
		(3,253)	(3,675)	(7,097)	(7,154)
Earnings from operations		1,270	978	1,524	1,925
Finance income		375	370	725	774
Finance expense		(296)	(363)	(551)	(687)
Earnings before income taxes		1,349	985	1,698	2,012
Income tax (expense)	8	(1,610)	(329)	(1,781)	(585)
Net (loss) earnings being comprehensive (loss) earnings		(261)	656	(83)	1,427
Attributable to non-controlling interest		96	116	200	200
Attributable to equity shareholders		(357)	540	(283)	1,227
Net (loss) earnings per share - basic and diluted		(0.01)	0.01	(0.01)	0.03

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(In thousands of Canadian dollars except number of shares)

		Equity attributable to Corporation's shareholders						
		Common shares - Issued				Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	Notes	Number of Shares	Amount	Contributed Surplus	Retained Earnings			
At December 31, 2017		43,252,721	54,260	-	147,137	201,397	18,144	219,541
Normal course issuer bid ("NCIB")	6c	(300,000)	(382)	-	(719)	(1,101)	-	(1,101)
Net earnings being comprehensive earnings		-	-	-	1,227	1,227	200	1,427
At June 30, 2018		42,952,721	53,878	-	147,645	201,523	18,344	219,867
At December 31, 2018		42,183,621	52,898	259	138,813	191,970	17,799	209,769
Share-based payments	7a	-	-	139	-	139	-	139
Normal course issuer bid	6c	(3,300)	(4)	-	(4)	(8)	-	(8)
Other		-	-	-	-	-	25	25
Net (loss) earnings being comprehensive (loss) earnings		-	-	-	(283)	(283)	200	(83)
At June 30, 2019		42,180,321	52,894	398	138,526	191,818	18,024	209,842

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
For the three and six months ended June 30, 2019 and 2018
(In thousands of Canadian dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Operating activities					
Receipts from residential lot sales		3,799	11,121	7,703	17,179
Receipts from residential home sales		15,692	11,103	26,775	24,223
Other receipts / (payments)	15	(1,648)	(715)	(1,519)	(2,623)
Paid for land development		(4,944)	(3,530)	(8,755)	(4,552)
Paid for land acquisition		-	(5,124)	-	(5,124)
Paid for residential home construction		(4,864)	(9,136)	(8,480)	(16,291)
Paid to suppliers and employees		(3,083)	(3,363)	(6,735)	(6,799)
Interest received		43	38	64	113
Income taxes refunds / (payments)		216	(1,730)	741	(6,265)
Cash flows from (used in) operating activities		5,211	(1,336)	9,794	(139)
Investing activities					
Acquisition of equipment		(96)	(34)	(142)	(101)
Change in restricted cash		-	(26)	-	(26)
Cash flows (used in) investing activities		(96)	(60)	(142)	(127)
Financing activities					
Advances from loans and credit facilities	5	4,736	2,037	5,676	12,448
Repayments of loans and credit facilities		(5,903)	(2,955)	(11,890)	(13,990)
Payment on vendor-take-back mortgage payable		-	-	(8,000)	(8,000)
Interest and fees paid on loans and credit facilities		(143)	(70)	(328)	(208)
Repurchase and cancellation of shares under NCIB	6c	(8)	(1,101)	(8)	(1,101)
Cash flows (used in) financing activities		(1,318)	(2,089)	(14,550)	(10,851)
Change in cash and cash equivalents		3,797	(3,485)	(4,898)	(11,117)
Cash and cash equivalents, beginning of period		15,347	15,953	24,042	23,585
Cash and cash equivalents, end of period		19,144	12,468	19,144	12,468

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated as Genesis Capital Corp. under the Business Corporation Act (Alberta) on December 2, 1997.

The Corporation is engaged in the acquisition, development and sale of land, residential lots and homes primarily in the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". Genesis' head office and registered office are located at 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on August 7, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the years ended December 31, 2018 and 2017 except as described in note 3. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements ("Statements") of the Corporation are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These Statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2018 and 2017.

3. NEW STANDARDS EFFECTIVE JANUARY 1, 2019

The Corporation adopted new IFRSs and interpretations as of January 1, 2019, as noted below:

IFRS 16, "Leases"

Refer to note 3 in the condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018 which discusses this new IFRS and the impact of the application of IFRS 16.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
For the three and six months ended June 30, 2019 and 2018
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4. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Lots, Multi-family & Commercial Parcels	Land Held for Development	Home Building	Total	Limited Partnerships	Intra-segment Elimination	Consolidated Total
Gross book value							
As at December 31, 2018	42,395	138,307	25,252	205,954	15,431	(4,194)	217,191
Development activities	1,256	6,111	10,481	17,848	72	-	17,920
Transfer	27,988	(27,988)	-	-	-	-	-
Sold	(5,063)	-	(14,432)	(19,495)	-	-	(19,495)
As at June 30, 2019	66,576	116,430	21,301	204,307	15,503	(4,194)	215,616
Provision for write-downs							
As at December 31, 2018	1,446	8,218	-	9,664	5,028	-	14,692
Write-down of real estate held for development and sale	193	607	-	800	-	-	800
As at June 30, 2019	1,639	8,825	-	10,464	5,028	-	15,492
Net book value							
As at December 31, 2018	40,949	130,089	25,252	196,290	10,403	(4,194)	202,499
As at June 30, 2019	64,937	107,605	21,301	193,843	10,475	(4,194)	200,124

During the three and six months ended June 30, 2019, interest of \$42 and \$150 (2018 - \$77 and \$152) was capitalized as a component of development activities.

During the three and six months ended June 30, 2019, the Corporation recorded a write-down of \$800 (2018 - \$920) due to costs capitalized during the period (primarily property taxes and planning costs) relating to a parcel of land held for development that is carried at net realizable value since December 2016.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

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5. LOANS AND CREDIT FACILITIES

	June 30, 2019	December 31, 2018
Secured by agreements receivable and real estate held for development and sale		
(a) Demand land project servicing loans from major Canadian chartered banks, payable on collection of agreements receivable, bearing interest at prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of \$55,026, due between December 30, 2020 and July 4, 2021.	4,344	7,914
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage payable ("VTB") at 0% per annum is measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate. The \$40,000 VTB was entered into on January 6, 2015 in partial payment for the purchase of southeast Calgary lands and is secured by these lands which have a carrying value of \$44,927. The VTB is to be paid in five annual installments of \$8,000 each, commencing January 6, 2016 and ending January 6, 2020.	8,000	16,000
Unamortized portion of the discount on the VTB.	(306)	(613)
(c) Demand operating line of credit up to \$10,000 from a major Canadian chartered bank, bearing interest at prime +1.00% per annum, secured by real estate held for development and sale with a carrying value of \$14,439 due on March 31, 2020.	-	-
Secured by housing projects under development		
(d) Demand operating line of credit from a major Canadian chartered bank up to \$6,500, bearing interest at prime +0.75% per annum, secured by a general security agreement over assets of the home building division.	679	1,509
(e) Demand project specific townhouse construction loans from a major Canadian chartered bank, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of \$7,576, due between March 28, 2020 and August 31, 2020.	5,362	7,177
	18,079	31,987
Deferred fees on loans and credit facilities	(214)	(291)
	17,865	31,696

A lender has a general security agreement on all property of the Corporation and its subsidiaries, in addition to specific security mentioned above.

The weighted average interest rate of loan agreements with financial institutions was 4.78% (December 31, 2018 - 4.76%) based on June 30, 2019 balances.

During the three and six months ended June 30, 2019, the Corporation received advances of \$4,736 and \$5,676 (2018 - \$2,037 and \$12,448) relating to various existing loan facilities secured by agreements receivable, real estate held for development and sale and housing projects under development, bearing interest ranging from prime +0.75% to prime +0.90% per annum, with due dates ranging from March 28, 2020 to July 4, 2021.

The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate, resulting in interest expense of \$154 and \$307 (2018 - \$294 and \$589) for the three and six months ended June 30, 2019.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

5. LOANS AND CREDIT FACILITIES (continued)

Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred financing fees):

July 1, 2019 to June 30, 2020	11,236
July 1, 2020 to June 30, 2021	5,357
July 1, 2021 to June 30, 2022	1,486
	18,079

As at June 30, 2019 and at December 31, 2018, the Corporation and its subsidiaries were in compliance with all loan covenants.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value, none issued.

b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the three and six months ended June 30, 2019 and 2018:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Basic	42,181,409	43,153,820	42,182,509	43,202,997
Effect of dilutive securities – stock options	-	-	-	-
Diluted	42,181,409	43,153,820	42,182,509	43,202,997

All 2,535,000 options outstanding as at June 30, 2019 (2018 - nil) were excluded in calculating diluted earnings per share for the three and six months ended June 30, 2019 as their weighted average exercise price was higher than the average market price of the Corporation's shares during the period and because losses were incurred in both periods.

c) Normal course issuer bid ("NCIB")

The Corporation's current NCIB commenced on October 10, 2018 and terminates on the earlier of October 9, 2019 and the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,147,636 common shares under this NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the three and six months ended June 30, 2019 and 2018 under the NCIB.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Number of shares repurchased and cancelled	3,300	300,000	3,300	300,000
Reduction in share capital	4	382	4	382
Reduction in retained earnings	4	719	4	719
Reduction in shareholders' equity	8	1,101	8	1,101
Average purchase price per share	2.54	3.67	2.54	3.67

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

7. SHARE-BASED COMPENSATION

On September 20, 2018, the Corporation's Board of Directors adopted a new long-term incentive plan comprised of a stock option plan and a deferred share unit ("DSU") plan which was approved by the Corporation's shareholders on May 9, 2019.

a) **Stock Option Plan**

Share-based payments may be settled in cash or equity at the sole discretion of the Corporation and are accounted for as equity-settled plans. Stock options have a 7-year term and vest 25% on each of the first, second, third and fourth anniversary dates of the grant. Share-based compensation was recorded and included as a part of general and administrative expense.

Details of stock options are as follows:

	Six months ended June 30,			
	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	2,025,000	\$3.36	-	-
Options forfeited	(270,000)	\$3.12	-	-
Options issued	780,000	\$3.11	-	-
Outstanding - end of period	2,535,000	\$3.31	-	-
Exercisable - end of period	-	-	-	-

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at June 30, 2019	Weighted Average Exercise Price	Number at June 30, 2019	Weighted Average Exercise Price	
3.11 - 3.48	2,535,000	\$3.31	-	-	6.35

The following assumptions were used in estimating the fair value of options granted using the Black-Scholes Option-Pricing Model:

	2019	2018
Risk-free interest rate	1.50 - 1.59%	2.25 - 2.30%
Estimated term/period prior to exercise (years)	5.50	5.50
Volatility in the price of the Corporation's common shares	28.8 - 29.1%	25.6 - 28.1%
Forfeiture rate	0.00%	0.00%
Dividend yield rate	0.00%	0.00%

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

7. SHARE-BASED COMPENSATION (continued)

b) Deferred Share Unit Plan ("DSU")

The Corporation's DSU plan provides DSUs to be issued to directors and designated employees. DSUs vest 25% on each of the first, second, third and fourth anniversary dates of the grant and shall not be redeemed except upon the occurrence of the earlier of any one of the following: the death of a participant; the retirement of a participant; or in the case of a designated employee, the termination of a participant. Details of the DSUs are as follows:

	Six months ended June 30,	
	2019	2018
Outstanding - beginning of period	-	-
DSUs granted	70,941	-
Outstanding - end of period	70,941	-
Vested - end of period	-	-

Share-based compensation expense recognized in the condensed consolidated interim statements of comprehensive income is comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Stock options	(217)	-	139	-
Deferred share units - cash settled grants	21	-	46	-
Total share-based compensation expense	(196)	-	185	-

The outstanding liability related to cash settled DSUs as at June 30, 2019 was \$46 (2018 - nil) and is recorded in accounts payable and accrued liabilities.

8. INCOME TAX EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Current Income Tax expense (recovery)	719	(574)	1,598	2,085
Deferred income tax expense (recovery)	891	903	183	(1,500)
Income tax expense	1,610	329	1,781	585

On June 28, 2019, legislation was enacted to decrease the Alberta corporate income tax rate from 12% to 8% with a 1% reduction effective July 1, 2019 and further 1% reductions on each of January 1, 2020, 2021 and 2022. As a result, deferred income tax assets were reduced by \$1,387 which was recognized as an increase in deferred income tax expense.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

9. COMMITMENTS AND CONTINGENCIES

Other than the commitments and contingencies discussed below and in the notes to the annual audited consolidated financial statements for the years ended December 31, 2018 and 2017, there were no other material commitments or contingencies as at June 30, 2019.

- a) The Corporation has issued letters of credit pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at June 30, 2019, the letters of credit amounted to \$4,892 (December 31, 2018 - \$6,358).
- b) The Corporation is committed to pay levies and municipal fees relating to signed municipal agreements on commencement of development of certain real estate assets with the following payments:

July 1, 2019 to June 30, 2020	5,845
July 1, 2020 to June 30, 2021	5,766
July 1, 2021 to June 30, 2022	3,469
	<hr/>
	15,080

- c) The Corporation is a co-defendant in a statement of claim initiated by a limited partner of Limited Partnership Land Pool ("LPLP 2007") and its affiliated RRSP limited partnerships. The statement of claim seeks to be certified as a class action and is seeking damages of \$60,000. Any potential liability to the Corporation and/or the Partnership is indeterminate, and no provision has been made. The Corporation's view is that this action is without merit and is actively contesting it. No significant developments occurred on this litigation claim in the three months and six months ended June 30, 2019.

10. PROVISION FOR LITIGATION

The Corporation is a defendant in a statement of claim against the Corporation alleging wrongful termination of employment. The aggregate amount of the claim is approximately \$1,600 and the Corporation recorded this amount as a provision as at December 31, 2017.

In March 2019, the plaintiffs amended their statement of claim to add claims in the amount of \$1,100 plus costs and interest in connection with a disputed purported exercise of stock options. The Corporation has not made any provision for this additional amount claimed. The Corporation's view is that this action is without merit and is actively contesting it. No significant developments occurred on this litigation claim in the three months ended June 30, 2019.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended June 30, 2019 and 2018

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11. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are expected to be settled within twelve months. The fair value of deposits approximates their carrying value as the terms of deposits are comparable to the market terms for similar instruments.

The fair values of the Corporation's loans and credit facilities, amounts receivable and vendor-take-back mortgage receivable were estimated based on current market rates for loans of the same risk and maturities.

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Corporation's current financial assets are measured at amortized cost or fair value through profit and loss ("FVTPL"). The estimated fair value of financial assets and liabilities as at June 30, 2019 and December 31, 2018 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at June 30, 2019	As at Dec. 31, 2018	As at June 30, 2019	As at Dec. 31, 2018
Financial Assets						
Cash	Level 1	FVTPL	19,144	24,042	19,144	24,042
Cash equivalents	Level 1	Amortized cost	-	-	-	-
Deposits	Level 1	Amortized cost	4,256	2,648	4,256	2,648
Restricted cash	Level 1	FVTPL	864	1,029	864	1,029
Amounts receivable	Level 2	Amortized cost	6,557	14,960	6,443	14,733
Vendor-take-back mortgage receivable	Level 2	Amortized cost	21,219	20,558	20,915	20,254
Financial Liabilities						
Accounts payable and accrued liabilities	Level 2	Amortized cost	11,275	12,679	11,275	12,679
Loans and credit facilities, excluding deferred loans and credit facilities fees	Level 2	Amortized cost	18,079	31,987	18,079	31,987

During the three and six months ended June 30, 2019 and 2018, no transfers were made between the levels in the fair value hierarchy.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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For the three and six months ended June 30, 2019 and 2018

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12. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the three and six months ended June 30, 2019 and 2018:

Three months ended June 30, 2019	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	6,545	9	-	6,554	15,486	(5,507)	16,533
Direct cost of sales	(3,325)	-	-	(3,325)	(13,392)	5,507	(11,210)
Write-down of real estate held for development and sale	(800)	-	-	(800)	-	-	(800)
Gross margin	2,420	9	-	2,429	2,094	-	4,523
G&A, selling & marketing and net finance expense or income	(1,262)	87	-	(1,175)	(1,999)	-	(3,174)
Earnings (loss) before income taxes and non-controlling interest	1,158	96	-	1,254	95	-	1,349

Three months ended June 30, 2018	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	12,132	9	-	12,141	10,859	(4,045)	18,955
Direct cost of sales	(8,112)	(1)	-	(8,113)	(9,314)	4,045	(13,382)
Write-down of real estate held for development and sale	(920)	-	-	(920)	-	-	(920)
Gross margin	3,100	8	-	3,108	1,545	-	4,653
G&A, selling & marketing and net finance expense or income	(1,574)	109	-	(1,465)	(2,203)	-	(3,668)
Earnings (loss) before income taxes and non-controlling interest	1,526	117	-	1,643	(658)	-	985

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(Unaudited)

For the three and six months ended June 30, 2019 and 2018

(All amounts are in thousands of Canadian dollars except number of shares)

12. SEGMENTED INFORMATION (continued)

Six months ended June 30, 2019	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	11,919	11	-	11,930	26,572	(9,272)	29,230
Direct cost of sales	(5,941)	-	-	(5,941)	(23,140)	9,272	(19,809)
Write-down of real estate held for development and sale	(800)	-	-	(800)	-	-	(800)
Gross margin	5,178	11	-	5,189	3,432	-	8,621
G&A, selling & marketing and net finance expense or income	(2,784)	189	-	(2,595)	(4,328)	-	(6,923)
Earnings (loss) before income taxes and non-controlling interest	2,394	200	-	2,594	(896)	-	1,698
Segmented assets as at June 30, 2019	223,844	31,706	(17,901)	237,649	28,785	(3,941)	262,493
Segmented liabilities as at June 30, 2019 ^{(1), (2)}	44,247	13,849	(13,849)	44,247	12,345	(3,941)	52,651
Segmented net assets as at June 30, 2019 ^{(1), (2)}	179,597	17,857	(4,052)	193,402	16,440	-	209,842

Six months ended June 30, 2018	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	17,581	11	-	17,592	24,264	(8,532)	33,324
Direct cost of sales	(11,115)	(18)	-	(11,133)	(20,724)	8,532	(23,325)
Write-down of real estate held for development and sale	(920)	-	-	(920)	-	-	(920)
Gross margin	5,546	(7)	-	5,539	3,540	-	9,079
G&A, selling & marketing and net finance expense or income	(2,924)	207	-	(2,717)	(4,350)	-	(7,067)
Earnings (loss) before income taxes and non-controlling interest	2,622	200	-	2,822	(810)	-	2,012
Segmented assets as at December 31, 2018	237,274	30,972	(17,384)	250,862	31,199	(3,905)	278,156
Segmented liabilities as at December 31, 2018 ^{(1), (2)}	58,216	13,342	(13,332)	58,226	14,066	(3,905)	68,387
Segmented net assets as at December 31, 2018 ^{(1), (2)}	179,058	17,630	(4,052)	192,636	17,133	-	209,769

⁽¹⁾ Segmented liabilities under the Genesis home building segment include \$649 due to the land development segment (December 31, 2018 - \$2,112).

⁽²⁾ Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$13,849 (December 31, 2018 - \$13,332) due to Genesis.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
For the three and six months ended June 30, 2019 and 2018
(All amounts are in thousands of Canadian dollars except number of shares)

13. RELATED PARTY TRANSACTIONS

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Fees for services provided by a corporation controlled by an officer and director	-	85	-	170
			June 30, 2019	Dec. 31, 2018
Amounts in accounts payable and/or accrued liabilities			-	-

14. CONSOLIDATED ENTITIES

The Statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that the Corporation controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, the Corporation has control over these entities' activities, projects, financial and operating policies due to contractual arrangements. As such, the relationship between the Corporation and the limited partnership entities indicates that they are controlled by the Corporation. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements. Subsidiaries of the Corporation are general partners in three limited partnership group structures.

Limited Partnership Land Pool (2007) has a loan amounting to \$12,175 (December 31, 2018 - \$11,754) due to the Corporation, which is secured by a charge on a \$20,500 vendor-take-back mortgage receivable which is due on or before December 15, 2020.

15. SUBSEQUENT EVENTS

The Corporation made a deposit of \$1,850 to purchase 5% of the units in a limited partnership involved in the development and sale of land in the Calgary Metropolitan Area. The transaction closed on July 31, 2019.