



**GENESIS LAND DEVELOPMENT CORP.**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2022 and 2021  
(Unaudited)

**SECOND QUARTER**

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

	Notes	June 30, 2022	December 31, 2021
<b>Assets</b>			
Real estate held for development and sale	3	268,986	218,855
Amounts receivable	11a	8,622	13,632
Investments in land development entities	13	6,170	6,170
Other operating assets	9	18,566	14,738
Right-of-use assets		656	655
Deferred tax assets		6,875	6,904
Income tax recoverable		1,068	-
Cash and cash equivalents		11,919	63,975
<b>Total assets</b>		<b>322,862</b>	<b>324,929</b>
<b>Liabilities</b>			
Loans and credit facilities	4	18,014	32,668
Customer deposits	10	18,770	9,002
Accounts payable and accrued liabilities	3, 11a	33,596	26,408
Lease liabilities		912	842
Income tax payable		-	2,092
Provision for future development costs	5	16,243	17,979
<b>Total liabilities</b>		<b>87,535</b>	<b>88,991</b>
Commitments and contingencies	8		
Subsequent events	15		
<b>Equity</b>			
Share capital	6	82,383	82,383
Contributed surplus	7c	1,063	1,045
Retained earnings		144,797	145,196
<b>Shareholders' equity</b>		<b>228,243</b>	<b>228,624</b>
Non-controlling interest		7,084	7,314
<b>Total equity</b>		<b>235,327</b>	<b>235,938</b>
<b>Total liabilities and equity</b>		<b>322,862</b>	<b>324,929</b>

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, 2022 and 2021**

*(In thousands of Canadian dollars except per share amounts)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
<b>Revenues</b>					
Sales revenue		22,149	29,506	42,521	48,212
Other revenue		62	23	69	30
	12	22,211	29,529	42,590	48,242
Direct cost of sales		(17,089)	(21,242)	(32,905)	(34,504)
<b>Gross margin</b>		5,122	8,287	9,685	13,738
General and administrative		(3,666)	(2,955)	(7,398)	(5,192)
Selling and marketing		(1,291)	(1,484)	(2,430)	(2,495)
		(4,957)	(4,439)	(9,828)	(7,687)
Earnings (loss) from operations		165	3,848	(143)	6,051
Finance income		48	82	100	151
Finance expense		(168)	(344)	(460)	(697)
Earnings (loss) before income taxes		45	3,586	(503)	5,505
Income tax expense		(84)	(955)	(112)	(1,348)
Net (loss) earnings being comprehensive (loss) earnings		(39)	2,631	(615)	4,157
Attributable to non-controlling interest		(136)	(57)	(216)	147
<b>Attributable to equity shareholders</b>		97	2,688	(399)	4,010
Net earnings (loss) per share - basic and diluted	6b	0.00	0.06	(0.01)	0.09

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, 2022 and 2021**  
*(In thousands of Canadian dollars except number of shares)*

		Equity attributable to Corporation's shareholders						
		Common shares - Issued				Total	Non-	Total
	Notes	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Shareholders' Equity	Controlling Interest	Equity
<b>At December 31, 2020</b>		41,863,335	52,489	868	134,319	187,676	12,084	199,760
Share-based payments	7c	-	-	157	-	157	-	157
Distributions	14	-	-	-	-	-	(913)	(913)
Net earnings being comprehensive earnings and other		-	-	-	4,010	4,010	47	4,057
<b>At June 30, 2021</b>		41,863,335	52,489	1,025	138,329	191,843	11,218	203,061
<b>At December 31, 2021</b>		56,863,335	82,383	1,045	145,196	228,624	7,314	235,938
Share-based payments	7c	-	-	18	-	18	-	18
Distributions and other	14	-	-	-	-	-	(14)	(14)
Net loss being comprehensive loss		-	-	-	(399)	(399)	(216)	(615)
<b>At June 30, 2022</b>		<b>56,863,335</b>	<b>82,383</b>	<b>1,063</b>	<b>144,797</b>	<b>228,243</b>	<b>7,084</b>	<b>235,327</b>

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, 2022 and 2021**  
*(In thousands of Canadian dollars)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
<b>Operating activities</b>					
Receipts from residential lot sales		6,310	2,031	10,081	7,189
Receipts from development land sales		-	-	2,200	925
Receipts from residential home sales		21,309	29,297	44,015	44,594
Other cash receipts (payments)		62	(59)	309	316
Paid for land development		(8,831)	(4,651)	(14,742)	(9,208)
Paid for lots / land acquisition		(6,068)	(1,362)	(35,026)	(2,089)
Paid for residential home construction		(21,601)	(14,882)	(34,372)	(26,002)
Paid to suppliers and employees		(3,570)	(3,355)	(8,655)	(8,247)
Interest received		48	82	100	151
Income tax payments		(550)	(17)	(3,243)	(162)
<b>Cash flows (used in) from operating activities</b>		<b>(12,891)</b>	<b>7,084</b>	<b>(39,333)</b>	<b>7,467</b>
<b>Investing activities</b>					
Acquisition of equipment		(354)	(70)	(387)	(316)
Change in restricted cash		(151)	-	2,973	68
<b>Cash flows (used in) from investing activities</b>		<b>(505)</b>	<b>(70)</b>	<b>2,586</b>	<b>(248)</b>
<b>Financing activities</b>					
Advances from loans and credit facilities	4	10,594	18,194	10,895	26,129
Repayments of loans and credit facilities		(8,100)	(14,776)	(16,105)	(19,636)
Repayment of vendor-take-back mortgage payable	4d	-	(9,312)	(9,312)	(9,312)
Interest and fees paid on loans and credit facilities		(175)	(272)	(787)	(1,314)
Distributions to unit holders of limited partnerships		-	-	-	(803)
Dividends paid	6c	-	-	-	(6,280)
<b>Cash flows from (used in) financing activities</b>		<b>2,319</b>	<b>(6,166)</b>	<b>(15,309)</b>	<b>(11,216)</b>
<b>Change in cash and cash equivalents</b>		<b>(11,077)</b>	<b>848</b>	<b>(52,056)</b>	<b>(3,997)</b>
Cash and cash equivalents, beginning of period		22,996	24,898	63,975	29,743
<b>Cash and cash equivalents, end of period</b>		<b>11,919</b>	<b>25,746</b>	<b>11,919</b>	<b>25,746</b>

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, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**1. DESCRIPTION OF BUSINESS**

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated 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 6240, 333 - 96 Ave. NE, Calgary, AB T3K 0S3.

In March 2020, a global pandemic was declared, and a number health and safety recommendations were enacted by regulatory authorities. The Corporation adapted its operations to address the impact from all related regulations and to ensure all requirements are being followed. In March 2022, all COVID health recommendations applied by the Province of Alberta were removed. However, as a result of the restrictions placed by regulatory authorities there remain numerous supply chain issues that impact the procurement and availability of multiple components required to build homes and develop land. To this point, the Corporation has been able to manage these issues. The Corporation remains cautious as there is continued uncertainty as to the extent and duration of the future economic implications which could have an adverse impact on the Corporation's financial position, negatively impact the value of its long term assets, future revenue and profitability.

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on July 28, 2022.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

The significant accounting policies, basis of measurement and use of judgements and estimates of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2021. 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".

The Statements have been prepared under the historical cost convention except for the financial assets classified as fair value through profit or loss and stock options and deferred share units that have been measured at fair value. The Statements are presented in Canadian dollars, which is the Corporation's functional currency, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

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 year ended December 31, 2021.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**3. 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
<b>Gross book value</b>							
As at December 31, 2021	41,892	151,852	28,870	222,614	9,564	(4,194)	227,984
Development activities	764	13,668	22,694	37,126	299	-	37,425
Acquisition	-	29,150	11,131	40,281	-	-	40,281
Sold	(8,816)	-	(19,443)	(28,259)	-	-	(28,259)
As at June 30, 2022	<b>33,840</b>	<b>194,670</b>	<b>43,252</b>	<b>271,762</b>	<b>9,863</b>	<b>(4,194)</b>	<b>277,431</b>
<b>Provision for write-downs</b>							
As at December 31, 2021	4,402	4,727	-	9,129	-	-	9,129
Sold	(684)	-	-	(684)	-	-	(684)
As at June 30, 2022	<b>3,718</b>	<b>4,727</b>	<b>-</b>	<b>8,445</b>	<b>-</b>	<b>-</b>	<b>8,445</b>
<b>Net book value</b>							
As at December 31, 2021	37,490	147,125	28,870	213,485	9,564	(4,194)	218,855
As at June 30, 2022	<b>30,122</b>	<b>189,943</b>	<b>43,252</b>	<b>263,317</b>	<b>9,863</b>	<b>(4,194)</b>	<b>268,986</b>

During the three months ended March 31, 2022, the Corporation closed the sale of a 3.32-acre parcel of land in the City of Airdrie for \$2,200.

During the three months ended June 30, 2022, the Corporation closed the acquisition of approximately 157 acres of future residential development land in the City of Calgary for \$29,150 pursuant to a binding agreement entered into in 2021.

During the six months ended June 30, 2022, the Corporation entered into a binding agreement to acquire 62 residential lots in the Calgary Metropolitan Area for \$11,131. The Corporation paid non-refundable deposits of \$2,219, with the balance of \$8,912, due on closing which is scheduled between September 2022 and December 2023. As at June 30, 2022, the amount included in accounts payable and accrued liabilities related to residential lot purchases is \$16,272 (December 31, 2021 - \$9,600).

During the three and six months ended June 30, 2022, interest of \$105 and \$216 (2021 - \$Nil) was capitalized as a component of development activities.

No write-downs or recoveries were recorded during the three and six months ended June 30, 2022 (2021 - \$Nil).

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**4. LOANS AND CREDIT FACILITIES**

	June 30, 2022	December 31, 2021
<b>Secured by specific dedicated lands and a general corporate charge on all assets of the Corporation</b>		
a) Corporate revolving line of credit up to \$50,000 with a major Canadian financial institution at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. The loan was renewed in February 2022 and matures on February 1, 2025.	11,538	16,237
<b>Secured by agreements receivable and real estate held for development and sale</b>		
b) Demand land project servicing loan from a major Canadian chartered bank, payable on collection of agreements receivable, bearing interest at prime +0.50% per annum, secured by real estate held for development and sale with a carrying value of \$13,084. The loan matures on May 12, 2024.	4,186	5,794
<b>Secured by housing projects under development</b>		
c) Demand operating line of credit up to \$10,000 from a major Canadian chartered bank, bearing interest at prime +0.75% per annum, secured by a general security agreement over assets of the home building division. The loan was amended in January 2022 to increase the facility from \$6,500 to \$10,000.	3,014	1,917
<b>Secured by real estate held for development and sale</b>		
d) The vendor-take-back mortgage bearing interest at 5% per annum was entered into on September 13, 2019 in partial payment for the purchase of approximately 130 acres of future residential development land in north Calgary. The final installment of \$9,312 was paid in January 2022.	-	9,312
	<b>18,738</b>	33,260
Deferred fees on loans and credit facilities	<b>(724)</b>	(592)
	<b>18,014</b>	32,668

The weighted average interest rate of loan agreements with financial institutions was 5.10% (December 31, 2021 - 3.92%) based on June 30, 2022 balances.

During the three and six months ended June 30, 2022, the Corporation received advances of \$10,594 and \$10,895 (2021 - \$18,194 and \$26,129) relating to various loan facilities. These are secured by real estate held for development and sale, housing projects under development, specific dedicated lands and a general corporate charge on all assets of the Corporation. These loan facilities bear interest ranging from prime +0.50% to the higher of prime +1.90% or 4.35% per annum, with maturity dates ranging from May 12, 2022 to February 1, 2025. During the three and six months ended June 30, 2022, the Corporation incurred interest costs of \$175 and \$487 directly related to these loans (2021 - \$272 and \$564).



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(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**4. 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 fees on loans and credit facilities):

July 1, 2022 to June 30, 2023	3,014
July 1, 2023 to June 30, 2024	4,186
July 1, 2024 to June 30, 2025	11,538
	18,738

As at June 30, 2022 and at December 31, 2021, the Corporation and its subsidiaries were in compliance with all loan covenants.

**5. PROVISION FOR FUTURE DEVELOPMENT COSTS**

The movement in the provision for future development costs is as follows:

	Land Development	Home Building	Total
As at December 31, 2021	15,096	2,883	17,979
Additions	1,428	4,888	6,316
Changes to estimates	(185)	(93)	(278)
Development activities	(2,648)	(5,126)	(7,774)
<b>As at June 30, 2022</b>	<b>13,691</b>	<b>2,552</b>	<b>16,243</b>

**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, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Basic	56,863,335	44,155,470	56,863,335	44,155,470
Effect of dilutive securities - stock options	-	-	-	-
Diluted	56,863,335	44,155,470	56,863,335	44,155,470

In calculating diluted earnings per share for the three and six months ended June 30, 2022, the Corporation excluded all options as they were cancelled effective May 25, 2022. In calculating the diluted earnings for the three and six months ended June 30, 2021, the Corporation excluded 855,000 options as their weighted exercise price was higher than the average market price of the Corporation's shares during the period.

Basic and diluted earnings per share and weighted average number of shares for prior periods have been recalculated to account for the impact of the Corporation's share issue pursuant to a rights offering that closed on December 17, 2021.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**6. SHARE CAPITAL (continued)**

**c) Dividends paid**

No dividends were declared during the three and six months ended June 30, 2022 and 2021. Cash dividends of \$6,280 (\$0.15 per share), declared on December 9, 2020, were paid on January 11, 2021.

**7. SHARE-BASED COMPENSATION**

**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. During the three and six months ended June 30, 2022, 855,000 stock options with a weighted average exercise price of \$3.31 were cancelled.

Details of stock options are as follows:

	Six months ended June 30,			
	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	855,000	\$3.31	2,535,000	\$3.31
Options cancelled pursuant to revised long-term incentive plan	(855,000)	\$3.31	(1,680,000)	\$3.31
Outstanding - end of period	-	-	855,000	\$3.31
Exercisable - end of period	-	-	427,500	\$3.31

**b) Deferred share unit plan ("DSU")**

The Corporation's cash settled DSU plan provides for DSUs to be issued to directors and designated employees. DSUs are issued with various vesting terms, currently ranging from immediately vesting up to four years. Details of the number of outstanding DSUs are as follows:

	Six months ended June 30,	
	2022	2021
Outstanding - beginning of period	573,743	354,258
DSUs granted	420,974	334,033
DSUs cancelled	-	(114,548)
Outstanding - end of period	994,717	573,743
Vested - end of period	556,127	100,917

The outstanding liability related to cash settled DSUs as at June 30, 2022 was \$1,768 (December 31, 2021 - \$947) and is recorded in accounts payable and accrued liabilities. DSUs are measured at fair value at each reporting period on a mark-to-market basis.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**7. SHARE-BASED COMPENSATION (continued)**

**c) Share-based compensation expense**

Share-based compensation was recorded and included as a part of general and administrative expense and is comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Stock options	12	13	18	157
Deferred share units	317	302	821	275
Total share-based compensation expense	329	315	839	432

**8. COMMITMENTS AND CONTINGENCIES**

a) The Corporation has issued letters of credit and surety bonds 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, 2022, these amounted to \$7,434 (December 31, 2021 - \$7,747).

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 future payments:

July 1, 2022 to June 30, 2023	6,487
July 1, 2023 to June 30, 2024	4,728
July 1, 2024 to June 30, 2025	1,696
	12,911

c) The Corporation has contracted to acquire 278 residential lots in the Calgary Metropolitan Area for \$43,972 from third-party land developers. The Corporation has paid deposits totaling \$5,156 with the remainder being payable as follows:

July 1, 2022 to June 30, 2023	10,578
July 1, 2023 to June 30, 2024	8,062
July 1, 2024 to June 30, 2025	20,176
	38,816

d) The Corporation entered into an agreement to acquire approximately 160 acres of future residential development land in the southeast sector of the City of Calgary. The Corporation has paid a non-refundable deposit of \$3,300 with the balance due on closing. Depending on the timing of the receipt of certain approvals from the City of Calgary, the purchase will be either \$28,000 or \$30,000 with the closing date being either June 15, 2023 or January 31, 2025.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**9. OTHER OPERATING ASSETS**

	<b>June 30, 2022</b>	December 31, 2021
Deposits	<b>10,092</b>	6,676
Restricted cash	<b>6,514</b>	5,992
Prepayments	<b>335</b>	589
Property, equipment and other	<b>1,625</b>	1,481
	<b>18,566</b>	14,738

Deposits include amounts paid towards the purchase of lots and land as well as amounts paid to development authorities as security to guarantee the completion of construction projects under development. Restricted cash includes funds held in trust related to acquisition and sale of development land and lots. The Corporation also provides letters of credit and surety bonds as security to guarantee the completion of certain construction projects (see note 8a for additional information).

**10. CUSTOMER DEPOSITS**

	<b>June 30, 2022</b>	December 31, 2021
Customer deposits on residential home sales	<b>10,844</b>	5,588
Customer deposits on residential lot and development land sales	<b>7,926</b>	3,414
	<b>18,770</b>	9,002

Customer deposits are amounts received upon signing of contracts for purchases of residential homes, lots and development land on which revenue recognition criteria have not yet been met.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**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 typically 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.

The fair value of investments in land development entities are based on the market approach method. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets.

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 measured at FVTPL as at June 30, 2022 and December 31, 2021 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at Jun. 30, 2022	As at Dec. 31, 2021	As at Jun. 30, 2022	As at Dec. 31, 2021
<b>Financial Assets</b>						
Cash	Level 1	FVTPL	11,919	63,975	11,919	63,975
Investments in land development entities	Level 3	FVTPL	6,170	6,170	6,170	6,170
Restricted cash <sup>(1)</sup>	Level 1	FVTPL	6,514	5,992	6,514	5,992

<sup>(1)</sup> Included in other operating assets.

During the three and six months ended June 30, 2022 and 2021, no transfers were made between the levels in the fair value hierarchy.

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

(Unaudited)

**For the three and six months ended June 30, 2022 and 2021**

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

**11. FINANCIAL INSTRUMENTS (continued)**

**a) Risks associated with financial instruments**

*(i) Credit risk*

The Corporation recognizes bad debt expense (or recovery) relating to amounts receivable on sold lots, net of the value of the related sold lots which are taken back into the Corporation's lot inventory on the termination of the relevant agreement. Termination could occur when the buyer fails to perform or observe terms of covenants of the relevant agreement. Agreements receivable for lot sales have various terms of repayment with purchasers generally having between 6 and 24 months to pay the balance owing for the purchased lots.

Recovery of bad debt expense is included in the Corporation's general and administrative expenses. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Individual balances due from customers as at June 30, 2022, which comprise greater than 10% of total amounts receivable, totaled \$7,924 from three customers (December 31, 2021 - \$12,135 from three customers).

Aging of amounts receivable was as follows:

	<b>June 30, 2022</b>	December 31, 2021
Not past due on sold lots	<b>7,924</b>	12,135
Other receivables	<b>698</b>	1,497
	<b>8,622</b>	13,632

*(ii) Liquidity risk*

The contractual maturities of financial liabilities and other commitments as at June 30, 2022 were as follows:

	<b>&lt;1 Year</b>	<b>&gt;1 Year</b>	<b>Total</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	30,039	3,557	33,596
Loans and credit facilities excl. deferred fees on loans and credit facilities (note 4)	3,014	15,724	18,738
	<b>33,053</b>	<b>19,281</b>	<b>52,334</b>
<b>Commitments</b>			
Lease obligations (including variable operating costs)	528	1,598	2,126
Land and lot purchase contracts (note 8c and note 8d)	35,809	28,238	64,047
Levies and municipal fees (note 8b)	6,487	6,424	12,911
	<b>42,824</b>	<b>36,260</b>	<b>79,084</b>
	<b>75,877</b>	<b>55,541</b>	<b>131,418</b>

As at June 30, 2022, the Corporation had obligations due within the next 12 months of \$75,877 (December 31, 2021 - \$74,758). Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due. During the six months ended June 30, 2022, the Corporation's operating line of credit facility was increased from \$6,500 to \$10,000 (note 4c) and the corporate revolving line of credit was renewed until February 2025 (note 4a).

*(iii) Market risk*

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loans and credit facilities are at a floating rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately \$187 annually on floating rate loans (2021 - \$93).

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**11. FINANCIAL INSTRUMENTS (continued)**

**b) Capital management**

The Corporation's policy is to maintain a sufficient capital base in order to retain investor, creditor and market confidence and to sustain the future development of the business. The Corporation is in compliance with all externally imposed capital requirements.

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region.

The Corporation considered its capital structure at the following dates to specifically include:

	<b>June 30, 2022</b>	December 31, 2021
Loans and credit facilities (note 4)	<b>18,014</b>	32,668
Shareholders' equity	<b>228,243</b>	228,624
	<b>246,257</b>	261,292

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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, 2022 and 2021:

Three months ended June 30, 2022	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	4,700	46	-	4,746	21,524	(4,059)	<b>22,211</b>
Direct cost of sales	(3,628)	-	-	(3,628)	(17,520)	4,059	<b>(17,089)</b>
Gross margin	1,072	46	-	1,118	4,004	-	<b>5,122</b>
G&A, selling & marketing and net finance expense	(1,976)	(182)	-	(2,158)	(2,919)	-	<b>(5,077)</b>
(Loss) earnings before income taxes and non-controlling interest	(904)	(136)	-	(1,040)	1,085	-	<b>45</b>

Three months ended June 30, 2021	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	10,406	8	-	10,414	28,427	(9,312)	<b>29,529</b>
Direct cost of sales	(6,079)	-	-	(6,079)	(24,475)	9,312	<b>(21,242)</b>
Gross margin	4,327	8	-	4,335	3,952	-	<b>8,287</b>
G&A, selling & marketing and net finance expense	(1,907)	(65)	-	(1,972)	(2,729)	-	<b>(4,701)</b>
Earnings (loss) before income taxes and non-controlling interest	2,420	(57)	-	2,363	1,223	-	<b>3,586</b>



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**12. SEGMENTED INFORMATION (continued)**

Six months ended June 30, 2022	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	10,406	48	-	10,454	38,790	(8,854)	<b>40,390</b>
Revenues - development land	2,200	-	-	2,200	-	-	<b>2,200</b>
Direct cost of sales	(9,464)	-	-	(9,464)	(32,295)	8,854	<b>(32,905)</b>
Gross margin	3,142	48	-	3,190	6,495	-	<b>9,685</b>
G&A, selling & marketing and net finance expense	(4,159)	(264)	-	(4,423)	(5,765)	-	<b>(10,188)</b>
(Loss) earnings before income taxes and non-controlling interest	(1,017)	(216)	-	(1,233)	730	-	<b>(503)</b>
Segmented assets as at June 30, 2022	264,233	11,124	(7,040)	268,317	54,356	189	<b>322,862</b>
Segmented liabilities as at June 30, 2022 <sup>(1), (2)</sup>	51,032	4,040	(2,846)	52,226	35,120	189	<b>87,535</b>
Segmented net assets as at June 30, 2022 <sup>(1), (2)</sup>	213,201	7,084	(4,194)	216,091	19,236	-	<b>235,327</b>

Six months ended June 30, 2021	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	18,984	195	(184)	18,995	42,297	(13,975)	47,317
Revenues - development land	-	925	-	925	-	-	925
Direct cost of sales	(11,167)	(845)	-	(12,012)	(36,467)	13,975	(34,504)
Gross margin	7,817	275	(184)	7,908	5,830	-	13,738
G&A, selling & marketing and net finance expense	(3,555)	(128)	184	(3,499)	(4,734)	-	(8,233)
Earnings before income taxes and non-controlling interest	4,262	147	-	4,409	1,096	-	5,505
Segmented assets as at December 31, 2021	276,751	13,895	(6,482)	284,164	39,527	1,238	324,929
Segmented liabilities as at December 31, 2021 <sup>(1), (2)</sup>	62,653	6,609	(2,288)	66,974	20,779	1,238	88,991
Segmented net assets as at December 31, 2021 <sup>(1), (2)</sup>	214,098	7,286	(4,194)	217,190	18,748	-	235,938

<sup>(1)</sup> Segmented liabilities under the Genesis land development segment include \$2,019 due to the home building segment (December 31, 2021 - \$3,113 due from the land development segment to the home building segment).

<sup>(2)</sup> Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$2,846 (December 31, 2021 - \$2,288) due to Genesis.

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**13. INVESTMENTS IN LAND DEVELOPMENT ENTITIES**

	Investment in land development limited partnership - 5% interest	Investment in land development joint venture - 8% interest	Total
As at December 31, 2021	1,890	4,280	6,170
Change in Fair Value	-	-	-
<b>As at June 30, 2022</b>	<b>1,890</b>	<b>4,280</b>	<b>6,170</b>

The fair value of investments in land development entities are based on the market approach method which were obtained from external third-party appraisals. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets. During the three and six months ended June 30, 2022, the Corporation recorded \$Nil as a change in investment in land development entities (2021 - \$Nil).

**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.

Genesis Limited Partnership #8 and Genesis Limited Partnership #9, part of the LP8/9 group, paid a final distribution to their unit holders during the year ended December 31, 2021. Genesis held 53.63% equity interest in Genesis Limited Partnership#8. The LP 8/9 Group entities no longer have any assets or liabilities and are in the process of being wound up. The entities are no longer being consolidated effective January 1, 2022.

LPLP 2007 is a limited partnership controlled by the Corporation. This limited partnership no longer has any real estate assets and is in the process of distributing all remaining cash, held in trust, to the limited partners and being wound up.

**15. SUBSEQUENT EVENTS**

Subsequent to June 30, 2022, the following occurred:

a) Genesis Limited Partnership #4 and Genesis Limited Partnership #5 (controlled entities within the consolidated entity) accepted an offer from the Corporation to purchase their combined 49% undivided interest in three parcels totaling 456 acres in North Conrich, on the eastern edge of Calgary, in Rocky View County for net proceeds of \$5,000. Genesis will now own 100% interest in these lands. The transaction closed on July 28, 2022.

b) The Corporation declared an unconditional special cash dividend of \$0.075 per common share for a total of \$4,265 on July 28, 2022, payable on August 26, 2022 to shareholders of record on August 12, 2022.