



**GENESIS LAND DEVELOPMENT CORP.**

---

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2023 and 2022  
(Unaudited)

**SECOND QUARTER**

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

	Notes	June 30, 2023	December 31, 2022
<b>Assets</b>			
Real estate held for development and sale	3	300,187	265,683
Amounts receivable	11a	26,952	22,165
Investments in land development entities	13	6,730	6,730
Investment in joint venture	14	3,588	3,588
Other operating assets	9	13,332	20,679
Right-of-use assets		487	562
Deferred tax assets		7,165	8,135
Income tax recoverable		506	-
Cash and cash equivalents		40,215	36,598
<b>Total assets</b>		<b>399,162</b>	<b>364,140</b>
<b>Liabilities</b>			
Loan and credit facilities	4	60,145	65,057
Customer deposits	10	16,371	15,753
Accounts payable and accrued liabilities	11a	27,753	12,470
Accounts payable related to residential lot purchases	11a	34,220	17,944
Lease liabilities		736	841
Income tax payable		-	704
Provision for future development costs	5	23,726	24,034
<b>Total liabilities</b>		<b>162,951</b>	<b>136,803</b>
Commitments and contingencies	8		
Subsequent events	4e		
<b>Equity</b>			
Share capital	6	82,367	82,383
Contributed surplus	7c	1,063	1,063
Retained earnings	2	142,395	141,186
<b>Shareholders' equity</b>		<b>225,825</b>	<b>224,632</b>
Non-controlling interest	15	10,386	2,705
<b>Total equity</b>		<b>236,211</b>	<b>227,337</b>
<b>Total liabilities and equity</b>		<b>399,162</b>	<b>364,140</b>

See accompanying notes to the condensed consolidated interim financial statements.

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)  
**For the three and six months ended June 30, 2023 and 2022**  
*(In thousands of Canadian dollars except per share amounts)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
<b>Revenues</b>					
Sales revenue		53,140	22,149	90,461	42,521
Other revenue		48	62	76	69
	12	53,188	22,211	90,537	42,590
Direct cost of sales		(41,745)	(17,089)	(71,905)	(32,905)
<b>Gross margin</b>		11,443	5,122	18,632	9,685
General and administrative		(3,935)	(3,666)	(8,258)	(7,398)
Selling and marketing		(1,995)	(1,291)	(3,871)	(2,430)
		(5,930)	(4,957)	(12,129)	(9,828)
Earnings (loss) from operations		5,513	165	6,503	(143)
Finance income		311	48	645	100
Finance expense		(897)	(168)	(1,848)	(460)
Earnings (loss) before income taxes		4,927	45	5,300	(503)
Income tax expense		(1,070)	(84)	(1,109)	(112)
Net earnings (loss) being comprehensive earnings (loss)		3,857	(39)	4,191	(615)
Attributable to non-controlling interest		(236)	(136)	(62)	(216)
<b>Attributable to equity shareholders</b>		4,093	97	4,253	(399)
Net earnings (loss) per share - basic and diluted	6b	0.07	0.00	0.07	(0.01)

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 six months ended June 30, 2023 and 2022**  
*(In thousands of Canadian dollars except number of shares)*

	Notes	Equity attributable to Corporation's shareholders					Non-Controlling Interest	Total Equity
		Common shares - Issued		Contributed Surplus	Retained Earnings	Total Shareholders' Equity		
		Number of Shares	Amount					
<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)
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>

<b>At December 31, 2022</b>		56,863,335	82,383	1,063	141,186	224,632	2,705	227,337
Dividends	6d	-	-	-	(4,833)	(4,833)	-	(4,833)
Normal course issuer bid	6c	(10,662)	(16)	-	(7)	(23)	-	(23)
Distributions		-	-	-	-	-	(1,398)	(1,398)
Change of ownership interest / Contribution	15	-	-	-	1,796	1,796	9,141	10,937
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	4,253	4,253	(62)	4,191
<b>At June 30, 2023</b>		<b>56,852,673</b>	<b>82,367</b>	<b>1,063</b>	<b>142,395</b>	<b>225,825</b>	<b>10,386</b>	<b>236,211</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, 2023 and 2022**  
*(In thousands of Canadian dollars)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
<b>Operating activities</b>					
Receipts from residential lot sales		5,307	6,310	8,311	10,081
Receipts from development land sales		4,242	-	4,242	2,200
Receipts from residential home sales		41,496	21,309	73,027	44,015
Sale of ownership interest in Lewiston Lands Limited Partnership ("LLLLP")	15	-	-	11,760	-
Interest received		311	48	645	100
Other cash (payments) receipts		(56)	62	(28)	309
Paid for land development		(13,347)	(8,831)	(17,981)	(14,742)
Paid for lots / land acquisition		(2,349)	(6,068)	(4,852)	(35,026)
Paid for residential home construction		(21,456)	(21,601)	(46,741)	(34,372)
Paid to suppliers and employees		(5,832)	(3,570)	(10,587)	(8,655)
Income tax payments		(726)	(550)	(2,172)	(3,243)
<b>Cash flows from (used in) operating activities</b>		<b>7,590</b>	<b>(12,891)</b>	<b>15,624</b>	<b>(39,333)</b>
<b>Investing activities</b>					
Acquisition of equipment		(200)	(354)	(380)	(387)
Change in restricted cash		(492)	(151)	1,325	2,973
<b>Cash flows (used in) from investing activities</b>		<b>(692)</b>	<b>(505)</b>	<b>945</b>	<b>2,586</b>
<b>Financing activities</b>					
Advances from loans and credit facilities	4	21,386	10,594	27,356	10,895
Repayments of loans and credit facilities		(10,785)	(8,100)	(32,147)	(16,105)
Repayment of vendor-take-back mortgage payable		-	-	-	(9,312)
Interest and fees paid on loans and credit facilities		(966)	(175)	(2,319)	(787)
Distributions to unit holders of limited partnerships		(10)	-	(986)	-
Cancellation of shares under NCIB	6c	-	-	(23)	-
Dividends paid	6d	(4,833)	-	(4,833)	-
<b>Cash flows from (used in) financing activities</b>		<b>4,792</b>	<b>2,319</b>	<b>(12,952)</b>	<b>(15,309)</b>
<b>Change in cash and cash equivalents</b>		<b>11,690</b>	<b>(11,077)</b>	<b>3,617</b>	<b>(52,056)</b>
Cash and cash equivalents, beginning of period		28,525	22,996	36,598	63,975
<b>Cash and cash equivalents, end of period</b>		<b>40,215</b>	<b>11,919</b>	<b>40,215</b>	<b>11,919</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, 2023 and 2022**

*(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 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.

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on July 27, 2023.

**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, 2022 except as described below. 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 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, 2022.

**Changes in ownership interests**

During the year ended December 31, 2022, 100% of Lewiston Lands Limited Partnership was owned by the Corporation. During the three months ended March 31, 2023, the Corporation sold 40% of its ownership stake in LLLP to two Calgary based third party home builders (note 15). This transaction resulted in a change in ownership interest while still retaining control and is accounted for as a transaction with equity holders. As a result, no gain or loss was recognized in profit or loss; instead, it was recognized in equity. The interests of the parent and non-controlling interest ("NCI") in the subsidiary have been adjusted to reflect the relative change in the interest in the subsidiary's equity. The amount by which the NCI is adjusted, and the fair value of the consideration paid or received is recognized directly in retained earnings in shareholders' equity and attributed to the owners of the parent.

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

*(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, 2022	45,651	177,078	48,506	271,235	3,109	(4,130)	270,214
Development activities	4,946	12,268	41,264	58,478	42	-	58,520
Transfer	18,253	(18,150)	-	103	(103)	-	-
Acquisitions	-	1,916	29,622	31,538	-	-	31,538
Sold	(19,544)	-	(35,366)	(54,910)	(935)	(318)	(56,163)
As at June 30, 2023	<b>49,306</b>	<b>173,112</b>	<b>84,026</b>	<b>306,444</b>	<b>2,113</b>	<b>(4,448)</b>	<b>304,109</b>
<b>Provision for write-downs</b>							
As at December 31, 2022	2,843	1,688	-	4,531	-	-	4,531
Sold	(609)	-	-	(609)	-	-	(609)
As at June 30, 2023	<b>2,234</b>	<b>1,688</b>	<b>-</b>	<b>3,922</b>	<b>-</b>	<b>-</b>	<b>3,922</b>
<b>Net book value</b>							
As at December 31, 2022	42,808	175,390	48,506	266,704	3,109	(4,130)	265,683
As at June 30, 2023	<b>47,072</b>	<b>171,424</b>	<b>84,026</b>	<b>302,522</b>	<b>2,113</b>	<b>(4,448)</b>	<b>300,187</b>

During the three months ended March 31, 2023, the Corporation closed the acquisition of an additional 25 acres in the OMNI project in North Conrich from GLP5 NE Calgary Development Inc. for \$1,253 (see note 16 for additional information).

During the three and six months ended June 30, 2023, the Corporation closed the sale of a 3.34-acre parcel of land in the City of Calgary for \$4,242.

During the three and six months ended June 30, 2023, the Corporation closed the acquisition of 3.56 acres of land adjacent to future residential development land (Huxley) in the Belvedere ASP on the east side of the City of Calgary for \$663.

During the six months ended June 30, 2023, the Corporation entered into a binding agreement to acquire 178 residential lots in the Calgary Metropolitan Area for \$29,622. The Corporation paid non-refundable deposits of \$6,609 with the balance of \$23,013, due on closing which is scheduled between October 2023 and June 2025.

During the three and six months ended June 30, 2023, interest of \$169 and \$370 (2022 - \$105 and \$216) was capitalized as a component of development activities.

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**4. LOAN AND CREDIT FACILITIES**

	June 30, 2023	December 31, 2022
<b>Secured by specific dedicated lands and a general corporate charge on all assets of the Corporation</b>		
a) Corporate revolving credit facility up to \$50,000 with a major Canadian financial institution at an interest rate per annum of prime +1.90%. The facility was extended in January 2023 and matures on February 1, 2026.	21,257	25,626
<b>Secured by agreements receivable, real estate held for development and sale and a corporate guarantee</b>		
b) Demand land project servicing facilities 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 \$17,262. These facilities mature between May 12, 2024, and March 19, 2025.	10,156	12,522
c) Demand operating credit facility up to \$21,500 from a major Canadian chartered bank, bearing interest at prime +0.50% per annum, secured by real estate held for development and sale with a carrying value of \$47,104. The facility matures on October 27, 2025.	20,931	20,198
d) Demand land servicing credit facility up to \$35,428 from a major Canadian chartered bank, bearing interest at prime +0.50% per annum. This facility matures 36 months from the date of initial drawdown. There have been no drawdowns to date.	-	-
<b>Secured by housing projects under development and a corporate guarantee</b>		
e) Demand operating credit facility 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. In July 2023, the facility limit was increased to \$25,000. The facility does not have a specified maturity date.	8,575	7,364
	<b>60,919</b>	65,710
Deferred fees on loan and credit facilities	(774)	(653)
	<b>60,145</b>	65,057

The weighted average interest rate of loan agreements with financial institutions was 7.97% (December 31, 2022 - 7.52%) based on June 30, 2023 balances.

During the three and six months ended June 30, 2023, the Corporation received advances of \$21,386 and \$27,356 (2022 - \$10,594 and \$10,895) relating to various loan facilities. These loan facilities bear interest ranging from prime +0.50% to prime +1.90% per annum, with maturity dates ranging from May 12, 2024 to February 1, 2026. During the three and six months ended June 30, 2023, the Corporation incurred interest expense of \$964 and \$2,016 related to all loans (2022 - \$175 and \$487).



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

**For the three and six months ended June 30, 2023 and 2022**

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

**4. LOAN AND CREDIT FACILITIES (continued)**

Based on the contractual terms, the Corporation's loan and credit facilities mature within the following time periods (excluding deferred fees on loan and credit facilities):

July 1, 2023 to June 30, 2024	11,372
July 1, 2024 to June 30, 2025	7,359
July 1, 2025 to June 30, 2026	42,188
	60,919

As at June 30, 2023 and at December 31, 2022, 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, 2022	20,105	3,929	24,034
Additions	6,375	12,944	19,319
Changes to estimates	8	(48)	(40)
Development activities	(8,129)	(11,458)	(19,587)
<b>As at June 30, 2023</b>	<b>18,359</b>	<b>5,367</b>	<b>23,726</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, 2023 and 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Basic and diluted weighted average number of common shares	56,853,027	56,863,335	56,856,163	56,863,335

In calculating the diluted earnings for the three and six months ended June 30, 2022, the Corporation excluded all options as they were cancelled effective May 25, 2022.

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**6. SHARE CAPITAL (continued)**

**c) Normal course issuer bid (“NCIB”)**

The Corporation initiated an NCIB on December 14, 2022. The NCIB commenced on December 16, 2022 and will terminate on the earlier of: (i) December 15, 2023; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,843,166 common shares under the NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the three and six months ended June 30, 2023 and 2022 under the NCIB.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Number of shares repurchased and cancelled	354	-	10,662	-
Reduction in share capital	-	-	16	-
Change in retained earnings	-	-	7	-
Reduction in shareholders' equity	-	-	23	-
Average purchase price per share	2.07	-	2.16	-

**d) Dividends paid**

Cash dividends of \$4,833 (\$0.085 per share), declared on May 18, 2023 were paid on June 12, 2023. No dividends were declared during the three and six months ended June 30, 2022.

**7. SHARE-BASED COMPENSATION**

**a) Stock option plan**

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

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

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

**b) Deferred share unit (“DSU”) plan**

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, ranging from immediate vesting up to four years. Details of outstanding DSUs are as follows:

	Six months ended June 30,	
	2023	2022
DSUs outstanding - beginning of period	1,065,060	573,743
DSUs granted	274,252	420,974
DSUs redeemed / cancelled	(86,534)	-
DSUs outstanding - end of period	1,252,778	994,717
DSUs vested - end of period	829,787	556,127

The outstanding liability related to cash settled DSUs as at June 30, 2023 was \$2,126 (December 31, 2022 - \$1,950) 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.

**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,	
	2023	2022	2023	2022
Stock options	-	12	-	18
Deferred share units related to grants which are to be cash settled	43	317	340	821
Total share-based compensation expense	43	329	340	839

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**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, 2023, these amounted to \$7,056 (December 31, 2022 - \$5,414).

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, 2023 to June 30, 2024	7,985
July 1, 2024 to June 30, 2025	4,960
July 1, 2025 to June 30, 2026	2,047
	14,992

c) The Corporation has contracted to acquire 153 residential lots in the Calgary Metropolitan Area for \$24,458 from third-party land developers and LLLP, a limited partnership in which Genesis owns a 60% interest (refer to note 15). The Corporation has paid deposits totaling \$2,701 with the remainder being payable as follows:

	Third-party land developers	LLL <sup>P</sup>	Total
July 1, 2023 to June 30, 2024	5,461	6,565	12,026
July 1, 2024 to June 30, 2025	5,860	3,691	9,551
July 1, 2025 to June 30, 2026	180	-	180
	11,501	10,256	21,757

**9. OTHER OPERATING ASSETS**

	June 30, 2023	December 31, 2022
Deposits	6,643	11,122
Restricted Cash	4,473	6,849
Prepayments	543	1,118
Property, equipment and other	1,673	1,590
	13,332	20,679

Deposits include amounts paid by the Corporation 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).

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**10. CUSTOMER DEPOSITS**

	June 30, 2023	December 31, 2022
Customer deposits on residential home sales	11,208	9,194
Customer deposits on residential lot and development land sales	5,163	6,559
	<b>16,371</b>	<b>15,753</b>

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.

**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 loan 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, 2023 and December 31, 2022 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at Jun. 30, 2023	As at Dec. 31, 2022	As at Jun. 30, 2023	As at Dec. 31, 2022
<b>Financial Assets</b>						
Cash	Level 1	FVTPL	40,215	36,598	40,215	36,598
Investments in land development entities	Level 3	FVTPL	6,730	6,730	6,730	6,730
Restricted cash <sup>(1)</sup>	Level 1	FVTPL	4,473	6,849	4,473	6,849
<b>Financial Liabilities</b>						
Cash settled DSUs	Level 1	FVTPL	2,126	1,950	2,126	1,950

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

During the three and six months ended June 30, 2023 and 2022, 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, 2023 and 2022**

(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, 2023, which comprise greater than 10% of total amounts receivable, totaled \$26,362 from two customers (December 31, 2022 - \$21,207 from two customers).

Aging of amounts receivable, none of which are past due, was as follows:

	June 30, 2023	December 31, 2022
Due on sold lots	26,362	21,207
Other receivables	590	958
	<b>26,952</b>	22,165

*(ii) Liquidity risk*

The contractual maturities of financial liabilities and other commitments as at June 30, 2023 were as follows:

	<1 Year	>1 Year	Total
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	27,753	-	27,753
Accounts payable related to residential lot purchases	20,078	14,142	34,220
Loan and credit facilities excl. deferred fees on loan and credit facilities (note 4)	11,372	49,547	60,919
	59,203	63,689	122,892
<b>Commitments</b>			
Lease obligations (including variable operating costs)	538	1,129	1,667
Land purchase contracts	-	26,700	26,700
Lot purchase contracts (note 8c)	12,026	9,731	21,757
Levies and municipal fees (note 8b)	7,985	7,007	14,992
	20,549	44,567	65,116
	<b>79,752</b>	<b>108,256</b>	<b>188,008</b>

As at June 30, 2023, the Corporation had obligations due within the next 12 months of \$79,752 (December 31, 2022 - \$48,824). 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, 2023, the corporate revolving line of credit was extended until February 2026 (note 4a). LLLP also put in place a demand land servicing credit facility of \$35,428 (note 4d). Subsequent to June 30, 2023, the Corporation increased its housing project operating line from \$10,000 to \$25,000 (note 4e).

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**11. FINANCIAL INSTRUMENTS (continued)**

*(iii) Market risk*

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loan 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 \$609 annually on floating rate facilities (2022 - \$187).

**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, 2023</b>	December 31, 2022
Loan and credit facilities (note 4)	<b>60,145</b>	65,057
Shareholders' equity	<b>225,825</b>	224,632
	<b>285,970</b>	289,689

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**12. SEGMENTED INFORMATION**

The income producing business units of the Corporation reported the following activities for the three and six months ended June 30, 2023 and 2022:

Three months ended June 30, 2023	Land Development Segment			Home Building Segment	Intersegment Elimination	Total	
	Genesis	LP	Intrasegment Elimination				
Revenues	15,476	4	-	15,480	42,093	(8,627)	<b>48,946</b>
Revenues - development land	4,242	-	-	4,242	-	-	<b>4,242</b>
Direct cost of sales	(17,393)	-	-	(17,393)	(32,979)	8,627	<b>(41,745)</b>
Gross margin	2,325	4	-	2,329	9,114	-	<b>11,443</b>
G&A, selling & marketing and net finance expense or income	(2,381)	(33)	-	(2,414)	(4,102)	-	<b>(6,516)</b>
(Loss) earning before income taxes and non-controlling interest	(56)	(29)	-	(85)	5,012	-	<b>4,927</b>

Three months ended June 30, 2022	Land Development Segment			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 or income	(1,976)	(182)	-	(2,158)	(2,919)	-	<b>(5,077)</b>
(Loss) earning before income taxes and non-controlling interest	(904)	(136)	-	(1,040)	1,085	-	<b>45</b>



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

**For the three and six months ended June 30, 2023 and 2022**

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

**12. SEGMENTED INFORMATION (continued)**

Six months ended June 30, 2023	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	25,336	14	-	25,350	73,968	(13,023)	<b>86,295</b>
Revenues - development land	4,242	1,253	(1,253)	4,242	-	-	<b>4,242</b>
Direct cost of sales	(25,450)	(935)	935	(25,450)	(59,478)	13,023	<b>(71,905)</b>
Gross margin	4,128	332	(318)	4,142	14,490	-	<b>18,632</b>
G&A, selling & marketing and net finance expense	(5,148)	(57)	-	(5,205)	(8,127)	-	<b>(13,332)</b>
(Loss) earnings before income taxes and non-controlling interest	(1,020)	275	(318)	(1,063)	6,363	-	<b>5,300</b>
Segmented assets as at June 30, 2023	306,532	2,618	(4,683)	304,467	96,940	(2,245)	<b>399,162</b>
Segmented liabilities as at June 30, 2023 <sup>(1), (2)</sup>	94,275	1,035	(235)	95,075	70,121	(2,245)	<b>162,951</b>
Segmented net assets as at June 30, 2023 <sup>(1), (2)</sup>	212,257	1,583	(4,448)	209,392	26,819	-	<b>236,211</b>

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 December 31, 2022	302,477	3,701	(4,495)	301,683	64,777	(2,320)	364,140
Segmented liabilities as at December 31, 2022 <sup>(1), (2)</sup>	95,658	996	(365)	96,289	42,834	(2,320)	136,803
Segmented net assets as at December 31, 2022 <sup>(1), (2)</sup>	206,819	2,705	(4,130)	205,394	21,943	-	227,337

<sup>(1)</sup> Segmented liabilities under the Genesis land development segment include \$81 due to the home building segment (December 31, 2022 - \$61 due from the home building segment to the land development segment).

<sup>(2)</sup> Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$235 (December 31, 2022 - \$365) 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, 2023 and 2022**

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

**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, 2022	2,230	4,500	6,730
Change in Fair Value	-	-	-
<b>As at June 30, 2023</b>	<b>2,230</b>	<b>4,500</b>	<b>6,730</b>

The fair value of investments in land development entities is based on the market approach method. Fair values were obtained from external third-party appraisals at year end. 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, 2023, the Corporation recorded \$Nil as a change in investment in land development entities (2022 - \$Nil).

**14. JOINT VENTURE**

The Corporation and a private company entered into a limited partnership agreement to form SHEA LP, for the purpose of acquiring, developing and renting certain real estate. The Corporation sold a 3.22-acre multi-family site for \$3,589 to SHEA LP and used the gross sale proceeds to purchase 50% of the units in SHEA LP by way of a capital contribution of \$3,589. The private company will contribute cash equity until it is equal with Genesis's contribution after which all future contributions will be 50/50.

SHEA LP is accounted for using the equity method with the Corporation's share of net assets being \$3,588 at June 30, 2023 (December 31, 2022 - \$3,588). During the three and six months ended June 30, 2023, there were minimal transactions in SHEA LP.

**15. LEWISTON LANDS LIMITED PARTNERSHIP**

In December 2022, the Corporation entered into binding agreements to sell a 20% ownership stake in LLLP to each of two Calgary based third party home builders. LLLP owns 130 acres of residential development land located in north Calgary in the Keystone Area Structure Plan. The transaction closed on January 16, 2023, for a consideration for each 20% ownership stake of \$5,880 (net of assumption of debt of \$4,000 each) resulting in gross proceeds for the sale of a 40% ownership interest of \$11,760 (net of assumption of debt of \$8,000). LLLP accounts for \$8,803 of the NCI on the condensed consolidated interim balance sheets (December 31, 2022 - \$Nil)

**16. RELATED PARTY TRANSACTIONS**

Transactions occurred with the following related parties:

In 2005, the Corporation sold a 49% undivided interest in approximately 610 acres to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. (collectively, "LP4/5 group") for \$7,670. In July 2022, the Corporation repurchased from LP4/5 group their 49% undivided interest in 456 acres of land for \$6,699 with LP4/5 group still owning a 49% undivided interest in the remaining 154 acres of land. Cash proceeds of LP4/5 group were \$5,038 with the remainder of \$1,661 being applied against debt owed to the Corporation by LP4/5 group. In February 2023, the Corporation paid \$1,253 to GLP5 NE Calgary Development Inc. to acquire an additional 25 acres in the OMNI project in North Conrich. This results in Genesis holding a 100% interest in 456 acres of land and a 73% interest (previously 59%) in the 185-acre OMNI project, with the remaining 27% being held by Genesis Limited Partnership #4.

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

(Unaudited)

**For the three and six months ended June 30, 2023 and 2022**

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

**17. 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 (with the exception of LLLP); 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.

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.