GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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MANAGEMENT'S REPORT

To the Shareholders of **Genesis Land Development Corp.:**

The consolidated financial statements and all information in the Management's Discussion and Analysis ("MD&A") are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances. The financial information in the MD&A has been reviewed by management to ensure consistency with the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee is composed of three independent directors, and reports to the Board of Directors.

MNP LLP, an independent firm of Chartered Professional Accountants, was engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and IFRS to provide an independent auditors' opinion.

/s/ Iain Stewart
President and Chief Executive Officer

/s/ Rob Sekhon
Chief Financial Officer

March 6, 2024

To the Shareholders of Genesis Land Development Corp.:

Opinion

We have audited the consolidated financial statements of Genesis Land Development Corp. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as at December 31, 2023 and December 31, 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	Audit Response
Real Estate Held for Development and Sale As at December 31, 2023, approximately 78% of the Corporation's assets or $342.8 million are comprised of real estate held for development and sale (refer to Note 5). As described in Note 2e, real estate held for development and sale is measured at lower of cost or net realizable value. The determination of the net realizable value of real estate held for development and sale is considered to be a significant estimate. Each valuation requires consideration of various inputs including, but not limited to, the type of real estate, its location, stage of development and comparable market transactions. We therefore considered real estate held for development and sale to be a key audit matter.	We responded to this matter by performing audit procedures in relation to real estate held for development and sale. Our audit work in relation to this included, but was not restricted to, the following: • We obtained the independent appraisals completed for the Corporation's real estate holdings. We verified that management had appropriately deducted future development costs and estimated selling costs from the appraised values to determine the net realizable value. We compared the carrying value to the estimated net realizable value. • We obtained reliance letters from the independent appraisers and confirmed their professional qualifications and their role as specialists. • We engaged our internal valuations group to review the independent appraisals to verify that the valuation methodologies used by the independent appraisers was generally accepted. • For real estate held for development and sale in which no appraisal was obtained, we assessed the carrying value based on recent sales made in the various phases. We performed a recalculation using the current year average sales price, multiplied by the number of lots remaining in each phase. We ensured expected future development costs and estimated selling costs were applied to the values in order to analyze the reasonability of net realizable value when compared to the carrying values in the general ledger.

Provision for Future Development Costs

As described in Notes 2n and 15, the Corporation has obligations related to the completion of land under development and housing projects. The Corporation recognizes a liability for the future costs to be incurred.

The liability recognized for future land development and housing project costs involves inputs which rely on significant judgment from management, as well as significant reliance on the estimates made by third party engineers and architects. As such, future development and housing project costs have a high degree of subjectivity. We therefore considered the provision for future development costs to be a key audit matter.

We responded to this matter by performing procedures in relation to the provision for future land development and housing project costs. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained copies of the estimated cost reports prepared by independent experts (engineers and architects) engaged by management.
- We obtained reliance letters from the independent appraisers and confirmed their professional qualifications and their role as specialists.
- For internally estimated future development costs, we had thorough discussions with managers in the land and home divisions of the Corporation to understand management's estimation process. We assessed the reasonableness of the internal estimates based on known historical and current information. We compared the prior year costs to complete ("CTC") balance to current year CTC by community and analyzed significant variances to ensure that the change in CTC from the prior year is reasonable. We also compared estimates in management's calculation to the reports obtained from independent engineer specialists. In addition, we recalculated the allocation of common land development costs to specific development phases and completed analytical procedures based on the percentage of lots sold to identify unexpected and unusual variances in the expected CTC balance.
- We performed a look back analysis by comparing the previous provision for future development cost estimates to subsequent actual costs incurred to gain comfort over management's process for determining estimates of future development costs.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

MNP LLP

March 6, 2024

Chartered Professional Accountants

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

	Notes	December 31, 2023	December 31, 2022
Assets			
Real estate held for development and sale	5	**342,791**	265,683
Amounts receivable	6	**28,156**	22,165
Vendor-take-back mortgage receivable	7	**1,976**	-
Investments in land development entities	8	**7,160**	6,730
Investment in joint venture	9	**3,581**	3,588
Other operating assets	10	**10,907**	20,679
Right-of-use assets	11	**482**	562
Deferred tax assets	12	**7,484**	8,135
Cash and cash equivalents		**37,546**	36,598
Total assets		**440,083**	364,140
Liabilities			
Loan and credit facilities	13	**103,587**	65,057
Customer deposits	14	**17,470**	15,753
Accounts payable and accrued liabilities	22a	**22,579**	12,470
Accounts payable related to residential lot purchases	22a	**32,319**	17,944
Lease liabilities		**712**	841
Income tax payable		**1,706**	704
Provision for future development costs	15	**20,569**	24,034
Total liabilities		**198,942**	136,803
Commitments and contingencies	21		
Subsequent events	13a, 17b		
Equity			
Share capital	16	**82,293**	82,383
Contributed surplus		**1,063**	1,063
Retained earnings		**147,786**	141,186
Shareholders' equity		**231,142**	224,632
Non-controlling interest		**9,999**	2,705
Total equity		**241,141**	227,337
Total liabilities and equity		**440,083**	364,140

See accompanying notes to the consolidated financial statements.

ON BEHALF OF THE BOARD:

/s/ **Stephen J. Griggs**
Director and Chair

/s/ **Steven Glover**
Director and Chair of the Audit Committee

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31, 2023	2022
Revenues			
Sales revenue		**203,202**	140,241
Other revenue		**110**	116
	23	**203,312**	140,357
Direct cost of sales		**(157,481)**	(114,285)
Reversal of write-down of real estate held for development and sale	5	**700**	1,086
		(156,781)	(113,199)
Gross margin		**46,531**	27,158
Gain in investments in land development entities	8	**1,106**	560
General and administrative	18	**(18,098)**	(14,786)
Selling and marketing	19	**(8,484)**	(5,815)
		(25,476)	(20,041)
Earnings from operations		**21,055**	7,117
Finance income		**1,543**	512
Finance expense	20	**(4,373)**	(1,612)
Earnings before income taxes		**18,225**	6,017
Income tax expense	12	**(4,162)**	(1,628)
Net earnings being comprehensive earnings		**14,063**	4,389
Attributable to non-controlling interest	24, 26	**(449)**	(131)
Attributable to equity shareholders		**14,512**	4,520
Net earnings per share - basic and diluted	16b	**0.26**	0.08

See accompanying notes to the consolidated financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(In thousands of Canadian dollars except number of shares)

		Equity attributable to Corporation's shareholders						
		Common shares - Issued						
	Notes	**Number of Shares**	**Amount**	**Contributed Surplus**	**Retained Earnings**	**Total Shareholders' Equity**	**Non-Controlling Interest**	**Total Equity**
At December 31, 2021		56,863,335	82,383	1,045	145,196	228,624	7,314	235,938
Share-based payments	17c	-	-	18	-	18	-	18
Dividends	16d	-	-	-	(8,530)	(8,530)	-	(8,530)
Distributions and other		-	-	-	-	-	(4,478)	(4,478)
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	4,520	4,520	(131)	4,389
At December 31, 2022		**56,863,335**	**82,383**	**1,063**	**141,186**	**224,632**	**2,705**	**227,337**

At December 31, 2022		56,863,335	82,383	1,063	141,186	224,632	2,705	227,337
Dividends	16d	-	-	-	(9,663)	(9,663)	-	(9,663)
Normal course issuer bid	16c	(61,027)	(90)	-	(45)	(135)	-	(135)
Distributions		-	-	-	-	-	(1,398)	(1,398)
Changes of ownership interest / Contribution	24	-	-	-	1,796	1,796	9,141	10,937
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	14,512	14,512	(449)	14,063
At December 31, 2023		**56,802,308**	**82,293**	**1,063**	**147,786**	**231,142**	**9,999**	**241,141**

See accompanying notes to the consolidated financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(In thousands of Canadian dollars)

		Year ended December 31,	
	Notes	**2023**	**2022**
Operating activities - inflows (outflows)			
Residential home sales		**167,673**	104,049
Residential lot sales		**16,948**	16,742
Development land sales		**14,237**	15,991
Sale of ownership interest in Lewiston Lands Limited Partnership ("LLLP")	24	**11,760**	-
Interest		**1,543**	512
Residential home construction		**(104,662)**	(84,478)
Land development		**(68,146)**	(33,820)
Lots and land acquisitions		**(19,590)**	(39,245)
Suppliers and employees		**(24,056)**	(19,572)
Income tax		**(3,332)**	(4,246)
Other		**(174)**	311
Cash flows used in operating activities		**(7,799)**	(43,756)
Investing activities			
Investment in joint venture	9	**-**	(3,589)
Acquisition of equipment		**(663)**	(607)
Change in restricted cash		**1,325**	2,093
Distribution received from joint venture	8	**676**	-
Cash flows from (used in) investing activities		**1,338**	(2,103)
Financing activities			
Advances from loans and credit facilities	13	**82,887**	84,151
Repayments of loans and credit facilities		**(59,450)**	(42,389)
Repayment of vendor-take-back mortgage payable		**-**	(9,312)
Interest and fees paid on loans and credit facilities		**(5,244)**	(2,452)
Distributions to unit holders of limited partnerships		**(986)**	(2,986)
Cancellation of shares under NCIB	16c	**(135)**	-
Dividends paid	16d	**(9,663)**	(8,530)
Cash flows from financing activities		**7,409**	18,482
Change in cash and cash equivalents		**948**	(27,377)
Cash and cash equivalents, beginning of year		**36,598**	63,975
Cash and cash equivalents, end of year		**37,546**	36,598

See accompanying notes to the consolidated financial statements.

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 consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 6, 2024.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The significant accounting policies of the Corporation are set out below. These policies have been consistently applied to each of the years presented, unless otherwise indicated.

a) Statement of compliance

The consolidated financial statements of the Corporation are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

The consolidated financial 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 consolidated financial 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) **Basis of consolidation**

The consolidated financial 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. When the Corporation has less than 50% equity ownership in these limited partnership entities, the Corporation may still have control over these entities' activities, projects, financial and operating policies due to contractual arrangements. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements.

Controlled entities are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity. All intra-group transactions, balances, dividends and unrealized gains and losses resulting from intra-group transactions are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not owned by the Corporation and are presented separately from shareholders' equity in the consolidated statements of comprehensive income and within equity in the consolidated balance sheets. Losses within a controlled entity are attributed to the non-controlling interest even if that results in a deficit balance.

d) **Revenue recognition**

(i) Residential lot sales

Lot sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are considered satisfied when the Corporation has the ability to release the lot to the purchaser after agreed to services pertaining to the property have been substantially performed.

Indicators of transfer of control to a purchaser include a present right to payment at the closing date of the contract, the purchaser having full access to the lot and the purchaser's ability to obtain a building permit from the relevant authority, all indicating that significant risk and rewards of ownership have been transferred to the purchaser who has signed a contract and has made a minimum 15% non-refundable deposit. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received.

Deposits received upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

(ii) Development land sales

Development land sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are satisfied after agreed to services pertaining to the property have been substantially performed.

Indications of transfer of control to a purchaser include registering the subdivision plan with the land titles office and transferring title of the land to the purchaser on receipt of full payment, all indicating significant risk and rewards of ownership are transferred to the purchaser. In situations where extended payment terms are provided to a purchaser, an appropriate rate of interest is included, and the Corporation secures appropriate security for the remaining unpaid portion before title to the land is transferred to the purchaser.

Deposits received upon signing of contracts for purchases of land on which revenue recognition criteria have not been met are recorded as customer deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Residential home sales

Home sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are considered satisfied when title to the completed home is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured.

Deposits received from customers upon signing of contracts for purchases of completed homes for which revenue recognition criteria have not been met are recorded as customer deposits.

(iv) Finance income

Finance income is recognized as it accrues using the effective interest rate method.

(v) Other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement. Rental income is incidental to ownership of real estate and does not result in classification of real estate as investment property. All real estate is classified as inventory. Deposits forfeited are recognized as income.

e) Real estate held for development and sale

Land under development, land held for future development and housing projects under construction are inventory and are measured at the lower of cost and estimated net realizable value ("NRV"). NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs.

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs. These costs are allocated to each phase of the project in proportion to saleable acreage.

f) Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds. The acquisition or construction of real estate assets takes a substantial period of time, often multi-year to develop it for its intended use or sale. Borrowing costs attributable to real estate held for development and sale are recorded as part of the respective inventory carrying cost from the date of commencement of development work until the date of completion. All other borrowing costs are expensed in the period in which they are incurred. The recording of interest to inventory is suspended if the project's development is suspended for a prolonged period.

g) Property and equipment

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation is provided on all operating property and equipment based on the straight-line method over the estimated useful lives of the property and equipment. The useful lives of the properties are as follows:

- Vehicles and other equipment — 5 years
- Office equipment and furniture — 7 years
- Computer hardware and software — 3 years
- Showhome furniture — 3 years
- Leasehold improvements — Lesser of useful life of the improvement or the lease term

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Income taxes**

Income tax is recognized in the consolidated statements of comprehensive income except to the extent that it related to items recognized directly in equity, in which case it is recognized in equity.

Income taxes comprise the following:

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, using tax rates and laws that are enacted or substantively enacted as at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided at the balance sheet date using the liability method on all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available, against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 26) and are not subject to income taxes. The income or loss for Canadian tax purposes is attributable to the taxable income of the limited partners in accordance with the provisions of the Income Tax Act (Canada). The calculation of income tax expense reflects the exclusion of taxable income allocated to limited partners that form part of the non-controlling interest.

i) **Cash and cash equivalents**

Cash and cash equivalents consist of cash held with banks and short-term deposits with an original maturity of three months or less.

j) **Leases**

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) **Financial assets**

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The three primary measurement categories for financial assets are: amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVOCI").

Financial assets measured at amortized cost are assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial instruments classified as amortized cost are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less impairment. The amortization and losses arising from impairment are recognized in the consolidated statements of comprehensive income.

Financial assets at FVOCI are assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL are assets that do not meet the criteria for amortized cost or FVOCI. Financial assets classified as FVTPL are carried on the balance sheet at fair value with changes in fair value recognized in the consolidated statements of comprehensive income. Transaction costs are expensed as incurred.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Loss allowance for trade receivables is calculated using the expected lifetime credit loss model and recorded at the time of initial recognition. Title to land sold is typically transferred on receipt of full payment from the purchaser. In situations where extended payment terms are provided to a purchaser, the Corporation secures adequate security for the remaining unpaid portion before title to the land is transferred to the purchaser. The Corporation experiences no material impact of the loss allowance for trade receivables due to the above. The expected loss allowance using the lifetime credit loss approach, has no material impact on the consolidated financial statements.

The Corporation recognizes bad debt expense or recovery relating to amounts receivable on sold lots, net of the value of the related sold lots, on the termination of the relevant agreement, which are taken back into the Corporation's lot inventory. Bad debt expense or recovery is included in the Corporation's general and administrative expenses.

l) **Financial liabilities**

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are: amortized cost and FVTPL.

Financial liabilities classified as amortized cost are financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of comprehensive income.

Financial liabilities measured at FVTPL are financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statements of comprehensive income.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities are offset, and the net amount presented on the balance sheet when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation's financial instruments (assets and liabilities) are classified as follows:

• Amounts receivable	Amortized cost
• Vendor-take-back mortgage receivable	Amortized cost
• Investments in land development entities	FVTPL
• Restricted cash	FVTPL
• Cash	FVTPL
• Cash equivalents	Amortized cost
• Loan and credit facilities	Amortized cost
• Deposits	Amortized cost
• Accounts payable and accrued liabilities	Amortized cost
• Cash settled deferred share units	FVTPL

m) **Earnings per share**

The amount of basic earnings per share is calculated by dividing the comprehensive earnings attributable to equity holders by the weighted average number of shares outstanding during the period. The diluted earnings per share amount is calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options.

n) **Provision for future development costs**

The Corporation sells land, lots and homes for which it is responsible to pay for future development costs. For land development, the provision for future development costs represents the estimated remaining construction costs related to previously sold land, including all direct and indirect costs expected to be incurred during the remainder of the servicing period, net of expected recoveries. The provision is reviewed periodically and, when the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for future development costs and a corresponding adjustment is made to land under development and/or cost of sales. For home building, the provision for future development costs represents the costs likely to be incurred on remaining seasonal work and estimated warranty charges over the one-year warranty period.

o) **Share-based compensation**

The Corporation has a long-term incentive plan comprised of a stock option plan and a deferred share unit ("DSU") plan.

(i) Stock options

The Corporation's stock option plan allows for the recipients to purchase common shares. Vesting provisions and exercise prices are set at the time of issuance by the Board of Directors. Options vest over a number of years on various anniversary dates from the date of the original grant. Options are issued with exercise prices not less than the fair market value of the common shares at the date of grant and with terms not exceeding ten years from the date of grant.

The fair value of share-based payments related to the stock options granted is calculated at the grant date using the Black-Scholes Option-Pricing Model. The costs of the share-based payments are recognized on a proportionate basis over the related vesting period of each tranche of the grant as an expense with recognition of the corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options, together with any related contributed surplus, is credited to the share capital account.

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.

The dilutive effect of outstanding options is reflected in the computation of earnings per share.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Deferred share unit plan

DSUs are notional common shares of the Corporation that do not settle until the recipient leaves the Corporation. The Corporation's DSU plan allows for the participants to receive cash-settled DSUs. The fair value of DSUs and the cash payment, when made, is based on the common share price of the Corporation at the relevant time. Vesting provisions for DSUs are determined at the time of issuance.

The fair value of the DSUs is recognized as share-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of DSUs expected to vest. DSUs are measured at their fair value at each reporting period end on a mark-to-market basis. The accrued liability is reduced on the cash payout of any DSU.

p) **Interest in joint venture**

The Corporation has an interest in a joint venture, Sage Hill Estates Apartments LP, ("SHEA LP" or the "JV") which is a jointly controlled entity. The Corporation recognizes its interest in the JV using the equity method of accounting.

q) **Changes in ownership interests**

During the year ended December 31, 2022, 100% of Lewiston Lands Limited Partnership was owned by the Corporation. During the year ended December 31, 2023, the Corporation sold 40% of its ownership stake in LLLP to two Calgary based third party home builders (note 24). 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.

r) **Significant accounting judgments and estimates**

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The following are the most significant accounting judgments and estimates made by the Corporation in applying accounting policies:

Judgments

(i) Revenue recognition

Revenue recognition for development lands requires judgment to determine when performance obligations are satisfied and transfer of control has passed to the purchaser. The Corporation reviews each contract and evaluates all the factors to determine the appropriate date to recognize revenue.

(ii) Consolidation

The Corporation applies judgment in determining control over certain limited partnerships based on a review of all contractual agreements to determine if the Corporation has control over the activities, projects, financial and operating policies of the limited partnerships.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Income taxes

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the provision for current and deferred taxes.

(iv) Net realizable value ("NRV")

NRV for land and housing projects held for development and sale is estimated with reference to market prices and conditions existing at the balance sheet date. This is determined by the Corporation having considered suitable external advice including independent real estate appraisers and recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(v) Legal contingencies

The Corporation applies judgment as it relates to the outcome of legal proceedings to determine whether a provision and disclosure in the consolidated financial statements is required. Among the factors considered in making such judgments are the nature of litigation, claim or assessment, the legal process and potential level of damages, the progress of the case, the opinions or views of legal advisers and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment.

Estimates

(i) Provision for future development costs

Changes in estimated future development costs, which are generally obtained from third party service providers, directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty due to the long time frames involved, specifically in land development.

(ii) Reversal of write-down / Write-down of real estate held for development and sale

The Corporation estimates the NRV of real estate held for development and sale and investments in land development entities at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuations conducted by independent real estate appraisers and other third-party advisors and is also based on housing projects and lot sales in the same geographic area.

(iii) Valuation of amounts receivable and vendor-take-back mortgage receivable

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Any amounts becoming overdue and any known issues about the financial condition of debtors are taken into account when estimating recoverability.

(iv) Share-based compensation

The fair values of equity-settled share-based payments are estimated using the Black-Scholes options pricing model. These estimates are based on the Corporation's share price and on several assumptions, including the risk-free interest rate, the future forfeiture rate, time to expiry, and the expected volatility of the Corporation's share price. Accordingly, these estimates are subject to measurement uncertainty.

(v) Investments in land development entities

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 or from external third-party appraisals.

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS DURING 2023

The Corporation adopted no new IFRSs and interpretations during 2023.

4. NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2023 and 2024.

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

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

Net book value	Lots, Multi-family & Commercial	Land Held for Development	Home Building	Total
As at December 31, 2021	37,490	152,495	28,870	218,855
Development activities	3,180	31,476	53,727	88,383
Transfer	39,950	(39,950)	-	-
Acquisitions	-	29,150	22,188	51,338
Sold	(37,700)	-	(56,279)	(93,979)
(Write-down) / reversal of write-down of real estate held for development and sale	(112)	1,198	-	1,086
As at December 31, 2022	42,808	174,369	48,506	265,683
Development activities	6,847	49,216	81,437	137,500
Transfer	29,831	(29,831)	-	-
Acquisitions	-	23,295	40,679	63,974
Sold	(42,758)	-	(82,308)	(125,066)
Reversal of write-down of real estate held for development and sale	700	-	-	700
As at December 31, 2023	**37,428**	**217,049**	**88,314**	**342,791**

Acquisitions amounts during the year ended December 31, 2023 in the table above include $40,679 related to the purchase of residential lots and $23,295 related to the purchase of future residential development land (2022 - $22,188 and $29,150 respectively). These amounts include:

a) The Corporation entered into binding agreements to acquire 253 residential lots in the Calgary Metropolitan Area for $40,679. The Corporation paid non-refundable deposits of $11,526 with the balance of $29,153, due on closing which is scheduled between February 2024 and June 2026.
b) The Corporation closed the acquisition of 460 acres of future residential development land in the southeast sector of the City of Calgary for $25,842 (note 13b).

During the year ended December 31, 2023, the Corporation closed the sales of four parcels of land for $16,200 (2022 - five parcels for $15,991).

During the year ended December 31, 2023, interest of $1,124 (2022 - $822) was capitalized as a component of development activities.

During the year ended December 31, 2023, the Corporation recorded a reversal of write-down of $700 related to write-downs previously taken on real estate held for development and sale. The reversal of the write-down was taken to reflect the estimated returns realizable on completion of development and sale of these lands (2022 - $1,086).

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

6. AMOUNTS RECEIVABLE

	2023	2022
Agreements receivable	**26,623**	21,207
Other receivables	**1,533**	958
	28,156	22,165

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. On receipt of a minimum 15% non-refundable deposit and after agreed to services pertaining to the property have been substantially performed, the purchaser is deemed to have control over the lot and is permitted to start construction. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received (see note 22a). Certain agreements receivable and mortgages receivable, if any, are interest bearing.

7. VENDOR-TAKE-BACK MORTGAGE RECEIVABLE

	2023	2022
Vendor-take-back mortgage receivable	**1,976**	-

The Corporation closed the sale of a 2.91-acre parcel of development land on December 1, 2023 for $3,929, comprised of a cash consideration of $1,965 and the remainder as a vendor-take-back mortgage receivable of $1,964 bearing an annual interest at the prime rate. The principal and interest on the vendor-take-back mortgage receivable is due on or before March 15, 2024.

8. 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
Gain in fair value	340	220	560
As at December 31, 2022	2,230	4,500	6,730
Distribution received	(676)	-	(676)
Gain in fair value	396	710	1,106
As at December 31, 2023	**1,950**	**5,210**	**7,160**

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. This method uses prices and other relevant information that have been generated by market transactions involving comparable assets. During the year ended December 31, 2023, the Corporation recorded $1,106 as a gain in investment in land development entities (2022 - $560).

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

9. JOINT VENTURE

The Corporation and a private company entered into a limited partnership agreement in 2021 to form Sage Hill Estates Apartments LP ("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 in 2022. 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 $3,581 at December 31, 2023 (December 31, 2022 - $3,588). During the year ended December 31, 2023, there were minimal transactions in SHEA LP.

10. OTHER OPERATING ASSETS

	2023	**2022**
Deposits	**6,728**	11,122
Restricted Cash	**1,551**	6,849
Prepayments	**1,046**	1,118
Property, equipment and other	**1,582**	1,590
	10,907	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 21a for additional information).

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

11. LEASES

Right-of-Use Assets	**Office Building**	**Other** [1]	**Total**
As at January 1, 2023	426	136	562
Additions	-	168	168
Depreciation charge for the year [2]	(102)	(146)	(248)
As at December 31, 2023	**324**	**158**	**482**
As at December 31, 2022	426	136	562

Lease Liabilities	**Office Building**	**Other** [1]	**Total**
As at January 1, 2023	670	171	841
Additions	-	204	204
Lease payments	(178)	(195)	(373)
Interest for the year [2]	29	11	40
As at December 31, 2023	**521**	**191**	**712**
As at December 31, 2022	670	171	841

Lease Liabilities - undiscounted cash flows	**Office Building**	**Other** [1]	**Total**
January 1, 2024 to December 31, 2024	178	171	349
January 1, 2025 to November 30, 2027	385	30	415
As at December 31, 2023	**563**	**201**	**764**
As at December 31, 2022	741	178	919

Amounts recognized in statements of comprehensive income	**Office Building**	**Other** [1]	**Total**
Interest on lease liabilities	29	11	40
Total for the year ended December 31, 2023	**29**	**11**	**40**
Total for the year ended December 31, 2022	34	8	42

Amounts recognized in the statement of cash flows [3]	**Office Building**	**Other** [1]	**Total**
Interest paid	29	11	40
Payment of lease liabilities	149	184	333
Total for the year ended December 31, 2023	**178**	**195**	**373**
Total for the year ended December 31, 2022	63	206	269

(1) *Includes showhomes leaseback, photocopiers and trucks.*

(2) *Discount rate used ranged between 4.04% and 8.22%.*

(3) *These amounts are included in the line item "paid to suppliers and employees" in the consolidated statements of cash flows.*

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

12. INCOME TAXES

a) Income tax was recognized in the consolidated statements of comprehensive income as follows:

	2023	2022
Current income tax expense	**3,732**	2,859
Deferred income tax expense (recovery)	**430**	(1,231)
Income tax expense	**4,162**	1,628

b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 23.00% (2022 - 23.00%) to earnings before income taxes. The difference resulted from the following:

	2023	2022
Earnings before income taxes	**18,225**	6,017
Statutory tax rate	**23.00%**	23.00%
Expected income tax expense	**4,192**	1,384
Utilization of previously unrecognized tax losses	**(241)**	-
True-up of current tax liability	**(190)**	(21)
Share-based compensation	**248**	235
Other	**78**	(6)
Non-controlling interest	**75**	36
Tax expense for the year	**4,162**	1,628

c) The deferred tax assets of the Corporation were as follows:

	2023	2022
Deferred tax assets	**8,613**	9,033
Deferred tax liabilities	**(1,129)**	(898)
Net deferred tax assets	**7,484**	8,135

d) The components of the net deferred tax assets were as follows:

	2023	2022
Real estate held for development and sale	**5,308**	5,756
Reserves from land sales	**(804)**	(612)
Unamortized financing costs	**2,632**	2,780
Other temporary differences	**348**	211
Net deferred tax assets	**7,484**	8,135

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

13. LOAN AND CREDIT FACILITIES

	2023	2022
Secured by specific dedicated lands and a general corporate charge on all assets of the Corporation 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%. Subsequent to December 31, 2023, the facility was extended and matures on February 1, 2027. In addition, the interest rate per annum has been reduced to prime +1.65%.	**12,800**	25,626
Secured by agreements receivable and real estate held for development and sale (b) Vendor-take-back loan ("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 $18,088 VTB was entered into on November 30, 2023 in partial payment for the purchase of southeast Calgary lands and is secured by these lands which have a carrying value of $22,700. The VTB is to be paid in four annual installments of $4,522 each, commencing November 20, 2024 and ending November 20, 2027 (note 5).	**18,088**	-
Unamortized portion of the discount on the VTB.	**(3,010)**	-
c) 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 $12,814. Loan amounts are due between May 12, 2024, and March 19, 2025.	**12,729**	12,522
d) Demand land project servicing facility up to $35,428 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 $59,206. The facility matures on July 31, 2026.	**13,455**	-
e) 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 $59,206. Loan amount is due on October 27, 2025.	**21,500**	20,198
f) Demand operating credit facility up to $16,000 from a major Canadian chartered bank, bearing interest at prime +0.25% per annum, secured by real estate held for development and sale with a carrying value of $33,436. Loan amount is due on November 30, 2026.	**15,098**	-
Secured by housing projects under development and a corporate guarantee g) Demand operating credit facility up to $25,000 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 facility does not have a specified maturity date.	**13,664**	7,364
	104,324	65,710
Deferred fees on loan and credit facilities	**(737)**	(653)
	103,587	65,057

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 7.90% (December 31, 2022 - 7.52%) based on December 31, 2023 balances.

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

13. LOAN AND CREDIT FACILITIES (continued)

During the year ended December 31, 2023, the Corporation received advances of $82,887 (2022 - $84,151) and made repayments of $59,450 (2022 - $42,389) relating to various loan facilities. These loan facilities bear interest ranging from prime +0.25% to prime +1.90% per annum, with maturity dates ranging from May 12, 2024 to November 30, 2026. During the year ended December 31, 2023, the Corporation incurred interest expense of $5,004 directly related to these loans (2022 - $2,027).

The Corporation and its subsidiaries have various covenants in place with their lenders with respect to credit facilities including credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other terms such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure. As at December 31, 2023 and 2022, the Corporation and its subsidiaries were in compliance with all loan covenants.

Based on the contractual terms, the Corporation's loan and credit facilities are to be repaid within the following time periods (excluding deferred fees on loan and credit facilities and unamortized portion of the discount on the VTB):

January 1, 2024 to December 31, 2024	26,916
January 1, 2025 to December 31, 2025	30,022
January 1, 2026 to December 31, 2026	45,875
January 1, 2027 to December 31, 2027	4,521
	107,334

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

14. CUSTOMER DEPOSITS

	2023	2022
Customer deposits on residential home sales	**13,426**	9,194
Customer deposits on residential lot and development land sales	**4,044**	6,559
	17,470	15,753

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.

15. 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	9,927	12,607	22,534
Changes to estimates	(297)	113	(184)
Development activities	(4,621)	(11,674)	(16,295)
As at December 31, 2022	20,105	3,929	24,034
Additions	10,774	27,363	38,137
Changes to estimates	(935)	(371)	(1,306)
Development activities	(14,045)	(26,251)	(40,296)
As at December 31, 2023	**15,899**	**4,670**	**20,569**

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

16. 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 year ended December 31, 2023 and 2022:

	2023	2022
Basic and diluted weighted average number of common shares	**56,849,817**	56,863,335

In calculating the diluted earnings per share for the years ended December 31, 2023 and 2022, the Corporation excluded all options as they were cancelled effective May 25, 2022.

c) Normal course issuer bid ("NCIB")

The Corporation renewed its NCIB on December 13, 2023. The renewed NCIB commenced on December 18, 2023 and will terminate on the earlier of: (i) December 17, 2024; 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 2,840,528 common shares under the NCIB.

The prior NCIB, which expired on December 15, 2023, allowed the Corporation to purchase for cancellation up to 2,843,166 common shares.

The following table sets forth the number of common shares repurchased and cancelled during the year ended December 31, 2023 and 2022 under the NCIB.

	2023	2022
Number of shares repurchased and cancelled	**61,027**	-
Reduction in share capital	**90**	-
Change in retained earnings	**45**	-
Reduction in shareholders' equity	**135**	-
Average purchase price per share	**2.20**	-

d) Dividends paid

Cash dividends of $9,663 ($0.17 per share) were declared and paid during the year ended December 31, 2023. Cash dividends of $8,530 ($0.15 per share) were declared and paid during the year ended December 31, 2022.

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

17. SHARE-BASED COMPENSATION

a) Stock option plan

During the year ended December 31, 2022, all 855,000 stock options with a weighted average exercise price of $3.31 were cancelled.

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:

	2023	**2022**
DSUs outstanding - beginning of year	**1,065,060**	573,743
DSUs granted	**374,918**	491,317
DSUs redeemed / cancelled	**(86,534)**	-
DSUs outstanding - end of year	**1,353,444**	1,065,060
DSUs vested - end of year	**912,258**	641,043

The outstanding liability related to cash settled DSUs as at December 31, 2023 was $2,863 (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. The 2023 expense recorded in General and Administrative (note 18) amounted to $1,077 (2022 - $1,003)

Subsequent to December 31, 2023, the Corporation granted 190,351 DSUs at $2.28 each.

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:

	2023	**2022**
Stock options	**-**	18
Deferred share units related to grants which are to be cash settled	**1,077**	1,003
Total share-based compensation expense	**1,077**	1,021

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

18. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation consisted of the following:

	2023	2022
Compensation and benefits	**12,286**	9,499
Share-based compensation	**1,077**	1,021
Corporate administration	**3,247**	2,930
Professional services	**1,488**	1,336
	18,098	14,786

Compensation and benefits of the directors and key management personnel, included in the general and administrative expenses above, were as follows:

	2023	2022
Salaries, wages and benefits	**2,672**	2,423
Share-based compensation	**1,077**	1,021
	3,749	3,444

19. SELLING AND MARKETING

Selling and marketing expenses of the Corporation consisted of the following:

	2023	2022
Advertising and marketing	**3,632**	3,452
Sales commissions	**4,852**	2,363
	8,484	5,815

20. FINANCE EXPENSE

Finance expense of the Corporation consisted of the following:

	2023	2022
Interest incurred	**4,912**	1,989
Interest relating to VTBs	**199**	105
Financing fees amortized	**386**	340
Interest and financing fees capitalized (note 5)	**(1,124)**	(822)
	4,373	1,612

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

21. 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 December 31, 2023, these amounted to $7,103 (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:

January 1, 2024 to December 31, 2024	8,516
January 1, 2025 to December 31, 2025	5,050
January 1, 2026 to December 31, 2026	4,428
	17,994

c) The Corporation has contracted to acquire 186 residential lots in the Calgary Metropolitan Area for $33,655 from third-party land developers and LLLP, a limited partnership in which Genesis owns a 60% interest (refer to note 24). The Corporation has paid deposits totaling $2,670 with the remainder being payable as follows:

	Third-party land developers	**LLLP**	**Total**
January 1, 2024 to December 31, 2024	3,087	9,070	12,157
January 1, 2025 to December 31, 2025	13,857	1,186	15,043
January 1, 2026 to December 31, 2026	3,785	-	3,785
	20,729	10,256	30,985

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 for $30,000. The Corporation has paid a non-refundable deposit of $3,300 with the balance due on closing which is scheduled for January 31, 2025.

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

22. 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 December 31, 2023 and December 31, 2022 are presented in the following table:

			Carrying Value		Fair Value	
	Fair Value Hierarchy	**Measurement Basis**	**As at Dec. 31, 2023**	**As at Dec. 31, 2022**	**As at Dec. 31, 2023**	**As at Dec. 31, 2022**
Financial Assets						
Cash	Level 1	FVTPL	**37,546**	36,598	**37,546**	36,598
Investments in land development entities	Level 3	FVTPL	**7,160**	6,730	**7,160**	6,730
Restricted cash (1)	Level 1	FVTPL	**1,551**	6,849	**1,551**	6,849
Financial Liabilities						
Cash settled DSUs	Level 1	FVTPL	**2,863**	1,950	**2,863**	1,950

(1) Included in other operating assets.

During the year ended December 31, 2023 and 2022, no transfers were made between the levels in the fair value hierarchy.

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

22. 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 December 31, 2023, which comprise greater than 10% of total amounts receivable, totaled $26,623 from two customers (December 31, 2022 - $21,207 from two customers).

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

	2023	2022
Due on sold lots	**26,623**	21,207
Other receivables	**1,533**	958
	28,156	22,165

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

22. FINANCIAL INSTRUMENTS (continued)

(ii) Liquidity risk

The contractual maturities of financial liabilities and other commitments as at December 31, 2023 were as follows:

	<1 Year	**>1 Year**	**Total**
Financial liabilities			
Accounts payable and accrued liabilities	22,579	-	22,579
Accounts payable related to residential lot purchases	24,131	8,188	32,319
Loan and credit facilities excl. deferred fees on loan and credit facilities and unamortized portion of the discount on the VTB (note 13)	26,916	80,418	107,334
	73,626	88,606	162,232
Commitments			
Lease obligations (including variable operating costs)	585	929	1,514
Land purchase contract (note 21d)	-	26,700	26,700
Lot purchase contracts (note 21c)	12,158	18,827	30,985
Levies and municipal fees (note 21b)	8,516	9,478	17,994
	21,259	55,934	77,193
	94,885	144,540	239,425

As at December 31, 2023, the Corporation had obligations due within the next 12 months of $94,885 (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 year ended December 31, 2023, the Corporation's operating line of credit facility was increased from $10,000 to $25,000 (note13g) and the corporate revolving line of credit was extended until February 2027 with the interest rate per annum reduced to prime +1.65% (note 13a). LLLP put in place a demand land servicing credit facility of $35,428 (note 13d) and Huxley Lands Limited Partnership also put in place a demand operating credit facility of $16,000 (note 13f).

(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 $892 annually on floating rate facilities (2022 - $657).

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:

	2023	2022
Loan and credit facilities (note 13)	**103,587**	65,057
Shareholders' equity	**231,142**	224,632
	334,729	289,689

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

23. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the year ended December 31, 2023 and 2022:

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2023	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	45,847	16	-	45,863	167,126	(25,877)	**187,112**
Revenues - development lands	16,200	1,253	(1,253)	16,200	-	-	**16,200**
Direct cost of sales	(52,655)	(935)	935	(52,655)	(130,703)	25,877	**(157,481)**
Reversal of write-down of real estate held for development and sale	700	-	-	700	-	-	**700**
Gross margin	10,092	334	(318)	10,108	36,423	-	**46,531**
Gain in investments in land development entities	1,106	-	-	1,106	-	-	**1,106**
G&A, selling & marketing and net finance expense	(11,474)	(80)	-	(11,554)	(17,858)	-	**(29,412)**
(Loss) earnings before income taxes and non-controlling interest	(276)	254	(318)	(340)	18,565	-	**18,225**
Segmented assets as at December 31, 2023	320,723	2,209	(4,987)	317,945	111,979	10,159	**440,083**
Segmented liabilities as at December 31, 2023 (1), (2)	114,081	648	(539)	114,190	74,593	10,159	**198,942**
Segmented net assets as at December 31, 2023 (1), (2)	206,642	1,561	(4,448)	203,755	37,386	-	**241,141**

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2022	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	40,564	75	-	40,639	100,680	(16,953)	**124,366**
Revenues - development lands	15,991	6,699	(6,699)	15,991	-	-	**15,991**
Direct cost of sales	(47,489)	(6,763)	6,763	(47,489)	(83,749)	16,953	**(114,285)**
Reversal of write-down of real estate held for development and sale	1,086	-	-	1,086	-	-	**1,086**
Gross margin	10,152	11	64	10,227	16,931	-	**27,158**
Gain in investments in land development entities	560	-	-	560	-	-	**560**
G&A, selling & marketing and net finance expense or income	(8,919)	(142)	-	(9,061)	(12,640)	-	**(21,701)**
Earnings (loss) before income taxes and non-controlling interest	1,793	(131)	64	1,726	4,291	-	**6,017**
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 (1), (2)	95,658	996	(365)	96,289	42,834	(2,320)	**136,803**
Segmented net assets as at December 31, 2022 (1), (2)	206,819	2,705	(4,130)	205,394	21,943	-	**227,337**

(1) Segmented liabilities under the Genesis land development segment include $12,588 due to the home building segment (December 31, 2022 - $61 due from the home building segment to the land development segment).

(2) Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes $539 (December 31, 2022 - $365) due to Genesis.

24. 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 $8,438 of the NCI on the consolidated balance sheets (December 31, 2022 - $Nil) and ($703) on the consolidated statements of comprehensive income (December 31, 2022 - $Nil).

25. 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.

26. 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 and Huxley Lands Limited Partnership); 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.

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

26. CONSOLIDATED ENTITIES (continued)

All entities are incorporated in Canada and are listed in the following table:

	% equity interest as at	
Name	**December 31, 2023**	**December 31, 2022**
Land Development		
Genpol Inc.	100%	100%
Genpol LP	100%	100%
1504431 Alberta Ltd.	0.0002%	0.0002%
Genesis Sage Meadows Partnership	99.9998%	99.9998%
Genesis Land Development (Southeast) Corp.	-	100%
Genesis Keystone Ltd.	-	100%
Polar Hedge Enhanced Income Trust	100%	100%
Genesis Land Development (Ricardo Ranch) Corp.	100%	100%
Sage Hill Crest Apartments Corp.	100%	100%
Siseneg Holding Inc.	100%	100%
GLDC Management Inc.	100%	100%
Lewiston Lands Limited Partnership (note 24)	60%	100%
Lewiston Lands GP Inc.	100%	100%
Huxley Lands Limited Partnership	100%	-
Huxley Lands GP Inc.	100%	-
GP GLP8 Inc.	100%	100%
GP LPLP 2007 Inc.	100%	100%
Home Building		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	-	100%
Joint Venture		
Sage Hill Estates Apartments LP	49%	49%
Sage Hill Estates Apartments GP Inc.	2%	2%
Kinwood Communities Inc.	50%	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4 [(1)]	0.001%	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	-	0.023%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc.	-	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	-	0%
LP RRSP Limited Partnership #2	-	0%

[(1)] The allocation of profit or loss is 0% in accordance with the terms of the limited partnership agreement.

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

26. CONSOLIDATED ENTITIES (continued)

The following tables summarize the information relating to the Corporation's subsidiaries that have material non-controlling interests and may include inter-group balances that are eliminated on consolidation and become a component of the net non-controlling interest:

BALANCE SHEETS

	December 31, 2023		
	LP 4/5	**LPLP 2007**	**Total**
Assets			
Real estate held for development and sale	2,204	-	**2,204**
Other operating assets including restricted cash	5	-	**5**
Total assets	2,209	-	**2,209**
Liabilities			
Accounts payable and accrued liabilities	109	-	**109**
Due to related parties	539	-	**539**
Total liabilities	648	-	**648**
Net assets	1,561	-	**1,561**
Non-controlling interest (%)	100%	0%	100%

	December 31, 2022		
	LP 4/5	**LPLP 2007**	**Total**
Assets			
Real estate held for development and sale	3,109	-	**3,109**
Other operating assets including restricted cash	22	532	**554**
Cash and cash equivalents	-	38	**38**
Total assets	3,131	570	**3,701**
Liabilities			
Accounts payable and accrued liabilities	98	533	**631**
Due to related parties	328	37	**365**
Total liabilities	426	570	**996**
Net assets	2,705	-	**2,705**
Non-controlling interest (%)	100%	100%	

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

26. CONSOLIDATED ENTITIES (continued)

SUMMARIZED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31, 2023		
	LP 4/5	**LPLP 2007**	**Total**
Revenues	1,269	-	**1,269**
Net income	254	-	**254**
Non-controlling interest (%)	100%	n/a	

	Year ended December 31, 2022		
	LP 4/5	**LPLP 2007**	**Total**
Revenues	6,713	61	**6,774**
Net (loss)	(131)	-	**(131)**
Non-controlling interest (%)	100%	100%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2023		
	LP 4/5	**LPLP 2007**	**Total**
Cash flows from operating activities	-	-	**-**
Net decrease in cash and cash equivalents	-	(38)	**(38)**

	Year ended December 31, 2022		
	LP 4/5	**LPLP 2007**	**Total**
Cash flows from operating activities	-	7	**7**
Net increase in cash and cash equivalents	-	7	**7**