



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2022	December 31, 2021
Assets			
Real estate held for development and sale	3	271,961	218,855
Amounts receivable	11a	12,679	13,632
Investments in land development entities	15	6,170	6,170
Investment in joint venture	12	3,589	-
Other operating assets	9	17,830	14,738
Right-of-use assets		588	655
Deferred tax assets		7,188	6,904
Income tax recoverable		534	-
Cash and cash equivalents		18,536	63,975
Total assets		339,075	324,929
Liabilities			
Loan and credit facilities	4	40,662	32,668
Customer deposits	10	15,898	9,002
Accounts payable and accrued liabilities	11a	22,242	16,808
Accounts payable related to residential lot purchases		13,139	9,600
Lease liabilities		862	842
Income tax payable		-	2,092
Provision for future development costs	5	17,684	17,979
Total liabilities		110,487	88,991
Commitments and contingencies	8		
Subsequent events	17		
Equity			
Share capital	6	82,383	82,383
Contributed surplus	7c	1,063	1,045
Retained earnings		142,389	145,196
Shareholders' equity		225,835	228,624
Non-controlling interest		2,753	7,314
Total equity		228,588	235,938
Total liabilities and equity		339,075	324,929

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
For the three and nine months ended September 30, 2022 and 2021
(In thousands of Canadian dollars except per share amounts)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2022	2021	2022	2021
Revenues					
Sales revenue		43,608	34,986	86,129	83,198
Other revenue		2	2	71	32
	13	43,610	34,988	86,200	83,230
Direct cost of sales		(35,893)	(28,088)	(68,798)	(62,592)
Reversal of write-down of real estate held for development and sale		-	1,003	-	1,003
		(35,893)	(27,085)	(68,798)	(61,589)
Gross margin		7,717	7,903	17,402	21,641
General and administrative		(3,262)	(3,212)	(10,660)	(8,404)
Selling and marketing		(1,570)	(1,267)	(4,000)	(3,762)
		(4,832)	(4,479)	(14,660)	(12,166)
Earnings from operations		2,885	3,424	2,742	9,475
Finance income		59	90	159	241
Finance expense		(282)	(201)	(742)	(898)
Earnings before income taxes		2,662	3,313	2,159	8,818
Income tax expense		(680)	(801)	(792)	(2,149)
Net earnings being comprehensive earnings		1,982	2,512	1,367	6,669
Attributable to non-controlling interest		125	(103)	(91)	44
Attributable to equity shareholders		1,857	2,615	1,458	6,625
Net earnings per share - basic and diluted	6b	0.04	0.06	0.03	0.15

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 nine months ended September 30, 2022 and 2021
(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, 2020		41,863,335	52,489	868	134,319	187,676	12,084	199,760
Share-based payments	7c	-	-	169	-	169	-	169
Distributions	16	-	-	-	-	-	(913)	(913)
Net earnings (loss) being comprehensive earnings (loss) and other		-	-	-	6,625	6,625	(56)	6,569
At September 30, 2021		41,863,335	52,489	1,037	140,944	194,470	11,115	205,585

At December 31, 2021		56,863,335	82,383	1,045	145,196	228,624	7,314	235,938
Share-based payments	7c	-	-	18	-	18	-	18
Dividends	6c	-	-	-	(4,265)	(4,265)	-	(4,265)
Distributions and other	16	-	-	-	-	-	(4,470)	(4,470)
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	1,458	1,458	(91)	1,367
At September 30, 2022		56,863,335	82,383	1,063	142,389	225,835	2,753	228,588

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 nine months ended September 30, 2022 and 2021
(In thousands of Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2022	2021	2022	2021
Operating activities					
Receipts from residential lot sales		3,526	3,572	13,607	10,761
Receipts from development land sales		7,453	4,945	9,653	5,870
Receipts from residential home sales		26,609	24,110	70,624	68,704
Other cash (payments) receipts		(33)	46	276	362
Paid for land development		(10,863)	(13,383)	(25,605)	(22,591)
Paid for land and lot acquisitions		(825)	(739)	(35,851)	(2,828)
Paid for residential home construction		(24,074)	(14,646)	(58,446)	(40,648)
Paid to suppliers and employees		(4,130)	(3,372)	(12,785)	(11,619)
Interest received		59	90	159	241
Income tax (payments) refunds		(459)	624	(3,702)	462
Cash flows (used in) from operating activities		(2,737)	1,247	(42,070)	8,714
Investing activities					
Investment in joint venture	12	(3,589)	-	(3,589)	-
Acquisition of equipment		(92)	(404)	(479)	(720)
Change in restricted cash		(1,799)	-	1,174	68
Cash flows used in investing activities		(5,480)	(404)	(2,894)	(652)
Financing activities					
Advances from loan and credit facilities	4	31,524	12,286	42,419	38,415
Repayments of loan and credit facilities		(8,961)	(8,947)	(25,066)	(28,583)
Repayment of vendor-take-back mortgage payable	4d	-	-	(9,312)	(9,312)
Interest and fees paid on loan and credit facilities		(484)	(225)	(1,271)	(1,539)
Distributions to unit holders of limited partnerships		(2,980)	-	(2,980)	(803)
Dividends paid	6c	(4,265)	-	(4,265)	(6,280)
Cash flows from (used in) financing activities		14,834	3,114	(475)	(8,102)
Change in cash and cash equivalents		6,617	3,957	(45,439)	(40)
Cash and cash equivalents, beginning of period		11,919	25,746	63,975	29,743
Cash and cash equivalents, end of period		18,536	29,703	18,536	29,703

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 nine months ended September 30, 2022 and 2021

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

1. DESCRIPTION OF BUSINESS

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

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

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". Genesis' head office and registered office are located at 6240, 333 - 96 Ave. NE, Calgary, AB T3K 0S3.

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

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on November 2, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The significant accounting policies, basis of measurement and use of judgements and estimates of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2021 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 stock options and deferred share units that have been measured at fair value. The Statements are presented in Canadian dollars, which is the Corporation's functional currency, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

These Statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2021.

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.

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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
Gross book value							
As at December 31, 2021	41,892	151,852	28,870	222,614	9,564	(4,194)	227,984
Development activities	1,373	27,031	41,598	70,002	254	-	70,256
Transfer	20,324	(20,324)	-	-	-	-	-
Acquisitions	-	35,849	11,131	46,980	-	-	46,980
Sold	(24,563)	-	(35,437)	(60,000)	(6,763)	64	(66,699)
As at September 30, 2022	39,026	194,408	46,162	279,596	3,055	(4,130)	278,521
Provision for write-downs							
As at December 31, 2021	4,402	4,727	-	9,129	-	-	9,129
Sold	(2,569)	-	-	(2,569)	-	-	(2,569)
Transfer	1,841	(1,841)	-	-	-	-	-
As at September 30, 2022	3,674	2,886	-	6,560	-	-	6,560
Net book value							
As at December 31, 2021	37,490	147,125	28,870	213,485	9,564	(4,194)	218,855
As at September 30, 2022	35,352	191,522	46,162	273,036	3,055	(4,130)	271,961

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

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

During the three and nine months ended September 30, 2022, the Corporation closed the acquisition of the 49% undivided interest in three parcels totaling 456 acres in North Conrich, on the eastern edge of Calgary, in Rocky View County from Genesis Limited Partnership #4 and Genesis Limited Partnership #5 (controlled entities within the consolidated entity) for \$6,699. Genesis now owns 100% interest in these lands (see note 13 for additional information).

During the three and nine months ended September 30, 2022, 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 (note 12).

During the three and nine months ended September 30, 2022, the Corporation closed the sale of 3.68-acre parcel of land in the City of Calgary for \$3,864.

During the nine months ended September 30, 2022, the Corporation entered into a binding agreement to acquire 62 residential lots in the Calgary Metropolitan Area for \$11,131. The Corporation paid non-refundable deposits of \$2,469, with the balance of \$8,662, due on closing which is scheduled between October 2022 and June 2024.

During the three and nine months ended September 30, 2022, interest of \$297 and \$513 (2021 - \$97) was capitalized as a component of development activities.

No write-downs or recoveries were recorded during the three and nine months ended September 30, 2022 (2021 - recovery of \$1,003).

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

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4. LOAN AND CREDIT FACILITIES

	September 30, 2022	December 31, 2021
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%. The facility was renewed in February 2022 and matures on February 1, 2025.	28,688	16,237
Secured by agreements receivable and real estate held for development and sale		
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 \$12,724. Loan amounts are due between May 12, 2024, and March 19, 2025.	8,450	5,794
Secured by housing projects under development		
c) 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. The facility was amended in January 2022 to increase from \$6,500 to \$10,000.	4,163	1,917
Secured by real estate held for development and sale		
d) The vendor-take-back facility bearing interest at 5% per annum was entered into on September 13, 2019 in partial payment for the purchase of approximately 130 acres of future residential development land in north Calgary. The final installment of \$9,312 was paid in January 2022.	-	9,312
	41,301	33,260
Deferred fees on loan and credit facilities	(639)	(592)
	40,662	32,668

The weighted average interest rate of loan agreements with financial institutions was 6.95% (December 31, 2021 - 3.92%) based on September 30, 2022 balances.

During the three and nine months ended September 30, 2022, the Corporation received advances of \$31,524 and \$42,419 (2021 - \$12,286 and \$38,415) relating to various loan facilities. These are secured by real estate held for development and sale, housing projects under development, specific dedicated lands and a general corporate charge on all assets of the Corporation. These loan facilities bear interest ranging from prime +0.50% to prime +1.90% per annum, with maturity dates ranging from May 12, 2024 to March 19, 2025. During the three and nine months ended September 30, 2022, the Corporation incurred interest costs of \$484 and \$971 directly related to these facilities (2021 - \$225 and \$789).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. LOAN AND CREDIT FACILITIES (continued)

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):

October 1, 2022 to September 30, 2023	4,163
October 1, 2023 to September 30, 2024	4,450
October 1, 2024 to September 30, 2025	32,688
	41,301

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

5. PROVISION FOR FUTURE DEVELOPMENT COSTS

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

	Land Development	Home Building	Total
As at December 31, 2021	15,096	2,883	17,979
Additions	5,221	7,786	13,007
Changes to estimates	(290)	4	(286)
Development activities	(5,025)	(7,991)	(13,016)
As at September 30, 2022	15,002	2,682	17,684

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 nine months ended September 30, 2022 and 2021:

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

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

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

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

(Unaudited)

For the three and nine months ended September 30, 2022 and 2021

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6. SHARE CAPITAL (continued)

c) Dividends paid

Cash dividends of \$4,265 (\$0.075 per share), declared on July 28, 2022, were paid on August 26, 2022. No dividends were declared during the three and nine months ended September 30, 2021. Cash dividends of \$6,280 (\$0.15 per share), declared on December 9, 2020, were paid on January 11, 2021.

7. SHARE-BASED COMPENSATION

a) Stock option plan

Share-based payments may be settled in cash or equity at the sole discretion of the Corporation and are accounted for as equity-settled plans. During the nine months ended September 30, 2022, 855,000 stock options with a weighted average exercise price of \$3.31 were cancelled.

Details of stock options are as follows:

	Nine months ended September 30,			
	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	855,000	\$3.31	2,535,000	\$3.31
Options cancelled pursuant to revised long-term incentive plan	(855,000)	\$3.31	(1,680,000)	\$3.31
Outstanding - end of period	-	-	855,000	\$3.31
Exercisable - end of period	-	-	540,000	\$3.35

b) Deferred share unit plan ("DSU")

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

	Nine months ended September 30,	
	2022	2021
Outstanding - beginning of period	573,743	354,258
DSUs granted	454,584	334,033
DSUs cancelled	-	(114,548)
Outstanding - end of period	1,028,327	573,743
Vested - end of period	597,407	108,587

The outstanding liability related to cash settled DSUs as at September 30, 2022 was \$1,794 (December 31, 2021 - \$947) and is recorded in accounts payable and accrued liabilities. DSUs are measured at fair value at each reporting period on a mark-to-market basis.

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

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7. SHARE-BASED COMPENSATION (continued)

c) Share-based compensation expense

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Stock options	-	12	18	169
Deferred share units	26	138	847	413
Total share-based compensation expense	26	150	865	582

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 September 30, 2022, these amounted to \$6,097 (December 31, 2021 - \$7,747).
- b) The Corporation is committed to pay levies and municipal fees relating to signed municipal agreements on commencement of development of certain real estate assets with the following future payments:

October 1, 2022 to September 30, 2023	7,475
October 1, 2023 to September 30, 2024	3,841
October 1, 2024 to September 30, 2025	800
	12,116

- c) The Corporation has contracted to acquire 278 residential lots in the Calgary Metropolitan Area for \$43,972 from third-party land developers. The Corporation has paid deposits totaling \$5,388 with the remainder being payable as follows:

October 1, 2022 to September 30, 2023	7,364
October 1, 2023 to September 30, 2024	12,066
October 1, 2024 to September 30, 2025	19,154
	38,584

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

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9. OTHER OPERATING ASSETS

	September 30, 2022	December 31, 2021
Deposits	9,891	6,676
Restricted cash	5,772	5,992
Prepayments	573	589
Property, equipment and other	1,594	1,481
	17,830	14,738

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).

10. CUSTOMER DEPOSITS

	September 30, 2022	December 31, 2021
Customer deposits on residential home sales	9,303	5,588
Customer deposits on residential lot and development land sales	6,595	3,414
	15,898	9,002

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

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11. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are 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 September 30, 2022 and December 31, 2021 are presented in the following table:

			Carrying Value		Fair Value	
			As at Sep. 30, 2022	As at Dec. 31, 2021	As at Sep. 30, 2022	As at Dec. 31, 2021
Financial Assets	Fair Value Hierarchy	Measurement Basis				
Cash	Level 1	FVTPL	18,536	63,975	18,536	63,975
Investments in land development entities	Level 3	FVTPL	6,170	6,170	6,170	6,170
Restricted cash ⁽¹⁾	Level 1	FVTPL	5,772	5,992	5,772	5,992

⁽¹⁾ Included in other operating assets.

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

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

(Unaudited)

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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 September 30, 2022, which comprise greater than 10% of total amounts receivable, totaled \$11,445 from two customers (December 31, 2021 - \$12,135 from three customers).

Aging of amounts receivable was as follows:

	September 30, 2022	December 31, 2021
Not past due on sold lots	12,135	12,135
Other receivables	544	1,497
	12,679	13,632

(ii) Liquidity risk

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

	<1 Year	>1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	22,242	-	22,242
Accounts payable related to residential lot purchases	10,276	2,863	13,139
Loan and credit facilities excl. deferred fees on loan and credit facilities (note 4)	4,163	37,138	41,301
	36,681	40,001	76,682
Commitments			
Lease obligations (including variable operating costs)	534	1,472	2,006
Land and lot purchase contracts (note 8c and note 8d)	32,595	31,220	63,815
Levies and municipal fees (note 8b)	7,475	4,641	12,116
	40,604	37,333	77,937
	77,285	77,334	154,619

As at September 30, 2022, the Corporation had obligations due within the next 12 months of \$77,285 (December 31, 2021 - \$74,758). Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due. During the nine months ended September 30, 2022, the Corporation's operating line of credit facility was increased from \$6,500 to \$10,000 (note 4c) and the corporate revolving line of credit was renewed until February 2025 (note 4a).

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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 \$413 annually on floating rate facilities (2021 - \$127).

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:

	September 30, 2022	December 31, 2021
Loan and credit facilities (note 4)	40,662	32,668
Shareholders' equity	225,835	228,624
	266,497	261,292

12. 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.

The Corporation deferred \$Nil of gain from the sale of this land as this was sold at net book value.

SHEA LP is accounted for using the equity method with the Corporation's share of net assets being \$3,589 at September 30, 2022 (December 31, 2021 - \$Nil).

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13. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the three and nine months ended September 30, 2022 and 2021:

Three months ended September 30, 2022	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	12,166	4	-	12,170	28,091	(4,104)	36,157
Revenues - development lands	7,453	6,699	(6,699)	7,453	-	-	7,453
Direct cost of sales	(17,559)	(6,763)	6,763	(17,559)	(22,438)	4,104	(35,893)
Gross margin	2,060	(60)	64	2,064	5,653	-	7,717
G&A, selling & marketing and net finance expense	(2,097)	185	-	(1,912)	(3,143)	-	(5,055)
(Loss) earnings before income taxes and non-controlling interest	(37)	125	64	152	2,510	-	2,662

Three months ended September 30, 2021	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	13,676	1	-	13,677	24,095	(7,729)	30,043
Revenues - development lands	4,945	-	-	4,945	-	-	4,945
Direct cost of sales	(14,721)	-	-	(14,721)	(21,096)	7,729	(28,088)
Reversal of write-down of real estate held for development and sale	1,003	-	-	1,003	-	-	1,003
Gross margin	4,903	1	-	4,904	2,999	-	7,903
G&A, selling & marketing and net finance expense	(2,077)	(104)	-	(2,181)	(2,409)	-	(4,590)
Earnings (loss) before income taxes and non-controlling interest	2,826	(103)	-	2,723	590	-	3,313

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13. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2022	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	22,572	52	-	22,624	66,881	(12,958)	76,547
Revenues - development land	9,653	6,699	(6,699)	9,653	-	-	9,653
Direct cost of sales	(27,023)	(6,763)	6,763	(27,023)	(54,733)	12,958	(68,798)
Gross margin	5,202	(12)	64	5,254	12,148	-	17,402
G&A, selling & marketing and net finance expense	(6,256)	(79)	-	(6,335)	(8,908)	-	(15,243)
(Loss) earnings before income taxes and non-controlling interest	(1,054)	(91)	64	(1,081)	3,240	-	2,159
Segmented assets as at September 30, 2022	283,961	4,622	(4,510)	284,073	59,457	(4,455)	339,075
Segmented liabilities as at September 30, 2022 ^{(1), (2)}	75,172	1,869	(380)	76,661	38,281	(4,455)	110,487
Segmented net assets as at September 30, 2022 ^{(1), (2)}	208,789	2,753	(4,130)	207,412	21,176	-	228,588

Nine months ended September 30, 2021	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	32,660	196	(184)	32,672	66,392	(21,704)	77,360
Revenues - development land	4,945	925	-	5,870	-	-	5,870
Direct cost of sales	(25,888)	(845)	-	(26,733)	(57,563)	21,704	(62,592)
Reversal of write-down of real estate held for development and sale	1,003	-	-	1,003	-	-	1,003
Gross margin	12,720	276	(184)	12,812	8,829	-	21,641
G&A, selling & marketing and net finance expense	(5,632)	(232)	184	(5,680)	(7,143)	-	(12,823)
Earnings before income taxes and non-controlling interest	7,088	44	-	7,132	1,686	-	8,818
Segmented assets as at December 31, 2021	276,751	13,895	(6,482)	284,164	39,527	1,238	324,929
Segmented liabilities as at December 31, 2021 ^{(1), (2)}	62,653	6,609	(2,288)	66,974	20,779	1,238	88,991
Segmented net assets as at December 31, 2021 ^{(1), (2)}	214,098	7,286	(4,194)	217,190	18,748	-	235,938

⁽¹⁾ Segmented liabilities under the Genesis home building segment include \$2,396 due to the land development segment (December 31, 2021 - \$3,113 due from the land development segment to the home building segment).

⁽²⁾ Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$380 (December 31, 2021 - \$2,288) due to Genesis.

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14. RELATED PARTY TRANSACTIONS

Transactions occurred with the following related parties:

- a) In 2005, the Corporation sold a 49% undivided interest in approximately 610 acres to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. for \$7,670. These entities are part of LP 4/5 group and are consolidated in the Corporation's financial statements (note 16). A margin of \$4,194 was deferred at that point and would have been recognized when the lands were sold to a third-party. 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. The cash proceeds were \$5,038 with the remainder of \$1,661 being applied against debt owed to the Corporation by LP4/5 group. The margin deferred on completion of the repurchase was \$4,130 and will be recognized when the lands are sold to a third party.
- b) The Corporation and a private company entered into a Limited Partnership, SHEA LP to develop a two-building purpose built rental project containing approximately 300 units in the Corporation's Sage Hill Crest community. The Corporation and the private company each own 50% of the units in SHEA LP (49% directly and 1% through the general partner Sage Hill Estates Apartments GP Inc.). See note 12 for additional information.

15. INVESTMENTS IN LAND DEVELOPMENT ENTITIES

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

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 identical or comparable assets. During the three and nine months ended September 30, 2022, the Corporation recorded \$Nil as a change in investment in land development entities (2021 - \$Nil).

16. CONSOLIDATED ENTITIES

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

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

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

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16. CONSOLIDATED ENTITIES (continued)

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

Name	% equity interest as at	
	September 30, 2022	December 31, 2021
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%	100%
Genesis Keystone Ltd.	100%	100%
Polar Hedge Enhanced Income Trust	100%	100%
Genesis Land Development (Ricardo Ranch) Corp.	100%	100%
Sage Hill Crest Apartments Corp.	100%	100%
Home Building		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	100%	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%
LP 8/9 Group		
Genesis Limited Partnership #8 ⁽¹⁾	-	53.63%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	-	0%
GP GLP8 Inc.	-	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	0.023%	0.023%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%

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

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17. SUBSEQUENT EVENTS

Subsequent to September 30, 2022, the following occurred:

- a) The Corporation declared an unconditional special cash dividend of \$0.075 per common share for a total of \$4,265 on November 2, 2022, payable on December 15, 2022 to shareholders of record on November 28, 2022.
- b) The Corporation entered into a demand land loan agreement for \$21,500 and drew \$20,000 on it on October 28, 2022. The loan bears interest at prime +0.50% and matures on October 31, 2025. The loan is secured by the Genesis' Lewiston property and a corporate guarantee. The proceeds are to be used for general corporate purposes.