



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2023	December 31, 2022
Assets			
Real estate held for development and sale	3	315,727	265,683
Amounts receivable	11a	24,276	22,165
Investments in land development entities	13	6,730	6,730
Investment in joint venture	14	3,582	3,588
Other operating assets	9	14,172	20,679
Right-of-use assets		515	562
Deferred tax assets		6,525	8,135
Income tax recoverable		816	-
Cash and cash equivalents		34,961	36,598
Total assets		407,304	364,140
Liabilities			
Loan and credit facilities	4	66,422	65,057
Customer deposits	10	18,793	15,753
Accounts payable and accrued liabilities	11a	31,528	12,470
Accounts payable related to residential lot purchases	11a	32,739	17,944
Lease liabilities		769	841
Income tax payable		-	704
Provision for future development costs	5	18,879	24,034
Total liabilities		169,130	136,803
Commitments and contingencies	8		
Subsequent events	18		
Equity			
Share capital	6	82,338	82,383
Contributed surplus	7c	1,063	1,063
Retained earnings	2	144,584	141,186
Shareholders' equity		227,985	224,632
Non-controlling interest	15	10,189	2,705
Total equity		238,174	227,337
Total liabilities and equity		407,304	364,140

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, 2023 and 2022
(In thousands of Canadian dollars except per share amounts)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Revenues					
Sales revenue		41,154	43,608	131,615	86,129
Other revenue		19	2	95	71
	12	41,173	43,610	131,710	86,200
Direct cost of sales		(30,714)	(35,893)	(102,619)	(68,798)
Gross margin		10,459	7,717	29,091	17,402
General and administrative		(4,921)	(3,262)	(13,179)	(10,660)
Selling and marketing		(2,018)	(1,570)	(5,889)	(4,000)
		(6,939)	(4,832)	(19,068)	(14,660)
Earnings from operations		3,520	2,885	10,023	2,742
Finance income		442	59	1,087	159
Finance expense		(1,149)	(282)	(2,997)	(742)
Earnings before income taxes		2,813	2,662	8,113	2,159
Income tax expense		(807)	(680)	(1,916)	(792)
Net earnings being comprehensive earnings		2,006	1,982	6,197	1,367
Attributable to non-controlling interest		(197)	125	(259)	(91)
Attributable to equity shareholders		2,203	1,857	6,456	1,458
Net earnings per share - basic and diluted	6b	0.04	0.04	0.11	0.03

See accompanying notes to the condensed consolidated interim financial statements.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
For the nine months ended September 30, 2023 and 2022
(In thousands of Canadian dollars except number of shares)

	Notes	Equity attributable to Corporation's shareholders					Non-Controlling Interest	Total Equity
		Common shares - Issued						
		Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity		
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	6d	-	-	-	(4,265)	(4,265)	-	(4,265)
Distributions and other		-	-	-	-	-	(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

At December 31, 2022		56,863,335	82,383	1,063	141,186	224,632	2,705	227,337
Dividends	6d	-	-	-	(4,833)	(4,833)	-	(4,833)
Normal course issuer bid	6c	(30,522)	(45)	-	(21)	(66)	-	(66)
Distributions		-	-	-	-	-	(1,398)	(1,398)
Change of ownership interest / Contribution	15	-	-	-	1,796	1,796	9,141	10,937
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	6,456	6,456	(259)	6,197
At September 30, 2023		56,832,813	82,338	1,063	144,584	227,985	10,189	238,174

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, 2023 and 2022
(In thousands of Canadian dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Operating activities					
Receipts from residential lot sales		3,348	3,526	11,659	13,607
Receipts from development land sales		-	7,453	4,242	9,653
Receipts from residential home sales		41,811	26,609	114,838	70,624
Sale of ownership interest in Lewiston Lands Limited Partnership ("LLLLP")	15	-	-	11,760	-
Interest received		442	59	1,087	159
Other cash receipts (payments)		7	(33)	(21)	276
Paid for land development		(18,066)	(10,863)	(36,047)	(25,605)
Paid for lots / land acquisition		(2,052)	(825)	(6,904)	(35,851)
Paid for residential home construction		(29,743)	(24,074)	(76,484)	(58,446)
Paid to suppliers and employees		(5,191)	(4,130)	(15,778)	(12,785)
Income tax payments		(478)	(459)	(2,650)	(3,702)
Cash flows (used in) from operating activities		(9,922)	(2,737)	5,702	(42,070)
Investing activities					
Investment in joint venture		-	(3,589)	-	(3,589)
Acquisition of equipment		(135)	(92)	(515)	(479)
Change in restricted cash		-	(1,799)	1,325	1,174
Cash flows (used in) from investing activities		(135)	(5,480)	810	(2,894)
Financing activities					
Advances from loans and credit facilities	4	17,036	31,524	44,392	42,419
Repayments of loans and credit facilities		(10,754)	(8,961)	(42,901)	(25,066)
Repayment of vendor-take-back mortgage payable		-	-	-	(9,312)
Interest and fees paid on loans and credit facilities		(1,436)	(484)	(3,755)	(1,271)
Distributions to unit holders of limited partnerships		-	(2,980)	(986)	(2,980)
Cancellation of shares under NCIB	6c	(43)	-	(66)	-
Dividends paid	6d	-	(4,265)	(4,833)	(4,265)
Cash flows from (used in) financing activities		4,803	14,834	(8,149)	(475)
Change in cash and cash equivalents		(5,254)	6,617	(1,637)	(45,439)
Cash and cash equivalents, beginning of period		40,215	11,919	36,598	63,975
Cash and cash equivalents, end of period		34,961	18,536	34,961	18,536

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, 2023 and 2022

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

1. DESCRIPTION OF BUSINESS

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

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

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

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on November 8, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The significant accounting policies, basis of measurement and use of judgements and estimates of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2022 except as described below. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

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

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

These Statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022.

Changes in ownership interests

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

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

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3. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

Net book value	Lots, Multi-family & Commercial Parcels	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	6,076	30,596	59,455	96,127
Transfer	18,253	(18,253)	-	-
Acquisitions	-	663	32,296	32,959
Sold	(23,211)	-	(55,831)	(79,042)
As at September 30, 2023	43,926	187,375	84,426	315,727

Acquisitions amounts above include \$32,296 related to the purchase of residential lots. During the nine months ended September 30, 2023, the Corporation entered into binding agreements to acquire 200 residential lots in the Calgary Metropolitan Area for \$32,296. The Corporation paid non-refundable deposits of \$8,361 with the balance of \$23,935, due on closing which is scheduled between December 2023 and June 2025.

During the year ended December 31, 2022, the Corporation entered into a binding agreement to acquire 132 residential lots in the Calgary Metropolitan Area for \$22,188. The Corporation paid non-refundable deposits of \$6,277 with the balance of \$15,911, due on closing which is scheduled between January 2023 and January 2025.

During the three and nine months ended September 30, 2023, interest of \$291 and \$661 (2022 - \$297 and \$513) was capitalized as a component of development activities.

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

(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

4. LOAN AND CREDIT FACILITIES

	September 30, 2023	December 31, 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%. The facility was extended in January 2023 and matures on February 1, 2026.	19,024	25,626
Secured by agreements receivable, real estate held for development and sale and a corporate guarantee		
b) Demand land project servicing facilities from a major Canadian chartered bank, payable on collection of agreements receivable, bearing interest at prime +0.50% per annum, secured by real estate held for development and sale with a carrying value of \$17,084. These facilities mature between May 12, 2024, and March 19, 2025.	11,552	12,522
c) Demand operating credit facility up to \$21,500 from a major Canadian chartered bank, bearing interest at prime +0.50% per annum, secured by real estate held for development and sale with a carrying value of \$54,070. The facility matures on October 27, 2025.	21,336	20,198
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 \$54,070. The facility matures on July 31, 2026.	4,179	-
Secured by housing projects under development and a corporate guarantee		
e) 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.	11,110	7,364
	67,201	65,710
Deferred fees on loan and credit facilities	(779)	(653)
	66,422	65,057

The weighted average interest rate of loan agreements with financial institutions was 8.14% (December 31, 2022 - 7.52%) based on September 30, 2023 balances.

During the three and nine months ended September 30, 2023, the Corporation received advances of \$17,036 and \$44,392 (2022 - \$31,524 and \$42,419) relating to various loan facilities. These loan facilities bear interest ranging from prime +0.50% to prime +1.90% per annum, with maturity dates ranging from May 12, 2024 to July 31, 2026. During the three and nine months ended September 30, 2023, the Corporation incurred interest expense of \$1,267 and \$3,283 related to all loans (2022 - \$484 and \$971).

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

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

4. LOAN AND CREDIT FACILITIES (continued)

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

October 1, 2023 to September 30, 2024	13,800
October 1, 2024 to September 30, 2025	8,861
October 1, 2025 to September 30, 2026	44,540
	67,201

As at September 30, 2023 and at December 31, 2022, the Corporation and its subsidiaries were in compliance with all loan covenants.

5. PROVISION FOR FUTURE DEVELOPMENT COSTS

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

	Land Development	Home Building	Total
As at December 31, 2022	20,105	3,929	24,034
Additions	7,139	19,856	26,995
Changes to estimates	(144)	(227)	(371)
Development activities	(13,401)	(18,378)	(31,779)
As at September 30, 2023	13,699	5,180	18,879

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, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic and diluted weighted average number of common shares	56,843,655	56,863,335	56,851,948	56,863,335

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

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

(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

6. SHARE CAPITAL (continued)

c) Normal course issuer bid (“NCIB”)

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Number of shares repurchased and cancelled	19,860	-	30,522	-
Reduction in share capital	29	-	45	-
Change in retained earnings	14	-	21	-
Reduction in shareholders' equity	43	-	66	-
Average purchase price per share	2.18	-	2.17	-

d) Dividends paid

Cash dividends of \$4,833 (\$0.085 per share) were paid during the nine months ended September 30, 2023. Cash dividends of \$4,265 (\$0.075 per share) were paid during the nine months ended September 30, 2022.

7. SHARE-BASED COMPENSATION

a) Stock option plan

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

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

(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

7. SHARE-BASED COMPENSATION (continued)

b) Deferred share unit (“DSU”) plan

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

	Nine months ended September 30,	
	2023	2022
DSUs outstanding - beginning of period	1,065,060	573,743
DSUs granted	299,122	454,584
DSUs redeemed / cancelled	(86,534)	-
DSUs outstanding - end of period	1,277,648	1,028,327
DSUs vested - end of period	836,462	597,407

The outstanding liability related to cash settled DSUs as at September 30, 2023 was \$2,544 (December 31, 2022 - \$1,950) and is recorded in accounts payable and accrued liabilities. DSUs are measured at fair value at each reporting period on a mark-to-market basis.

c) Share-based compensation expense

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Stock options	-	-	-	18
DSU related to grants which are to be cash settled	418	26	758	847
Total share-based compensation expense	418	26	758	865

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

(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

8. COMMITMENTS AND CONTINGENCIES

a) The Corporation has issued letters of credit and surety bonds pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at September 30, 2023, these amounted to \$7,303 (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:

October 1, 2023 to September 30, 2024	8,516
October 1, 2024 to September 30, 2025	5,050
October 1, 2025 to September 30, 2026	4,428
	17,994

c) The Corporation has contracted to acquire 180 residential lots in the Calgary Metropolitan Area for \$29,023 from third-party land developers and LLLP, a limited partnership in which Genesis owns a 60% interest (refer to note 15). The Corporation has paid deposits totaling \$2,754 with the remainder being payable as follows:

	Third-party land developers	LLL	Total
October 1, 2023 to September 30, 2024	5,395	7,735	13,130
October 1, 2024 to September 30, 2025	8,062	2,521	10,583
October 1, 2025 to September 30, 2026	2,556	-	2,556
	16,013	10,256	26,269

d) The Corporation entered into an agreement to acquire 460 acres of future residential development land in the southeast sector of the City of Calgary. The Corporation has paid non-refundable deposits of \$1,000 with an additional \$6,754 due at closing of transaction on November 20, 2023. The remaining balance of \$18,088 will be paid over four years in equal installments of \$4,522 with the first payment due in November 2024.

9. OTHER OPERATING ASSETS

	September 30, 2023	December 31, 2022
Deposits	7,666	11,122
Restricted cash	4,538	6,849
Prepayments	342	1,118
Property, equipment and other	1,626	1,590
	14,172	20,679

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

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

10. CUSTOMER DEPOSITS

	September 30, 2023	December 31, 2022
Customer deposits on residential home sales	13,732	9,194
Customer deposits on residential lot and development land sales	5,061	6,559
	18,793	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.

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

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at Sep. 30, 2023	As at Dec. 31, 2022	As at Sep. 30, 2023	As at Dec. 31, 2022
Financial Assets						
Cash	Level 1	FVTPL	34,961	36,598	34,961	36,598
Investments in land development entities	Level 3	FVTPL	6,730	6,730	6,730	6,730
Restricted cash ⁽¹⁾	Level 1	FVTPL	4,538	6,849	4,538	6,849
Financial Liabilities						
Cash settled DSUs	Level 1	FVTPL	2,544	1,950	2,544	1,950

⁽¹⁾ Included in other operating assets.

During the three and nine months ended September 30, 2023 and 2022, no transfers were made between the levels in the fair value hierarchy.

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

(Unaudited)

For the three and nine months ended September 30, 2023 and 2022

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

11. FINANCIAL INSTRUMENTS (continued)

a) Risks associated with financial instruments

(i) Credit risk

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

Recovery of bad debt expense is included in the Corporation's general and administrative expenses. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Individual balances due from customers as at September 30, 2023, which comprise greater than 10% of total amounts receivable, totaled \$23,151 from two customers (December 31, 2022 - \$21,207 from two customers).

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

	September 30, 2023	December 31, 2022
Due on sold lots	23,151	21,207
Other receivables	1,125	958
	24,276	22,165

(ii) Liquidity risk

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

	<1 Year	>1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	31,528	-	31,528
Accounts payable related to residential lot purchases	24,899	7,840	32,739
Loan and credit facilities excl. deferred fees on loan and credit facilities (note 4)	13,800	53,401	67,201
	70,227	61,241	131,468
Commitments			
Lease obligations (including variable operating costs)	589	1,050	1,639
Land purchase contracts (note 8d)	6,754	44,788	51,542
Lot purchase contracts (note 8c)	13,130	13,139	26,269
Levies and municipal fees (note 8b)	8,516	9,478	17,994
	28,989	68,455	97,444
	99,216	129,696	228,912

As at September 30, 2023, the Corporation had obligations due within the next 12 months of \$99,216 (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 nine months ended September 30, 2023, the Corporation's operating line of credit facility was increased from \$10,000 to \$25,000 (note 4e) and the corporate revolving line of credit was extended until February 2026 (note 4a). LLLP also put in place a demand land servicing credit facility of \$35,428 (note 4d).

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

11. FINANCIAL INSTRUMENTS (continued)

(iii) Market risk

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loan and credit facilities are at a floating rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately \$672 annually on floating rate facilities (2022 - \$413).

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, 2023	December 31, 2022
Loan and credit facilities (note 4)	66,422	65,057
Shareholders' equity	227,985	224,632
	294,407	289,689

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12. SEGMENTED INFORMATION

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

Three months ended September 30, 2023	Land Development Segment			Home Building Segment	Intersegment Elimination	Total	
	Genesis	LP	Intrasegment Elimination				
Revenues	5,838	-	-	5,838	40,928	(5,593)	41,173
Direct cost of sales	(4,709)	-	-	(4,709)	(31,598)	5,593	(30,714)
Gross margin	1,129	-	-	1,129	9,330	-	10,459
G&A, selling & marketing and net finance expense or income	(2,956)	(9)	-	(2,965)	(4,681)	-	(7,646)
(Loss) earning before income taxes and non-controlling interest	(1,827)	(9)	-	(1,836)	4,649	-	2,813

Three months ended September 30, 2022	Land Development Segment			Home Building Segment	Intersegment Elimination	Total	
	Genesis	LP	Intrasegment Elimination				
Revenues	12,166	4	-	12,170	28,091	(4,104)	36,157
Revenues - development land	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 or income	(2,097)	185	-	(1,912)	(3,143)	-	(5,055)
(Loss) earning before income taxes and non-controlling interest	(37)	125	64	152	2,510	-	2,662

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12. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2023	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	31,174	14	-	31,188	114,896	(18,616)	127,468
Revenues - development land	4,242	1,253	(1,253)	4,242	-	-	4,242
Direct cost of sales	(30,159)	(935)	935	(30,159)	(91,076)	18,616	(102,619)
Gross margin	5,257	332	(318)	5,271	23,820	-	29,091
G&A, selling & marketing and net finance expense	(8,104)	(66)	-	(8,170)	(12,808)	-	(20,978)
(Loss) earnings before income taxes and non-controlling interest	(2,847)	266	(318)	(2,899)	11,012	-	8,113
Segmented assets as at September 30, 2023	305,107	2,630	(4,707)	303,030	101,131	3,143	407,304
Segmented liabilities as at September 30, 2023 ^{(1), (2)}	94,353	1,058	(259)	95,152	70,835	3,143	169,130
Segmented net assets as at September 30, 2023 ^{(1), (2)}	210,754	1,572	(4,448)	207,878	30,296	-	238,174

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 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 \$5,313 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 \$259 (December 31, 2022 - \$365) due to Genesis.

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13. INVESTMENTS IN LAND DEVELOPMENT ENTITIES

	Investment in land development limited partnership - 5% interest	Investment in land development joint venture - 8% interest	Total
As at December 31, 2022	2,230	4,500	6,730
Change in fair value	-	-	-
As at September 30, 2023	2,230	4,500	6,730

The fair value of investments in land development entities is based on the market approach method. Fair values were obtained from external third-party appraisals at year end. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets. During the three and nine months ended September 30, 2023, the Corporation recorded \$Nil as a change in investment in land development entities (2022 - \$Nil).

14. JOINT VENTURE

The Corporation and a private company entered into a limited partnership agreement 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 \$3,582 at September 30, 2023 (December 31, 2022 - \$3,588). During the three and nine months ended September 30, 2023, there were minimal transactions in SHEA LP.

15. LEWISTON LANDS LIMITED PARTNERSHIP

In December 2022, the Corporation entered into binding agreements to sell a 20% ownership stake in LLLP to each of two Calgary based third party home builders. LLLP owns 130 acres of residential development land located in north Calgary in the Keystone Area Structure Plan. The transaction closed on January 16, 2023, for a consideration for each 20% ownership stake of \$5,880 (net of assumption of debt of \$4,000 each) resulting in gross proceeds for the sale of a 40% ownership interest of \$11,760 (net of assumption of debt of \$8,000). LLLP accounts for \$8,616 of the NCI on the condensed consolidated interim balance sheets (December 31, 2022 - \$Nil).

16. RELATED PARTY TRANSACTIONS

Transactions occurred with the following related parties:

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

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17. CONSOLIDATED ENTITIES

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

18. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the following occurred:

On November 8, 2023, the Corporation declared a dividend of \$0.085 per common share for a total of \$4,831, payable on December 8, 2023, to shareholders of record on November 21, 2023.