



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2024 and 2023
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2024	December 31, 2023
Assets			
Real estate held for development and sale	3	390,612	342,791
Amounts receivable	11a	57,184	28,156
Vendor-take-back mortgage receivable	13	628	1,976
Investments in land development entities	14	11,120	7,160
Investment in joint venture	15	4,029	3,581
Other operating assets	9	17,481	10,907
Right-of-use assets		784	482
Deferred tax assets		8,064	7,484
Cash and cash equivalents		20,773	37,546
Total assets		510,675	440,083
Liabilities			
Loan and credit facilities	4	124,323	103,587
Customer deposits	10	33,343	17,470
Accounts payable and accrued liabilities	11a	34,490	22,579
Accounts payable related to residential lot purchases	11a	17,094	32,319
Lease liabilities		1,049	712
Income tax payable		4,860	1,706
Provision for future development costs	5	33,228	20,569
Total liabilities		248,387	198,942
Commitments and contingencies	8		
Subsequent events	7a, 18		
Equity			
Share capital	6	82,268	82,293
Contributed surplus		1,063	1,063
Retained earnings		169,356	147,786
Shareholders' equity		252,687	231,142
Non-controlling interest		9,601	9,999
Total equity		262,288	241,141
Total liabilities and equity		510,675	440,083

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, 2024 and 2023
(In thousands of Canadian dollars except per share amounts)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2024	2023	2024	2023
Revenues					
Sales revenue		93,100	41,154	256,285	131,615
Other revenue		31	19	129	95
	12	93,131	41,173	256,414	131,710
Direct cost of sales		(66,298)	(30,714)	(191,617)	(102,619)
Gross margin		26,833	10,459	64,797	29,091
General and administrative		(5,990)	(4,921)	(17,344)	(13,179)
Selling and marketing		(3,464)	(2,018)	(9,530)	(5,889)
		(9,454)	(6,939)	(26,874)	(19,068)
Earnings from operations		17,379	3,520	37,923	10,023
Finance income		330	442	1,422	1,087
Finance expense		(2,396)	(1,149)	(5,629)	(2,997)
Earnings before income taxes		15,313	2,813	33,716	8,113
Income tax expense		(3,592)	(807)	(7,134)	(1,916)
Net earnings being comprehensive earnings		11,721	2,006	26,582	6,197
Attributable to non-controlling interest		(282)	(197)	(398)	(259)
Attributable to equity shareholders		12,003	2,203	26,980	6,456
Net earnings per share - basic and diluted	6b	0.22	0.04	0.48	0.11

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, 2024 and 2023
(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, 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	16a	-	-	-	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

At December 31, 2023		56,802,308	82,293	1,063	147,786	231,142	9,999	241,141
Dividends	6d	-	-	-	(5,395)	(5,395)	-	(5,395)
Normal course issuer bid	6c	(16,800)	(25)	-	(15)	(40)	-	(40)
Net earnings (loss) being comprehensive earnings (loss)		-	-	-	26,980	26,980	(398)	26,582
At September 30, 2024		56,785,508	82,268	1,063	169,356	252,687	9,601	262,288

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, 2024 and 2023
(In thousands of Canadian dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Operating activities - inflows (outflows)					
Residential home sales		62,646	41,811	187,818	114,838
Residential lot sales		12,238	3,348	41,632	11,659
Development land sales		-	-	8,922	4,242
Proceeds from sale of ownership interest in Limited Partnerships	16	-	-	8,400	11,760
Interest		330	442	1,422	1,087
Residential home construction		(33,122)	(29,743)	(93,689)	(76,484)
Land development		(29,073)	(18,066)	(46,339)	(36,047)
Lots and land acquisitions		(6,552)	(2,052)	(68,567)	(6,904)
Suppliers and employees		(8,001)	(5,191)	(20,941)	(15,778)
Income tax		(690)	(478)	(4,560)	(2,650)
Other		31	7	109	(21)
Cash flows (used in) from operating activities		(2,193)	(9,922)	14,207	5,702
Investing activities					
Investment in joint venture	15	-	-	(455)	-
Acquisition of equipment		(187)	(135)	(1,010)	(515)
Change in restricted cash		-	-	1,093	1,325
Deposit and advance towards land development entities	14	(5,000)	-	(6,300)	-
Distribution received from joint venture	14	640	-	1,040	-
Cash flows (used in) from investing activities		(4,547)	(135)	(5,632)	810
Financing activities					
Advances from loan and credit facilities	4	8,021	17,036	46,950	44,392
Repayments of loan and credit facilities	4	(18,486)	(10,754)	(62,459)	(42,901)
Interest and fees paid on loan and credit facilities		(1,389)	(1,436)	(4,404)	(3,755)
Distributions to unit holders of limited partnerships		-	-	-	(986)
Cancellation of shares under NCIB	6c	-	(43)	(40)	(66)
Dividends paid	6d	-	-	(5,395)	(4,833)
Cash flows (used in) from financing activities		(11,854)	4,803	(25,348)	(8,149)
Change in cash and cash equivalents		(18,594)	(5,254)	(16,773)	(1,637)
Cash and cash equivalents, beginning of period		39,367	40,215	37,546	36,598
Cash and cash equivalents, end of period		20,773	34,961	20,773	34,961

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, 2024 and 2023

(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 5, 2024.

2. MATERIAL 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, 2023. 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, 2023.

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

For the three and nine months ended September 30, 2024 and 2023

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3. 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, 2022	42,808	174,369	48,506	265,683
Development and construction 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
Development and construction activities	5,080	38,623	78,311	122,014
Transfer	63,940	(63,940)	-	-
Acquisitions	-	75,470	13,038	88,508
Sold	(56,954)	(853)	(104,894)	(162,701)
As at September 30, 2024	49,494	266,349	74,769	390,612

Acquisitions amounts during the nine months ended September 30, 2024 in the table above include \$13,038 related to the purchase of residential lots and \$75,470 related to the purchase of development land. During the nine months ended September 30, 2024:

- The Corporation acquired 91 residential lots in the Calgary Metropolitan Area for \$13,038.
- The Corporation closed the acquisition of 734 acres of long-term development land located in southeast Calgary for \$53,850 (with an unamortized portion of the associated Vendor-take-back ("VTB") (note 4c) of \$8,285 at the time of acquisition). The Corporation also secured an option to purchase an additional 106 acres immediately south of these lands by paying \$400. The option may be exercised between January 1, 2029 and December 31, 2037.
- The Corporation closed the acquisition of 160 acres of development land located in southeast Calgary for \$29,505.

During the nine months ended September 30, 2024, the Corporation closed the sales of two parcels of land for \$5,466 (2023 - one parcel for \$4,242).

During the three and nine months ended September 30, 2024, interest of \$207 and \$1,266 (2023 - \$291 and \$661) was capitalized as a component of development activities.

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(Unaudited)

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4. LOAN AND CREDIT FACILITIES

	September 30, 2024	December 31, 2023
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 +1.65%. The facility was extended in March 2024 with the interest rate per annum reduced from prime +1.90% previously and matures on February 1, 2027.	20,079	12,800
Secured by agreements receivable and real estate held for development and sale		
b) 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 460 acres of development land in southeast Calgary and is secured by these lands which have a carrying value of \$22,705. The VTB is to be paid in four annual installments of \$4,522 each, commencing November 20, 2024 and ending November 20, 2027.		
Remaining face value owed on this VTB	18,088	18,088
Unamortized portion of the discount on this VTB	(2,081)	(3,010)
c) 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 \$42,080 VTB was entered into on June 7, 2024, in partial payment for the purchase of 734 acres of development land in southeast Calgary and is secured by these lands which have a carrying value of \$46,148. The VTB is to be paid in four annual installments of \$7,000, \$8,000, \$13,680 and \$13,400 respectively, commencing June 19, 2025 and ending June 19, 2028.		
Remaining face value owed on this VTB	42,080	-
Unamortized portion of the discount on this VTB	(7,375)	-
d) Demand land project servicing facilities up to \$11,208 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 \$9,229 and a corporate guarantee. The loan amounts are due between November 28, 2024, and May 12, 2025.	3,808	12,729
Secured by real estate held for development and sale and a Genesis corporate guarantee - held by Limited Partnerships		
e) Demand land project servicing facilities (Lewiston Lands Limited Partnership ("LLLP")) up to \$26,879 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 \$44,347. The loan amount on one facility is due on July 31, 2026. The other facility matures over 36 months from the date of initial drawdown. There have been no drawdowns on the other facility to date.	3,006	13,455
f) Demand operating credit facility (LLLP) up to \$24,500 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 \$44,347. In April 2024, the facility was increased to \$24,500 from \$21,500. The loan amount is due on October 27, 2025.	22,998	21,500
g) Demand land project servicing facility (Huxley Lands Limited Partnership ("HLLP")) up to \$52,135 from a major Canadian chartered bank, payable on collection of agreements receivable, bearing per annum interest at the prime rate, secured by real estate held for development and sale with a carrying value of \$47,928. The loan amount is due on September 3, 2027.	5,648	-
h) Demand operating credit facility (HLLP) up to \$17,000 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 \$47,928. In April 2024, the facility was increased to \$17,000 from \$16,000. The loan amount is due on November 30, 2026.	15,941	15,098
Secured by housing projects under development and a corporate guarantee		
i) 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.	3,100	13,664
	125,292	104,324
Unamortized deferred fees on loan and credit facilities	(969)	(737)
	124,323	103,587

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

For the three and nine months ended September 30, 2024 and 2023

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4. LOAN AND CREDIT FACILITIES (continued)

The weighted average interest rate of loan agreements with financial institutions is 7.18% (December 31, 2023 - 7.90%) based on September 30, 2024 balances.

During the three and nine months ended September 30, 2024, the Corporation received advances of \$8,021 and \$46,950 (2023 - \$17,036 and \$44,392) and made repayments of \$18,486 and \$62,459 (2023 - \$10,754 and \$42,901) relating to various loan facilities. These loan facilities bear interest ranging from prime to prime +1.65% per annum, with maturity dates ranging from November 28, 2024 to September 3, 2027. During the three and nine months ended September 30, 2024, the Corporation incurred finance expense of \$2,470 and \$6,580 relating to loans and VTBs (2023 - \$1,267 and \$3,283).

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 portions of the discount on the VTBs):

October 1, 2024 to September 30, 2025	18,431
October 1, 2025 to September 30, 2026	38,526
October 1, 2026 to September 30, 2027	59,870
October 1, 2027 to September 30, 2028	17,921
	134,748

As at September 30, 2024 and at December 31, 2023, 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	10,774	27,363	38,137
Changes to estimates	(935)	(371)	(1,306)
Development and construction activities	(14,045)	(26,251)	(40,296)
As at December 31, 2023	15,899	4,670	20,569
Additions	19,073	23,969	43,042
Changes to estimates	(398)	76	(322)
Development and construction activities	(8,803)	(21,258)	(30,061)
As at September 30, 2024	25,771	7,457	33,228

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

For the three and nine months ended September 30, 2024 and 2023

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

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, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Basic and diluted weighted average number of common shares	56,785,508	56,843,655	56,788,086	56,851,948

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 following table sets forth the number of common shares repurchased and cancelled during the three and nine months ended September 30, 2024 and 2023 under the NCIB.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Number of shares repurchased and cancelled	-	19,860	16,800	30,522
Reduction in share capital	-	29	25	45
Change in retained earnings	-	14	15	21
Reduction in shareholders' equity	-	43	40	66
Average purchase price per share	-	2.18	2.36	2.17

d) Dividends paid

Cash dividends of \$5,395 (\$0.095 per share) were paid during the nine months ended September 30, 2024. Cash dividends of \$4,833 (\$0.085 per share) were paid during the nine months ended September 30, 2023.

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

For the three and nine months ended September 30, 2024 and 2023

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

7. SHARE-BASED COMPENSATION

a) 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 the number of outstanding DSUs are as follows:

	Nine months ended September 30,	
	2024	2023
DSUs outstanding - beginning of period	1,353,444	1,065,060
DSUs granted	266,927	299,122
DSUs redeemed / cancelled	-	(86,534)
DSUs outstanding - end of period	1,620,371	1,277,648
DSUs vested - end of period	1,223,808	836,462

The September 30, 2024 outstanding liability related to DSUs which are cash settled is \$6,034 (December 31, 2023 - \$2,863) 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.

Subsequent to September 30, 2024, the Corporation granted 3,580 DSUs at an average price of \$4.19 each.

b) Share-based compensation expense

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Share-based compensation expense	1,454	418	3,172	758

Share-based compensation was recorded and included as a part of general and administrative expense.

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8. COMMITMENTS AND CONTINGENCIES

- a) The Corporation has issued 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, 2024, these amounted to \$9,374 (December 31, 2023 - \$7,103).
- 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, 2024 to September 30, 2025	12,769
October 1, 2025 to September 30, 2026	11,504
October 1, 2026 to September 30, 2027	7,337
	31,610

- c) The Corporation has contracted to acquire 466 residential lots in the Calgary Metropolitan Area for \$97,471 from third-party land developers and LLLP, a limited partnership in which Genesis owns a 60% interest (refer to note 16a). The Corporation has paid deposits totaling \$14,703 with the remainder being payable as follows:

	Third-party land developers	LLLP	Total
October 1, 2024 to September 30, 2025	26,912	-	26,912
October 1, 2025 to September 30, 2026	28,880	8,686	37,566
October 1, 2026 to September 30, 2027	17,947	-	17,947
October 1, 2027 to September 30, 2028	343	-	343
	74,082	8,686	82,768

9. OTHER OPERATING ASSETS

	September 30, 2024	December 31, 2023
Deposits	14,389	6,728
Restricted cash	472	1,551
Prepayments	578	1,046
Property, equipment and other	2,042	1,582
	17,481	10,907

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 surety bonds as security to guarantee the completion of certain construction projects (see note 8a for additional information).

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(Unaudited)

For the three and nine months ended September 30, 2024 and 2023

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10. CUSTOMER DEPOSITS

	September 30, 2024	December 31, 2023
Customer deposits on residential home sales	15,393	13,426
Customer deposits on residential lot and development land sales	17,950	4,044
	33,343	17,470

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, 2024 and December 31, 2023 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at Sept. 30, 2024	As at Dec. 31, 2023	As at Sept. 30, 2024	As at Dec. 31, 2023
Financial Assets						
Cash	Level 1	FVTPL	20,773	37,546	20,773	37,546
Investments in land development entities	Level 3	FVTPL	11,120	7,160	11,120	7,160
Restricted cash ⁽¹⁾	Level 1	FVTPL	472	1,551	472	1,551
Financial Liabilities						
Cash settled DSUs ⁽²⁾	Level 1	FVTPL	6,034	2,863	6,034	2,863

⁽¹⁾ Included in other operating assets.

⁽²⁾ Included in accounts payable and accrued liabilities.

During the three and nine months ended September 30, 2024 and 2023, no transfers were made between the levels in the fair value hierarchy.

GENESIS LAND DEVELOPMENT CORP.
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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, 2024, which comprise greater than 10% of total amounts receivable, totaled \$54,136 from five customers (December 31, 2023 - \$26,623 from two customers).

Amounts receivable, none of which are past due, comprises the follows:

	September 30, 2024	December 31, 2023
Due on sold lots	54,136	26,623
Other receivables	3,048	1,533
	57,184	28,156

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11. FINANCIAL INSTRUMENTS (continued)

(ii) *Liquidity risk*

The contractual maturities of financial liabilities and other commitments as at September 30, 2024 were as follows:

	<1 Year	>1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	34,490	-	34,490
Accounts payable related to residential lot purchases	16,245	849	17,094
Loan and credit facilities excl. deferred fees on loan and credit facilities and unamortized portions of the discount on the VTBs (note 4)	18,431	116,317	134,748
	69,166	117,166	186,332
Commitments			
Lease obligations (including variable operating costs)	786	921	1,707
Lot purchase contracts (note 8c)	26,912	55,856	82,768
Levies and municipal fees (note 8b)	12,769	18,841	31,610
Investment in land development entity	6,556	-	6,556
	47,023	75,618	122,641
	116,189	192,784	308,973

As at September 30, 2024, the Corporation had obligations due within the next 12 months of \$116,189 (December 31, 2023 - \$94,885). 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, 2024, the corporate revolving line of credit was extended until February 2027 with the interest rate per annum reduced to prime +1.65% (note 4a) and a demand land project servicing facility being extended to May 12, 2025 (note 4d). Additionally, LLLP put in place a demand land project servicing facility of \$11,002 (note 4e) and its demand operating credit facility was increased from \$21,500 to \$24,500 (note 4g). HLLP also put in place a demand land project servicing facility of \$52,135 (note 4f) and its demand operating credit facility was increased from \$16,000 to \$17,000 (note 4h).

(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 \$746 annually on floating rate facilities (2023 - \$672).

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, 2024	December 31, 2023
Loan and credit facilities (note 4)	124,323	103,587
Shareholders' equity	252,687	231,142
	377,010	334,729

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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, 2024 and 2023:

Three months ended September 30, 2024	Land Development Segment			Home Building Segment	Intersegment Elimination	Total
	Genesis ⁽¹⁾	LP	Intrasegment Elimination			
Revenues	37,090	-	-	62,709	(6,668)	93,131
Direct cost of sales	(26,270)	-	-	(46,696)	6,668	(66,298)
Gross margin	10,820	-	-	16,013	-	26,833
G&A, selling & marketing and net finance expense	(5,019)	(16)	-	(6,485)	-	(11,520)
Earnings (loss) before income taxes and non-controlling interest	5,801	(16)	-	9,528	-	15,313

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

⁽¹⁾ Includes LLLP and HLLP

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12. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2024	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis ⁽¹⁾	LP	Intrasegment Elimination	Total			
Revenues	93,700	4	-	93,704	186,102	(28,858)	250,948
Revenues - development lands	5,466	-	-	5,466	-	-	5,466
Direct cost of sales	(79,250)	-	-	(79,250)	(140,622)	28,255	(191,617)
Gross margin	19,916	4	-	19,920	45,480	(603)	64,797
G&A, selling & marketing and net finance expense	(12,105)	(52)	-	(12,157)	(18,924)	-	(31,081)
Earnings (loss) before income taxes and non-controlling interest	7,811	(48)	-	7,763	26,556	(603)	33,716
Segmented assets as at September 30, 2024	427,003	2,300	(5,125)	424,178	118,731	(32,234)	510,675
Segmented liabilities as at September 30, 2024 ^{(2), (3)}	219,000	787	(677)	219,110	60,908	(31,631)	248,387
Segmented net assets as at September 30, 2024 ^{(2), (3)}	208,003	1,513	(4,448)	205,068	57,823	(603)	262,288

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 December 31, 2023	320,723	2,209	(4,987)	317,945	111,979	10,159	440,083
Segmented liabilities as at December 31, 2023 ^{(2), (3)}	114,081	648	(539)	114,190	74,593	10,159	198,942
Segmented net assets as at December 31, 2023 ^{(2), (3)}	206,642	1,561	(4,448)	203,755	37,386	-	241,141

⁽¹⁾ Includes LLLP and HLLP

⁽²⁾ Segmented liabilities under the Genesis land development segment include \$18,117 due to the home building segment (December 31, 2023 - \$12,588 due from the land development segment to the home building segment).

⁽³⁾ Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$677 (December 31, 2023 - \$539) due to Genesis.

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13. VTB MORTGAGE RECEIVABLE

	September 30, 2024	December 31, 2023
Vendor-take-back mortgage receivable	628	1,976

During the nine months ended September 30, 2024, the Corporation closed the sale of a 144-acre parcel of non-core development land for \$850, which comprised cash consideration of \$80 and the remainder being a \$770 four-year vendor-take-back mortgage receivable at 0% interest per annum. The VTB mortgage receivable is payable in four equal annual installments of approximately \$193, commencing December 1, 2025 and ending December 1, 2028.

During 2023, the Corporation closed the sale of a 2.91-acre parcel of development land for \$3,929, comprised of cash consideration and a VTB mortgage receivable bearing annual interest at the prime rate. The principal and interest on the VTB mortgage receivable totaling \$2,006 was received in March 2024.

14. INVESTMENTS IN LAND DEVELOPMENT ENTITIES

	Investment in land development limited partnership - 5% interest	Investment in land development joint venture - 8% interest	Investment in land development joint venture - 16.7% interest	Total
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
Contribution	-	-	5,000	5,000
Distribution received	-	(1,040)	-	(1,040)
As at September 30, 2024	1,950	4,170	5,000	11,120

The fair value of investments in land development entities is based on the market approach method. This method uses prices and other relevant information that have been generated by market transactions involving comparable assets. During the three and nine months ended September 30, 2024, the Corporation recorded \$Nil as a change in investment in two previously acquired land development entities (2023 - \$Nil).

During the three and nine months ended September 30, 2024, the Corporation contributed \$5,000 to acquire a 16.7% interest in a limited partnership which is expected to commence development on 243 acres of land in southeast Calgary in 2029.

15. 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 investment in SHEA LP is accounted for using the equity method with the Corporation's share of net assets being \$4,029 at September 30, 2024 (December 31, 2023 - \$3,581). During the three and nine months ended September 30, 2024, the Corporation made additional contribution of \$Nil and \$455 (2023 - \$Nil).

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16. LIMITED PARTNERSHIPS

a) 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). As at September 30, 2024, LLLP accounts for \$8,088 of the NCI on the condensed consolidated interim balance sheets (December 31, 2023 - \$8,438) and (\$350) on the condensed consolidated interim statements of comprehensive income (September 30, 2023 - (\$525)).

b) In May 2024, the Corporation entered into binding agreements to sell a 20% ownership stake in HLLP to each of two Calgary based third party home builders for gross proceeds of \$21,440. HLLP owns 161 acres of residential development land located in the Belvedere ASP on the east side of the City of Calgary. The purchasers have paid non-refundable deposits of \$7,400 and contributed \$1,000 towards working capital. The transactions are scheduled to close on December 13, 2024.

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 majority ownership positions in LLLP and HLLP as well as minority positions in other limited partnership entities. 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, 2024, the following occurred:

a) In October 2024, the Corporation signed a 10-year lease for its new head office location. The current sublease expires in February 2027. The newly signed lease commences in March 2027 and expires in December 2037 with payments relating to basic rent and parking over the term of the lease, amounting to \$5,267.

b) In October 2024, the Corporation closed the sale of a 7.24-acre parcel of development land in the City of Calgary for \$9,500.

c) On November 5, 2024, the Corporation declared a dividend of \$0.10 per share (for a total payment of \$5,679), payable on November 29, 2024 to shareholders of record on November 18, 2024.