



**GENESIS LAND DEVELOPMENT CORP.**

---

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2021 and 2020  
(Unaudited)

**SECOND QUARTER**

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

(Unaudited)

(In thousands of Canadian dollars)

	Notes	June 30, 2021	December 31, 2020
<b>Assets</b>			
Real estate held for development and sale	3	207,287	193,309
Amounts receivable	9a	11,156	11,006
Vendor-take-back mortgage receivable		2,719	2,719
Investments in land development entities		5,608	5,608
Other operating assets		14,633	14,750
Right-of-use assets		739	712
Deferred tax assets		7,038	8,088
Income tax recoverable		423	559
Cash and cash equivalents		25,746	29,743
<b>Total assets</b>		<b>275,349</b>	<b>266,494</b>
<b>Liabilities</b>			
Loans and credit facilities	4	18,014	21,470
Dividend payable	6d	-	6,280
Customer deposits		6,632	3,889
Accounts payable and accrued liabilities	3	25,740	14,092
Lease liabilities		880	790
Provision for future development costs	5	21,022	20,213
<b>Total liabilities</b>		<b>72,288</b>	<b>66,734</b>
Commitments and contingencies	8		
Subsequent events	12		
<b>Equity</b>			
Share capital		52,489	52,489
Contributed surplus	7c	1,025	868
Retained earnings		138,329	134,319
<b>Shareholders' equity</b>		<b>191,843</b>	<b>187,676</b>
Non-controlling interest		11,218	12,084
<b>Total equity</b>		<b>203,061</b>	<b>199,760</b>
<b>Total liabilities and equity</b>		<b>275,349</b>	<b>266,494</b>

See accompanying notes to the condensed consolidated interim financial statements.

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

*(In thousands of Canadian dollars except per share amounts)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
<b>Revenues</b>					
Sales revenue		29,506	30,261	48,212	53,905
Other revenue		23	464	30	472
	10	29,529	30,725	48,242	54,377
Direct cost of sales		(21,242)	(22,003)	(34,504)	(40,831)
Write-down of real estate held for development and sale	3	-	-	-	(10,815)
		(21,242)	(22,003)	(34,504)	(51,646)
<b>Gross margin</b>		8,287	8,722	13,738	2,731
General and administrative		(2,955)	(2,513)	(5,192)	(5,133)
Selling and marketing		(1,484)	(1,088)	(2,495)	(2,214)
		(4,439)	(3,601)	(7,687)	(7,347)
Earnings (loss) from operations		3,848	5,121	6,051	(4,616)
Finance income		82	433	151	791
Finance expense		(344)	(686)	(697)	(1,377)
Earnings (loss) before income taxes		3,586	4,868	5,505	(5,202)
Income tax (expense) recovery		(955)	(1,225)	(1,348)	1,393
Net earnings (loss) being comprehensive earnings (loss)		2,631	3,643	4,157	(3,809)
Attributable to non-controlling interest		(57)	(1)	147	(70)
<b>Attributable to equity shareholders</b>		2,688	3,644	4,010	(3,739)
Net earnings (loss) per share - basic and diluted		0.07	0.09	0.10	(0.09)

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 three and six months ended June 30, 2021 and 2020**

*(In thousands of Canadian dollars except number of shares)*

	Notes	Equity attributable to Corporation's shareholders					Non-Controlling Interest	Total Equity
		Common shares - Issued		Contributed Surplus	Retained Earnings	Total Shareholders' Equity		
		Number of Shares	Amount					
<b>At December 31, 2019</b>		42,159,927	52,867	603	140,487	193,957	18,938	212,895
Share-based payments	7c	-	-	144	-	144	-	144
Normal course issuer bid	6c	(89,040)	(113)	-	(41)	(154)	-	(154)
Distributions	11	-	-	-	-	-	(5,842)	(5,842)
Net loss being comprehensive loss and		-	-	-	(3,739)	(3,739)	(111)	(3,850)
<b>At June 30, 2020</b>		42,070,887	52,754	747	136,707	190,208	12,985	203,193

<b>At December 31, 2020</b>		41,863,335	52,489	868	134,319	187,676	12,084	199,760
Share-based payments	7c	-	-	157	-	157	-	157
Distributions	3, 11	-	-	-	-	-	(913)	(913)
Net earnings being comprehensive earnings and other		-	-	-	4,010	4,010	47	4,057
<b>At June 30, 2021</b>		<b>41,863,335</b>	<b>52,489</b>	<b>1,025</b>	<b>138,329</b>	<b>191,843</b>	<b>11,218</b>	<b>203,061</b>

See accompanying notes to the condensed consolidated interim financial statements.

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
**For the three and six months ended June 30, 2021 and 2020**  
*(In thousands of Canadian dollars)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
<b>Operating activities</b>					
Receipts from residential lot sales		2,031	1,519	7,189	3,699
Receipts from development land sales		-	1,425	925	6,443
Receipts from residential home sales		29,297	22,127	44,594	36,526
Other cash (payments) / receipts		(59)	29	316	187
Paid for land development		(4,651)	(5,051)	(9,208)	(7,777)
Paid for lots / land acquisition		(1,362)	(1,720)	(2,089)	(1,720)
Paid for residential home construction		(14,882)	(8,891)	(26,002)	(15,609)
Paid to suppliers and employees		(3,355)	(2,496)	(8,247)	(6,646)
Interest received		82	102	151	129
Income tax payments		(17)	-	(162)	-
<b>Cash flows from operating activities</b>		<b>7,084</b>	<b>7,044</b>	<b>7,467</b>	<b>15,232</b>
<b>Investing activities</b>					
Acquisition of equipment		(70)	(204)	(316)	(235)
Change in restricted cash		-	(259)	68	(141)
<b>Cash flows used in investing activities</b>		<b>(70)</b>	<b>(463)</b>	<b>(248)</b>	<b>(376)</b>
<b>Financing activities</b>					
Advances from loans and credit facilities	4	18,194	3,385	26,129	11,305
Repayments of loans and credit facilities		(14,776)	(6,972)	(19,636)	(9,546)
Payment on vendor-take-back mortgage payable		(9,312)	-	(9,312)	(8,000)
Interest and fees paid on loans and credit facilities		(272)	(358)	(1,314)	(720)
Distributions to unit holders of limited partnerships	3	-	-	(803)	-
Dividends paid	6d	-	-	(6,280)	-
Repurchase and cancellation of shares under NCIB	6c	-	(40)	-	(154)
<b>Cash flows used in financing activities</b>		<b>(6,166)</b>	<b>(3,985)</b>	<b>(11,216)</b>	<b>(7,115)</b>
<b>Change in cash and cash equivalents</b>		<b>848</b>	<b>2,596</b>	<b>(3,997)</b>	<b>7,741</b>
Cash and cash equivalents, beginning of period		24,898	21,393	29,743	16,248
<b>Cash and cash equivalents, end of period</b>		<b>25,746</b>	<b>23,989</b>	<b>25,746</b>	<b>23,989</b>

See accompanying notes to the condensed consolidated interim financial statements.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

*(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.

The Corporation has successfully adapted its operations to address the impact of COVID-19. All health and safety recommendations of regulatory authorities are being followed and, when feasible, exceeded. As of July 1, 2021, the majority of COVID-19 restrictions for the province of Alberta have been lifted. The Corporation remains cautious as there is continued uncertainty as to the extent and duration of the economic and regulatory implications of COVID-19.

The consolidated financial statements of Genesis were approved for issuance by the Board of Directors on July 29, 2021.

**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, 2020. 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, 2020.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**3. REAL ESTATE HELD FOR DEVELOPMENT AND SALE**

	Lots, Multi-family & Commercial Parcels	Land Held for Development	Home Building	Total	Limited Partnerships	Intra-segment Elimination	Consolidated Total
<b>Gross book value</b>							
As at December 31, 2020	48,699	141,812	16,738	207,249	11,995	(4,194)	215,050
Development activities	2,085	12,197	21,436	35,718	183	-	35,901
Acquisition	-	-	7,317	7,317	-	-	7,317
Sold	(9,171)	-	(19,438)	(28,609)	(2,748)	-	(31,357)
As at June 30, 2021	<b>41,613</b>	<b>154,009</b>	<b>26,053</b>	<b>221,675</b>	<b>9,430</b>	<b>(4,194)</b>	<b>226,911</b>
<b>Provision for write-downs</b>							
As at December 31, 2020	5,169	14,135	548	19,852	1,889	-	21,741
Sold	-	-	(228)	(228)	(1,889)	-	(2,117)
As at June 30, 2021	<b>5,169</b>	<b>14,135</b>	<b>320</b>	<b>19,624</b>	<b>-</b>	<b>-</b>	<b>19,624</b>
<b>Net book value</b>							
As at December 31, 2020	43,530	127,677	16,190	187,397	10,106	(4,194)	193,309
As at June 30, 2021	<b>36,444</b>	<b>139,874</b>	<b>25,733</b>	<b>202,051</b>	<b>9,430</b>	<b>(4,194)</b>	<b>207,287</b>

During the three months ended March 31, 2021, the Corporation closed the sale of a 463.2-acre parcel of development land, located in British Columbia, belonging to a limited partnership for \$925. The limited partnership made a distribution of \$803 to its unit holders from the proceeds of this sale.

The Corporation entered into a binding agreement to acquire 48 future residential development lots in the City of Calgary for \$7,317. The Corporation paid a non-refundable deposit of \$1,463, with the balance of \$5,854 to be paid on closing, currently scheduled for December 2022. This amount is included in accounts payable and accrued liabilities as at June 30, 2021 (December 31, 2020 - \$Nil).

During the three and six months ended June 30, 2021, no interest (2020 - \$Nil) was capitalized as a component of development activities.

No write-downs were recorded during the three and six months ended June 30, 2021 (2020 - \$Nil and \$10,815).

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**4. LOANS AND CREDIT FACILITIES**

	June 30, 2021	December 31, 2020
<b>Secured by agreements receivable and real estate held for development and sale</b>		
(a) Demand land project servicing loan from a major Canadian chartered bank, payable on collection of agreements receivable, bearing interest at prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of \$6,563. The loan matures on February 28, 2022.	-	-
<b>Secured by real estate held for development and sale</b>		
(b) The VTB 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 VTB is secured by these lands which have a carrying value of \$31,462. The VTB is to be repaid in two installments of approximately \$9,312 each in May 2021 and 2022. The first installment of \$9,312 was paid in May 2021.	9,312	18,624
<b>Secured by specific dedicated lands and a general corporate charge on all assets of the Corporation</b>		
(c) Corporate revolving line of credit up to \$50,000 with a major Canadian financial institution at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. The loan is due on February 1, 2024.	8,159	-
<b>Secured by housing projects under development</b>		
(d) Demand operating line of credit up to \$6,500 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.	1,181	1,662
(e) Demand project specific townhouse construction loans from a major Canadian chartered bank, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of \$2,743. One loan was closed in June 2021 and the outstanding loan is due on August 28, 2021.	-	1,185
	<b>18,652</b>	21,471
Deferred fees on loans and credit facilities	<b>(638)</b>	(1)
	<b>18,014</b>	21,470

The weighted average interest rate of loan agreements with financial institutions was 4.20% (December 31, 2020 - 3.26%) based on June 30, 2021 balances.

During the three and six months ended June 30, 2021, the Corporation received advances of \$18,194 and \$26,129 (2020 - \$3,385 and \$11,305) 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 the prime +0.75% to the higher of prime +1.90% or 4.35% per annum, with due dates ranging from August 28, 2021 to February 1, 2024.

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

**For the three and six months ended June 30, 2021 and 2020**

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

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

Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred fees on loans and credit facilities):

July 1, 2021 to June 30, 2022	10,493
July 1, 2022 to June 30, 2023	-
July 1, 2023 to June 30, 2024	8,159
	18,652

As at June 30, 2021 and at December 31, 2020, 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, 2020	18,737	1,476	20,213
Additions	1,628	5,213	6,841
Changes to estimates	27	(141)	(114)
Development activities	(2,432)	(3,486)	(5,918)
<b>As at June 30, 2021</b>	<b>17,960</b>	<b>3,062</b>	<b>21,022</b>

**6. SHARE CAPITAL**

a) **Authorized**

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value, none issued.

b) **Weighted average number of shares**

The following table sets forth the weighted average number of common shares outstanding for the three and six months ended June 30, 2021 and 2020:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Basic	41,863,335	42,098,624	41,863,335	42,118,001
Effect of dilutive securities - stock options	-	-	-	-
Diluted	41,863,335	42,098,624	41,863,335	42,118,001

All 855,000 options outstanding as at June 30, 2021 (2020 - 2,535,000) were excluded in calculating diluted earnings per share for the three and six months ended June 30, 2021 as their weighted average exercise price was higher than the average market price of the Corporation's shares during the periods.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

(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")**

On October 7, 2020, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on October 13, 2020 and will terminate on the earlier of: (i) October 12, 2021; 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 2,098,885 common shares under the renewed NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the three and six months ended June 30, 2021 and 2020 under the NCIB.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Number of shares repurchased and cancelled	-	32,758	-	89,040
Reduction in share capital	-	42	-	113
Change in retained earnings	-	(2)	-	41
Reduction in shareholders' equity	-	40	-	154
Average purchase price per share	-	1.21	-	1.74

**d) Dividends paid**

Cash dividends of \$6,280 (\$0.15 per share), declared on December 9, 2020, were paid on January 11, 2021. No dividends were declared during the three and six months ended June 30, 2021 and 2020.

**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. Stock options have a 7-year term and vest 25% on each of the first, second, third and fourth anniversary dates of the grant.

Details of stock options are as follows:

	Six months ended June 30,				Weighted Average Remaining Contractual Life in Years
	2021		2020		
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	
Outstanding - beginning of period	2,535,000	\$3.31	2,535,000	\$3.31	
Options cancelled pursuant to revised long-term incentive plan	(1,680,000)	\$3.31	-	-	
Outstanding - end of period	855,000	\$3.31	2,535,000	\$3.31	
Exercisable - end of period	427,500	\$3.31	633,750	\$3.31	

  

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at June 30, 2021	Weighted Average Exercise Price	Number at June 30, 2021	Weighted Average Exercise Price	
3.12 - 3.48	855,000	\$3.31	427,500	\$3.31	4.35

No stock options were issued during the three and six months ended June 30, 2021 (2020 - Nil).

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

*(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 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 between three to four years. Details of outstanding DSUs are as follows:

	Six months ended June 30,	
	2021	2020
	Cash settled	Cash settled
Outstanding - beginning of period	354,258	70,941
DSUs granted	334,033	98,897
DSUs cancelled	(114,548)	-
Outstanding - end of period	573,743	169,838
Vested - end of period	100,917	17,734

The outstanding liability related to cash settled DSUs as at June 30, 2021 was \$812 (December 31, 2020 - \$537) and is recorded in accounts payable and accrued liabilities. DSUs are measured at fair value at each reporting period on a mark-to-market basis.

**c) Share-based compensation expense**

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Stock options	13	72	157	144
Deferred share units related to grants which are to be cash settled	302	19	275	(2)
Total share-based compensation expense	315	91	432	142

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**8. COMMITMENTS AND CONTINGENCIES**

a) The Corporation has issued letters of credit and surety bonds pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at June 30, 2021, these amounted to \$9,090 (December 31, 2020 - \$3,666).

b) The Corporation is committed to pay levies and municipal fees relating to signed municipal agreements on commencement of development of certain real estate assets with the following future payments:

July 1, 2021 to June 30, 2022	7,162
July 1, 2022 to June 30, 2023	3,505
July 1, 2023 to June 30, 2024	1,910
	<hr/> 12,577

c) The Corporation is a co-defendant in a statement of claim initiated by limited partners of LPLP 2007 and its affiliated RRSP limited partnerships. The statement of claim is brought as a class action but has not yet been certified as such and is seeking damages of at least \$16,585. Any potential liability to the Corporation and/or the Partnership is indeterminate, and no provision has been made. The Corporation's view is that this action is without merit and is actively contesting it. The Corporation and the limited partners have each applied for summary judgement and the Corporation is contesting the certification of this matter as a class proceeding.

d) The Corporation has contracted to acquire 156 residential lots in the City of Calgary for \$20,157 from third-party land developers. The Corporation has paid deposits totaling \$2,560 with the remainder being payable as follows:

July 1, 2021 to June 30, 2022	552
July 1, 2022 to June 30, 2023	6,606
July 1, 2023 to June 30, 2024	10,439
	<hr/> 17,597

e) During the six months ended June 30, 2021, the Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary for \$29,150. The Corporation paid a non-refundable deposit of \$2,186, with the balance of \$26,964 to be paid on closing, currently scheduled for April 2022.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**9. 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 loans and credit facilities, amounts receivable and vendor-take-back mortgage receivable were estimated based on current market rates for loans of the same risk and maturities.

The fair value of investments in land development entities are based on the market approach method. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets.

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Corporation's current financial assets are measured at amortized cost or fair value through profit and loss ("FVTPL"). The estimated fair value of financial assets and liabilities measured at FVTPL as at June 30, 2021 and December 31, 2020 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at June 30, 2021	As at Dec. 31, 2020	As at June 30, 2021	As at Dec. 31, 2020
<b>Financial Assets</b>						
Cash	Level 1	FVTPL	25,746	29,743	25,746	29,743
Investments in land development entities	Level 3	FVTPL	5,608	5,608	5,608	5,608
Restricted cash <sup>(1)</sup>	Level 1	FVTPL	6,114	7,351	6,114	7,351

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

During the three and six months ended June 30, 2021 and 2020, no transfers were made between the levels in the fair value hierarchy.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**9. FINANCIAL INSTRUMENTS (continued)**

**a) Risks associated with financial instruments**

*(i) Credit risk*

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

Recovery of bad debt expense is included in the Corporation's general and administrative expenses. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Individual balances due from customers as at June 30, 2021, which comprise greater than 10% of total amounts receivable, totaled \$10,814 from three customers (December 31, 2020 - \$10,235 from two customers).

Aging of amounts receivable was as follows:

	<b>June 30, 2021</b>	December 31, 2020
Not past due	<b>11,156</b>	11,006
	<b>11,156</b>	11,006

*(ii) Liquidity risk*

The contractual maturities of financial liabilities and other commitments as at June 30, 2021 were as follows:

	<b>&lt;1 Year</b>	<b>&gt;1 Year</b>	<b>Total</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	19,412	6,328	25,740
Loans and credit facilities excl. deferred fees on loans and credit facilities (note 4)	10,493	8,159	18,652
	29,905	14,487	44,392
<b>Commitments</b>			
Lease obligations (including variable operating costs)	254	1,954	2,208
Land and lot purchase contracts (note 8d and note 8e)	27,516	17,045	44,561
Levies and municipal fees (note 8b)	7,162	5,415	12,577
	34,932	24,414	59,346
	<b>64,837</b>	<b>38,901</b>	<b>103,738</b>

At June 30, 2021, the Corporation had obligations due within the next 12 months of \$64,837 (December 31, 2020 - \$39,777). Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due. During the six months ended June 30, 2021, the Corporation renewed one loan (note 4a) and established a corporate revolving line of credit of \$50,000 (note 4c).

*(iii) Market risk*

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loans 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 \$93 annually on floating rate loans.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**9. FINANCIAL INSTRUMENTS (continued)**

**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 future development of the business. The Corporation is in compliance with any externally imposed capital requirements.

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region.

The Corporation considered its capital structure at the following dates to specifically include:

	<b>June 30, 2021</b>	December 31, 2020
Loans and credit facilities (note 4)	<b>18,014</b>	21,470
Shareholders' equity	<b>191,843</b>	187,676
	<b>209,857</b>	209,146

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**10. SEGMENTED INFORMATION**

The income producing business units of the Corporation reported the following activities for the three and six months ended June 30, 2021 and 2020:

Three months ended June 30, 2021	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	10,406	8	-	10,414	28,427	(9,312)	<b>29,529</b>
Direct cost of sales	(6,079)	-	-	(6,079)	(24,475)	9,312	<b>(21,242)</b>
Gross margin	4,327	8	-	4,335	3,952	-	<b>8,287</b>
G&A, selling & marketing and net finance expense or income	(1,907)	(65)	-	(1,972)	(2,729)	-	<b>(4,701)</b>
Earnings (loss) before income taxes and non-controlling interest	2,420	(57)	-	2,363	1,223	-	<b>3,586</b>

Three months ended June 30, 2020	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	14,700	39	-	14,739	23,901	(8,090)	30,550
Revenues - development lands	175	-	-	175	-	-	175
Direct cost of sales	(9,357)	-	-	(9,357)	(20,736)	8,090	(22,003)
Gross margin	5,518	39	-	5,557	3,165	-	8,722
G&A, selling & marketing and net finance expense or income	(1,546)	(40)	-	(1,586)	(2,268)	-	(3,854)
Earnings (loss) before income taxes and non-controlling interest	3,972	(1)	-	3,971	897	-	4,868

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

**For the three and six months ended June 30, 2021 and 2020**

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

**10. SEGMENTED INFORMATION (continued)**

Six months ended June 30, 2021	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	18,984	195	(184)	18,995	42,297	(13,975)	<b>47,317</b>
Revenues - development lands	-	925	-	925	-	-	<b>925</b>
Direct cost of sales	(11,167)	(845)	-	(12,012)	(36,467)	13,975	<b>(34,504)</b>
Gross margin	7,817	275	(184)	7,908	5,830	-	<b>13,738</b>
G&A, selling & marketing and net finance expense or income	(3,555)	(128)	184	(3,499)	(4,734)	-	<b>(8,233)</b>
Earnings before income taxes and non-controlling interest	4,262	147	-	4,409	1,096	-	<b>5,505</b>
Segmented assets as at June 30, 2021	232,376	13,982	(6,647)	239,711	34,084	1,554	<b>275,349</b>
Segmented liabilities as at June 30, 2021 <sup>(1), (2)</sup>	54,168	2,790	(2,453)	54,505	16,229	1,554	<b>72,288</b>
Segmented net assets as at June 30, 2021 <sup>(1), (2)</sup>	178,208	11,192	(4,194)	185,206	17,855	-	<b>203,061</b>

Six months ended June 30, 2020	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	20,450	41	-	20,491	37,989	(13,265)	45,215
Revenues - development lands	9,162	-	-	9,162	-	-	9,162
Direct cost of sales	(21,159)	-	-	(21,159)	(32,937)	13,265	(40,831)
Write-down of real estate held for development and sale	(10,000)	-	-	(10,000)	(815)	-	(10,815)
Gross margin	(1,547)	41	-	(1,506)	4,237	-	2,731
G&A, selling & marketing and net finance expense or income	(3,365)	(111)	-	(3,476)	(4,457)	-	(7,933)
(Loss) earnings before income taxes and non-controlling interest	(4,912)	(70)	-	(4,982)	(220)	-	(5,202)
Segmented assets as at December 31, 2020	232,166	14,701	(6,320)	240,547	23,825	2,122	266,494
Segmented liabilities as at December 31, 2020 <sup>(1), (2)</sup>	57,181	2,744	(2,226)	57,699	6,913	2,122	66,734
Segmented net assets as at December 31, 2020 <sup>(1), (2)</sup>	174,985	11,957	(4,094)	182,848	16,912	-	199,760

<sup>(1)</sup> Segmented liabilities under the Genesis land development segment include \$3,228 due to the home building segment (December 31, 2020 - \$4,118 due from the land development segment to the home building segment).

<sup>(2)</sup> Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$2,453 (December 31, 2020 - \$2,226) due to Genesis.

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

(Unaudited)

**For the three and six months ended June 30, 2021 and 2020**

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

**11. 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. Subsidiaries of the Corporation are general partners in three limited partnership group structures.

The Corporation is a co-defendant in a statement of claim initiated by three limited partners of LPLP 2007 and its affiliated RRSP limited partnerships. The statement of claim is brought as a class action but has not yet been certified as such and is seeking damages of at least \$16,585. Any potential liability to the Corporation and/or the partnerships is indeterminate, and no provision has been made.

LPLP 2007 is a limited partnership controlled by the Corporation. In 2019 the Corporation completed a transaction with LPLP 2007, whereby the Corporation acquired the third-party, secured vendor-take-back mortgage receivable held by LPLP 2007. Consideration paid to LPLP 2007 included a cash payment of \$10,360 to LPLP 2007 by the Corporation, with the net proceeds were placed in the trust account of counsel to LPLP2007 to be available for pro rata distribution its limited partners. Early in 2020 limited partners were given the option to receive their pro rata distribution of the amount held in trust, provided the limited partner signed a letter of transmittal in which the limited partner released LPLP 2007, Genesis and related entities from any liabilities in respect of the statement of claim described above. The offer to the limited partners expired on September 18, 2020. As at June 30, 2021, unitholders holding 25,619,829 (58.4%) limited partnership units submitted such transmittal letters, and \$6,092 of the available trust funds have been distributed. All remaining funds which are held in trust will be used by LPLP 2007 to fund its operations, including its share of any costs incurred in respect of the proposed class action.

**12. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021, the following occurred:

- a) The sale of a 4.27-acre parcel of land in Calgary was closed for cash consideration of \$2,550.
- b) As of July 1, 2021, the majority of COVID-19 restrictions for the province of Alberta have been lifted. It is still too early to estimate the impact of this development on the financial results and condition of the Corporation in future periods.