



GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

The Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Genesis Land Development Corp. ("**Genesis**", "**the Corporation**", "**we**", "**us**", or "**our**") should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2023 and 2022, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The unaudited condensed consolidated interim financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of four independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's Annual Information Form ("**AIF**") and the Corporation's MD&A for the year ended December 31, 2022 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. Basic and diluted earnings (loss) per share, cash flows from operating activities per share (basic and diluted), and dividends per share for prior periods have been recalculated to account for the impact of the Corporation's share issue pursuant to a rights offering that closed on December 17, 2021. This MD&A is dated as of May 4, 2023.

STRATEGY AND 2023 BUSINESS PLAN

Strategy

Genesis Land Development Corp. ("Genesis" or the "Corporation") is an integrated land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA") with a strategy to grow its portfolio of well-located, entitled and unentitled primarily residential lands and serviced lots in the CMA.

As a land developer, Genesis acquires, plans, rezones, subdivides, services and sells residential lots and commercial and industrial lands to third party developers and builders, and sells lots and completed homes through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"), its home building division. The land portfolio is planned, developed, serviced and sold as single-family lots and townhouse, multi-family and commercial parcels at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize net cash flow.

GBG designs, builds and sells homes on a significant portion of Genesis' single-family lots and townhouse land parcels. GBG also acquires single-family lots from other land developers to build and sell single-family homes in additional CMA communities.

Genesis manages its financial position by prudently and opportunistically allocating its cash resources among the following:

- Maintaining a strong balance sheet as the priority;
- Acquiring and developing land either directly or through land development entities; and
- Paying dividends and/or buying back its common shares.

Market Overview

The Alberta economy remained relatively strong through Q1 2023 as the province's key industries, particularly oil and natural gas, remain strong. The Royal Bank of Canada ("RBC") estimates Alberta's GDP growth slowing to 1.9% in 2023 as compared to 2022 when Alberta's GDP grew by 4.3%. Economic headwinds caused by higher interest rates and inflation have negatively impacted the CMA home sales environment.

According to the Calgary Real Estate Board ("CREB") year to date ("YTD") 2023 residential home sales in Calgary decreased by 43% from the record levels seen in the same period last year. Nonetheless, home sales inventories continue to decline and are at historically low levels in Calgary with supply at 1.33 months (December 2022 - 1.84 months) and in neighboring Airdrie, where Genesis has two active projects, remain low at 1.34 months of home supply (December 2022 - 1.37 months). Home supply at March 31, 2023 reflects the lowest March inventory levels since 2006. Four months of supply is generally considered to reflect a balanced market. The limited supply continues to provide support for home prices as the benchmark home sales price in the first quarter was \$531, up 2% over the same period in 2022.

Housing demand is further supported by strong international and interprovincial immigration as evidenced by the 3% growth in the working age population in the CMA to the end of March 2023 as compared to March 2022.

RBC publishes an affordability measure that calculates the share of income that a household would need to cover ownership costs and RBC notes that the higher interest rates and inflation are having a significantly negative impact on prices in major markets. However, the impact in Calgary has been much less severe. Calgary market affordability measure is increasing but still remains affordable. As at March 31, 2023, RBC's aggregate affordability measure for Calgary increased to 43.2% (December 2022 - 41.6%). This is above the long-term Calgary average of 38.7% but well below that of Canada's largest markets of Toronto and Vancouver, at 86% and 98% respectively.

Supply chain issues and inflation are moderating but continue to impact construction costs and timelines in both our land development and home building divisions. Some of the strain has eased as home sales activity has slowed across most North American markets. However, restrictions in the availability of skilled labor and some products and materials such as appliances, PVC products, concrete and electrical transformers remain an issue. Genesis continues to address these concerns by working proactively with key contractor partners and home buyers.

2023 Business Plan

Progress on 2023 Business Plan

During 2023, Genesis continued to execute its growth business plan. Genesis achieved some significant milestones in 2022, with the removal of Growth Management Overlays (“GMOs”) enabling Genesis to proceed with development of our Lewiston and Logan Landing communities in 2023. Through GBG, Genesis has contracted to purchase 485 lots through third party developers and is now building homes in 10 communities which provides additional growth opportunities. In addition, during the three months ended March 31, 2023, Genesis sold 40% of the Lewiston development to two local third party builders, each acquiring a 20% interest.

The following describes progress made on key elements of the growth plan.

1) *Obtaining Additional Zoning and Servicing Entitlements*

Progress in obtaining additional zoning and servicing entitlements for land continues, although approval processes continue to be subject to delays and uncertainty. Zoning and servicing entitlements are granted by the applicable municipal authorities. The timelines discussed below are management’s best estimates at this time, given the uncertainties related to the regulatory approval process and market conditions.

The following three core projects have made substantial progress in the approval processes at the City of Calgary:

- Logan Landing: Genesis owns 354 acres of undeveloped land in Calgary’s southeast quadrant referred to as “Logan Landing”. An Area Structure Plan (“ASP”) for a new residential community on these lands was approved by Calgary City Council (“Council”) in November 2019. Outline Plan and Land Use Applications have been submitted and City of Calgary Planning Commission approval is anticipated in Q2 2023. Final pre-development approvals are in process and expected to be in place in mid-2023.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019, which was subsequently sold to a controlled entity, Lewiston Lands Limited Partnership (“LLLP”) in 2022. Outline Plan and Land Use Applications approvals were received from Council in November 2022. Site grading has been completed and Genesis is ready to develop this community. Phase 1 Tentative Plan and engineering drawings have been submitted for approval and Genesis is proceeding with servicing in Spring 2023.
- Huxley (Belvedere): Genesis has prepared and submitted an Outline Plan and land use plans to the City of Calgary for the 157 acres it acquired in Q2 2022, in the Belvedere ASP. These lands are not subject to a GMO and Genesis is working to have Outline Plan and Land Use approvals in Q2 2023 to allow site grading to commence in Q3 2023.

The following project is progressing through approval process at Rocky View County:

- OMNI ASP (in North Conrich): Genesis has received ASP approval on a 185-acre commercial and retail project on a portion of the lands as Genesis controls 610 acres of undeveloped land in the County bordering the northeast quadrant of the City of Calgary. Progress continues with the County on the development of a conceptual scheme for this project, with first reading received in September 2022. The County is working with Alberta Transportation to finalize plans and funding arrangements for an interchange at Stoney and Airport Trails. Once completed, this interchange will provide primary transportation access to these lands.

2) *Development and Sale of Land Parcels*

Genesis continues to develop and implement plans for each of its core land holdings, with the objective of maximizing the risk adjusted net present value of the land and to sell or develop the land at the most opportune time. Please see information provided under the heading “*Real Estate Held for Development and Sale*” in this MD&A.

Genesis periodically sells land parcels, generally for multi-family or commercial use, that have been developed within its communities. Non-core land positions are also sold to third parties from time to time in the ordinary course of Genesis’ business.

3) Servicing Additional Phases

Genesis plans to commence servicing in three new communities and service a new phase in an existing community in 2023:

- Lewiston: Servicing of the first phase in this north Calgary community will add 184 single-family lots. Lots will become available to builders in Q2 2023 and are expected to be fully serviced in 2024. GBG and two third parties (each with a 20% ownership interest) will be the home builders in this phase;
- Logan Landing: Servicing of the first phase in this southeast Calgary community will add 266 single-family lots. Lots are expected to be fully serviced in 2024. It is intended that GBG and two third parties will be the home builders in this phase;
- Huxley: Site earthworks are expected to start in late Q3 2023 with servicing of phase 1 to commence in Spring 2024. It is intended that GBG and two third parties will be the home builders in this phase; and
- Bayview: Bayview phase 6 in Airdrie will add 224 single-family lots. The lots will be available to builders in the fall of 2023 and fully serviced in 2024. GBG and two third parties will be the home builders in this phase.

4) Investing in Additional Lands

During Q1 2023, Genesis 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 73% interest (previously 59%) in the 185-acre OMNI project with the remaining 27% being held by Genesis Limited Partnership #4. Refer to heading "*Related Party Transactions*" in this MD&A for additional information. During Q3 2022, Genesis paid \$6,699 to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. (controlled entities within the consolidated entity) to acquire their 49% undivided interest in 456 acres of land in North Conrich in Rocky View County (adjacent to the eastern boundary of Calgary). This transaction brings Genesis interest in these lands to 100%.

Building and selling homes in communities developed by other parties is one of the strategies being implemented to drive growth and profitability in Genesis' home building division, GBG. GBG is now active in 10 communities, 6 of which are third party communities and to date has contracted to acquire a total of 485 lots in these communities.

5) Land Development Partnerships

During Q1 2023, Genesis sold two 20% interests, for a total of 40%, in the Lewiston Lands Limited Partnership to two builder partners. \$11,760 of proceeds were realized by Genesis. Prior to these sales, a loan of \$20,000 was secured against the Lewiston lands. The loan proceeds were fully transferred to Genesis. Genesis considers establishing land partnerships when a new community has received full municipal approvals. Partners are selected carefully, to add value to the execution of the community's development program.

6) Adding Select Third Party Builders in Genesis Communities

To diversify offerings and increase velocity of sales within its residential communities, Genesis holds regular discussions with reputable third party builders interested in acquiring lots in future phases in Genesis' communities. Genesis works with 3 third party builders of which 2 are currently building in communities for which Genesis is the land developer. A third builder will be added when development of a new community commences later in 2023.

7) *Increasing the Velocity of Homes Sold by GBG*

As of March 31, 2023, Genesis had 169 outstanding new home orders, a decrease of 41% compared to 285 as at March 31, 2022. In Q1 2023, GBG entered into 24 new home sales contracts, a decrease of 86% from 175 new home sales contracts in Q1 2022. To increase the velocity of homes sold, adapt to the current market conditions, and manage supply chain and cost increases, Genesis:

- acquires lots in several communities from third party developers;
- adjusts pricing on select models to meet market conditions;
- pursues construction cost efficiencies and actively manages supply chain challenges; and
- continues to monitor and control overhead costs.

Since 2020, GBG has contracted to acquire 485 lots in the CMA, for total consideration of \$74,161 from third party developers in the communities of Alpine Park, Clearwater, Fireside, Homestead, Silverton and Vermilion Hill. As of March 31, 2023, 109 homes built on these lots have been sold to date and a further 57 new homes are under contract in these communities.

8) *Liquidity and Return of Capital*

Liquidity: As of March 31, 2023, Genesis had \$28,525 of cash and cash equivalents on hand (year-end ("YE") 2022 - \$36,598), loan and credit facilities of \$49,454 (YE 2022 - \$65,057), real estate assets of \$273,220 (YE 2022 - \$265,683) and total assets of \$362,416 (YE 2022 - \$364,140). The ratio of loan and credit facilities to total assets was 14% as at March 31, 2023 compared to 18% at December 31, 2022.

Return of Capital to Shareholders: Since 2014, when Genesis paid its first dividend, it has returned an aggregate of \$66,668 to shareholders by way of dividends and bought back nearly 3.1 million common shares for an aggregate cost of \$8,810.

Outlook

Supported by a solid financial position, a backlog of new-home orders, and the strength of Calgary's economy, Genesis continues to add growth opportunities in both its land and housing divisions. Housing price increases in recent years, rapidly increasing interest rates, inflationary pressures, tight labour markets and continuing supply chain constraints are impacting new home orders, home affordability and our ability to build new homes. These negative factors are being partially offset by housing demand from newcomers to Alberta, the low supply of homes for sale in the tight Calgary market and the growing economy.

CREB is forecasting an overall reduction in home sales in 2023 in Calgary, to 25,921 units, down from a record high in 2022 of 29,672 units. RBC forecasts Alberta GDP to grow by 1.9% in 2023, a marked deceleration from the 4.3% growth in 2022. Immigration to both Alberta and the CMA continues to be strong into 2023 as evidenced by the 3% growth in the working age population in the CMA to the end of March 2023 as compared to March 2022. In addition to strong international immigration, people are moving to the CMA from across Canada, with the biggest net inflows coming from the two provinces with the most unaffordable housing markets: Ontario and B.C. Continued mixed economic indicators and general economic uncertainty, lead Genesis to remain cautious in planning and executing its strategic and business plans.

OPERATING HIGHLIGHTS

Key financial results and operating data for Genesis were as follows:

	Three months ended March 31, ⁽¹⁾	
	2023	2022
<i>(\$000s, except for per share items or unless otherwise noted)</i>		
Key Financial Data		
Total revenues	37,349	20,379
Direct cost of sales	(30,160)	(15,816)
Gross margin	7,189	4,563
Gross margin (%)	19.2%	22.4%
Net earnings (loss) attributable to equity shareholders	160	(496)
Net earnings (loss) per share - basic and diluted	0.00	(0.01)
Cash flows from (used in) operating activities	8,034	(26,442)
Cash flows from (used in) operating activities per share - basic and diluted	0.14	(0.47)
Key Operating Data		
Land Development		
Total residential lots sold (units)	62	32
Residential lot revenues	9,870	5,708
Gross margin on residential lots sold	1,813	2,000
Gross margin on residential lots sold (%)	18.4%	35.0%
Average revenue per lot sold	159	178
Development land revenues	-	2,200
Home Building		
Homes sold (units)	60	31
Revenues ⁽²⁾	31,875	17,266
Gross margin on homes sold	5,376	2,491
Gross margin on homes sold (%)	16.9%	14.4%
Average revenue per home sold	531	557
New home orders (units)	24	175
Outstanding new home orders at period end (units)	169	285
Key Balance Sheet Data	As at Mar. 31, 2023	As at Dec. 31, 2022 ⁽³⁾
Cash and cash equivalents	28,525	36,598
Total assets	362,416	364,140
Loan and credit facilities	49,454	65,057
Total liabilities	125,219	136,803
Shareholders' equity	226,565	224,632
Total equity	237,197	227,337
Loan and credit facilities to total assets	14%	18%

⁽¹⁾ Three months ended March 31, 2023 and 2022 ("Q1 2023" and "Q1 2022")

⁽²⁾ Includes other revenues and revenues of \$4,396 for 32 lots in Q1 2023 purchased by the Home Building division from the Land Development division (\$4,795 and 28 in Q1 2022) and sold with the home. These amounts are eliminated on consolidation

⁽³⁾ Year ended December 31, 2022 ("YE 2022")

Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained under the heading “*Factors Affecting Results of Operations*” in this MD&A.

Genesis sold 60 homes, all single-family, in Q1 2023 compared to 31 homes (25 single-family and 6 townhouses) in Q1 2022. During Q1 2023, there were no development land sales while in Q1 2022 a parcel of development land was sold for \$2,200. Genesis sold 30 residential lots to third parties in Q1 2023 compared to 4 residential lots sold to third parties in Q1 2022. These sales resulted in combined revenues of \$37,349 in Q1 2023 compared to \$20,379 in Q1 2022.

New home orders for the three months ended March 31, 2023 were 24 units compared to 175 units for the same period in 2022. The Corporation ended the first quarter of 2023 with 169 outstanding new home orders, compared to 285 outstanding new home orders a year earlier and compared to December 31, 2022 when Genesis had 205 new home orders.

Net income attributable to equity shareholders in Q1 2023 was \$160 (\$0.00 income per share - basic and diluted) compared to net loss attributable to equity shareholders of \$496 (\$0.01 loss per share - basic and diluted) in Q1 2022.

Genesis generated cash flows from operating activities of \$8,034 (\$0.14 per share - basic and diluted) in Q1 2023, compared to cash flows used in operating activities of \$26,442 (\$0.47 per share - basic and diluted) in Q1 2022. The year-over-year change is mainly due to higher cash inflows from residential homes, sale of ownership interests in LLLP and lower cash outflows for land acquisitions. This was partially offset by lower cash inflows from development land sales and higher cash outflows from home building activities. Refer to heading “*Cash Flows from Operating Activities*” in this MD&A for additional information. Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained below.

Factors Affecting Results of Operations

When reviewing the results, there are a number of factors that have historically affected Genesis’ results of operations, including:

- the volatility of oil and gas prices and changes in the Canadian/US dollar exchange rate, both of which impact the Alberta energy industry, and have significant impact on the CMA real estate market and economy;
- changes to the regulatory environment, both direct and indirect, including for example, the land development approval process, mortgage lending rules, immigration policies and economic restrictions imposed by regulatory authorities;
- changes in interest rates, including residential mortgage rates and the rates of interest charged to Genesis on its various credit facilities;
- costs incurred for the development and servicing of land and the sale of residential lots and other land parcels occurs over a substantial period of time and results in cash flows that vary considerably between periods, creating significant volatility in the revenues, earnings and cash flows from operating activities;
- changes in home construction costs due to the availability and timing of trades, material and overall supply chain issues;
- land, lot and home prices and gross margins vary by community and lot/home type, the nature of the development work required to be undertaken before the land and lots are ready for sale, and the original cost of the land and servicing; and
- seasonality which has historically resulted in higher revenues and higher cash outflows in the summer and fall months when home building sales and land servicing often peak.

Land Development

	Three months ended March 31,		
	2023	2022	% change
Key Financial Data			
Residential lot revenues ⁽¹⁾	9,870	5,708	72.9%
Development land revenues	-	2,200	N/R ⁽²⁾
Direct cost of sales	(8,057)	(5,836)	38.1%
Gross margin	1,813	2,072	(12.5%)
Gross margin (%)	18.4%	26.2%	(29.8%)
Other expenses	(2,791)	(2,265)	23.2%
Loss before income taxes	(978)	(193)	N/R ⁽²⁾
Key Operating Data			
Residential lots sold to third parties	30	4	N/R ⁽²⁾
Residential lots sold through GBG - home building	32	28	14.3%
Total residential lots sold	62	32	93.8%
Average revenue per lot sold	159	178	(10.7%)

⁽¹⁾ Includes residential lot sales to third parties, residential lot sales to GBG and other revenues

⁽²⁾ Not relevant due to the size of the change

Gross margin by source of revenue

	Three months ended March 31,		
	2023	2022	% change
Residential lots			
Residential lot revenues ⁽¹⁾	9,870	5,708	72.9%
Direct cost of sales	(8,057)	(3,708)	N/R ⁽²⁾
Gross margin	1,813	2,000	(9.4%)
Gross margin (%)	18.4%	35.0%	(47.4%)

⁽¹⁾ Includes residential lot sales to third parties, residential lot sales to GBG and other revenues

⁽²⁾ Not relevant due to the size of the change

	Three months ended March 31,		
	2023	2022	% change
Development land			
Development land revenues	-	2,200	N/R ⁽¹⁾
Direct cost of sales	-	(2,128)	N/R ⁽¹⁾
Gross margin	-	72	N/R ⁽¹⁾
Gross margin (%)	-	3.3%	N/R ⁽¹⁾

⁽¹⁾ Not relevant due to the size of the change

Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained under the heading “*Factors Affecting Results of Operations*” in this MD&A.

Revenues and unit volumes

Total residential lot sales revenues in Q1 2023 were \$9,870 (62 lots) up from \$5,708 (32 lots) in Q1 2022. In Q1 2023, 30 lots were sold to third party builders compared to 4 lots sold to third party builders in Q1 2022. In Q1 2023, GBG sold 32 homes on Genesis lots, up 14% from 28 homes sold on Genesis lots in Q1 2022. Residential lot sales to third party builders occur periodically, usually when newly developed phases first become available for sale.

There were no development lands sold in Q1 2023 while one parcel of development land was sold in Q1 2022 for \$2,200. Development land sales occur periodically and comprise sales of commercial, multi-family and other lands that Genesis does not intend to build on through GBG.

Gross margin

Residential lots had a gross margin of 18% in Q1 2023 compared to 35% in Q1 2022. Gross margins were lower in Q1 2023 compared to the same periods in 2022. Residential lot and development land margins can vary significantly as described in the “*Factors Affecting Results of Operations*” in this MD&A.

Other expenses

	Three months ended March 31,		
	2023	2022	% change
Other expenses			
General and administrative expense	(1,800)	(1,667)	8.0%
Selling and marketing expense	(509)	(376)	35.4%
Finance income	324	50	N/R ⁽¹⁾
Finance expense	(806)	(272)	N/R ⁽¹⁾
Total	(2,791)	(2,265)	23.2%

⁽¹⁾ Not relevant due to the size of the change

The components of other expenses and the changes are shown in the table above.

In Q1 2023, other expenses totaled \$2,791 or 23% higher than \$2,265 incurred in Q1 2022. Other expenses were higher in Q1 2023 due to higher general and administrative expense, selling and marketing expense and net finance expense. General and administrative expense in Q1 2023 included higher compensation and professional service expense. Higher net finance expense was due to higher interest rates and higher average loan balances in Q1 2023 compared to Q1 2022.

Home Building – Genesis Builders Group Inc. (GBG)

The home building business of Genesis is operated through its wholly-owned subsidiary, GBG.

	Three months ended March 31,		
	2023	2022	% change
Key Financial Data			
Revenues ⁽¹⁾	31,875	17,266	84.6%
Direct cost of sales	(26,499)	(14,775)	79.4%
Gross margin	5,376	2,491	N/R ⁽²⁾
Gross margin (%)	16.9%	14.4%	17.4%
Other expenses	(4,025)	(2,846)	41.4%
Earnings (loss) before income taxes	1,351	(355)	N/R ⁽²⁾
Key Operating Data			
Homes sold (units)	60	31	93.5%
Average revenue per home sold	531	557	(4.7%)
New home orders (units)	24	175	(86.3%)
Outstanding new home orders at period end (units)	169	285	(40.7%)

⁽¹⁾ Revenues include residential home sales and other revenue

⁽²⁾ Not relevant due to size of the change

Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained under the heading “*Factors Affecting Results of Operations*” in this MD&A.

Revenues and unit volumes

Revenues for single-family homes and townhouses were \$31,875 (60 units) in Q1 2023, 85% higher than Q1 2022 revenues of \$17,266 (31 units). In addition, 24 homes were contracted for sale in Q1 2023, a decrease of 86%, as compared to 175 in Q1 2022, resulting in 169 outstanding new home orders at the end of Q1 2023 as compared to 285 outstanding new home orders at the end of Q1 2022.

Homes sold in Q1 2023 had an average price of \$531 per home compared to \$557 in Q1 2022. Fluctuations in the average revenue per home sold are due to differences in product mix, community, and market conditions. During Q1 2023 and Q1 2022, GBG's single-family homes product ranged in price from \$407-\$906 depending on the location and the model being offered. There were no townhouse sales in Q1 2023. In Q1 2022, GBG's townhouse product ranged in price from \$172-\$269 depending on the location and the models being offered. In Q1 2023, 60 homes, all single-family, were sold compared to 25 single-family homes and 6 townhouses in Q1 2022.

32 of the 60 homes sold in Q1 2023 were built on residential lots supplied by Genesis, with lot revenues of \$4,396 while 28 of the 31 homes sold in Q1 2022 were built on residential lots or parcels supplied by Genesis, with lot revenues of \$4,795.

Since 2020, GBG has contracted to acquire 485 lots in the CMA from third party developers in the communities of Alpine Park, Clearwater, Fireside, Homestead, Silverton and Vermilion Hill. As of March 31, 2023, 109 homes built on these lots have been sold to date and a further 57 new homes are under contract in these communities. Genesis views this as one of its key strategies to drive growth in GBG and believes this strategy has been very successful.

GBG builds single-family homes either after receiving a firm sale contract (a “pre-construction home”) or on a quick possession (“spec”) basis and builds townhouses generally on a quick possession basis. Historically, the delivery time of a pre-construction home was determined at the time of sale and typically ranged between 6 to 10 months; in 2021 supply chain issues became a significant concern, with the supply of some materials and products being unpredictable, and delivery timelines have increased to 10 to 12 months. Construction of quick possession homes is started before GBG receives a firm sale contract to ensure there is sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days). Townhouses are multi-unit

complexes for which GBG commences construction prior to selling all the units in any individual building. This provides construction efficiencies and requires GBG to build some townhouses on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis closely monitors its home building work-in-progress to anticipate and react to market conditions in a timely manner. As at Q1 2023, GBG had \$57,677 of work in progress, of which approximately \$5,359 was related to spec homes and \$4,402 related to the associated third party lots (YE 2022 - \$48,506 of work in progress, of which \$1,378 related to spec homes and \$2,744 related to the associated third party lots).

The following table shows the split between quick possession sales (spec homes that are contracted and delivered within 90 days) and pre-construction homes (homes built after receiving a firm sale contract). The timeline for pre-construction homes ranges from 10 to 12 months and can exceed this depending on the desired possession date.

	Three months ended March 31,		
	2023	2022	% change
Quick possession sales (units)	-	8	N/R ⁽¹⁾
Pre-construction home sales (units)	60	23	N/R ⁽¹⁾
Total home sales (units)	60	31	93.5%

⁽¹⁾ Not relevant due to the size of the change

Gross margin

Genesis realized gross margin on home sales of 16.9% in Q1 2023 as compared to 14.4% in Q1 2022. Fluctuations in gross margin are due to differences in product and community mix. Market conditions may also drive price adjustments which could impact gross margin.

Other expenses

	Three months ended March 31,		
	2023	2022	% change
Other expenses			
General and administrative expense	(2,523)	(2,065)	22.2%
Selling and marketing expense	(1,367)	(763)	79.2%
Finance income	10	2	N/R ⁽¹⁾
Finance expense	(145)	(20)	N/R ⁽¹⁾
Total	(4,025)	(2,846)	41.4%

⁽¹⁾ Not relevant due to the size of the change

The components of other expenses and the changes are shown in the table above.

In Q1 2023, other expenses were \$4,025, 41% higher than \$2,846 incurred in Q1 2022. Other expenses were higher in Q1 2023 due to higher compensation expenses, sales and marketing expenses (including sales commissions) and net finance expense. Higher compensation expenses in Q1 2023 resulted from higher headcount supporting the growth strategy. Increase in selling and marketing expenses was primarily due to higher levels of sales activity in the home building business. Higher net finance expense was due to higher average loan balance and higher interest rates compared to the same period in 2022.

Real Estate Held for Development and Sale

	March 31,	December 31,	
	2023	2022	% change
Real estate held for development and sale	277,714	270,214	2.8%
Provision for write-downs	(4,494)	(4,531)	(0.8%)
Net book value	273,220	265,683	2.8%

Refer to note 3 in the condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022 which details the components of the changes in the gross book value and net book value of real estate held for development and sale.

Real estate held for development and sale increases as a result of acquisitions and development activities and declines as a result of sales of residential lots, homes and development land parcels. Real estate held for development and sale increased by \$7,537 as at Q1 2023 compared to YE 2022. This was mainly due to an increase of \$6,590 relating to residential lots purchased from third party developers.

The following table presents Genesis' real estate held for development and sale at net book value (that is net of provisions for write-downs) as at March 31, 2023:

Real Estate Held for Development and Sale	Net Book Value		
	Lots, multi-family & commercial parcels	Land held for development ⁽¹⁾	Total
Community			
Airdrie - Bayside, Bayview, Canals	14,218	34,010	48,228
Calgary NW - Sage Meadows	3,758	-	3,758
Calgary NW - Sage Hill	28,820	-	28,820
Calgary NE - Saddlestone	132	-	132
Calgary N - Lewiston	-	42,951	42,951
Calgary SE - Logan Landing	-	47,293	47,293
Calgary E - Huxley	-	30,502	30,502
Rocky View County - North Conrich	-	6,805	6,805
Rocky View County - OMNI	-	3,722	3,722
Sub-total	46,928	165,283	212,211
Other lands ⁽²⁾ - non-core	36	1,861	1,897
Total land development	46,964	167,144	214,108
Home building construction work-in-progress			31,541
Third party lots			26,136
Total home building			57,677
Total land development and home building			271,785
Limited Partnerships ⁽³⁾			1,435
Total real estate held for development and sale			273,220

⁽¹⁾ Land held for development comprises lands not yet subdivided into single-family lots or parcels

⁽²⁾ Other lands are non-core and available for sale

⁽³⁾ Undivided interest of Genesis Limited Partnership #4 in the North Conrich "OMNI" project. Net of intra-segment eliminations of \$646

The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels shown above, by community as at March 31, 2023:

Serviced Lots, Multi-family and Commercial Parcels, by Community	Net Book Value	Single-family lots	Townhouse units	Townhouse/multi-family parcels	Commercial parcels
Airdrie - Bayside, Bayview, Canals	14,218	100	34	1	-
Calgary NW - Sage Meadows	3,758	-	-	1	-
Calgary NW - Sage Hill	28,820	104	-	2	2
Calgary NE - Saddlestone	132	2	-	-	-
	46,928	206	34	4	2
Other lots - non-core	36	13	-	-	-
Total	46,964	219	34	4	2

The following table presents the estimated equivalent, by community of single-family lots and multi-family and commercial acres of Genesis' land held for development (shown previously) as at March 31, 2023, based on the Corporation's plans for the development of its lands. Refer to the section in this MD&A entitled "Obtaining Additional Zoning and Servicing Entitlements" for the status of Lewiston, Logan Landing, Huxley (Belvedere) and North Conrich. The timelines discussed are management's best estimates at this time, given the uncertainties related to the regulatory approval process and market conditions.

Land Held for Development, by Community	Net Book Value	Land (acres) ⁽¹⁾	Estimated Equivalent if/when Developed		
			Single-family (lots)	Multi-family (acres)	Commercial (acres)
Airdrie - Bayside, Bayview	34,010	133	910	5	2
Calgary N - Lewiston	42,951	134	915	3	4
Calgary SE - Logan Landing	47,293	354	1,587	7	3
Calgary E - Huxley	30,502	157	1,433	-	-
Rocky View County - North Conrich	6,805	425	-	-	-
Rocky View County - OMNI	3,722	135	-	-	-
	165,283	1,338	4,845	15	9
Other lands - non-core	1,861	300	-	-	-
Total	167,144	1,638	4,845	15	9

⁽¹⁾ Land not yet subdivided into single-family and other lots or parcels

Amounts Receivable

	March 31,	December 31,	
	2023	2022	% change
Amounts receivable	23,786	22,165	7.3%

Genesis generally receives a minimum 15% non-refundable deposit at the time of entering into a sale agreement for residential lots with a third party builder. Title to a lot or home that is contracted for sale is not transferred by Genesis to the builder or purchaser until full payment is received, thus mitigating credit risk. There are no amounts receivable past due.

The increase of \$1,621 in amounts receivable was mainly due to higher lot sales to third party builders. As at Q1 2023, Genesis had \$23,228 in amounts receivable related to the sale of 168 lots to third party builders compared to \$21,207 (related to 155 lots) in amounts receivable as at YE 2022.

Individual balances due from third party builders at Q1 2023 that were 10% or more of total amounts receivable were \$23,228 from two third party builders (YE 2022 - \$21,207 from two third party builders).

Cash Flows from (used in) Operating Activities

Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained under the heading “*Factors Affecting Results of Operations*” in this MD&A.

	Three months ended March 31,	
	2023	2022
Cash flows from (used in) operating activities	8,034	(26,442)
Cash flows from (used in) operating activities per share - basic and diluted	0.14	(0.47)

The changes in cash flows from operating activities between Q1 2023 and Q1 2022 consist of the following:

	Three months ended March 31,		
	2023	2022	\$ change
Cash inflows from sale of residential homes by GBG	31,531	22,706	8,825
Cash inflows from the sale of ownership interest in LLLP	11,760	-	11,760
Cash inflows from sale of residential lots	3,004	3,771	(767)
Cash inflows from sale of development land	-	2,200	(2,200)
Cash outflows for land acquisition in trust	-	(26,964)	26,964
Cash outflows for home building activity	(25,285)	(12,771)	(12,514)
Cash outflows for land servicing	(4,634)	(5,911)	1,277
Cash outflows for land and lot acquisitions	(2,503)	(1,994)	(509)
Cash outflows paid to suppliers and employees	(4,755)	(5,085)	330
Other cash inflows	362	299	63
Income tax payments	(1,446)	(2,693)	1,247
Total	8,034	(26,442)	34,476

Cash inflows from the sale of residential homes by GBG is related to the volume of homes sold. Genesis sells residential lots to third party builders and typically receives 15% of the purchase price as a non-refundable deposit from the builder. On receipt of a minimum 15% non-refundable deposit after agreed to services pertaining to the property have been substantially performed, Genesis recognizes all of the sales revenue. The balance of the purchase price is generally received in cash at the time of closing of the sale by the third party builder to a home buyer, which can be many months later, resulting in a timing difference between sales revenue recognition and the actual receipt of cash.

The year over year change in cash flows from operating activities is mainly due to higher cash inflows from the sale of residential homes and the ownership interest in LLLP and no cash outflows for land acquisition. These were partially offset by lower cash inflows from development land sales and higher cash outflows from home building activities. In Q1 2022, the \$26,964 of cash outflows for land acquisition in trust relates to the acquisition of approximately 157 acres of future residential development land (Huxley) in the Belvedere ASP in the City of Calgary. Higher outflows on home building activities in Q1 2023 reflect the large number of spec homes and outstanding new home orders for which homes are being built. In addition, lower income tax payments were made in Q1 2023 compared to Q1 2022.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at Q1 2023 and YE 2022:

	March 31,		December 31,	
	2023	% of total	2022	% of total
Loan and credit facilities	49,454	14%	65,057	18%
Provision for future development costs	24,370	7%	24,034	7%
Customer deposits	13,489	4%	15,753	4%
Accounts payable and accrued liabilities	18,840	5%	12,470	3%
Accounts payable related to residential lot purchases	18,295	5%	17,944	5%
Lease liabilities	771	0%	841	0%
Income tax payable	-	0%	704	0%
Total liabilities	125,219	35%	136,803	37%
Non-controlling interest	10,632	3%	2,705	1%
Shareholders' equity	226,565	62%	224,632	62%
Total liabilities and equity	362,416	100%	364,140	100%

The ratio of total liabilities to equity is as follows:

	March 31, 2023	December 31, 2022
Total liabilities	125,219	136,803
Total equity	237,197	227,337
Total liabilities to equity ⁽¹⁾	53%	60%

⁽¹⁾ Calculated as total liabilities divided by total equity

Loan and Credit Facilities

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Corporate revolving line of credit	11,350	25,626	28,688	11,538	12,219
Demand land project servicing loans	11,682	12,522	8,450	4,186	3,997
Demand operating line - LLLP	20,554	20,198	-	-	-
Demand operating line for single-family homes	6,732	7,364	4,163	3,014	27
	50,318	65,710	41,301	18,738	16,243
Unamortized deferred fees on loan and credit facilities	(864)	(653)	(639)	(724)	(810)
Balance, end of period	49,454	65,057	40,662	18,014	15,433

The continuity of Genesis' loan and credit facilities, excluding deferred fees, is as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of period	65,710	33,260
Advances	5,970	84,151
Repayments	(21,362)	(51,701)
Balance, end of period	50,318	65,710

Loan and credit facilities are used primarily to finance the costs of developing land, building homes and for land purchases. Genesis accesses these facilities, cash from operations and cash on hand in a balanced manner to finance its operations.

Genesis has various covenants in place with its lenders with respect to its loan and credit facilities. Such covenants include credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other terms such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure.

Genesis and its consolidated entities were in compliance with all lender covenants for all periods in this MD&A.

Corporate revolving line of credit

Genesis has a corporate revolving line of credit with a major Canadian financial institution at an interest rate per annum of prime +1.90%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation. As at March 31, 2023, the amount drawn on this facility was \$11,350 (YE 2022 - \$25,626). In January 2023, the facility was extended and now matures on February 1, 2026.

Demand land project servicing loans

As at March 31, 2023, Genesis had land project servicing facilities with \$11,682 drawn (YE 2022 - \$12,522). Up to \$14,555 is available to finance future development and servicing costs as land development activities progress. These facilities bear interest at prime +0.50% per annum and loan amounts are payable between May 12, 2024 and March 19, 2025. This is secured by agreements receivable, real estate held for development and sale, and a corporate guarantee.

Demand operating line for LLLP

LLLP has a demand operating credit facility of \$21,500 with a major Canadian financial institution at an interest rate per annum of prime +0.50%. This facility is secured by specific lands, and a Genesis corporate guarantee, and matures on October 27, 2025. As at March 31, 2023, the amount drawn on this facility was \$20,554 (YE 2022 - \$20,198).

Demand operating line for single-family homes

GBG has a demand operating line of \$10,000 bearing interest at prime +0.75% per annum. This facility is secured by housing projects under development and a corporate guarantee. As at March 31, 2023, the amount drawn on this facility was \$6,732 (YE 2022 - \$7,364).

Provision for Future Development Costs

When Genesis sells lots, land parcels and homes, it remains responsible for the payment of certain future development costs known as provision for future development costs ("FDC").

In Genesis' land development business, FDC represents the estimated remaining construction and other development costs related to each lot or parcel that has previously been sold by Genesis, if any. These estimated costs include the direct and indirect construction and other development costs, including municipal levies, expected to be incurred by Genesis during the remainder of the development process, net of expected future recoveries from third parties that are allocable to the relevant lot or parcel. FDC is reviewed periodically and, when a prior estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to FDC and a corresponding adjustment is made to cost of sales and in some cases, to real estate held for development and sale.

FDC for GBG are estimated future costs relating to previously sold homes, which are primarily for seasonal and other work (such as finishing and landscaping) and estimated warranty expenses over the one-year warranty period.

FDC as at Q1 2023 was \$19,826 for the land division (YE 2022 - \$20,105) and \$4,544 for GBG (YE 2022 - \$3,929). For additional details, please see information provided under the heading "Critical Accounting Estimates" in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Genesis had cash and cash equivalents of \$28,525 and loan and credit facilities of \$49,454 at Q1 2023 compared to \$36,598 and \$65,057 respectively at YE 2022, resulting in net debt (refer to heading "Non-GAAP Measures" in this MD&A) of \$20,929 at Q1 2023 compared to net debt (refer to heading "Non-GAAP Measures" in this MD&A) of \$28,459 at YE 2022. Cash and cash equivalents at Q1 2023 included \$11,760 of net proceeds from the sale of ownership interest in LLLP. The components of loan and credit facilities are detailed below. For additional details, please see information provided under the heading "Loan and Credit Facilities" in this MD&A.

	March 31, 2023	December 31, 2022	% change
Cash and cash equivalents	28,525	36,598	(22.1%)
Corporate revolving line of credit	10,601	25,104	(57.8%)
Demand land project servicing and home building loans	18,354	19,815	(7.4%)
Demand operating line - LLLP	20,499	20,138	1.8%
Total loan and credit facilities	49,454	65,057	(24.0%)
Net debt ^{(1) (2)}	(20,929)	(28,459)	(26.5%)

⁽¹⁾ Calculated as the difference between cash and cash equivalents and total loan and credit facilities

⁽²⁾ Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A

	March 31,	December 31,	
Loan and credit facilities as a percentage of total assets ⁽¹⁾	2023	2022	% change
Corporate revolving line of credit	2.9%	6.9%	(58.0%)
Demand land project servicing and home building loans	5.1%	5.4%	(5.6%)
Demand operating line - LLLP	5.7%	5.5%	3.6%
Loan and credit facilities to total assets	13.7%	17.8%	(23.0%)
Total liabilities to equity ⁽²⁾	52.8%	60.2%	(12.3%)

⁽¹⁾ Calculated as each component of loan and credit facilities divided by total assets

⁽²⁾ Calculated as total liabilities divided by total equity

	March 31,	December 31,	
Net debt ⁽¹⁾ as a percentage of total assets	2023	2022	% change
Cash and cash equivalents	28,525	36,598	(22.1%)
Loan and credit facilities	49,454	65,057	(24.0%)
Net debt ^{(1) (2)}	(20,929)	(28,459)	(26.5%)
Net debt to total assets ⁽³⁾	(5.8%)	(7.8%)	(26.1%)

⁽¹⁾ Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A

⁽²⁾ Calculated as the difference between cash and cash equivalents and total loan and credit facilities

⁽³⁾ Calculated as net debt divided by total assets

Based on the Corporation's operating history, relationships with lenders and committed sales contracts, management believes that Genesis has the ability to continue to renew or repay its financial obligations as they become due. The Corporation expects to generate sufficient liquidity from its cash flows from operating activities, undrawn credit facilities and cash on hand to meet its financial obligations (including the above liabilities) and commitments as they become due.

Finance Expense

	Three months ended March 31,		
	2023	2022	% change
Interest incurred	(1,063)	(322)	N/R ⁽¹⁾
Financing fees amortized	(89)	(81)	9.9%
Interest and financing fees capitalized	201	111	81.1%
	(951)	(292)	N/R ⁽¹⁾

⁽¹⁾ Not relevant due to size of the change

Finance expense was higher in Q1 2023 compared to Q1 2022 due to higher interest rates and higher average loan balances. This was partially offset by higher interest and financing fees capitalized as a component of development activities in 2023.

The weighted average interest rate of loan agreements with various financial institutions was 7.55% (Q1 2022 - 4.25%) based on March 31, 2023, balances.

Income Tax Recoverable (Payable)

The continuity in income tax recoverable (payable) is as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of period	(704)	(2,092)
Provision for current income tax	(371)	(2,858)
Net payments	1,446	4,246
Balance, end of period	371	(704)

As at March 31, 2023, income tax recoverable of \$371 is due to tax installments paid during the quarter.

Shareholders' Equity

As at May 4, 2023, the Corporation had 56,853,027 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

The Corporation purchased and cancelled common shares under its NCIBs as follows:

	Three months ended March 31,	
	2023	2022
Number of shares purchased and cancelled	10,308	-
Total cost	23	-
Average price per share purchased	2.16	-
Shares cancelled as a % of common shares outstanding at beginning of period	0.02%	-

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income tax payable, customer deposits and provision for future development costs) at Q1 2023 were as follows:

	Loan and Credit Facilities ⁽¹⁾	Levies and Municipal Fees	Land and Lot Purchase Contracts	Lease Obligations ⁽²⁾	Total
Current	6,732	7,475	6,051	535	20,793
April 2024 to March 2025	11,682	3,841	30,935 ⁽³⁾	425	46,883
April 2025 to March 2026	31,904	800	15,934	421	49,059
April 2026 and thereafter	-	-	181	388	569
Total	50,318	12,116	53,101	1,769	117,304

⁽¹⁾ Excludes deferred fees on loan and credit facilities

⁽²⁾ Includes variable operating costs

⁽³⁾ Includes \$26,700 related to the purchase of approximately 160 acres of future residential development land in the southeast sector of the City of Calgary. The purchase is scheduled to close on January 31, 2025

Levies and municipal fees are related to municipal agreements signed by Genesis on commencement of development of certain real estate assets. Non-payment of levies and municipal fees could result in the municipalities drawing upon letters of credit or surety bonds, impact the development of the associated real estate assets and impact Genesis' status as a developer with the municipality. Genesis is current with regard to all levies and fees due to municipal authorities.

Land and lot purchase contracts of \$53,101 include \$25,870 relating to the purchase of lots as part of GBG's operations. These contracts generally require an initial deposit with the balance of the contract price being paid at agreed future dates.

Genesis has certain lease agreements that are entered in the normal course of operations. Genesis signed a sublease for a new head office in Calgary in April 2020 and moved in September 2020. The sublease expires in February 2027 and the total payments

over the remaining term of the lease for base rent and parking is \$697. In the event the office lease is terminated early, Genesis is liable to pay the landlord for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by the landlord, if any. Genesis also has other minor operating leases.

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities.

Current Contractual Obligations and Commitments

	March 31, 2023	December 31, 2022
Loan and credit facilities, excluding deferred fees on loan and credit facilities	6,732	7,364
Accounts payable and accrued liabilities	18,840	12,470
Accounts payable related to residential lot purchases	12,533	13,036
Total short-term liabilities	38,105	32,870
Levies and municipal fees	7,475	7,475
Land and lot purchase contracts	6,051	7,932
Lease obligations	535	547
	52,166	48,824

As at the end of Q1 2023, Genesis had obligations due within the next 12 months of \$52,166 of which \$6,732 related to loan and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Management expects that Genesis will have sufficient liquidity from its cash flows from operating activities, supplemented by undrawn credit facilities and cash on hand, to meet its financial obligations (including the above liabilities) as they become due.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit and Surety Bonds

Genesis has an ongoing requirement to provide irrevocable letters of credit and surety bonds to municipalities as part of the sub-division plan registration process. These letters of credit and surety bonds indemnify the municipalities by enabling them to draw upon them if Genesis does not perform its contractual obligations. At Q1 2023, these amounted to approximately \$5,514 (YE 2022 - \$5,414).

Levies and Municipal Fees

For additional details, please see information provided under the heading “*Contractual Obligations and Debt Repayment*” in this MD&A.

Land and Lot Purchase Contracts

For additional details, please see information provided under the heading “*Contractual Obligations and Debt Repayment*” in this MD&A.

SUMMARY OF QUARTERLY RESULTS

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenues	37,349	54,157	43,610	22,211	20,379	26,531	34,988	29,529
Net earnings (loss) ⁽¹⁾	160	3,062	1,857	97	(496)	4,252	2,615	2,688
EPS ⁽²⁾	0.00	0.05	0.04	0.00	(0.01)	0.09	0.06	0.06

⁽¹⁾ Net earnings (loss) attributable to equity shareholders

⁽²⁾ Net earnings (loss) per share - basic and diluted

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Dividends declared	-	4,265	4,265	-	-	-	-	-
Dividends paid	-	4,265	4,265	-	-	-	-	-
Dividends declared - per share	-	0.075	0.075	-	-	-	-	-
Dividends paid - per share	-	0.075	0.075	-	-	-	-	-

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Residential lots sold to third parties (units)	30	84	54	2	4	2	38	4
Residential lots sold through GBG (units)	32	22	20	22	28	47	47	62
Total residential lots sold (units)	62	106	74	24	32	49	85	66

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Homes sold (units)	60	57	45	36	31	51	47	62

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Development land revenues	-	6,338	7,453	-	2,200	-	4,945	-

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Cash flows from (used in) operating activities								
Amount	8,034	(1,686)	(2,737)	(12,891)	(26,442)	(6,326)	1,247	7,084
Per share - basic and diluted	0.14	(0.03)	(0.05)	(0.22)	(0.47)	(0.15)	0.03	0.16

In general, revenues and net earnings are mainly affected by the volume of residential lot and home sales, development land parcel sales, and write-downs or reversals of write-downs, if any. Seasonality affects the land development and home building industry in Canada, particularly winter weather conditions. For additional details, please see information provided under the heading "Factors Affecting Results of Operations" in this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q1 2023, Genesis sold 30 residential lots to third party builders and 60 homes of which 32 homes were built on Genesis' lots. Revenues were lower in Q1 2023, compared to Q4 2022, due to lower residential home sales, residential lot sales to third parties and development land sales during the quarter. Q1 2023 included no write-down or reversal of write-down, while Q4 2022 included \$1,086 related to net reversal of write-downs previously taken. Therefore, gross margins in Q1 2023 were lower than in Q4 2022. In Q1 2023, there was no change in the fair value of the Corporation's investments in land development entities, while a gain of \$560 was recorded in Q4 2022. Selling and marketing expenses, general and administrative expenses and net finance expenses were marginally higher in Q1 2023 compared to Q4 2022. Income tax expenses were \$39 in Q1 2023 compared to \$836 in Q4 2022. As a result, net earnings of \$160 were incurred in Q1 2023 compared to net earnings of \$3,062 in Q4 2022.

During Q4 2022, Genesis sold 84 residential lots to third party builders and 57 homes of which 22 homes were built on Genesis' lots. Revenues were higher in Q4 2022, compared to Q3 2022, due to higher residential home sales and residential lot sales to third parties, partially offset by lower development land sales during the quarter. Q4 2022 included \$1,086 related to net reversal of write-downs previously taken, while Q3 2022 included no write-down or reversal of write-down. Gross margins in Q4 2022 were higher than in Q3 2022 with residential lots and development land sales all contributing to this. In Q4 2022, the Corporation recorded \$560 as a gain in investments in land development entities with no gain recorded in Q3 2022. Selling and marketing expenses, general and administrative expenses and net finance expenses were higher in Q4 2022 compared to Q3 2022. Income tax expenses were \$836 in Q4 2022 compared to \$680 in Q3 2022. As a result, net earnings of \$3,062 were incurred in Q4 2022 compared to net earnings of \$1,857 in Q3 2022.

During Q3 2022, Genesis sold 54 residential lots to third party builders and 45 homes of which 20 homes were built on Genesis' lots. Revenues were higher in Q3 2022, compared to Q2 2022, due to higher residential home sales, residential lot sales to third parties and development land sales during the quarter. As a result, gross margins in Q3 2022 were higher than in Q2 2022. Selling and marketing expenses and net finance expenses were higher while general and administrative expenses were lower in Q3 2022 compared to Q2 2022. Income tax expenses were \$680 in Q3 2022 compared to \$84 in Q2 2022. As a result of these factors, net earnings were \$1,857 in Q3 2022 compared to net earnings of \$97 in Q2 2022.

During Q2 2022, Genesis sold 2 residential lots to third party builders and 36 homes of which 22 homes were built on Genesis' lots. Revenues were higher in Q2 2022, compared to Q1 2022, due to higher residential home sales, partially offset by lower development land sales and residential lot sales to third parties during the quarter. As a result, gross margins in Q2 2022 were higher than in Q1 2022. General and administrative, selling and marketing, net finance expenses and income tax expenses were comparable between Q2 2022 to Q1 2022. As a result of these factors, net earnings were \$97 in Q2 2022 compared to a net loss of \$496 in Q1 2022.

During Q1 2022, Genesis sold 4 residential lots to third party builders and 31 homes of which 28 homes were built on Genesis' lots. Revenues were lower in Q1 2022, compared to Q4 2021, due to lower residential home sales, partially offset by higher development land and residential lot sales to third parties during the quarter. Q1 2022 included no write-down or reversal of write-down, while Q4 2021 included a reversal of write-down of \$3,265. Gross margins in Q1 2022 were lower than in Q4 2021 accordingly. In Q1 2022, there was no change in investments in land development entities, while the Corporation recorded a gain of \$562 in Q4 2021. General and administrative expenses and net finance expenses were marginally higher while selling and marketing expenses were lower in Q1 2022 compared to Q4 2021. Income tax expenses were \$28 in Q1 2022 compared to \$1,226 in Q4 2021. As a result of these factors, a net loss of \$496 was incurred in Q1 2022 compared to net earnings of \$4,252 in Q4 2021.

During Q4 2021, Genesis sold 2 residential lots to third party builders and 51 homes of which 47 homes built on Genesis' lots. Revenues were lower in Q4 2021, compared to Q3 2021, due to no development land sales and significantly lower residential lot sales, with this being partially offset by higher residential home sales during the quarter. Q4 2021 included \$3,265 related to reversal of write-downs previously taken, while Q3 2021 included a \$1,003 corresponding reversal of a write-down. Gross margins in Q4 2021 were higher than in Q3 2021 with residential lots and home sales all contributing to this. In Q4 2021, the Corporation recorded \$562 as a gain in investments in land development entities with no gain recorded in Q3 2021. General and administrative expenses, selling and marketing expenses and net finance expenses were higher in Q4 2021 compared to Q3 2021. Income tax expenses were \$1,226 in Q4 2021 compared to \$801 in Q3 2021. As a result of these factors, net earnings in Q4 2021 were higher than in Q3 2021.

During Q3 2021, Genesis sold 38 residential lots to third party builders and 47 homes. Revenues were higher in Q3 2021, compared to Q2 2021, due to higher development land and residential lot sales, with this being partially offset by lower residential home sales during the quarter. Gross margins in Q3 2021 were marginally lower than in Q2 2021. While development land sales had a higher gross margin than in Q2 2021, this higher gross margin was offset by lower gross margins on residential lots and homes in Q3 2021. Q3 2021 gross margins also included \$1,003 related to the reversal of a write-down previously taken with no corresponding reversal of write-down or write-down in Q2 2021. Both selling and marketing expenses and net finance expenses were lower in Q3 2021 compared to Q2 2021 while general and administrative expenses were higher between Q3 2021 and Q2 2021. Income tax expenses were \$801 in Q3 2021 compared to \$955 in Q2 2021. As a result of these factors, net earnings in Q3 2021 were comparable to Q2 2021.

During Q2 2021, Genesis sold 4 residential lots to third party builders and 62 homes. Revenues were higher in Q2 2021, compared to Q1 2021, due to higher residential home sales, with this being partially offset by lower development land and residential lot sales during the quarter. Gross margins in Q2 2021 were significantly higher than in Q1 2021 mainly due to the higher volume of homes and total residential lots sold. Both general and administrative expenses, selling and marketing expenses were higher in Q2 2021

compared to Q1 2021 while net finance expenses were marginally lower between Q2 2021 and Q1 2021. Income tax expenses were \$955 in Q2 2021 compared to \$393 in Q1 2021. As a result of these factors, net earnings in Q2 2021 were higher than in Q1 2021.

RELATED PARTY TRANSACTIONS

Transactions occurred during the three months ended March 31, 2023, 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 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.

SUBSEQUENT EVENTS

Subsequent to March 31, 2023, the following occurred:

LLLP set up a demand land servicing credit facility of \$35,428 with a major Canadian financial institution at an interest rate of prime +0.5% per annum. This facility matures 36 months from the date of initial drawdown. There have been no drawdowns to date.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 2023.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses (including stock-based compensation), assets and liabilities, and the disclosure of contingent liabilities at the reporting date for the land development and the home building businesses. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience, third party appraisals and reports and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no material changes made to the critical accounting estimates for Q1 2023 and Q1 2022. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2022 and 2021 for additional information on judgments and estimates.

Provision for Future Development Costs

Changes in estimated future development costs (net of recoveries, if any) related to land, lots and homes previously sold by Genesis and for which it has ongoing obligations directly impacts the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty due to the longer time frames involved, particularly in land development.

Reversal of Write-down / Write-down of Real Estate Held for Development and Sale

The Corporation estimates the net realizable value ("NRV") of real estate held for development and sale at least annually or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuations conducted by independent real estate appraisers, other professional reports and estimates and takes into account recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

Valuation of Amounts Receivable

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

Investments in Land Development Entities

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Corporation have designed Genesis' Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and certified that Genesis' DC&P and ICFR were effective as at March 31, 2023.

There were no changes in the Corporation's ICFR during the three months ended March 31, 2023 that have materially affected or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In Q1 2023, the Alberta economy continued to be strong with strong prices for oil and natural gas and increased immigration fueling this growth. In the second half of 2022 the increase in home prices, rising lending rates and continued inflationary pressures weighed on demand and this has continued into 2023. This is offset by historically low home supply and continued robust population growth. Given the volatile economy, it is not possible to reliably estimate the length and overall impact of these developments and the impact on the financial results and condition of the Corporation in future periods.

In the normal course of business, Genesis is exposed to certain risks and uncertainties inherent in the real estate development and home building industries. Real estate development and home building are cyclical and capital-intensive businesses. As a result, the profitability and liquidity of Genesis could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis include industry risk, competition, supply and demand, geographic risk, development and construction costs, credit and liquidity risks, finance risk, interest risk, management and key personnel risk, mortgage rates and financing risk, general uninsured losses, cyber-security and business continuity risk, environmental risk and government regulations.

There may be additional risks that management may need to consider from time to time. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2022 available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

Non-GAAP measures do not have any standardized meaning according to IFRS, and therefore may not be comparable to similar measures presented by other reporting issuers.

Net debt is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Net debt is calculated as the difference between cash and cash equivalents and loan and credit facilities. Management believes that net debt is an important measure to monitor leverage and evaluate the balance sheet. The most comparable GAAP financial measure is loan and credit facilities.

The table below shows the calculation of net debt:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	28,525	36,598
Loan and credit facilities	49,454	65,057
Net debt	(20,929)	(28,459)

OTHER

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

ADVISORIES

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation, including Canadian Securities Administrators' National Instrument 51-102 - *Continuous Disclosure Obligations*, concerning the business, operations and financial performance and condition of Genesis. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "proposed", "scheduled", "future", "likely", "seeks", "estimates", "plans", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulations. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Forward-looking statements in this MD&A and factors that could cause actual results to differ materially from such statements include, but are not limited to, those outlined in the following table:

<p>Forward-looking statements in this MD&A include, but are not limited to:</p> <ul style="list-style-type: none"> the availability of excess cash on hand and its proposed use; the future exercise of any right to purchase; the future payment of dividends and/or common share buybacks; the timing and approval of the Logan Landing Outline Plan and Land Use Applications and final pre-development approvals; the timing and approval of Huxley Outline Plan and Land Use Applications, and anticipated commencement of development of these lands; the timing and approval of the conceptual scheme for the OMNI ASP and planning for an interchange to provide site access; the anticipated number of housing units in the various communities upon completion; the expected completion dates of various projects that GBG is currently engaged in, the timeline for pre-construction homes and anticipated lot yields for projects under development; plans and strategies surrounding the acquisition of additional land; commencement of the servicing phase and the construction phase of various communities and projects; the financing of such phases and expected increased leverage; anticipated general economic and business conditions, including forecasted economic growth; potential changes, if any, to the federal mortgage lending rules and other rules that may impact home ownership in Canada; expectations for lot and home prices; construction starts and completions; future development costs; anticipated expenditures on land development activities; GBG's sales process and construction margins; the payment of dividends; and the ability to continue to renew or repay financial obligations and to meet liabilities as they become due. 	<p>Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:</p> <ul style="list-style-type: none"> the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties and the strength and growth of the Calgary economy; the uncertainties of real estate development and acquisition activity; fluctuations in interest and inflation rates; ability to access and raise capital and debt financing on favorable terms, or at all; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; the cyclical nature of the oil and gas industry; changes in the Canadian US dollar exchange rate; labour matters; product availability due to supply chain issues and (or) cost increases; governmental laws and regulations; general economic and financial conditions; stock market volatility; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including in this MD&A under the heading "<i>Risks and Uncertainties</i>" and the AIF under the heading "<i>Risk Factors</i>".
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The forward-looking statements contained in this MD&A are made as of the date of this MD&A, based only on information currently available to us, and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.