GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019

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 unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2019 and 2018, 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 three 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, 2018 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of May 3, 2019.

STRATEGY AND 2019 BUSINESS PLAN

Strategy

Genesis Land Development Corp. ("Genesis" or the "Corporation") is a land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA"), holding and developing a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use 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 also sells lots and completed homes through its home building division. The land portfolio is planned, developed, serviced and sold at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize net cash flow.

Home building is operated through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"). GBG designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building division is to deliver an acceptable return and cash flow from the capital invested in it and to sell Genesis single-family lots and townhouse land parcels.

As part of the strategic plan for 2019, the Corporation identified that there was the potential to acquire additional residential development lands in the CMA, primarily with the objective of replacing the lots and parcels sold by the Corporation. The Corporation is actively exploring potential CMA land acquisitions, although there is no assurance that any suitable transactions can be completed.

As part of its overall strategy, Genesis continues to focus on minimizing overhead costs and long-term commitments, where possible, to preserve flexibility.

When considered prudent, excess cash on hand is generally used to pay dividends to shareholders and/or buy back common shares and opportunistically acquire additional development land.

Market Overview

The Alberta oil and gas industry which drives the Calgary economy has been negatively affected by insufficient pipeline capacity. As a result, the Alberta energy sector continues to experience low levels of cash flow, capital investment and employment. In 2019, capital investment in major projects in Alberta is forecast to be $59.7 billion, comparable to the $60.5 billion in 2018, and for the fifth consecutive year, well below the $97.8 billion recorded in 2014. Even so, Calgary grew by an estimated 21,000 people (1.7%) in 2018 and similar growth is projected for 2019. The Conference Board of Canada forecasts 2019 GDP growth for Alberta of 2.27%, suggesting that the economy will continue to slowly recover.

Home and lot sales have also been hampered by short term interest rate increases of 1.25% over the last 18 months and changes to the federal mortgage lending rules introduced on January 1, 2018.

Following the recent Alberta election, a new government was sworn in on April 30, 2019. The election campaign included a commitment to a "made-in-Alberta" approach to the mortgage lending rules for those institutions under provincial regulation, and to advocate change with the federal government. Genesis continues to work with industry associations to strongly promote this change.

For Q1 2019, the Calgary Real Estate Board ("CREB") reported 3,100 homes were sold in Calgary down 9% from Q1 2018 and 28% below typical levels. The weak sales activity has resulted in an oversupplied market and lower sales prices, with CREB reporting that average benchmark prices for March 2019 were 5% below levels of a year earlier. Inventory levels for home listings in Calgary dropped to 5 months as of March 2019, an improvement from over 6 months inventory levels at December 2018.

Overall, in this environment, Genesis generated positive cash flows from operating activities of $4,583 and net earnings of $74 in Q1 2019. The Corporation maintained its solid financial position with $15,347 in cash and cash equivalents and $18,840 in loans and credit facilities (being 7% of total assets) at March 31, 2019. The Corporation ended the first quarter of 2019 with a backlog of 36 new home orders, up from 17 new home orders a year earlier.

Business Plan

The following highlights progress on the business plan for 2019:

1) Maximizing the return of capital to shareholders and investing in additional lands

Since 2014 when it paid its first dividend, Genesis has returned to shareholders $51.9 million ($1.19 per share) by way of dividends and bought back over 2.7 million common shares for approximately $8.3 million under its normal course issuer bids (approximately 6.1% of the common shares outstanding at the commencement of the program in 2015). The Corporation did not pay any dividends or buy back any of its shares in the first quarter of 2019.

In the first quarter Genesis entered into a letter agreement relating to the proposed purchase of approximately 160 acres of future development land in the CMA. This land has Area Structure Plan approval for residential development, is currently under a municipal growth management overlay and requires land use approval. Genesis believes the purchase price and terms of the proposed acquisition are in line with current market conditions and would fund the proposed transaction with internal resources and financing typical for transactions of this nature. The purchase would be conditional on the satisfaction of a number of conditions by mid-2019 including satisfactory completion of due diligence by Genesis, board approval and the finalization of a definitive purchase and sale agreement.

2) Obtaining Additional Zoning and Servicing Entitlements

Genesis continues to make progress in obtaining additional zoning and servicing entitlements including:

- Sage Hill Crossing Outline Plans: Sage Hill Crossing is a mixed-use development in Calgary's northeast quadrant with 49 acres remaining to be developed. Calgary City Council approved an Area Structure Plan ("ASP") amendment for Sage Hill Crossing in September 2017. Genesis submitted its Outline Plan and land use application in December 2017 and has subsequently filed amendments to its original ASP to split the plan into two segments and to make certain modifications to improve their marketability. Both applications are in circulation to the appropriate City departments for comments. It is anticipated that Calgary City Council will approve the two applications in 2019.
- Southeast Lands ASP: Genesis owns 349 acres of undeveloped land in Calgary's southeast quadrant. An ASP for a new residential community on these lands is anticipated to be approved by Calgary Planning Commission by mid-2019, and then by Calgary City Council later in 2019.
- OMNI ASP: Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northwest quadrant of the City of Calgary, which lands are included in an ASP known as the "OMNI ASP". Genesis has received ASP approval for a 185 acre commercial and retail project on a portion of these lands and is preparing a conceptual scheme for submission to the County later in 2019 for this project. The remainder of the Genesis controlled lands in this development are included in a special study area, with land use still to be determined.

3) Planning for the Development and Sale of Land

Genesis continues to develop and implement detailed 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 has a multi-family parcel of 4.9 acres under contract to sell for $6,546, which is expected to be completed in 2020, although there can be no assurances that it will close.

4) Servicing Additional Phases

Servicing of four new phases with a three year estimated budget of approximately $53,000 commenced in 2018. Approximately $20,900 of this was incurred in 2018. All four projects are proceeding on or below budget and within planned timelines. These phases are being financed by land servicing project credit facilities from two major Canadian chartered banks. Servicing will be substantially completed in 2019 at a cost of approximately $16,505, with most of the remaining spend relating to municipal levies and fees. This will provide a substantial number of lots and land parcels for sale, including:

- <u>Saddlestone community:</u> The final phase of Genesis' 160 acre Saddlestone community will add 121 single-family lots and two multi-family sites totaling 1.9 acres and a 3.2 acre park;
- <u>Sage Meadows community:</u> The final phase of the 80 acre Sage Meadows community, providing 18.1 acres containing four multi-family sites (of which one was sold in Q4 2018 and another has been contracted for sale), 31 single-family lots on which Genesis is building and selling houses and a school site; and
- <u>Bayside and Bayview communities:</u> Two new phases in our 720 acre Airdrie development, including Bayside phase 10 adding 108 lots and Bayview phase 1 adding 102 lots and a 6 acre park.

5) Adding Select Third-party Builders in Genesis Communities

To diversify offerings within its residential communities, Genesis is considering various third-party builders who could be included in future phases in Genesis' communities, in addition to the four third-party builders currently working with Genesis.

6) Increasing velocity of homes sold by GBG

To increase the velocity of home sales in the face of a weak housing market Genesis has:

- Reduced pricing on some models and completed spec homes and this has also reduced home inventory from $27,072 at September 30, 2018 to $23,291 as at March 31, 2019;
- designed new lower priced housing models; and
- renegotiated construction pricing on the next phase of its Newport townhouse project achieving cost reductions of 6% enabling Genesis to offer competitive pricing.

The first quarter of 2019 included 28 new home orders, an increase over the 19 new home orders in the first quarter of 2018. New home orders totaled 36 at March 31, 2019 compared to 17 at March 31, 2018.

Outlook

In 2019, Genesis continues to implement its strategy focused on developing its assets in a prudent manner and actively market lots, parcels and homes while controlling costs with the goal of maximizing cash flow and maintaining its solid financial position.

With the expected completion in 2019 of the development program for four new phases started in 2018, and with no additional phases planned to be started in 2019, Genesis expects to have sufficient lot inventory to meet market needs. Genesis will continue to actively pursue servicing and zoning approvals to maximize the value of its land holdings. The strong land base, integrated approach, solid financial position and experienced team positions Genesis to take advantage of opportunities that may arise in this environment.

OPERATING HIGHLIGHTS

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

	Three months ended March 31, (1)	
($000s, except for per share items or unless otherwise noted)	**2019**	**2018**
Key Financial Data		
Total revenues	**12,697**	14,369
Direct cost of sales	**(8,599)**	(9,943)
Gross margin	**4,098**	4,426
Gross margin (%)	**32.3%**	30.8%
Net earnings attributable to equity shareholders	**74**	687
Net earnings per share - basic and diluted	**0.00**	0.02
Cash flows from operating activities	**4,583**	1,197
Cash flows from operating activities per share - basic and diluted	**0.11**	0.03
Key Operating Data		
Land Development		
Total residential lots sold (units)	**33**	37
Residential lot revenues	**5,376**	5,451
Gross margin on residential lots sold	**2,760**	2,431
Gross margin (%) on residential lots sold	**51.3%**	44.6%
Average revenue per lot sold	**163**	147
Home Building		
Homes sold (units)	**26**	33
Revenues (2)	**11,086**	13,405
Gross margin on homes sold	**1,338**	1,995
Gross margin (%) on homes sold	**12.1%**	14.9%
Average revenue per home sold	**426**	406
New home orders at period end (units)	**36**	17

Key Balance Sheet Data	**As at Mar. 31, 2019**	**As at Dec. 31, 2018(3)**
Cash and cash equivalents	**15,347**	24,042
Total assets	**262,929**	278,156
Loans and credit facilities	**18,840**	31,696
Total liabilities	**52,626**	68,387
Shareholders' equity	**192,400**	191,970
Total equity	**210,303**	209,769
Loans and credit facilities (debt) to total assets	**7%**	11%

(1) Three months ended March 31, 2019 and 2018 ("Q1 2019" and "Q1 2018")
(2) Includes revenues of $3,765 for 26 lots in Q1 2019 purchased by the Home Building division from the Land Development division ($4,487 and 33 in Q1 2018) and sold with the home. These amounts are eliminated on consolidation
(3) Year ended December 31, 2018 ("YE 2018")

Genesis experienced lower revenue in Q1 2019 compared to Q1 2018. Overall revenues for Q1 2019 were $12,697, down $1,672 (12%) from $14,369 in Q1 2018. Home sales revenue was lower by $2,319 (17%) with 26 units sold ($11,086) vs 33 ($13,405) in Q1 2018 while residential lots sales to third party builders increased to 7 lots ($1,611) in Q1 2019 from 4 lots ($964) in Q1 2018, an increase of $647 or 67%. The lower revenue resulted in net earnings attributable to equity shareholders for Q1 2019 of $74 ($0.00 per share - basic and diluted) compared to $687 ($0.02 per share - basic and diluted) in Q1 2018.

Genesis generated positive cash flows from operating activities of $4,583 ($0.11 per share - basic and diluted) in Q1 2019, compared to cash flows from operating activities of $1,197 ($0.03 per share - basic and diluted) in Q1 2018.

Genesis had $15,347 in cash and cash equivalents at March 31, 2019 compared to $24,042 as at December 31, 2018 with the reduction due primarily to Genesis making an $8,000 payment on a vendor-take-back mortgage payable in the first quarter of 2019. As a result of this payment, total loans and credit facilities outstanding at March 31, 2019 were $18,840, 7% of the total book value of assets, compared to $31,696 or 11% of the total book value of assets at December 31, 2018.

Factors Affecting Results of Operations

When reviewing the results year over year there are a number of factors that affect the results of operations, including:

- the cyclicality of the oil and gas industry which impacts the Calgary area real estate market and economy;
- the development and servicing of land and the sale of residential lots and other land parcels occurs over a substantial period of time which creates volatility in the revenues, earnings and cash flows from operating activities;
- land and lot prices and gross margins vary by community and lot 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;
- seasonality which has historically resulted in higher revenues in the summer and fall months when home building sales often peak; and
- changes to the regulatory environment both direct and indirect, for example land development approvals and mortgage rules and interest rates.

Land Development

	Three months ended March 31,		
	2019	**2018**	**% change**
Key Financial Data			
Residential lot revenues[1]	**5,376**	5,451	(1.4%)
Direct cost of sales	**(2,616)**	(3,020)	(13.4%)
Gross margin	**2,760**	2,431	13.5%
Gross margin (%)[2]	**51.3%**	44.6%	
Other expenses[3]	**(1,420)**	(1,252)	13.4%
Earnings before taxes	**1,340**	1,179	13.7%
Key Operating Data			
Residential lots sold to third-parties	**7**	4	75.0%
Residential lots sold through GBG – home building	**26**	33	(21.2%)
Total residential lots sold	**33**	37	(10.8%)
Average revenue per lot sold	**163**	147	10.9%

[1] Includes residential lot sales to third-parties and to GBG
[2] Gross margin amount divided by residential lot revenues
[3] Other expenses includes general and administrative, selling and marketing, income or (expense) from joint venture and net finance expense

Revenues and unit volumes

In Q1 2019, 7 lots were sold to third-party builders, up from 4 lots sold to third-party builders in Q1 2018. In Q1 2019, GBG also sold 26 homes on Genesis lots, down 21% from 33 homes it sold on Genesis lots in Q1 2018. Total residential lot sales revenues in Q1 2019 were $5,376 (33 lots), down 1% from $5,451 (37 lots) in Q1 2018.

There were no development land sales in Q1 2019 or in Q1 2018. 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 lot sales in Q1 2019 had a gross margin of 51%, compared to 45% in Q1 2018. Gross margins vary by community and lot 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.

Other expenses

Other expenses includes general and administrative, selling and marketing and net finance expense. In Q1 2019, other expenses were 13% higher at $1,420 when compared to Q1 2018 ($1,252), mainly due to higher selling and marketing expenses ($84) and share-based compensation expenses ($228) partially offset by lower net finance expenses ($88) and general and administrative expenses ($54). Net finance expense was lower due to the reduction in the outstanding balance of a vendor-take-back mortgage payable (“VTB”) on Genesis’ Calgary southeast lands following an $8,000 payment in January 2019.

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,		
	2019	**2018**	**% change**
Key Financial Data			
Revenues[(1)]	**11,086**	13,405	(17.3%)
Direct cost of sales	**(9,748)**	(11,410)	(14.6%)
Gross margin	**1,338**	1,995	(32.9%)
Gross margin (%)	**12.1%**	14.9%	
Other expenses[(2)]	**(2,329)**	(2,147)	8.5%
(Loss) before taxes	**(991)**	(152)	N/R[(3)]
Key Operating Data			
Homes sold (units)	**26**	33	(21.2%)
Average revenue per home sold	**426**	406	4.9%
New home orders at period end (units)	**36**	17	111.8%

(1) Revenues include residential home sales and other revenue
(2) Other expenses includes general and administrative, selling and marketing and net finance expense
(3) Not reflective due to percentage change

Revenues and unit volumes

Revenues for single-family homes and townhomes were $11,086 (26 units) in Q1 2019, 17% lower than the revenues of $13,405 (33 units) in Q1 2018. 28 homes were contracted for sale in Q1 2019 as compared to 19 in Q1 2018, resulting in a "book" of 36 new home order at the end of Q1 2019 as compared to 17 new home orders at the end of Q1 2018.

Homes sold in Q1 2019 had an average price of $426 per home, up 5% compared to $406 in Q1 2018. Fluctuations in the average revenue per home sold were mainly due to differences in product mix. In Q1 2019, 21 single-family homes and 5 townhouses were sold compared to 24 single-family homes and 9 townhouses in Q1 2018.

All homes sold in Q1 2019 and in Q1 2018 were built on residential lots or parcels supplied by Genesis, with revenues of $3,765 and $4,487, respectively.

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 townhomes generally on a quick possession basis. The delivery time of a pre-construction home can be determined in advance, with a home typically being delivered within 8 to 10 months of a customer signing a purchase agreement. Construction of quick possession homes is started before GBG receives a firm sale contract in order to have sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days), due to the multi-unit nature of town homes and to obtain construction efficiencies. This requires GBG to build homes 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 monitors its home building work-in-progress closely to anticipate and react to market conditions in a timely manner. As at Q1 2019, GBG had $23,291 of work in progress, of which approximately $13,129 was related to spec homes (YE 2018 - $25,252 and $16,459).

Of the 26 homes sold in Q1 2019, 69% or 18 homes were quick possession sales (i.e., contracted and delivered within 90 days), compared to 33 homes sold in Q1 2018 of which 48% or 16 homes were quick possession sales.

Gross margin

Genesis had a gross margins on home sales of 12% in Q1 2019 as compared to 15% in Q1 2018. The year over year decline was a result of reducing sales prices to reflect weaker and more competitive market conditions and the change in product mix.

Other expenses

Other expenses includes general and administrative, selling and marketing and net finance expense. Other GBG expenses in Q1 2019 were 9% ($182) higher than in Q1 2018, mainly due to higher selling and marketing expenses ($153), share-based compensation expenses ($153) and net finance expense ($73), offset by lower general and administrative expenses ($159). Marketing efforts were increased in an effort to increase home sales in the face of weaker market conditions in 2019.

Real Estate Held for Development and Sale

	March 31, 2019	December 31, 2018	% change
Real estate held for development and sale	**214,919**	217,191	(1.0%)
Provision for write-downs	**(14,692)**	(14,692)	0.0%
	200,227	202,499	(1.1%)

Real estate held for development and sale decreased by $2,272 as at Q1 2019 compared to YE 2018. Refer to note 4 in the condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018 which details the gross book value and net book value of real estate held for development and sale.

The following table presents Genesis' real estate held for development and sale as at March 31, 2019:

	Net Book Value		
Real Estate Held for Development and Sale	**Lots, multi-family & commercial parcels**	**Land held for development[(1)]**	**Total**
Community			
Airdrie - Bayside, Bayview, Canals	12,489	34,867	47,356
Calgary NW - Sage Meadows	8,742	7,738	16,480
Calgary NW - Sage Hill Crossing	9,509	29,878	39,387
Calgary NE – Saddlestone	7,902	8,074	15,976
Calgary SE - Southeast lands	-	44,863	44,863
Rocky View County - North Conrich[(2)]	-	4,741	4,741
Sub-total	38,642	130,161	**168,803**
Other assets[(3)] - non-core	13	1,976	1,989
Total land development	38,655	132,137	**170,792**
Home building work-in-progress			**23,291**
Total land development and home building			**194,083**
Limited Partnerships[(2), (4)]			6,144
Total real estate held for development and sale			**200,227**

[(1)] Land held for development comprises lands not yet subdivided into single-family lots or parcels
[(2)] Includes the undivided interest of Genesis and two limited partnerships in the "Omni" project
[(3)] Other assets are non-core and being marketed for sale
[(4)] Net of intra-segment eliminations of $4,194

The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels by community as at March 31, 2019.

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	12,489	86	77	1	-
Calgary NW - Sage Meadows	8,742	23	-	1	-
Calgary NW - Sage Hill Crossing	9,509	-	-	1	1
Calgary NE - Saddlestone	7,902	93	42	-	-
	38,642	**202**	**119**	**3**	**1**
Other assets - non-core	13	14	-	-	-
Total	**38,655**	**216**	**119**	**3**	**1**

The following table presents the estimated equivalent, if and when developed, by community of single-family lots and multi-family and commercial acres of Genesis' land held for development as at March 31, 2019. There can be no assurance as to if or when any of these lands will be developed.

			Estimated Equivalent if/when Developed		
Land Held For Development by Community	**Net Book Value**	**Land (acres)**[1]	**Single-family** (lots)	**Multi-family** (acres)	**Commercial** (acres)
Airdrie - Bayside, Bayview	34,867	244	1,322	9	2
Calgary NW - Sage Meadows	7,738	17	31	14	-
Calgary NW - Sage Hill Crossing	29,878	49	282	9	4
Calgary NE - Saddlestone	8,074	19	121	2	-
Calgary SE - Southeast lands	44,863	349	1,190	16	-
Rocky View County - North Conrich[2]	4,741	312	-	-	-
	130,161	990	2,946	50	6
Other assets - non-core	1,976	333	-	-	-
	132,137	**1,323**	**2,946**	**50**	**6**
Limited Partnerships[2]	6,144	1,437	-	-	-
Total land held for development	138,281	2,760	2,946	50	6

(1) Land not yet subdivided into single-family and other lots or parcels
(2) Includes the undivided interest of Genesis and two limited partnerships in the "Omni" project

Amounts Receivable

	March 31, 2019	**December 31, 2018**	**% change**
Amounts receivable	**10,741**	14,960	(28.2%)

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.

The decrease of $4,219 in amounts receivable was mainly due to the timing of residential lot sales and closings. As at Q1 2019, Genesis had $8,496 in amounts receivable related to the sale of 50 lots to third-party builders, compared to $10,569 in amounts receivable as at YE 2018 related to the sale of 64 lots to third-party builders and a non-core development land parcel ($15).

Individual balances due from third-party builders at Q1 2019 that were 10% or more of total amounts receivable were $7,675 from three third-party builders (YE 2018 - $10,082 from three third-party builders).

Vendor-take-back Mortgage Receivable

	March 31,	December 31,	
	2019	**2018**	**% change**
Vendor-take-back mortgage receivable[1]	**20,887**	20,558	1.6%

[1] *Includes accrued interest*

A limited partnership controlled by the Corporation closed the sale of a 319 acre parcel of land on December 15, 2017 for gross proceeds of $41,000, payable $20,500 in cash and $20,500 in a three year vendor-take-back first mortgage bearing interest at 6.5% per annum payable annually in arrears. The increase in the VTB receivable is due to the accrual of the interest income.

Cash Flows from Operating Activities

Cash flow from the operating activities of Genesis varies from quarter to quarter due to the nature of land sales and the timing of the receipt of sale proceeds. Genesis typically receives 15% of the purchase price in cash as a non-refundable deposit from a third-party builder at the time it 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 sale of a lot by GBG to an end buyer is recognized on receipt of the full sale proceeds and the transfer of title to the lot. Cash outflow on land servicing and home building activity can vary from quarter to quarter. These expenditures are seasonal, can be impacted by weather and may be dependent on expected demand and this is considered when planning and incurring expenditures for both home building and land development activities. Cash flows from operating activities are also impacted by the timing and amounts of tax installment payments.

	Three months ended March 31,	
	2019	**2018**
Cash flows from operating activities	**4,583**	1,197
Cash flows from operating activities per share - basic and diluted	**0.11**	0.03

The increase in cash flows from operating activities between Q1 2019 and Q1 2018 is explained by the following:

	Three months ended March 31,		
	2019	**2018**	**Change**
Cash inflows from sale of residential homes by GBG	**11,083**	13,120	(2,037)
Cash inflows from sale of residential lots	**3,904**	6,058	(2,154)
Cash outflows for land servicing	**(3,811)**	(1,022)	(2,789)
Cash outflows for home building activity	**(3,616)**	(7,155)	3,539
Cash outflows paid to other suppliers and employees and other	**(3,631)**	(3,361)	(270)
Other cash receipts / (payments)	**129**	(1,908)	2,037
Income tax refunds / (payments)	**525**	(4,535)	5,060
Total	**4,583**	1,197	3,386

Lower cash inflows from the sale of residential homes was due to the fewer homes sold in Q1 2019 (26 homes) compared to Q1 2018 (33 homes), the product mix and the reduction of sales prices to reflect weaker market conditions.

Cash inflows from the sale and closing of residential lots varies quarter to quarter due to timing of the receipt of sale proceeds. Cash inflows from the sale and closing of residential lots to third-parties for Q1 2019 was $3,904 (7 sold and 21 closed) compared to $6,058 in Q1 2018 (4 sold and 27 closed).

Cash outflows for land servicing can vary from quarter to quarter as these expenditures are seasonal, impacted by weather and are generally incurred based on expected demand. Genesis began the servicing of four new phases in 2018 and continued development activities in these phases in 2019.

Cash outflows for home building activity vary due to the product mix and managing the pace of construction and work-in-progress to meet anticipated demand. With lower anticipated demand, GBG has reduced its construction spend accordingly.

Cash outflows paid to other suppliers and employees for Q1 2019 and Q1 2018 remained comparable.

Other cash receipts mainly consists of receipts or outflows of cash-secured letters of credit which are required as development activities progress. Cash outflows were lower in Q1 2019 as significant outflows were already made in Q1 2018 to obtain letters of credit for active projects. The requirement to obtain letters of credit varies as development activities are commenced and completed.

No tax installment payments were required in Q1 2019. Genesis had income tax receivable of $2,283 as at December 31, 2018. This explains the change in income tax refunds (payments).

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q1 2019 and YE 2018:

	March 31,		**December 31,**	
	2019	**% of Total**	**2018**	**% of Total**
Loans and credit facilities	**18,840**	**7%**	31,696	11%
Customer deposits	**3,167**	**1%**	3,111	1%
Accounts payable and accrued liabilities	**9,453**	**4%**	12,679	5%
Lease liabilities	**207**	**0%**	-	-
Provision for future development costs	**20,959**	**8%**	20,901	8%
Total liabilities	**52,626**	**20%**	68,387	25%
Non-controlling interest	**17,903**	**7%**	17,799	6%
Shareholders' equity	**192,400**	**73%**	191,970	69%
Total liabilities and equity	**262,929**	**100%**	278,156	100%

Total liabilities to equity is as follows:

	March 31, 2019	**December 31, 2018**
Total liabilities	**52,626**	68,387
Total equity	**210,303**	209,769
Total liabilities to equity(1)	**25%**	33%

(1) Calculated as total liabilities divided by total equity

Loans and Credit Facilities

The following is a summary of outstanding loan and credit facility balances as at Q1 2019 and as at the end of the previous four quarters:

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Land development servicing loans	4,454	7,914	2,312	-	2,955
Demand operating line for single-family homes	1,328	1,509	2,129	-	-
Project specific townhouse construction loans	5,770	7,177	7,402	6,519	4,482
Vendor-take-back mortgage payable	7,540	15,387	15,092	14,797	14,503
	19,092	31,987	26,935	21,316	21,940
Unamortized deferred financing fees	(252)	(291)	(330)	(226)	(168)
Balance, end of period	18,840	31,696	26,605	21,090	21,772

The continuity of Genesis' VTB payable and land development servicing loans, excluding deferred financing fees, is as follows:

	Three months ended March 31, 2019			
	Vendor-take-back mortgage payable	Land development servicing loans	**Total**	**Year ended December 31, 2018**
Balance, beginning of period	15,387	7,914	**23,301**	28,372
Advances	-	940	**940**	22,974
Repayments	(8,000)	(4,400)	**(12,400)**	(29,224)
Interest expense	153	-	**153**	1,179
Balance, end of period	7,540	4,454	**11,994**	23,301

Genesis has various covenants in place with its lenders with respect to its credit facilities. Such covenants include credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other general understandings 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.

In addition, GBG has a secured revolving operating line repayable on demand to be used for home construction. This line has a financial covenant requiring that GBG maintain a net worth of at least $6,500 at all times. Net worth is defined by the lender as "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties".

Genesis and its subsidiaries and consolidated entities were in compliance with all covenants for all periods in these financial statements. Loans and credit facilities are used primarily to finance the costs of developing land, building homes and for land purchases.

Genesis has sufficient liquidity from its cash flows from operating activities, supplemented by credit facilities, to meet the above liabilities as they become due. Project financing facilities are paid down with some or all of the sale proceeds of secured lands. Genesis intends to develop new phases primarily funded by financings that are specific to each new phase or phases of land under development and to also obtain construction financing for significant GBG townhouse projects. Genesis does not intend to obtain and additional loans and credit facilities in 2019.

Land development servicing loans

As at March 31, 2019, Genesis had four land project loan facilities with the ability to fund up to $51,497 of future development and servicing costs. Interest on these facilities is charged at prime +0.75% per annum. Draws on these facilities can be made as land development activities progress. As at Q1 2019, $4,454 was drawn under these facilities (YE 2018 - four loans and $7,914).

Home building loans

GBG has a demand operating line of $6,500 bearing interest at prime +0.75% per annum. As at Q1 2019, the amount drawn on this facility was $1,328 (YE 2018 - $1,509).

GBG has a townhouse project loan facility with the ability to fund up to $9,970 of construction costs. This facility bears interest at prime +0.90% per annum and is due on August 31, 2020. As at Q1 2019, $2,836 was drawn under this facility (YE 2018 - $3,943).

GBG has a second townhouse project loan facility with the ability to fund up to $4,715 of construction costs. This facility bears interest at prime +0.90% per annum and is due on March 28, 2020. As at Q1 2019, $2,934 was drawn under this facility (YE 2018 - $3,234).

Demand operating line

Genesis has a demand operating line of credit of up to $10,000 for general corporate purposes at an interest rate of prime +1.00% per annum. As at Q1 2019, the outstanding balance of this facility was Nil (YE 2018 - Nil). This facility has not been drawn on in 2019. In 2018, this facility was used for short term cash flow purposes.

Vendor-take-back mortgage payable

Genesis granted the VTB on the purchase of the Calgary southeast lands in January 2015. As at Q1 2019, the VTB had an outstanding balance of $8,000 with an unamortized discount of $460 (YE 2018 - $16,000 and $613 respectively). The outstanding balance and last installment of $8,000 is payable in January 2020.

Provision for Future Development Costs

When Genesis sells lots, land parcels and homes, it often remains responsible for paying for future development costs known as “costs-to-complete”.

In Genesis’ land development business, the provision for future development costs 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 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. The provision 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 the provision for future development costs and a corresponding adjustment is made to land held for development and/or cost of sales.

The cost-to-complete estimates for GBG are additional future costs relating to previously sold homes estimated to be incurred, which are primarily for seasonal and other work (such as paving and landscaping) and estimated warranty expenses over the one year warranty period.

The provision for future development costs as at the end of Q1 2019 was $20,106 for the land division (YE 2018 - $20,033) and $853 (YE 2018 - $868) for GBG. For additional details, please see information provided under the heading *Critical Accounting Estimates* in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Genesis decreased its debt from $31,696 at YE 2018 to $18,840 at Q1 2019, primarily due to the $8,000 installment paid in early January 2019 on the VTB relating to Genesis' southeast Calgary lands and a net decrease of $5,009 in land servicing and home building project loans. For additional details, please see information provided under the heading *Loans and Credit Facilities.*

	March 31,	December 31,	
	2019	**2018**	**% change**
VTB payable	**7,540**	15,387	(51.0%)
Land development servicing and home building loans	**11,300**	16,309	(30.7%)
Total loans and credit facilities	**18,840**	31,696	(40.6%)

	March 31,	December 31,	
Loans and credit facilities as a percentage of total assets	**2019**	**2018**	**% change**
VTB payable[(1)]	**2.9%**	5.5%	(48.3%)
Land development servicing and home building loans[(1)]	**4.3%**	5.9%	(26.9%)
Loans and credit facilities (debt) to total assets	**7.2%**	11.4%	
Total liabilities to equity[(2)]	**25%**	33%	(22.2%)

[(1)] *Calculated as each component of loans and credit facilities divided by total assets*
[(2)] *Calculated as total liabilities divided by total equity*

Finance Expense

	Three months ended March 31,		
	2019	**2018**	**% change**
Interest incurred	**172**	88	95.5%
Finance expense relating to VTB[(1)]	**153**	295	(48.1%)
Financing fees amortized	**38**	15	153.3%
Interest and financing fees capitalized	**(108)**	(74)	45.9%
	255	324	(21.3%)

[(1)] *VTB related to Calgary southeast lands*

Finance expense during Q1 2019 was lower than in Q1 2018 due to lower average loan balances in Q1 2019. The Corporation paid the fourth installment of $8,000 on the VTB in January 2019. The imputed rate on the VTB, which has a 0% face rate, is 8%.

The weighted average interest rate of loan agreements with various financial institutions was 4.77% (YE 2018 - 4.76%) based on March 31, 2019 balances.

Income Tax (Recoverable) Payable

The continuity in income tax (recoverable) payable follows:

	March 31, 2019	December 31, 2018
Balance, beginning of period	**(2,283)**	2,785
Provision for current income tax	**879**	3,531
Net receipts (payments)	**525**	(8,599)
Balance, end of period	**(879)**	(2,283)

Income tax recoverable is due to the overpayment in 2018 and low current tax expense in Q1 2019.

Shareholders' Equity

As at May 3, 2019, the Corporation had 42,180,321 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

There were no purchases made during the three months ended March 31, 2019 and 2018 under the NCIB.

The Corporation repurchased 3,300 common shares at an average price of $2.54 per share between April 1, 2019 and May 3, 2019 for cancellation. As of the date of this MD&A, 1,375,236 common shares may be purchased for cancellation under the currently authorized NCIB.

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income tax payable, customer deposits and provision for future development costs) at the end of Q1 2019 were as follows:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	11,803	500	470	**12,773**
April 2020 to March 2021	6,343	500	302	**7,145**
April 2021 to March 2022	946	-	14	**960**
April 2022 and thereafter	-	-	7	**7**
Total	19,092	1,000	793	**20,885**

[1] Excludes deferred financing fees

In 2012, Genesis entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, ending in 2021). The first eight installments totaling $4,000 were paid as at March 31, 2019.

In Q1 2017, the Corporation amended its head office lease agreement with Morguard Real Estate Investment Trust to extend the term by 38 months to September 30, 2020. The total basic rent over the extension period is $364. 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 and commitments in note 8 of the condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018.

Current Contractual Obligations, Commitments and Provision

	March 31, 2019	December 31, 2018
Loans and credit facilities, excluding deferred financing fees	**11,803**	9,498
Accounts payable and accrued liabilities	**9,453**	12,679
Total short-term liabilities	**21,256**	22,177
Commitments[1]	**970**	981
	22,226	23,158

[1] Commitments comprises naming rights and lease obligations

At the end of Q1 2019, Genesis had obligations due within the next 12 months of $22,226, of which $11,803 related to loans and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Management is confident that Genesis has the ability to continue to renew or to repay its financial obligations as they become due.

Provision for Litigation

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1,600 and the Corporation recorded this amount as a provision as at December 31, 2017.

In 2017, the former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017, which was heard in August 2018 and judgement was reserved.

On March 8, 2018, the two former employees served an application for leave to amend their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options and for summary judgment of the proposed stock option claim. The amendments were not permitted at that time.

On February 25, 2019, the Court granted the Corporation's appeal, directing that the claim of the former employees go to trial.

On March 13, 2019, the two former employees filed a Notice of Appeal to the Alberta Court of Appeal, seeking to reinstate the Master's decision and grant the former employees' application for summary judgment. No date has been set for the hearing of the appeal.

In March 2019, the two former employees sought and obtained consent to amend their pleadings to add the stock option claim. The amended statement of claim was filed on March 13, 2019. The Corporation has not made any provision for this additional amount claimed.

The Corporation's view is that this action is without merit and is actively contesting it.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

Genesis has an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the sub-division plan registration process. These letters of credit indemnify the municipalities by enabling them to draw upon the letters of credit in the event that Genesis does not perform its contractual obligations. At Q1 2019, these letters of credit totalled approximately $5,036 (YE 2018 - $6,358).

Lease Agreements

Genesis has certain lease agreements that are entered into in the normal course of operations. In the event the lease for the office building 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. For additional details, please see information provided under the heading *Contractual Obligations and Debt Repayment*.

SUMMARY OF QUARTERLY RESULTS

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenues	**12,697**	20,935	27,178	18,955	14,369	65,644	31,128	38,497
Net earnings(1)	**74**	2,358	539	540	687	8,713	3,372	4,209
EPS(2)	**0.00**	0.06	0.01	0.01	0.02	0.20	0.08	0.09

(1) *Net earnings attributable to equity shareholders*
(2) *Net earnings per share - basic and diluted*

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Residential lots sold to third-parties (units)	**7**	1	10	40	4	37	13	45
Homes sold (units)	**26**	32	32	24	33	44	49	36

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Development land revenues	**-**	4,628	10,498	-	-	41,000	5,234	9,000

Cash flows from operating activities	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Amount	**4,583**	7,192	7,694	(1,336)	1,197	27,298	8,888	12,251
Per share - basic and diluted	**0.11**	0.16	0.18	(0.03)	0.03	0.62	0.21	0.28

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 recoveries, 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* which discusses the factors that affect Genesis' results and seasonality further.

During Q1 2019, Genesis sold 7 residential lot to third-parties, 26 homes and no development land parcels resulting in lower revenues in Q1 2019 compared to Q4 2018. Gross margins in Q1 2019 were marginally higher than in Q4 2018 mainly due to no write-down in Q1 2019 compared to $900 in Q4 2018. General and administrative expenses and selling and marketing expenses were comparable in Q1 2019 and Q4 2018. Genesis incurred lower net finance expenses and income tax expenses in Q1 2019 compared to Q4 2018.

During Q4 2018, Genesis sold one residential lot to a third-party, 32 homes and one development land parcel resulting in lower revenues in Q4 2018 compared to Q3 2018. Gross margins in Q4 2018 were higher than in Q3 2018 mainly due to higher gross margin being made on the development land parcel sale during the quarter. Higher general and administrative expenses and income tax expenses in Q4 2018 were partially offset by lower selling and marketing expenses compared to Q3 2018. Genesis had higher net finance expense in Q4 2018 compared to Q3 2018 mainly due to higher loan balances. On an overall basis, net earnings in Q4 2018 was higher compared to Q3 2018 mainly due to the development land parcel sale.

During Q3 2018, Genesis sold 10 residential lots to third-parties, 32 homes and two development land parcels resulting in higher revenues in Q3 2018 compared to Q2 2018. Gross margins in Q3 2018 were only marginally higher than in Q2 2018 mainly due to no gross margin being made on the development land parcel sales during the quarter. Higher selling and marketing expenses in Q3 2018 were partially offset by lower general and administrative expenses and lower income tax expense compared to Q2 2018. Genesis had higher net finance expense in Q3 2018 compared to Q2 2018 mainly due to higher loan balances. On an overall basis, this resulted in net earnings in Q3 2018 being comparable to Q2 2018.

During Q2 2018, Genesis sold 40 residential lots to third-parties, 24 homes and no development land parcels resulting in higher revenues in Q2 2018 compared to Q1 2018. Gross margins in Q2 2018 were higher than in Q1 2018 despite a write-down of $920 in Q2 2018. Higher selling and marketing expenses in Q2 2018 were partially offset by lower general and administrative expenses compared to Q1 2018. Genesis had lower net finance income and higher income tax expense in Q2 2018 compared to Q1 2018. On an overall basis, this resulted in lower net earnings in Q2 2018 compared to Q1 2018.

During Q1 2018, Genesis sold four residential lots to third-parties, 33 homes and no development land parcels. This resulted in lower revenues in Q1 2018 compared to Q4 2017. Higher general and administrative expenses in Q1 2018 were more than offset by lower selling and marketing expenses, net finance expenses and income taxes compared to Q4 2017. On an overall basis, this resulted in lower net earnings in Q1 2018 compared to Q4 2017.

During Q4 2017, Genesis sold 37 residential lots to third-parties and 44 homes. Genesis completed the sale of 319 acres of undeveloped land belonging to a limited partnership for $41,000. On an overall basis, this resulted in higher revenues during Q4 2017 compared to Q3 2017. Genesis incurred lower general and administrative expenses and net finance expense during Q4 2017 offset by higher selling and marketing expenses compared to Q3 2017.

During Q3 2017, Genesis sold 13 residential lots to third-parties and 49 homes. Genesis completed the sale of a 617 acre parcel of land belonging to a limited partnership for $5,234. On an overall basis, lower revenues from residential lot sales and development land sales, partially offset by higher revenues from residential home sales resulted in lower revenues during Q3 2017 compared to Q2 2017. Genesis incurred slightly lower general and administrative, selling and marketing expenses during Q3 2017 compared to Q2 2017. In addition, Genesis had no write-down in Q3 2017.

During Q2 2017, Genesis sold 45 residential lots to third-parties and 36 homes. Genesis also sold a 1,476 non-core development land parcel in Q2 2017 for $9,000. On an overall basis, this resulted in higher revenues during Q2 2017 compared to Q1 2017. Genesis incurred lower general and administrative, selling and marketing expenses and net finance expenses during Q2 2017 compared to Q1 2017. In addition, Genesis had a write-down of $1,095 in Q2 2017.

RELATED PARTY TRANSACTIONS

Transactions occurred with the following related party:

Underwood Capital Partners Inc. ("Underwood") - controlled by an officer and director, Stephen J. Griggs.

	Three months ended March 31,	
	2019	**2018**
Paid to Underwood for the services of Stephen J. Griggs as CEO	-	85

Underwood no longer provides CEO services to Genesis following the appointment of Iain Stewart as President and Chief Executive Officer in September 2018.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted IFRS 16 Leases effective January 1, 2019.

IFRS 16, "Leases"

As required, the Corporation adopted IFRS 16 as of January 1, 2019. On January 13, 2016, the IASB published a new standard, IFRS 16, "Leases". The new standard brings most leases for lessees onto the balance sheet under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.

The Corporation has elected to use the modified retrospective approach in its adoption of IFRS 16. Refer to note 3 in the condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018 for further details.

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, 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 2019 and Q1 2018. Refer to note 2o in the consolidated financial statements for the years ended December 31, 2018 and 2017 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 long time frames involved, particularly in land development.

Impairment 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 for impairment 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 take 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO 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, 2019.

There were no changes in the Corporation's ICFR during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

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, 2018 available on SEDAR at www.sedar.com.

OTHER

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

ADVISORIES

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", "scheduled", "estimates", "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".

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.

Forward-looking statements in this MD&A include, but are not limited to, the availability of excess cash on hand and its proposed use, the future payment of dividends and/or common share buybacks, the timing and approval of the Sage Hill Crossing Outline Plan and Land Use applications, the timing and approval of the Southeast Lands ASP, the timing and approval of the Conceptual Scheme for the OMNI ASP, the expected completion dates of various projects that GBG is currently engaged in and anticipated lot yields for projects under development, plans and strategies surrounding the acquisition of additional land, the proposed purchase of additional lands for future development in the CMA, commencement of the servicing phase and the construction phase of various communities and projects, the financing of these phases and expected increased leverage, the expected closing of a multi-family parcel of 4.9 acres currently under contract to sell, anticipated general economic and business conditions, the Alberta real estate cycle, potential changes, if any, to the federal mortgage lending rules, expectations for lot and home prices, construction starts and completions, anticipated expenditures on land development activities, GBG's sales process and construction margins, timing of the annual general meeting of the shareholders, the approval by the shareholders of Genesis' long-term incentive plan and its adoption by Genesis thereof, the ability to continue to renew or repay financial obligations and to meet liabilities as they become due and the aggregate number of common shares that may be repurchased by Genesis' under the renewed NCIB.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: 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; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; labour matters, governmental regulations, 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 "Risks and Uncertainties" and the AIF under the heading "Risk Factors".

Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A 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.