GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and year ended December 31, 2020

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 consolidated financial statements and the notes thereto for years ended December 31, 2020 and 2019, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The consolidated 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**") is 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 March 1, 2021.

STRATEGY AND 2020 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"), owning and developing a 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 sells lots and completed homes through its home building division. The land portfolio is planned, developed, serviced and sold as single-family lots and townhouse 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.

Through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"), Genesis also designs, builds and sells homes on a significant portion of its single-family lots and, in some cases, its townhouse land parcels. GBG also acquires single-family lots from other land developers to build and sell single-family homes in additional CMA communities.

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

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.

Highlights:

- ***$47,983 Cash Flows from Operating Activities*****:** Genesis generated cash flows from operating activities ("CFOA") of $47,983 ($1.14 per share - basic and diluted) in YE 2020, up from $9,537 ($0.23 per share - basic and diluted) for YE 2019. In Q4 2020, CFOA was $22,858 ($0.54 per share - basic and diluted) up from the $7,969 ($0.19 per share - basic and diluted) generated in Q4 2019.

- ***$103,933 of Revenues in YE 2020:*** Higher sales volumes generated revenue of $103,933 in YE 2020 up from $68,097 achieved in YE 2019. Q4 2020 revenues of $19,817 were lower when compared to $26,081 generated in Q4 2019.

- ***Net Earnings were positive for the 20th consecutive year:*** Net earnings attributable to equity shareholders in YE 2020 were $199 ($0.00 net earnings per share - basic and diluted), compared to $1,701 ($0.04 net earnings per share - basic and diluted) in YE 2019. Net earnings attributable to equity shareholders in Q4 2020 were $125 ($0.00 net earnings per share - basic and diluted) compared to $1,684 ($0.04 net earnings per share - basic and diluted) in Q4 2019. Earnings were negatively impacted by net write-downs of $11,637 during YE 2020 (YE 2019 - $800) on land parcels and a townhouse project.

- ***163 Homes Sold up 27% from 2019:*** In YE 2020, Genesis sold 163 homes, an increase of 27% from the 128 sold in YE 2019. In Q4 2020, Genesis sold 28 homes, compared to 43 sold in Q4 2019. During YE 2020, Genesis had 192 new home orders compared to 148 for YE 2019. Genesis had 83 outstanding new home orders on hand at December 31, 2020 (54 at December 31, 2019).

- ***225 Lots sold up 40% from 2019:*** In YE 2020, Genesis sold 225 residential lots (62 to third-party builders and 163 through its home building division), an increase of 40% from 161 lots in YE 2019 (33 to third-party builders and 128 through its home building division). In Q4 2020, Genesis sold 30 residential lots (2 to third-party builders and 28 through its home building division) compared to 64 lots in Q4 2019 (21 to a third-party builder and 43 through its home building division).

- ***$16,628 of Development Land Sales:*** In YE 2020, Genesis sold five development land parcels for $16,628 versus one parcel for $550 owned by a limited partnership in YE 2019. Genesis sold two development land parcels for $7,146 in Q4 2020 versus one parcel for $550 owned by a limited partnership in Q4 2019.

- ***Cash on hand of $29,743:*** On December 31, 2020, Genesis had $29,743 in cash and cash equivalents, which exceeded outstanding loans and credit facilities balances of $21,470 by $8,273.

- ***Dividend declared in Q4 2020:*** A dividend of $0.15 per share totaling $6,280 was declared in December 2020 and paid in January 2021. Dividends are a key component of the strategic and business plan and will continue to be a priority in the allocation of cash resources as noted above.

- ***$50,000 Corporate Revolving Line of Credit:*** Subsequent to December 31, 2020, Genesis finalized a $50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%.

- ***$29,150 land acquisition:*** Subsequent to December 31, 2020, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. Genesis paid a non-refundable deposit of $2,186, with the balance of $26,964 to be paid on closing, currently scheduled for April 2022. Upon completion, the community is expected to yield over 1,200 housing units.

OPERATING HIGHLIGHTS

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

($000s, except for per share items or unless otherwise noted)	Three months ended December 31, (1) 2020	2019	Year ended December 31, (2) 2020	2019
Key Financial Data				
Total revenues	**19,817**	26,081	**103,933**	68,097
Direct cost of sales	**(14,306)**	(17,530)	**(76,581)**	(45,877)
Gross margin before write-down (3)	**5,511**	8,551	**27,352**	22,220
Gross margin before write-down (%) (3)	**27.8%**	32.8%	**26.3%**	32.6%
Write-down of real estate held for development and sale	**(822)**	-	**(11,637)**	(800)
Gross margin	**4,689**	8,551	**15,715**	21,420
Net earnings attributable to equity shareholders	**125**	1,684	**199**	1,701
Net earnings per share - basic and diluted	**0.00**	0.04	**0.00**	0.04
Cash flows from operating activities	**22,858**	7,969	**47,983**	9,537
Cash flows from operating activities per share - basic and diluted	**0.54**	0.19	**1.14**	0.23
Key Operating Data				
Land Development				
Total residential lots sold (units)	**30**	64	**225**	161
Residential lot revenues	**4,772**	12,230	**39,189**	29,071
Gross margin on residential lots sold	**2,560**	5,471	**16,336**	13,942
Gross margin on residential lots sold (%)	**53.6%**	44.7%	**41.7%**	48.0%
Average revenue per lot sold	**159**	191	**174**	181
Development land revenues	**7,146**	550	**16,628**	550
Home Building				
Homes sold (units)	**28**	43	**163**	128
Revenues (4)	**12,198**	20,551	**75,025**	59,746
Gross margin before write-down (3)	**1,620**	3,068	**9,485**	8,266
Gross margin before write-down (%) (3)	**13.3%**	14.9%	**12.6%**	13.8%
Gross margin on homes sold	**1,620**	3,068	**8,670**	8,266
Average revenue per home sold	**436**	478	**459**	467
New home orders (units)	**54**	36	**192**	148
Outstanding new home orders at period end (units)			**83**	54

Key Balance Sheet Data	As at Dec. 31, 2020	As at Dec. 31, 2019 (2)
Cash and cash equivalents	**29,743**	16,248
Total assets	**266,494**	296,268
Loans and credit facilities	**21,470**	51,546
Total liabilities	**66,734**	83,373
Shareholders' equity	**187,676**	193,957
Total equity	**199,760**	212,895
Loans and credit facilities (debt) to total assets	**8%**	17%

(1) Three months ended December 31, 2020 and 2019 ("Q4 2020" and "Q4 2019")
(2) Year ended December 31, 2020 and 2019 ("YE 2020" and "YE 2019")
(3) Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
(4) Includes other revenues and revenues of $4,299 for 28 lots in Q4 2020 and $26,909 for 163 lots in YE 2020 purchased by the Home Building division from the Land Development division ($7,250 and 43 in Q4 2019; $21,270 and 128 in YE 2019) and sold with the home. These amounts are eliminated on consolidation.

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 oil and gas 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;
- 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 in the summer and fall months when home building sales often peak.

Market Overview

Economic conditions have been difficult as the COVID-19 pandemic has caused governments around the world, including in Alberta, to shutdown parts of the economy. In addition, the energy industry which is a leading contributor to Alberta's Gross Domestic Product ("GDP") continues to be negatively impacted by volatile Canadian energy prices. These factors have had a negative impact on the Alberta economy with Royal Bank of Canada estimating that Alberta's GDP shrank by over 8% in 2020.

Various initiatives have been undertaken by governments and central banks in an effort to reduce the impact of the economic restrictions. These initiatives (which include reducing interest rates), along with the acceleration of the trend to "work from home", led to stronger demand for new homes in suburban communities in the second half of 2020. According to the Calgary Real Estate Board ("CREB"), the local real estate market initially fell quite dramatically as a result of the restrictions but has rebounded during the remainder of 2020. In April 2020 Calgary home sales were down 63% and in May 2020 home sales decreased by 44% as compared to the same months in 2019, the lowest levels recorded since 1995. The second half of the year saw a reversal of this trend as home sales in the third and fourth quarters were some of the strongest seen in the last 5 years. For full year 2020, home sales were only 1% lower than in 2019. In particular, the 2020 market produced gains in single family home sales in the $400 to $600 price range, which benefited Genesis as it focuses a large part of its housing products in this price range.

Resale listing inventory levels continued to decline and as at December 2020 the months of supply of inventory in the Calgary market was 3.06 months, down from 4.56 months in December 2019. As of December 2020, the benchmark prices for detached homes had increased by 3% to $491 as compared to $477 in 2019.

Despite the strong second half of 2020 Genesis remains cautious. In addition to the extent and duration of the current economic downturn being unpredictable and unknown, the impact of very low levels of immigration in 2020 is expected to eventually have a negative impact on housing demand.

2020 Business Plan

Focus on Liquidity and Cash Flow

Given the uncertain market conditions in 2020, Genesis prioritized the preservation of cash resources and protecting its balance sheet. As of December 31, 2020, Genesis had $29,743 of cash and cash equivalents on hand (YE 2019 - $16,248), loans and credit facilities of $21,470 (YE 2019 - $51,546), real estate assets of $193,309 (YE 2019 - $222,269) and total assets of $266,494 (YE 2019 - $296,268). The ratio of loans and credit facilities to total assets was 8% at December 31, 2020 compared to 17% at December 31, 2019.

The Corporation continues to closely review all expenditures to determine which capital and operating costs can be deferred, eliminated or reduced.

Progress on 2020 Business Plan

During Q4 2020, Genesis continued to execute on its business plan, adjusting to reflect current and expected market conditions.

1) Obtaining Additional Zoning and Servicing Entitlements

Genesis continued to make progress in obtaining additional zoning and servicing entitlements for its land, with no noticeable impact from the COVID-19 restrictions on these activities. As zoning and servicing entitlements are granted by the applicable municipal authorities, there can be no assurance as to if and (or) when the following communities will be available for development or sale:

- Ricardo Ranch Area Structure Plan ("ASP"): Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant referred to as Logan Landing. An ASP for a new residential community on these lands was approved by Calgary City Council ("Council") in November 2019. An outline plan and land use applications have been submitted and approval is expected by the middle of 2021. There is a Growth Management Overlay ("GMO") restricting development of these lands. Genesis will apply for GMO removal at the earliest next available opportunity (see further discussion below).
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. There is a GMO restricting development of these lands. Genesis will apply for GMO removal at the earliest next available opportunity (see further discussion below).
- OMNI ASP (in North Conrich): Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northeast quadrant of the City of Calgary. Genesis has received ASP approval for a 185-acre commercial and retail project on a portion of these lands. Approval of the conceptual scheme for this project is expected to be received in 2021. The remaining 425 acres are included in a special study area, with land use still to be determined. As these lands are in Rocky View County, there is no GMO restriction.

The timelines discussed above are management's best estimates at this time. Approvals for new developments continue to be a challenge. On November 3, 2020, Council reviewed 11 applications by a number of landowners for the removal of GMOs, which must be removed prior to receiving final development approvals. This included applications for the two proposed Genesis projects, Ricardo Ranch and Lewiston, both of which met or exceeded, to the best of Genesis' understanding, all pre-identified criteria for removal of their respective GMOs. Council did not remove the GMOs for any of the 11 projects including the two Genesis projects.

2) 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.

The sale of the 8.17-acre multi-family parcel in Genesis' Sage Hill community contracted in early 2019 closed in the first quarter of 2020 for $8,987. Genesis also closed two sales of multi-family land parcels in Q4 2020: the first being a 4.94-acre parcel in its Sage Meadows community for $6,546 in October 2020; the second being a 0.77-acre parcel in Saddlestone community for $600 in December 2020.

3) Servicing Additional Phases

The servicing of one new community commenced in 2020:

- Sage Hill: The servicing of the first phase of 20 acres in this 51-acre development is expected to cost $16,673, $4,188 of which was expended in 2020. This well located northwest Calgary community is considered an "infill development". The first phase is expected to be completed in mid-late 2021 providing 99 lots and 7.3 acres of multi-family and commercial parcels.

The servicing of four new residential community phases that commenced in 2018 are complete and lots were available for sale and building in 2020:

- Saddlestone community: Servicing of the final phase of Genesis' 160-acre Saddlestone community was completed in late 2019, adding 121 single-family lots, a 3.2-acre park and two multi-family sites totaling 1.9 acres;
- Sage Meadows community: The final phase of the 80-acre Sage Meadows community was completed in late 2019, servicing 18.1 acres containing a school site (10 acres), three multi-family sites and 31 single-family lots; and
- Bayside and Bayview communities: The servicing of two new phases in this 720-acre Airdrie development was completed in late 2019, including the 108 lot Bayside phase 10 and the 102 lot Bayview phase 1. Servicing of a 6-acre park, a key amenity in the Bayview community, has been completed.

4) Investing in Additional Lands

Genesis continues to assess suitable acquisition opportunities as they arise.

In 2019 Genesis invested $29,333 through investments in three new land development opportunities. These acquisitions will provide an inventory of additional lots in three new communities upon which Genesis plans to build and sell new homes beginning in 2021.

During the year ended December 31, 2020 GBG contracted to acquire 70 lots in the first phase of one of these developments and also contracted to acquire 33 lots from a third-party land developer in an unrelated project.

Subsequent to December 31, 2020, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. Genesis paid a non-refundable deposit of $2,186, with the balance of $26,964 to be paid on closing, currently scheduled for April 2022. This parcel of land is located within the "Belvedere" ASP on the east side of the City of Calgary. The land is not subject to a GMO and Genesis plans to immediately commence the process of obtaining final land use and outline plan approvals from the City of Calgary. Upon completion, the community is expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.

5) 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 currently has three third-party builders building in its communities.

6) Maintaining and when possible increasing the velocity of homes sold by Genesis Builders Group

During Q4 2020, GBG entered into 54 new home sales contracts, an increase of 50% from 36 new home sales contracts in Q4 2019. In YE 2020, GBG entered into 192 new home sales contracts, an increase of 30% from 148 new home sales contracts in in YE 2019. As of December 31, 2020, Genesis had 83 outstanding new home orders, an increase of 54% compared to 54 at December 31, 2019. To maintain home sales velocity, margins and to manage inventory Genesis has:

- adjusted pricing on select models and completed spec homes;
- managed the timing of construction for any new spec homes with the amount of spec home work-in-progress declining to $5,553 at December 31, 2020, from $13,183 at December 31, 2019;
- refocused marketing with improved on-line sales and marketing tools; and
- continued pursuing construction cost efficiencies and managing supply chain challenges.

7) Return of capital to shareholders

On December 9, 2020, the Board of Directors declared a cash dividend of $0.15 per common share for a total of $6,280 payable to shareholders of record on December 23, 2020, which was paid in January 2021.

Since 2014 when it paid its first dividend, Genesis has returned $58,138 to shareholders by way of dividends and bought back nearly 3.1 million common shares for $8,787.

The following table shows dividends and share repurchases since the first dividend was declared in 2014:

($000s, except for number of shares and per share items) **Year**	**Dividend per share**	**Total dividends declared**	**Shares repurchased and cancelled**	**Total Cost of repurchases**
2020 (Declared in Dec. 2020 and paid in Jan. 2021)	$0.15	$6,280	296,592	$465
2019	-	-	23,694	58
2018	0.24	10,309	1,069,100	3,501
2017	0.46	19,896	493,085	1,456
2016	0.25	10,936	551,796	1,420
2015	0.12	5,331	628,598	1,887
2014	0.12	5,386	-	-
Total	**$1.34**	**$58,138**	**3,062,865**	**$8,787**

Outlook

The Calgary Metropolitan Area economy has experienced materially lower economic activity and increased unemployment levels due to the COVID-19 pandemic and volatility in energy prices. While the Calgary economy improved in the fourth quarter of 2020, the duration and impact of the COVID-19 pandemic remains unknown and, as a result, it is not possible to reliably estimate the impact on the financial results and condition of the Corporation in future periods. The Calgary Real Estate Board forecast that the momentum seen in the housing market in the second half of 2020 will continue into 2021, fueled by low mortgage interest rates, low levels of housing supply and increased demand for suburban single-family homes. Alberta GDP is forecast to be positive in 2021 by RBC Economics growing by 4.5%. These are both positive signs, but in addition to the ongoing potential impact of COVID there are still challenges that could have a negative impact including lower immigration and higher than historical unemployment levels.

Genesis has been able to adapt its operations, capital investments and marketing approaches to address current conditions and had positive results from these activities in 2020. Genesis is continuing to focus on managing cash, protecting the value of its assets and limiting financing risk while ensuring that all health and safety recommendations of regulatory authorities are being followed and, when feasible, exceeded.

In 2021, to add to the inventory of serviced lots and parcels in Bayside, Bayview, Sage Meadows and Saddlestone, Genesis will be bringing on additional inventory in the first phase of its Sage Hill community and is planning the development of the next phases in Sage Hill, Bayside and Bayview which will deliver additional lots and parcels in 2022 and 2023. Genesis will be looking to make progress in 2021 to obtain zoning and servicing approvals in its Lewiston, Logan Landing and OMNI developments.

Genesis is committed to implementing its strategy to develop and realize the value of its land holdings, while prudently managing its financial and other resources and controlling costs.

Land Development

	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**% change**	**2020**	**2019**	**% change**
Key Financial Data						
Residential lot revenues [1]	**4,772**	12,230	(61.0%)	**39,189**	29,071	34.8%
Development land revenues	**7,146**	550	N/R [4]	**16,628**	550	N/R [4]
Direct cost of sales	**(8,027)**	(7,297)	10.0%	**(37,950)**	(15,667)	142.2%
Gross margin before write-down [2]	**3,891**	5,483	(29.0%)	**17,867**	13,954	28.0%
Gross margin before write-down (%) [2]	**32.6%**	42.9%	(24.0%)	**32.0%**	47.1%	(32.1%)
Write-down of land held for development	**(822)**	-	N/R [4]	**(10,822)**	(800)	N/R [4]
Gross margin	**3,069**	5,483	(44.0%)	**7,045**	13,154	(46.4%)
Other expenses [3]	**(2,199)**	(2,718)	(19.1%)	**(7,407)**	(6,835)	8.4%
Earnings (loss) before taxes	**870**	2,765	(68.5%)	**(362)**	6,319	N/R [4]
Key Operating Data						
Residential lots sold to third-parties	**2**	21	(90.5%)	**62**	33	87.9%
Residential lots sold through GBG - home building	**28**	43	(34.9%)	**163**	128	27.3%
Total residential lots sold	**30**	64	(53.1%)	**225**	161	39.8%
Average revenue per lot sold	**159**	191	(16.8%)	**174**	181	(3.9%)

(1) Includes residential lot sales to third-parties and to GBG
(2) Non-GAAP financial measure. Refer to heading “Non-GAAP Measures” in this MD&A
(3) Other expenses include general and administrative, selling and marketing and net finance expense
(4) Not relevant due to the size of the change

Gross margin by source of revenue

	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**% change**	**2020**	**2019**	**% change**
Residential lots						
Residential lot revenues (1)	**4,772**	12,230	(61.0%)	**39,189**	29,071	34.8%
Direct cost of sales	**(2,212)**	(6,759)	(67.3%)	**(22,853)**	(15,129)	51.1%
Gross margin	**2,560**	5,471	(53.2%)	**16,336**	13,942	17.2%
Gross margin (%)	**53.6%**	44.7%	19.9%	**41.7%**	48.0%	(13.1%)

(1) Includes residential lot sales to third-parties and to GBG

	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**% change**	**2020**	**2019**	**% change**
Development land						
Development land revenues	**7,146**	550	N/R (2)	**16,628**	550	N/R (2)
Direct cost of sales	**(5,815)**	(538)	980.9%	**(15,097)**	(538)	N/R (2)
Gross margin before write-down (1)	**1,331**	12	N/R (2)	**1,531**	12	N/R (2)
Gross margin before write-down (%) (1)	**18.6%**	2.2%	745.5%	**9.2%**	2.2%	318.2%
Write-down of land held for development	**(822)**	-	N/R (2)	**(10,822)**	(800)	N/R (2)
Gross margin	**509**	12	N/R (2)	**(9,291)**	(788)	N/R (2)

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

Revenues and unit volumes

Total residential lot sales revenues for the YE 2020 were $39,189 (225 lots), a 35% increase over the $29,071 (161 lots) sold in YE 2019. In YE 2020, 62 lots were sold to third-party builders compared to 33 lots sold to third-party builders in YE 2019. In YE 2020, GBG also sold 163 homes on lots, up 27% from 128 homes it sold on Genesis lots in YE 2019.

Total residential lot sales revenues in Q4 2020 were $4,772 (30 lots) down from $12,230 (64 lots) in Q4 2019. In Q4 2020, two lots were sold to third-party builders compared to 21 lots sold to third-party builders in Q4 2019. In Q4 2020, GBG also sold 28 homes on Genesis lots, down 35% from 43 homes it sold on Genesis lots in Q4 2019. Residential lot sales to third party builders occur periodically, depending on the timing of contractual arrangements with these builders.

Two parcels of development land were sold in Q4 2020 for $7,146. One parcel of development land owned by a limited partnership (100% non-controlling interest) was sold in Q4 2019 for $550. During 2020, five parcels of development land (including one owned by a limited partnership for $320) were sold for total proceeds of $16,628, while one development land parcel, owned by the limited partnership was sold for $550 during 2019. 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 54% in Q4 2020 compared to 45% in Q4 2019. Residential lots had a gross margin of 42% in YE 2020 compared to 48% in YE 2019. Development land margins can vary significantly as described in the *Factors Affecting Results of Operations* in this MD&A. During 2020, gross margins on development land were negatively impacted by write-downs.

Write-down of land held for development

During Q4 2020, the Corporation recorded write-downs of $5,169, net of a recovery of $4,347 on a parcel of land for which a write-down of $10,000 was recorded in Q1 2020. During 2020, the Corporation recorded the total write-downs of $10,822 (2019 - $800*)* on parcels of land held for development and sale. The write-downs were taken based on offers received and third-party assessments to reflect the estimated returns realizable on the development and sale of these lands.

Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense.

In Q4 2020, other expenses were 19% lower at $2,199 when compared to Q4 2019 ($2,718), mainly due to: (i) lower general and administrative expenses; and (ii) lower net finance expense.

In YE 2020, other expenses were $7,407 compared to $6,835 incurred in YE 2019. Other expenses were $572 (8%) higher in YE 2020 compared to YE 2019 mainly due to: (i) higher net finance expenses (refer to the heading *Finance Expense* in this MD&A); and (ii) higher sales and marketing expenses including sales commissions related to the sale of development land parcels. These increases were partially offset by savings in general and administrative expenses.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**% change**	**2020**	**2019**	**% change**
Key Financial Data						
Revenues [1]	**12,198**	20,551	(40.6%)	**75,025**	59,746	25.6%
Direct cost of sales	**(10,578)**	(17,483)	(39.5%)	**(65,540)**	(51,480)	27.3%
Gross margin before write-down [2]	**1,620**	3,068	(47.2%)	**9,485**	8,266	14.7%
Gross margin before write-down (%) [2]	**13.3%**	14.9%	(10.7%)	**12.6%**	13.8%	(8.7%)
Write-down of real estate held for development and sale	**-**	-	-	**(815)**	-	N/R [4]
Gross margin	**1,620**	3,068	(47.2%)	**8,670**	8,266	4.9%
Other expenses [3]	**(2,120)**	(2,277)	(6.9%)	**(8,560)**	(8,735)	(2.0%)
(Loss) earnings before taxes	**(500)**	791	N/R [4]	**110**	(469)	N/R [4]
Key Operating Data						
Homes sold (units)	**28**	43	(34.9%)	**163**	128	27.3%
Average revenue per home sold	**436**	478	(8.8%)	**459**	467	(1.7%)
New home orders (units)	**54**	36	50.0%	**192**	148	29.7%
Outstanding new home orders at period end (units)				**83**	54	53.7%

[1] Revenues include residential home sales and other revenue
[2] Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
[3] Other expenses include general and administrative, selling and marketing and net finance expense
[4] 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 $12,198 (28 units) in Q4 2020, 41% lower than Q4 2019 revenues of $20,551 (43 units). 54 homes were contracted for sale in Q4 2020 as compared to 36 in Q4 2019.

Revenues for single-family homes and townhouses were $75,025 (163 units) in YE 2020, 26% higher than YE 2019 revenues of $59,746 (128 units). 192 homes were contracted for sale in YE 2020 an increase of 30%, as compared to 148 in YE 2019, resulting in a backlog of 83 new home orders at the end of Q4 2020 as compared to 54 new home orders at the end of Q4 2019.

Homes sold in YE 2020 had an average price of $459 per home, down 2% compared to $467 in YE 2019. Homes sold in Q4 2020 had an average price of $436 per home, down 9% compared to $478 in Q4 2019. Fluctuations in the average revenue per home sold are due to differences in product mix and community sales. During 2020 and 2019, GBG's single-family homes product ranged in price from $292-$842 depending on the location and the model being offered. Similarly, GBG's townhouse product ranged in price from $155-$298 depending on the location and the model being offered. In Q4 2020, 23 single-family homes and 5 townhouses were sold compared to 40 single-family homes and 3 townhouses in Q4 2019. In YE 2020, 138 single-family homes and 25 townhouses were sold compared to 111 single-family homes and 17 townhouses in YE 2019.

All homes sold in Q4 2020 and Q4 2019 and in YE 2020 and YE 2019 were built on residential lots or parcels supplied by Genesis, with Q4 lot revenues of $4,299 and $7,250, respectively and YE lot revenues of $26,909 and $21,270, respectively. Genesis as part of its investments in a limited partnership and a joint venture has the right to purchase a number of lots as a means to increase its volumes and will be building on third party lots in 2021. In Q1 2020, GBG contracted to acquire 70 lots in the first phase of one of these development communities. In addition, during Q2 2020 GBG contracted to acquire 33 lots in a new community from a third-party land developer.

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. 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 to ensure there is sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days). Townhouses are multi-unit buildings for which GBG commences construction prior to selling all the units in the 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 YE 2020, GBG had $16,190 of work in progress, of which approximately $5,553 was related to spec homes (YE 2019 - $21,365 and $13,183, respectively).

The following table shows the split between quick possession sales (i.e. spec homes that are contracted and delivered within 90 days) and pre-construction homes (i.e. homes built after receiving a firm sale contract). The timeline for pre-construction homes ranges from around 8 to 10 months and can exceed this depending on the desired possession date.

	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**% change**	**2020**	**2019**	**% change**
Quick possession sales (units)	**19**	19	-	**86**	76	13.2%
Pre-construction home sales (units)	**9**	24	(62.5%)	**77**	52	48.1%
Total home sales (units)	**28**	43	(34.9%)	**163**	128	27.3%

Gross margin

Genesis realized a gross margin before write-down on home sales of 13.3% in Q4 2020 as compared to 14.9% in Q4 2019 and a gross margin before write-down on home sales of 12.6% in YE 2020 compared to 13.8% in YE 2019. Gross margins in YE 2020 were affected by a previous write-down taken on certain townhouses and the adjustment in pricing on certain units. Fluctuations in gross margin before write-down are due to differences in product, community mix and market conditions and may drive price adjustments. In Q4 2020, 23 single-family homes and 5 townhouses were sold compared to 40 single-family homes and 3 townhouses in Q4 2019. In YE 2020, 138 single-family homes and 25 townhouses were sold compared to 111 single-family homes and 17 townhouses in YE 2019.

Write-down on townhouse project

In Q1 2020, the Corporation recorded a write-down of $815 (2019 - $Nil) on a townhouse project for which a weaker market drove modest reductions in sales prices.

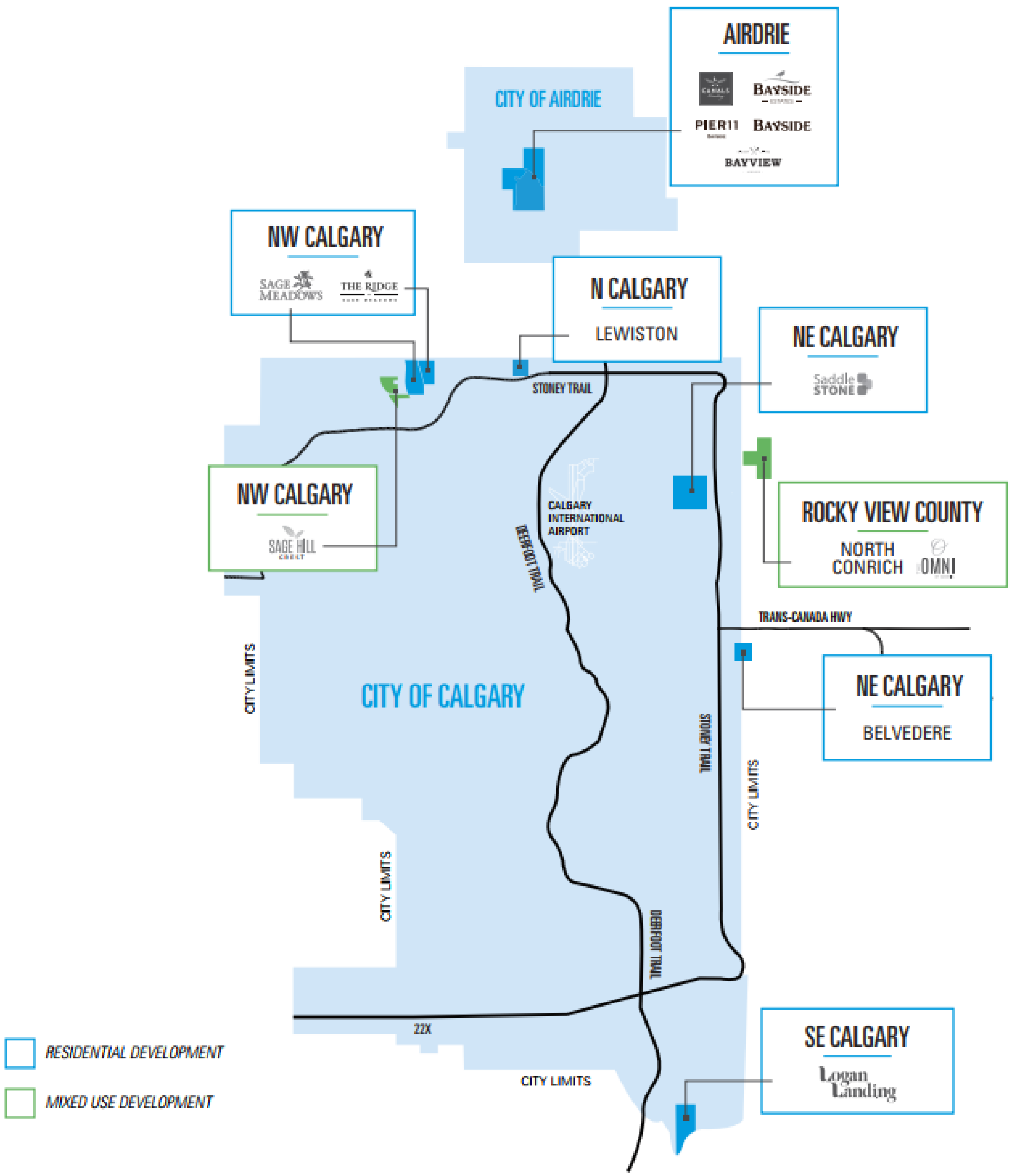
Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense.

In Q4 2020, other expenses were $157 or 7% lower at $2,120 compared to Q4 2019 ($2,277), mainly due to (i) lower general and administration expenses; (ii) lower net finance expenses; and lower sales and marketing expenses, partially offset by higher depreciation expenses.

Other GBG expenses were $175 or 2% lower in YE 2020 compared to YE 2019 mainly due to (i) lower general and administrative expenses; and (ii) lower net finance expenses, partially offset by higher depreciation expenses.

LOCATIONS OF GENESIS' DEVELOPMENTS



Real Estate Held for Development and Sale

	December 31,		
	2020	**2019**	**% change**
Real estate held for development and sale	**215,050**	236,183	(8.9%)
Provision for write-downs	**(21,741)**	(13,914)	56.3%
	193,309	222,269	(13.0%)

Refer to note 5 in the consolidated financial statements for the years ended December 31, 2020 and 2019 which details the components of the changes in the gross (before provision for write-downs) book value and net book value of real estate held for development and sale.

Real estate held for development and sale is affected by the sale of residential lots, homes, development land parcels and development and construction activities. Real estate held for development and sale decreased by $28,960 as at YE 2020 compared to YE 2019 due to: (i) the write-downs of $11,637 on real estate held for development and sale; (ii) the sale of parcels of development land for $16,628 and (iii) the reduction in home building inventory by $4,627 due to a high volume of sales.

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 December 31, 2020:

	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	17,179	22,290	39,469
Calgary NW - Sage Meadows	10,423	-	10,423
Calgary NW - Sage Hill	6,366	24,693	31,059
Calgary NE - Saddlestone	9,538	-	9,538
Calgary N - Lewiston	-	27,954	27,954
Calgary SE - Logan Landing	-	45,602	45,602
Rocky View County - North Conrich [2]	-	5,396	5,396
Sub-total	43,506	125,935	**169,441**
Other assets [3] - non-core	24	1,742	1,766
Total land development	43,530	127,677	**171,207**
Home building work-in-progress			16,190
Total land development and home building			**187,397**
Limited Partnerships [2], [4]			5,912
Total real estate held for development and sale			**193,309**

[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 North Conrich including the "Omni" project
[3] Other assets are non-core and available 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 shown above, by community as at December 31, 2020:

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	17,179	133	55	1	-
Calgary NW - Sage Meadows	10,423	23	-	2	-
Calgary NW - Sage Hill	6,366	-	-	-	1
Calgary NE - Saddlestone	9,538	93	27	1	-
	43,506	**249**	**82**	**4**	**1**
Other assets - non-core	24	13	-	-	-
Total	**43,530**	**262**	**82**	**4**	**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 (shown previously) as at December 31, 2020. Genesis has detailed plans, which are in various stages of development, for the development of these lands. Refer to the section of this MD&A entitled *Obtaining Additional Zoning and Servicing Entitlements* for the status of Logan Landing, Lewiston and North Conrich. However, given the uncertainties related to the regulatory approval process and market conditions, there can be no assurance as to when or if any or all of these lands can or will be fully 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	22,290	186	1,112	9	2
Calgary NW - Sage Hill	24,693	51	282	15	4
Calgary N - Lewiston	27,954	130	800	7	-
Calgary SE - Logan Landing	45,602	354	1,190	16	-
Rocky View County - North Conrich (2)	5,396	312	-	-	-
	125,935	1,033	3,384	47	6
Other assets - non-core	1,742	300	-	-	-
Total	**127,677**	**1,333**	**3,384**	**47**	**6**

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

Amounts Receivable

	December 31,		
	2020	**2019**	**% change**
Amounts receivable	**11,006**	6,131	79.5%

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 increase of $4,875 in amounts receivable was due to higher lot sales. As at YE 2020, Genesis had $10,466 in amounts receivable related to the sale of 63 lots to third-party builders compared to $5,515 (related to 31 lots) in amounts receivable as at YE 2019.

Individual balances due from third-party builders at YE 2020 that were 10% or more of total amounts receivable were $10,235 from two third-party builders (YE 2019 - $5,515 from two third-party builders).

Vendor-take-back Mortgages Receivable

	December 31,		
	2020	**2019**	**% change**
Vendor-take-back mortgage receivable - purchased from a limited partnership (1)	**-**	20,558	N/R (2)
Vendor-take-back mortgage receivable - granted on sale of a parcel of land	**2,719**	-	N/R (2)
	2,719	20,558	(86.8%)

(1) Includes accrued interest
(2) Not relevant due to size of the change

Limited Partnership Land Pool ("LPLP 2007"), 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. As consideration for the sale LPLP 2007 received $20,500 in cash and a $20,500 three-year vendor-take-back secured first mortgage bearing interest at 6.5% per annum (the "VTB Mortgage"). On October 17, 2019, Genesis purchased the VTB Mortgage from LPLP 2007. The Corporation received the principal amount of $20,500 along with the interest of $1,292 (2019 - $1,333) in December 2020.

During Q1 2020, the Corporation closed the sale of an 8.17-acre parcel of development land in northwest Calgary for $8,987 in consideration for a cash payment of $3,768 and a $5,219 vendor-take-back mortgage with an interest rate of 5% per annum. The vendor-take-back mortgage is repayable in three installments of which two installments of $1,250 each were paid on March 31, 2020 and June 30, 2020. The last installment of $2,719 is due on December 15, 2021. Interest of $127 was received during 2020 (2019 - $Nil).

Cash Flows from 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* of this MD&A.

	Three months ended December 31,		Year ended December 31,	
	2020	**2019**	**2020**	**2019**
Cash flows from operating activities	**22,858**	7,969	**47,983**	9,537
Cash flows from operating activities per share - basic and diluted	**0.54**	0.19	**1.14**	0.23

The changes in cash flows from operating activities of $14,889 between Q4 2020 and Q4 2019 consist of the following:

	Three months ended December 31,		
	2020	**2019**	**Change**
Cash inflows from sale of residential homes by GBG	**13,488**	20,667	(7,179)
Cash inflows from sale of residential lots	**2,488**	2,994	(506)
Cash inflows from sale of development land	**26,646**	550	26,096
Cash outflows for home building activity	**(9,596)**	(8,337)	(1,259)
Cash outflows for land servicing	**(5,411)**	(3,986)	(1,425)
Cash outflows for lots / land acquisitions	**(1,068)**	-	(1,068)
Cash outflows paid to suppliers and employees	**(4,500)**	(4,693)	193
Other cash inflows	**807**	1,717	(910)
Income tax refunds / (payments)	**4**	(943)	947
Total	**22,858**	7,969	14,889

The changes in cash flows from operating activities of $38,446 between YE 2020 and YE 2019 consist of the following:

	Year ended December 31,		
	2020	**2019**	**Change**
Cash inflows from sale of residential homes by GBG	**75,255**	60,543	14,712
Cash inflows from sale of residential lots	**7,272**	12,334	(5,062)
Cash inflows from sale of development land	**33,409**	550	32,859
Cash outflows for home building activity	**(34,311)**	(25,082)	(9,229)
Cash outflows for land servicing	**(17,574)**	(20,503)	2,929
Cash outflows for lots / land acquisitions	**(4,246)**	(5,101)	855
Cash outflows paid to suppliers and employees	**(14,309)**	(14,405)	96
Other cash inflows	**1,076**	2,345	(1,269)
Income tax refunds / (payments)	**1,411**	(1,144)	2,555
Total	**47,983**	9,537	38,446

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, at which 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. Cash flows from operating activities are also impacted by the timing and amounts of tax installment payments or refunds.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at YE 2020 and YE 2019:

	December 31,		**December 31,**	
	2020	**% of Total**	**2019**	**% of Total**
Loans and credit facilities	**21,470**	**8%**	51,546	17%
Dividend payable	**6,280**	**3%**	-	-
Customer deposits	**3,889**	**1%**	4,592	2%
Accounts payable and accrued liabilities	**14,092**	**5%**	7,900	3%
Lease liabilities	**790**	**0%**	233	0%
Provision for future development costs	**20,213**	**8%**	19,102	6%
Total liabilities	**66,734**	**25%**	83,373	28%
Non-controlling interest	**12,084**	**5%**	18,938	6%
Shareholders' equity	**187,676**	**70%**	193,957	66%
Total liabilities and equity	**266,494**	**100%**	296,268	100%

Total liabilities to equity is as follows:

	December 31,	
	2020	**2019**
Total liabilities	**66,734**	83,373
Total equity	**199,760**	212,895
Total liabilities to equity [1]	**33%**	39%

[1] Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	31 Dec. 2020	31 Dec. 2019
Land development servicing loans	**-**	4,145
Demand operating line for single-family homes	**1,662**	2,261
Project specific townhouse construction loans	**1,185**	4,370
Demand operating line of credit	**-**	-
Loan to purchase VTB receivable	**-**	14,470
Vendor-take-back mortgages payable	**18,624**	26,634
	21,471	51,880
Unamortized deferred fees on loans and credit facilities	**(1)**	(334)
Balance, end of period	**21,470**	51,546

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

	Year ended December 31, 2020				Year ended December 31, 2019
	VTB payable - Lewiston	VTB payable - Logan Landing	Land development servicing loans	**Total**	**Total**
Balance, beginning of period	18,634	8,000	4,145	**30,779**	23,301
Advances	-	-	3,116	**3,116**	30,898
Repayments	(10)	(8,000)	(7,261)	**(15,271)**	(24,043)
Interest expense	-	-	-	**-**	623
Balance, end of period	18,624	-	-	**18,624**	30,779

Loans and credit facilities are used primarily to finance the costs of developing land, building homes and for land purchases.

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.

In addition, GBG has a secured revolving operating line repayable on demand to be used for single-family 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 consolidated entities were in compliance with all lender covenants for all periods in this MD&A.

Subsequent to December 31, 2020, the Corporation arranged a $50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.

Land development servicing loans

As at December 31, 2020, Genesis has one land project loan facility with $Nil drawn (YE 2019 - four loans and $4,145 drawn). Up to $4,038 is available to finance future development and servicing costs from this facility as land development activities progress. Interest on this facility is charged at prime + 0.75% per annum and is due on February 28, 2021.

Demand operating line for single-family homes

GBG has a demand operating line of $6,500 bearing interest at prime + 0.75% per annum. As at December 31, 2020, the amount drawn on this facility was $1,662 (YE 2019 - $2,261). The Corporation renewed this credit facility in March 2020.

Project specific townhouse construction loans

As at December 31, 2020, GBG has a townhouse project loan facility with $614 drawn (YE 2019 - $1,756). Up to $6,883 is available from this facility to finance future construction costs on this townhouse project. This facility bears interest at prime +0.90% per annum and is due on August 28, 2021.

As at December 31, 2020, GBG has a second townhouse project loan facility with $571 currently drawn (YE 2019 - $2,614). Up to $3,483 is available from this facility to finance future construction costs on this townhouse project. This facility bears interest at prime +0.90% per annum and is due on September 28, 2021.

In November 2020, the Corporation renewed both of its townhouse development credit facilities.

Demand operating line

Genesis had 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. The loan was repaid in full and closed in December 2020 (YE 2019 - $Nil).

Loan to purchase VTB Receivable

Genesis had a loan secured by the $20,500 third-party VTB Mortgage with approximately $15,357 drawn on the loan prior to its repayment on December 4, 2020 (YE 2019 - $14,470). The loan had an interest rate of 6.50% per annum. The interest rate and repayment date corresponded with the equivalent terms of the third-party of the $20,500 VTB Mortgage. Please see information provided under the heading *Vendor-take-back Mortgages Receivable* in this MD&A.

Vendor-take-back mortgages payable

Genesis entered into a $18,624 VTB on the purchase of its north Calgary lands (Lewiston) in September 2019. The VTB is secured by the land, has an interest rate of 5% per annum and is repayable in two equal installments of $9,312, in May 2021 and 2022.

Genesis entered into a $40,000 vendor-take-back mortgage ("VTB") on the purchase of its southeast Calgary lands (Logan Landing) in January 2015. The VTB is fully repaid with the final installment of $8,000 paid in January 2020.

Provision for Future Development Costs

When Genesis sells lots, land parcels and homes, it remains responsible for paying for 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 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.

FDC as at YE 2020 was $18,737 for the land division (YE 2019 - $17,828) and $1,476 (YE 2019 - $1,274) for GBG. 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 $29,743 and loans and credit facilities outstanding of $21,470 at YE 2020 compared to $16,248 and $51,546 respectively, at YE 2019 resulting in net cash (refer to heading *Non-GAAP Measures* in this MD&A) of $8,273 at YE 2020 compared to net debt (refer to heading *Non-GAAP Measures* in this MD&A) of $35,298 at YE 2019. The components of loans and credit facilities are detailed below. For additional details, please see information provided under the heading *Loans and Credit Facilities.*

	December 31,		
	2020	**2019**	**% change**
Cash and cash equivalents	**29,743**	16,248	83.1%
Land development servicing and home building loans	**2,846**	10,442	(72.7%)
Loan to purchase VTB receivable	**-**	14,470	N/R [3]
VTBs payable	**18,624**	26,634	(30.1%)
Total loans and credit facilities	**21,470**	51,546	(58.3%)
Net cash / (net debt) [1] [2]	**8,273**	(35,298)	(123.4%)

[1] Calculated as the difference between cash and cash equivalents and total loans and credit facilities
[2] Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
[3] Not relevant due to size of the change

	December 31,		
Loans and credit facilities as a percentage of total assets [1]	**2020**	**2019**	**% change**
Land development servicing and home building loans	**1.1%**	3.5%	(68.6%)
Loan to purchase VTB receivable	**-**	4.9%	N/R [3]
VTBs payable	**7.0%**	9.0%	(22.2%)
Loans and credit facilities (debt) to total assets	**8.1%**	17.4%	(53.4%)
Total liabilities to equity [2]	**33.4%**	39.2%	(14.8%)

[1] Calculated as each component of loans and credit facilities divided by total assets
[2] Calculated as total liabilities divided by total equity
[3] Not relevant due to size of the change

	December 31,		
Net cash / (net debt) [1] **as a percentage of total assets**	**2020**	**2019**	**% change**
Cash and cash equivalents	**29,743**	16,248	83.1%
Loans and credit facilities	**21,470**	51,546	(58.3%)
Net cash / (net debt) [1] [2]	**8,273**	(35,298)	N/R [4]
Net cash / (net debt) to total assets [3]	**3.1%**	(11.9%)	N/R [4]

[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 loans and credit facilities
[3] Calculated as net cash or net debt divided by total assets
[4] Not relevant due to size of the change

The Corporation continues to ensure that it takes prudent and practical steps (described elsewhere in this MD&A) to manage liquidity in the challenging environment presented by the COVID-19 pandemic (refer to the heading *Outlook* in this MD&A for additional information). 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) as they become due.

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% change	**2020**	2019	% change
Interest incurred	**226**	273	(17.2%)	**1,329**	722	84.1%
Finance expense relating to VTBs [1]	**234**	395	(40.8%)	**931**	855	8.9%
Financing fees amortized	**75**	71	5.6%	**333**	186	79.0%
Interest and financing fees capitalized	**-**	-	N/R [2]	**-**	(158)	N/R [2]
	535	739	(27.6%)	**2,593**	1,605	61.6%

[1] VTBs related to Logan Landing and Lewiston lands
[2] Not relevant due to size of the change

Finance expense during Q4 2020 was lower than in Q4 2019 mainly due to lower loan balances of $21,470 in Q4 2020 compared to $51,546 in Q4 2019. Finance expense related to VTBs was lower in Q4 2020 compared to Q4 2019 as payment of the final installment of $8,000 on a VTB was made in January 2020.

Finance expense was higher in YE 2020 compared to YE 2019 due to the Corporation incurring interest expense on (i) an $18,624 VTB payable for a full year in 2020 compared to only a portion of the year in 2019; and (ii) a $15,192 loan to purchase the $20,500 VTB Mortgage from LPLP 2007 for almost a full year in 2020 compared only a portion of the year in 2019. Financing fees amortized were higher in 2020 due to expense relating to deferred financing fees being accelerated on repayment and closing of various loans.

The weighted average interest rate of loan agreements with various financial institutions was 3.26% (YE 2019 - 5.76%) based on December 31, 2020 balances.

Income Taxes Recoverable

The continuity in income taxes recoverable is follows:

	December 31, 2020	December 31, 2019
Balance, beginning of period	**1,144**	2,283
Provision for current income tax	**826**	(2,283)
Net (receipts) payments	**(1,411)**	1,144
Balance, end of period	**559**	1,144

The year over year decrease of $585 is explained in the above table as refunds related to prior years were received in YE 2020.

Shareholders' Equity

As at March 1, 2021, the Corporation had 41,863,335 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 normal course issuer bid ("NCIB") as follows:

	Three months ended December 31,		Year ended December 31,	
	2020	**2019**	**2020**	**2019**
Number of shares purchased and cancelled	**106,982**	20,394	**296,592**	23,694
Total cost	**175**	50	**465**	58
Average price per share purchased	**1.66**	2.39	**1.58**	2.41
Shares cancelled as a % of common shares outstanding at beginning of period	**0.25%**	0.05%	**0.70%**	0.06%

During YE 2020, the Corporation purchased and cancelled 296,592 common shares for $465 at an average cost of $1.58 per share (representing 0.70% of issued and outstanding shares at the beginning of the year) compared to 23,694 common shares for $58 at an average cost of $2.41 during YE 2019 (representing 0.06% of issued and outstanding shares at the beginning of 2019).

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future development costs) at YE 2020 were as follows:

	Loans and Credit Facilities (1)	Levies and Municipal Fees	Naming Rights	Lease Obligations (2)	Total
Current	12,159	6,415	500	331	**19,405**
January 2022 to December 2022	9,312	1,433	-	361	**11,106**
January 2023 to December 2023	-	1,910	-	455	**2,365**
January 2024 and thereafter	-	-	-	1,383	**1,383**
Total	21,471	9,758	500	2,530	**34,259**

(1) *Excludes deferred fees on loans and credit facilities*
(2) *Includes variable operating costs*

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.

Over a period of 10 years, commencing in 2008 and ending in 2017, Genesis contributed $200 each year for a total of $2,000 for 40-year naming rights to "Genesis Place", a recreation complex in the city of Airdrie.

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 nine installments totaling $4,500 were paid as at December 31, 2020. The tenth and final payment was made in January 2021.

Genesis has certain lease agreements that are entered in the normal course of operations. Genesis signed a sublease for a new head office location, still within 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, covering base rent and parking is $844. 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 and commitments in note 19 of the consolidated financial statements for the years ended December 31, 2020 and 2019.

Current Contractual Obligations, Commitments and Provision

	December 31,	
	2020	**2019**
Loans and credit facilities, excluding deferred fees on loans and credit facilities	**12,159**	30,450
Accounts payable and accrued liabilities	**14,092**	7,900
Dividend payable	**6,280**	-
Total short-term liabilities	**32,531**	38,350
Levies and municipal fees	**6,415**	6,406
Commitments (1)	**831**	952
	39,777	45,708

(1) Commitments comprises naming rights and lease obligations

At YE 2020, Genesis had obligations due within the next 12 months of $39,777 of which $12,159 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 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. The cash dividend declared payable on December 9, 2020 in the aggregate amount of $6,280 was paid on January 11, 2021.

Settlement of Litigation

A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.

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 YE 2020, these amounted to approximately $3,666 (YE 2019 - $4,795).

Levies and Municipal Fees

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

SELECTED ANNUAL INFORMATION

	2020	**2019**	**2018**	**2017**	**2016**
Total revenues	**103,933**	68,097	81,437	150,933	115,957
Gross margin before write-down (1)	**27,352**	22,220	22,233	54,324	35,283
Gross margin	**15,715**	21,420	20,413	53,229	26,618
Net earnings attributable to equity shareholders	**199**	1,701	4,124	16,998	5,906
Net earnings per share – basic and diluted	**0.00**	0.04	0.10	0.39	0.13
Total assets	**266,494**	296,268	278,156	301,425	288,995
Loans and credit facilities	**21,470**	51,546	31,696	30,135	43,295
Cash dividends per share, declared	**0.15 (2)**	-	0.24	0.46 (3)	0.25

(1) Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
(2) A cash dividend of $0.15 per share was declared in December 2020 and was paid in January 2021
(3) A cash dividend of $0.25 per share was declared in December 2017 and was paid in January 2018

	2020	2019	2018	2017	2016
Return on shareholders' equity ("ROE") (1)	**0.1%**	0.9%	2.1%	8.3%	2.8%
Average shareholders' equity (2)	**190,817**	192,964	196,684	203,574	208,938

(1) Calculated as Net earnings attributable to equity shareholders divided by average Shareholders' equity
(2) Calculated as the sum of Shareholders' equity per the financial statements at the beginning and end of each year divided by two

ROE is calculated as net earnings attributable to equity shareholders divided by average shareholders' equity. The many factors that affect net earnings have been explained throughout this MD&A. In addition, shareholders' equity was affected by dividends and the repurchase and cancellation of shares under Genesis' NCIB. For additional details on dividends and NCIB, please see information provided under the heading *Return of capital to shareholders* in this MD&A.

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.

Summary analysis for last 3 years

Total revenues are comprised of residential lot sales, development land sales, residential home sales and other revenues. Residential lot sales volumes were 225, 161 and 176 units in 2020, 2019 and 2018, respectively, reflecting market conditions in each period. In addition, development land sales were $16,628, $550 and $15,126 for 2020, 2019 and 2018 respectively. Development land sales are lumpy in nature and comprise sales of non-core lands, commercial lands and other lands that Genesis does not intend to build on.

Residential homes sold were 163, 128 and 121 in 2020, 2019 and 2018 respectively. Included in this were single-family homes sales of 138, 111 and 103 units in 2020, 2019 and 2018 respectively.

Gross margins in 2020 were mainly lower due to negative development land margins due to write-downs in YE 2020. These negative margins were offset by positive margins on residential lots and homes. Gross margins on development land sales can vary significantly and are also impacted by write-downs of real estate held for development and sale which were $10,822, $800 and $1,820 in 2020, 2019 and 2018 respectively. Net earnings and net earnings per share - basic and diluted were affected as a result of the above.

Total assets decreased by $29,774 in 2020 compared to 2019. This was mainly due to a decrease in real estate held for development and sale by $28,960 and a reduction of $17,839 in VTB mortgage receivable, partially offset by an increase in cash and cash equivalents of $13,495 during the year.

Total assets increased by $18,112 in 2019 compared to 2018. This was mainly due to the purchase of 130 acres of future residential development land in north Calgary for $23,725 and investments of $5,608 in two land development entities in Calgary. This was partially offset by a decrease in accounts receivable of $8,829 due to the collection of these amounts during the year.

Total assets decreased by $23,269 in 2018 compared to 2017. This was mainly due to a decrease in accounts receivable by $15,860 and a reduction of $13,667 in Other operating assets during 2018. In 2017, Other operating assets included $10,813 of dividends that was declared in 2017 and paid in 2018.

Total loans and credit facilities decreased by $30,076 in 2020 compared to 2019. This was mainly due to the final installment of $8,000 paid in January 2020 on the VTB related to Genesis' southeast Calgary lands and the repayment of a $14,470 loan that was used to fund the $20,500 VTB from a limited partnership. In addition, Genesis paid off and closed several loans and credit facilities in December 2020.

Total loans and credit facilities increased in 2019 compared to 2018. This was mainly due to the acquisition of a $18,634 VTB related to the purchase of the Calgary north lands mentioned previously and the acquisition of a $14,470 loan that was used to fund the $20,500 VTB from a limited partnership.

Total loans and credit facilities were marginally higher in 2018 compared to 2017 mainly due to higher land servicing and home building project loan draws used to develop new phases and significant townhouse projects. This was offset by the $8,000 installment paid in early January 2018 on the VTB relating to Genesis' southeast Calgary lands.

SUMMARY OF QUARTERLY RESULTS

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenues	**19,817**	29,739	30,725	23,652	26,081	12,786	16,533	12,697
Net earnings (loss) (1)	**125**	3,813	3,644	(7,383)	1,684	300	(357)	74
EPS (2)	**0.00**	0.09	0.09	(0.18)	0.04	0.01	(0.01)	0.00

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

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Dividends declared	**6,280**	-	-	-	-	-	-	-
Dividends paid	**-**	-	-	-	-	-	-	-
Dividends declared - per share	**0.15**	-	-	-	-	-	-	-
Dividends paid - per share	**-**	-	-	-	-	-	-	-

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Residential lots sold to third-parties (units)	**2**	23	35	2	21	1	4	7
Homes sold (units)	**28**	53	52	30	43	26	33	26

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Development land revenues	**7,146**	320	175	8,987	550	-	-	-

Cash flows from (used in) operating activities	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Amount	**22,858**	9,893	7,044	8,188	7,969	(10,076)	7,061	4,583
Per share - basic and diluted	**0.54**	0.24	0.17	0.19	0.19	(0.24)	0.17	0.11

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* in this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q4 2020, Genesis sold two residential lots to third-party builders, 28 homes and two development land parcels. Revenues were lower in Q4 2020 compared to Q3 2020 due to lower residential lot and home sales in Q4 2020 compared to Q3 2020. This was partially offset by higher development land revenues in Q4 2020. Gross margins in Q4 2020 affected by the lower volume of residential homes and lots sold and by a write-down of $822. Gross margins are also affected by the product mix for both residential homes and residential lots. General and administrative expenses were higher in Q4 2020 compared to Q3 2020 while selling and marketing expenses and net finance expenses were comparable between Q4 2020 and Q3 2020. Income tax expenses were $496 in Q4 2020 compared to $850 in Q3 2020. As a result of these factors, net earnings in Q4 2020 were lower than in to Q3 2020.

During Q3 2020, Genesis sold 23 residential lots to third-party builders, 53 homes and a development land parcel belonging to a limited partnership. Revenues were lower in Q3 2020 compared to Q2 2020 due to lower residential lot sales in Q3 2020 compared to Q2 2020. This was partially offset by higher development land revenues in Q3 2020. Gross margins in Q3 2020 were lower than in Q2 2020 mainly due to the product mix and impacted both residential homes and residential lots. The development land parcel sold in Q3 2020 had a slight negative margin. General and administrative expenses, selling and marketing expenses, net finance and income tax expenses were marginally lower in Q3 2020 than Q2 2020. As a result of these factors, net earnings in Q3 2020 were higher than in to Q2 2020.

During Q2 2020, Genesis sold 35 residential lots to third-party builders, 52 homes and a non-core development land parcel. Revenues were higher in Q2 2020 compared to Q1 2020 due to higher residential lot and homes sales in Q2 2020 compared to Q1 2020. This was partially offset by lower development land revenues in Q2 2020. Gross margins in Q2 2020 were higher than in Q1 2020 mainly due to there being no write-down of real estate held for development and sale in Q2 2020 while there was a $10,815 write-down of real estate held for development and sale in Q1 2020. General and administrative expenses, selling and marketing expenses and net finance expenses were slightly lower in Q2 2020 than Q1 2020. Income tax expenses were incurred during Q2 2020 due to net earnings for the quarter compared to income tax recoveries due to losses incurred during Q1 2020.

During Q1 2020, Genesis sold 2 residential lots to third-party builders, 30 homes and a development land parcel. Revenues were lower in Q1 2020 compared to Q4 2019 due to lower residential lot and homes sales in Q1 2020 compared to Q4 2019. This was partially offset by higher development land revenues in Q1 2020. Gross margins in Q1 2020 were lower than in Q4 2019 due to the development land parcel which had a negligible margin and the $10,000 write-down of real estate held for development and sale. Selling and marketing expenses and net finance expenses were comparable in both Q1 2020 and Q4 2019. General and administrative expenses were lower in Q1 2020 compared to Q4 2019 which include costs incurred to purchase a VTB from LPLP 2007. Due to the net loss incurred in Q1 2020, there were income tax recoveries compared to income tax expenses in Q4 2019.

During Q4 2019, Genesis sold 21 residential lots to third-party builders, 43 homes and a small development land parcel sale resulting in higher revenues in Q4 2019 compared to Q3 2019. Gross margins in Q4 2019 were higher than in Q3 2019 due to the higher volume of residential lots and homes sold. The development land parcel had a negligible margin. General and administrative expenses and net finance expenses were higher in Q4 2019 compared to Q3 2019 costs mainly due to higher loan balances. Selling and marketing expenses were comparable in Q4 2019 and Q3 2019 while income tax expenses were $841 in Q4 2019 compared to $193 in Q3 2019.

During Q3 2019, Genesis sold 1 residential lot to a third-party builder, 26 homes and had no development land parcel sales resulting in lower revenues in Q3 2019 compared to Q2 2019. There was no write-down in Q3 2019 while there was a write-down of $800 in Q2 2019. Gross margins in Q3 2019 were lower than in Q2 2019 due to the lower volume of residential lots and homes sold. This reduction was partially offset by the impact of the $800 write-down in Q2 2019 with no corresponding write-down in Q3 2019. General and administrative expenses and selling and marketing expenses were higher in Q3 2019 compared to Q2 2019, including higher stock-based compensation expenses and the write-off of $298 that was accounted for as being due from a limited partnership. Genesis incurred significantly lower income tax expense of $193 in Q3 2019 compared to $1,610 in Q2 2019. In Q2 2019, legislation enacted to decrease the Alberta corporate income tax rate from 12% to 8% resulted in deferred income tax assets being reduced by $1,387 with a corresponding increase in deferred income tax expense.

During Q2 2019, Genesis sold 4 residential lots to third-parties, 33 homes and no development land parcels. The higher number of homes sold in Q2 2019 resulted in higher revenues and higher gross margins in Q2 2019 compared to Q1 2019. This was despite a write-down of $800 in Q2 2019 with no write-down incurred in Q1 2019. Selling and marketing expenses were comparable in Q2 2019 and Q1 2019. Genesis incurred higher net finance expenses and income tax expenses in Q2 2019 partially offset by lower general and administrative expenses compared to Q1 2019. Income tax expense was significantly higher by $1,439 than in Q1 2019. On June 28, 2019, legislation was enacted to decrease the Alberta corporate income tax rate from 12% to 8% with a 1% reduction effective July 1, 2019 and further 1% reductions on each of January 1, 2020, 2021 and 2022. As a result, deferred income tax assets were reduced by $1,387 which was recognized as an increase in deferred income tax expense in Q2 2019. The write-down and income tax expense resulted in a net loss attributable to equity shareholders of $357 in Q2 2019.

During Q1 2019, Genesis sold 7 residential lots 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.

SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the following occurred:

- The Corporation arranged a $50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.
- The Corporation cancelled 1,680,000 stock options with a weighted average exercise price of $3.31.
- The Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. The Corporation paid a non-refundable deposit of $2,186, with the balance of $26,964 to be paid on closing, currently scheduled for April 2022. This parcel of land is located within the "Belvedere" ASP on the east side of the City of Calgary. The land is not subject to a GMO and Genesis plans to immediately commence the process of obtaining final Land Use and Outline Plan approvals from the City of Calgary. Upon completion, the community is expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.
- A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.
- The Corporation entered into a sale agreement to sell a 463.2-acre parcel of land in BC, belonging to a limited partnership, for a cash consideration of $925. The transaction closed in February 2021.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 2020.

NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2020 and 2021.

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 YE 2020 and YE 2019. Refer to note 2(p) in the consolidated financial statements for the years ended December 31, 2020 and 2019 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.

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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The CEO and CFO have designed, or caused to be designed under their direct supervision, Genesis' DC&P to provide reasonable assurance that:

(i) material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Genesis' ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The CEO and CFO have evaluated the design and operating effectiveness of Genesis' DC&P and ICFR and concluded that Genesis' DC&P and ICFR were effective as at December 31, 2020. While Genesis' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in the Corporation's ICFR during the three months and year ended December 31, 2020 that have materially affected or are reasonably likely to materially affect the Corporation's ICFR. Due to the COVID-19 pandemic, Genesis successfully transitioned to working remotely in March 2020.

RISKS AND UNCERTAINTIES

The Calgary Metropolitan Area economy is experiencing materially lower economic activity due to the COVID-19 pandemic and volatile energy prices, resulting in a significant decrease in economic activity and increased unemployment levels. These and other factors are expected to have a materially negative impact on the Calgary Metropolitan Area. The duration and impact of the COVID-19 pandemic and the future price of oil are unknown at this time. As a result, it is not possible to reliably estimate the length and severity 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, 2020 available on SEDAR at www.sedar.com.

Development and Construction Cost Risk

Genesis may be impacted by higher prices of labour, consulting fees, construction services and materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the end customer through higher pricing. Any significant increase that Genesis cannot pass on to the end customer may have a negative material impact on profits. The impact of COVID-19 on the supply chain is unknown but it could impact both the price and timely availability of materials.

Credit and Liquidity Risk

Credit risk arises from the possibility that third-party builders who agree to acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot purchase commitments.

Liquidity risk is the risk that Genesis will not be able to obtain financing for its servicing and other needs or be able to meet its financial obligations as they fall due. If Genesis is unable to generate sufficient sales, renew existing credit facilities or secure additional financing, its ability to meet its obligations as they become due may be impacted. 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.

Finance Risk

Genesis uses debt and other forms of financing in its business to execute the corporate strategy. Genesis uses project specific credit facilities to fund land development costs and construction operating lines for home construction purposes. Should Genesis be unable to retain or obtain such credit facilities, its ability to achieve its goals could be impacted. In order to reduce finance risk, Genesis endeavors to match the term of financing with the expected revenues of the underlying land asset.

Management regularly reviews the Corporation's credit facilities in accordance with review and renewal dates prescribed in the related agreements. The Corporation has successfully managed the requirements in accordance with project development plans and operating requirements.

Litigation Risk

All industries are subject to legal claims, with or without merit. The Corporation may be involved from time to time in various legal proceedings which may include potential liability from its operating activities and, as a public company, possibly from violations of securities laws or breach of fiduciary duty by its directors or officers. Defense and settlement costs can be substantial, even with respect to legal claims that have no merit. Due to the inherent uncertainty associated with litigation, the resolution of any legal proceeding could have a material effect on the financial position and results of operations of the Corporation.

Cybersecurity and Business Continuity Risk

Genesis' operations, performance and reputation depend on how its technology networks, systems, offices and sensitive information are protected from cyberattacks. Genesis' operations and business continuity depend on how well it protects, tests, maintains and replaces its networks, systems and associated equipment. The protection and effective organization of Genesis' systems, applications and information repositories are central to the security and continuous operation of its business.

Cyberattacks and threats (such as hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential information, or other breaches of network or IT security) continue to evolve and Genesis' IT defenses need to be regularly monitored and adapted. Vulnerabilities could harm Genesis' brand and reputation as well as its business relationships and could adversely affect its operations and financial results.

Genesis continues to carefully manage this risk and has the following in place to reduce and/or manage cybersecurity and business continuity risk: enterprise grade firewalls with the ability to detect port scanning, denial of service attacks and content filtering and application control to permit or deny traffic on the network. Genesis also has anti-virus software with behaviour based real-time threat end-point protection, ability to scan and lock down unauthorized system changes and/or file encryption and prevent suspicious network behaviour. In addition, all incoming and outgoing emails are scanned for content, suspicious URLs and the existence of recipients within the organization. Regular internal backups of network databases and files are made in case of data corruption or encryption. Internet facing services are additionally protected by MFA security methods. The Corporation maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy of this coverage.

There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2020 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.

Gross margin before write-down is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Gross margin before write-down is calculated by adjusting for write-down of real estate held for development and sale. Gross margin before write-down of real estate held for development and sale is used to assess the performance of the business without the effects of the non-cash write-down of real estate held for development and sale. Management believes it is useful to exclude write-down from the analysis as it could affect the comparability of financial results between periods and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable GAAP financial measure is gross margin.

The tables below show the calculation of gross margin before write-down, which is derived from gross margin:

Residential Lots	**Three months ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Residential lot revenues	**4,772**	12,230	**39,189**	29,071
Gross margin	**2,560**	5,471	**16,336**	13,942
Write-down of real estate held for development and sale	**-**	-	**-**	-
Gross margin before write-down	**2,560**	5,471	**16,336**	13,942
Gross margin before write-down (%)	**53.6%**	44.7%	**41.7%**	48.0%

Development Land	**Three months ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Development land revenues	**7,146**	550	**16,628**	550
Gross margin	**509**	12	**(9,291)**	(788)
Write-down of real estate held for development and sale	**822**	-	**10,822**	800
Gross margin before write-down	**1,331**	12	**1,531**	12
Gross margin before write-down (%)	**18.6%**	2.2%	**9.2%**	2.2%

Homes	**Three months ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Revenues for homes	**12,198**	20,551	**75,025**	59,746
Gross margin	**1,620**	3,068	**8,670**	8,266
Write-down of real estate held for development and sale	**-**	**-**	**815**	-
Gross margin before write-down	**1,620**	3,068	**9,485**	8,266
Gross margin before write-down (%)	**13.3%**	14.9%	**12.6%**	13.8%

Residential Lots, Development Land and Homes	Three months ended December 31,		Year ended December 31,	
	2020	**2019**	**2020**	**2019**
Total revenues	**19,817**	26,081	**103,933**	68,097
Gross margin	**4,689**	8,551	**15,715**	21,420
Write-down of real estate held for development and sale	**822**	-	**11,637**	800
Gross margin before write-down	**5,511**	8,551	**27,352**	22,220
Gross margin before write-down (%)	**27.8%**	32.8%	**26.3%**	32.6%

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

The table below show the calculation of net cash / (net debt):

	December 31, 2020	December 31, 2019
Cash and cash equivalents	**29,743**	16,248
Loans and credit facilities	**21,470**	51,546
Net cash / (net debt)	**8,273**	(35,298)

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2020 and 2019 are provided below:

	2020	2019
Average daily trading volume	**22,219**	10,467
Share price ($/share)		
High	**2.45**	3.19
Low	**0.81**	1.96
Close	**2.09**	2.27
Market capitalization at December 31,	**87,494**	95,703
Shares outstanding	**41,863,335**	42,159,927

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:

<table>
<tr><th>Forward-looking statements in this MD&A include, but are not limited to:</th><th>Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:</th></tr>
<tr><td>
• statements relating to the COVID-19 pandemic;
• 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 anticipated amount and timing of the Sage Hill first phase development costs;
• the timing for removal of the GMO restricting development of the Logan Landing lands and the Lewiston lands;
• the timing and approval of the Logan Landing outline plan and land use applications, and anticipated commencement of development of these lands;
• the timing and approval of the Lewiston 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;
• timing for closing of the acquisition of approximately 157 acres of future residential development land in the City of Calgary, and the anticipated number of housing units in the community 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;
• potential changes, if any, to the federal mortgage lending rules;
• 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 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.
</td><td>
• 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, or at all;
• not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame;
• the cyclicality of the oil and gas industry;
• changes in the Canadian US dollar exchange rate;
• labour matters;
• governmental 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 "Risks and Uncertainties" and the AIF under the heading "Risk Factors".
</td></tr>
</table>

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.