



GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

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 our unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2021 and 2020, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The unaudited condensed consolidated interim financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's Annual Information Form ("**AIF**") and the Corporation's MD&A for the year ended December 31, 2020 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of May 5, 2021.

STRATEGY AND 2021 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.

Market Overview

In the first quarter of 2021 economic conditions improved as oil and natural gas prices stabilized, low interest rates continued, and cash stimulus was provided by governments. The rollout of COVID-19 vaccination programs in the CMA and around the world are providing optimism that local and global economies will continue to gather momentum. The Royal Bank of Canada has forecast Alberta’s GDP will grow by over 4.3% in 2021 as compared to a negative 8% in 2020.

Demand for new homes in suburban communities has been strong in 2021 including the trend to “work from home”, low interest rates and higher savings levels. According to the Calgary Real Estate Board (“CREB”), the third and fourth quarters of 2020 were some of the strongest periods seen in the last 5 years. This trend has continued in the first quarter of 2021 as home sales continue to be strong with March 2021 overall home sales being the highest for CMA for any March since 2007. As at March 2021 the months of inventory supply in the Calgary market was 1.87 months, down from 3.06 months at December 2020. As of March 2021, the benchmark prices for detached homes had increased by 6% to \$516 as compared to \$491 in December 2020. Increased housing demand across North America is putting pressure on supply chains resulting in price increases and restricted availability of supplies such as lumber.

Genesis saw strong new home order numbers during the first quarter of 2021 and as of March 31, 2021 had 124 outstanding new home orders, an increase of 97% over the 63 outstanding new home orders at the same point in 2020.

Despite the positive recovery signs, Genesis remains cautious as economic uncertainty continues in the CMA housing market.

2021 Business Plan

Focus on Liquidity

As of March 31, 2021, Genesis had \$24,898 of cash and cash equivalents on hand (YE 2020 - \$29,743), loans and credit facilities of \$23,846 (YE 2020 - \$21,470), real estate assets of \$195,985 (YE 2020 - \$193,309) and total assets of \$265,824 (YE 2020 - \$266,494). The ratio of loans and credit facilities to total assets was 9% at March 31, 2021 compared to 8% at December 31, 2020.

The Corporation continues to closely monitor all expenditures for efficiency and effectiveness.

Progress on 2021 Business Plan

During Q1 2021, Genesis continued to execute on its business plan. The following discussion highlights progress made on key elements of the plan.

1) *Obtaining Additional Zoning and Servicing Entitlements*

Progress in obtaining additional zoning and servicing entitlements for its land continues, with approval processes becoming noticeably slower than past years. 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. The timelines discussed below are management's reasonable best estimates at this time.

The following core projects are progressing through approval processes at local municipalities:

- 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. Outline plan and land use applications have been submitted and approval is expected in 2021. Nonetheless, there remains a Growth Management Overlay ("GMO") restricting development of these lands. Council uses GMOs to control the supply of land available for development at any time. Genesis will re-apply for GMO removal at the earliest opportunity.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. Outline plan and land use applications have been submitted and approval is expected in 2021, pending removal of the GMO restricting development of these lands. Genesis will re-apply for GMO removal at the earliest opportunity.
- 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. Progress continues on the development of a conceptual scheme for this project, which is expected to be approved in 2021. The remaining 425 acres are included in a special study area, with land use still to be determined.
- Belvedere: Genesis is proceeding with preparing outline and land use plans for the 157 acres it recently acquired in the Belvedere ASP. These lands are not subject to a GMO and Genesis expects to have approval to proceed with servicing the first phase in 2022.

2) *Development and Sale of Land Holdings*

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

Genesis periodically sells land parcels, generally for multifamily or commercial use, that have been developed within its communities. Non-core land positions are also sold to third-parties from time to time in the ordinary course of Genesis' business. In the first quarter of 2021 a 463.2-acre parcel of land in British Columbia, held by a controlled limited partnership, was sold for \$925.

3) Servicing Additional Phases

Genesis commenced servicing of three new phases in the first quarter of 2021:

- Bayside: The servicing of Bayside phase 12, in Airdrie, will add 84 single family lots to inventory. These lots are expected to be available in 2022. Construction of a vehicle bridge to increase the connectivity of the community will also commence in 2021. GBG and a third-party builder will be the home builders in this phase;
- Bayview: The servicing of Bayview phase 2, in Airdrie, will add 118 single family lots, a 3.6-acre multi-family site and a 9.0-acre school site. GBG and a third-party builder will be the home builders in this phase. The single family lots are expected to be available in 2022; and
- Sage Hill: The servicing of the first phase of 20 acres in this 51-acre development commenced 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 single family lots and 7.3 acres of multi-family and commercial parcels. The second phase of development of 22 acres has also commenced in 2021.

4) Investing in Additional Lands

During Q1 2021, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. A non-refundable deposit of \$2,186 has been paid, 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 has initiated the process for 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.

In 2020 GBG contracted to acquire 70 lots in the first phase of Homestead and opened show homes in April 2021. GBG also contracted to acquire 33 lots from a third-party land developer in Alpine Park and is planning to commence building show homes later in 2021.

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) Increasing the velocity of homes sold by Genesis Builders Group

During Q1 2021, GBG entered into 72 new home sales contracts, an increase of 85% from 39 new home sales contracts in Q1 2020. As of March 31, 2021, Genesis had 124 outstanding new home orders, an increase of 97% compared to 63 at March 31, 2020. To adapt to the market, development and construction costs and conditions outlined above, Genesis has:

- increased 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 \$3,941 at March 31, 2021, from \$5,553 at December 31, 2020;
- pursued construction cost efficiencies and managed supply chain challenges; and
- continued to monitor and control overhead costs.

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:

<i>(\$000s, except for number of shares and per share items)</i> Year	Dividend per share	Total dividends declared	Shares repurchased and cancelled	Total cost of repurchases
2020	\$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 CMA economy has seen a modest rebound since the summer of 2020 which has led to lower unemployment levels and a stronger housing market. Vaccines being rolled out across Canada, firmer natural resource prices, increased job growth, record levels of savings and continued low interest rates, have all contributed to a stronger housing market in the first quarter of 2021.

The CREB forecasts that housing market momentum, fueled by low mortgage interest rates, low levels of housing supply and increased demand for suburban single-family homes, will continue for the remainder of 2021. Alberta GDP is forecast by RBC Economics to grow by 4.3% in 2021. Despite these positive signs there is significant uncertainty as to the depth and duration of any economic recovery and Genesis remains cautious in planning its strategy and operations.

OPERATING HIGHLIGHTS

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

	Three months ended March 31, ⁽¹⁾	
	2021	2020
<i>(\$000s, except for per share items or unless otherwise noted)</i>		
Key Financial Data		
Total revenues	18,713	23,652
Direct cost of sales	(13,262)	(18,828)
Gross margin before write-down ⁽²⁾	5,451	4,824
Gross margin before write-down (%) ⁽²⁾	29.1%	20.4%
Write-down of real estate held for development and sale	-	(10,815)
Gross margin	5,451	(5,991)
Net earnings (loss) attributable to equity shareholders	1,322	(7,383)
Net earnings (loss) per share - basic and diluted	0.03	(0.18)
Cash flows from operating activities	383	8,188
Cash flows from operating activities per share - basic and diluted	0.01	0.19
Key Operating Data		
Land Development		
Total residential lots sold (units)	47	32
Residential lot revenues	8,581	5,752
Gross margin on residential lots sold	3,493	2,648
Gross margin on residential lots sold (%)	40.7%	46.0%
Average revenue per lot sold	183	180
Development land revenues	925	8,987
Home Building		
Homes sold (units)	31	30
Revenues ⁽³⁾	13,870	14,088
Gross margin before write-down ⁽²⁾	1,878	1,887
Gross margin before write-down (%) ⁽²⁾	13.5%	13.4%
Gross margin on homes sold	1,878	1,072
Average revenue per home sold	447	470
New home orders (units)	72	39
Outstanding new home orders at period end (units)	124	63
Key Balance Sheet Data		
	As at Mar. 31, 2021	As at Dec. 31, 2020 ⁽⁴⁾
Cash and cash equivalents	24,898	29,743
Total assets	265,824	266,494
Loans and credit facilities	23,846	21,470
Total liabilities	65,407	66,734
Shareholders' equity	189,142	187,676
Total equity	200,417	199,760
Loans and credit facilities (debt) to total assets	9%	8%

⁽¹⁾ Three months ended March 31, 2021 and 2020 ("Q1 2021" and "Q1 2020")

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

⁽³⁾ Includes other revenues and revenues of \$4,663 for 31 lots in Q1 2021 purchased by Genesis' home building division from its land development division (\$5,175 and 30 in Q1 2020) and sold with the home. These amounts are eliminated on consolidation

⁽⁴⁾ Year ended December 31, 2020 ("YE 2020")

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

Genesis sold 31 homes (27 single-family and 4 townhouses) in Q1 2021 compared to 30 homes (all single-family) in Q1 2020. During Q1 2021, one development land parcel, held by a controlled limited partnership, was sold for \$925. Genesis sold a parcel of development land for \$8,987 in Q1 2020. Genesis sold 16 residential lots to third-parties in Q1 2021 compared to 2 residential lots sold to third-parties in Q1 2020. The combination of these factors resulted in revenues of \$18,713 in Q1 2021 compared to \$23,652 in Q1 2020, with the lower development land sales in Q1 2021 being the main cause for lower revenues in Q1 2021.

New home orders for the three months ended March 31, 2021 were 72 units compared to 39 units for the same period in 2020. The Corporation ended the first quarter of 2021 with 124 outstanding new home orders, compared to 63 outstanding new home orders a year earlier.

There was no write down of real estate held for development and sale in Q1 2021. In Q1 2020, the Corporation recorded a write-down of \$10,815 on a parcel of land held for development and a townhouse project, some units of which have been subsequently sold.

Genesis generated cash flows from operating activities of \$383 (\$0.01 per share - basic and diluted) in Q1 2021, compared to cash flows from operating activities of \$8,188 (\$0.19 per share - basic and diluted) in Q1 2020. The year-over-year change is primarily a function of lower cash inflows from the sale of development land and higher cash outflows for home building activities. Refer to heading “*Cash Flows from Operating Activities*” in this MD&A for additional information. Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained below.

Factors Affecting Results of Operations

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

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

Land Development

	Three months ended March 31,		
	2021	2020	% change
Key Financial Data			
Residential lot revenues ⁽¹⁾	8,581	5,752	49.2%
Development land revenues	925	8,987	(89.7%)
Direct cost of sales	(5,933)	(11,802)	(49.7%)
Gross margin before write-down ⁽²⁾	3,573	2,937	21.7%
Gross margin before write-down (%) ⁽²⁾	37.6%	19.9%	88.9%
Write-down of land held for development	-	(10,000)	N/R ⁽³⁾
Gross margin	3,573	(7,063)	N/R ⁽³⁾
Other expenses	(1,527)	(1,890)	(19.2%)
Earnings (loss) before taxes	2,046	(8,953)	N/R ⁽³⁾
Key Operating Data			
Residential lots sold to third-parties	16	2	N/R ⁽³⁾
Residential lots sold through GBG - home building	31	30	3.3%
Total residential lots sold	47	32	46.9%
Average revenue per lot sold	183	180	1.7%

⁽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⁾ Not relevant due to the size of the change

Gross margin by source of revenue

	Three months ended March 31,		
	2021	2020	% change
Residential lots			
Residential lot revenues ⁽¹⁾	8,581	5,752	49.2%
Direct cost of sales	(5,088)	(3,104)	63.9%
Gross margin	3,493	2,648	31.9%
Gross margin (%)	40.7%	46.0%	(11.5%)

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

	Three months ended March 31,		
	2021	2020	% change
Development land			
Development land revenues	925	8,987	(89.7%)
Direct cost of sales	(845)	(8,698)	(90.3%)
Gross margin before write-down ⁽¹⁾	80	289	(72.3%)
Gross margin before write-down (%) ⁽¹⁾	8.6%	3.2%	168.8%
Write-down of land held for development	-	(10,000)	N/R ⁽²⁾
Gross margin	80	(9,711)	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 in Q1 2021 were \$8,581 (47 lots) up from \$5,752 (32 lots) in Q1 2020. In Q1 2021, 16 lots were sold to third-party builders compared to 2 lots sold to third-party builders in Q1 2020. In Q1 2021, GBG also sold 31 homes on Genesis lots, up 3% from 30 homes it sold on Genesis lots in Q1 2020. Residential lot sales to third-party builders occur periodically, depending on the timing of contractual arrangements with these builders.

One parcel of development land held by a controlled limited partnership was sold in Q1 2021 for \$925 compared to one parcel of development land sale for \$8,987 in Q1 2020. 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 41% in Q1 2021 compared to 46% in Q1 2020. Residential lot and development land margins can vary significantly as described in the *Factors Affecting Results of Operations* in this MD&A.

Write-down of land held for development

No write-downs were required in Q1 2021 (Q1 2020 - \$10,000).

Other expenses

	Three months ended March 31,		
	2021	2020	% change
Other expenses			
General and administrative expense	(897)	(1,130)	(20.6%)
Selling and marketing expense	(370)	(519)	(28.7%)
Finance income	64	358	(82.1%)
Finance expense	(324)	(599)	(45.9%)
Total	1,527	1,890	(19.2%)

Other expenses totaled \$1,527 in Q1 2021, 19% lower than \$1,890 incurred in Q1 2020. The components of other expenses and the change is shown in the table above.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended March 31,		
	2021	2020	% change
Key Financial Data			
Revenues ⁽¹⁾	13,870	14,088	(1.5%)
Direct cost of sales	(11,992)	(12,201)	(1.7%)
Gross margin before write-down ⁽²⁾	1,878	1,887	(0.5%)
Gross margin before write-down (%) ⁽²⁾	13.5%	13.4%	0.7%
Write-down of real estate held for development and sale	-	(815)	N/R ⁽³⁾
Gross margin	1,878	1,072	75.2%
Other expenses	(2,005)	(2,189)	(8.4%)
Loss before taxes	(127)	(1,117)	(88.6%)
Key Operating Data			
Homes sold (units)	31	30	3.3%
Average revenue per home sold	447	470	(4.9%)
New home orders (units)	72	39	84.6%
Outstanding new home orders at period end (units)	124	63	96.8%

⁽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⁾ 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 \$13,870 (31 units) in Q1 2021, 2% lower than Q1 2020 revenues of \$14,088 (30 units). 72 homes were contracted for sale in Q1 2021, an increase of 85%, as compared to 39 in Q1 2020, resulting in 124 outstanding new home orders at the end of Q1 2021 as compared to 63 outstanding new home orders at the end of Q1 2020.

Homes sold in Q1 2021 had an average price of \$447 per home, down 5% compared to \$470 in Q1 2020. Fluctuations in the average revenue per home sold are due to differences in product mix and community sales. During Q1 2021 and Q1 2020, GBG's single-family homes product ranged in price from \$296-\$705 depending on the location and the model being offered. Similarly, GBG's townhouse product ranged in price from \$165-\$270 depending on the location and the model being offered. In Q1 2021, 27 single-family homes and 4 townhouses were sold compared to 30 single-family homes and no townhouses in Q1 2020.

All homes sold in Q1 2021 and Q1 2020 were built on residential lots or parcels supplied by Genesis, with lot revenues of \$4,663 and \$5,175, respectively. The terms by which Genesis has invested in land development entities (a limited partnership and a joint venture) provide the right to purchase a number of lots in new communities. Genesis views this as one of its strategies to drive growth in its home building division.

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 Q1 2021, GBG had \$19,938 of work in progress, of which approximately \$3,941 was related to spec homes (YE 2020 - \$16,190 and \$5,553, respectively).

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

	Three months ended March 31,		
	2021	2020	% change
Quick possession sales (units)	16	15	6.7%
Pre-construction home sales (units)	15	15	0.0%
Total home sales (units)	31	30	3.3%

Gross margin

Genesis realized a gross margin before write-down on home sales of 13.5% in Q1 2021 as compared to 13.4% in Q1 2020. Fluctuations in gross margin before write-down are due to differences in product, community mix and market conditions and may drive price adjustments. In Q1 2021, 27 single-family homes and 4 townhouses were sold compared to 30 single-family homes and no townhouses in Q1 2020.

Write-down on townhouse project

No write-downs were required in Q1 2021 (Q1 2020 - \$815).

Other expenses

	Three months ended March 31,		
	2021	2020	% change
Other expenses			
General and administrative expense	(1,340)	(1,490)	(10.1%)
Selling and marketing expense	(641)	(607)	5.6%
Finance income	5	-	N/R ⁽³⁾
Finance expense	(29)	(92)	(68.5%)
Total	(2,005)	(2,189)	(8.4%)

Other expenses totaled \$2,005 in Q1 2021, 8% lower than \$2,189 incurred in Q1 2020. The components of other expenses and the change is shown in the table above.

Real Estate Held for Development and Sale

	March 31,	December 31,	% change
	2021	2020	
Real estate held for development and sale	215,837	215,050	0.4%
Provision for write-downs	(19,852)	(21,741)	(8.7%)
	195,985	193,309	1.4%

Refer to note 3 in the condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020 which details the components of the changes in the gross book value and net book value of real estate held for development and sale.

Real estate held for development and sale is affected by the sale of residential lots, homes, development land parcels and development and construction activities.

The following table presents Genesis' real estate held for development and sale at net book value (that is net of provisions for write-downs) as at March 31, 2021:

Real Estate Held for Development and Sale	Net Book Value		
	Lots, multi-family & commercial parcels	Land held for development ⁽¹⁾	Total
Community			
Airdrie - Bayside, Bayview, Canals	14,080	22,901	36,981
Calgary NW - Sage Meadows	10,346	-	10,346
Calgary NW - Sage Hill	6,386	25,694	32,080
Calgary NE - Saddlestone	9,789	-	9,789
Calgary N - Lewiston	-	28,694	28,694
Calgary SE - Logan Landing	-	45,701	45,701
Rocky View County - North Conrich ⁽²⁾	-	5,460	5,460
Sub-total	40,601	128,450	169,051
Other lands ⁽³⁾ - non-core	25	1,820	1,845
Total land development	40,626	130,270	170,896
Home building work-in-progress			19,938
Total land development and home building			190,834
Limited Partnerships ^{(2), (4)}			5,151
Total real estate held for development and sale			195,985

⁽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 lands 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 March 31, 2021:

Serviced Lots, Multi-family and Commercial Parcels, by Community	Net Book Value	Single-family lots	Townhouse units	Townhouse/multi-family parcels	Commercial parcels
Airdrie - Bayside, Bayview, Canals	14,080	102	51	1	-
Calgary NW - Sage Meadows	10,346	20	-	2	-
Calgary NW - Sage Hill	6,386	-	-	-	1
Calgary NE - Saddlestone	9,789	84	27	1	-
	40,601	206	78	4	1
Other lots - non-core	25	13	-	-	-
Total	40,626	219	78	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 March 31, 2021. Genesis has developed detailed plans for the development of its core lands. Refer to the section of this MD&A entitled *Obtaining Additional Zoning and Servicing Entitlements* for the status of Ricardo Ranch, Lewiston and North Conrich. 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.

Land Held for Development, by Community	Net Book Value	Land (acres) ⁽¹⁾	Estimated Equivalent if/when Developed		
			Single-family (lots)	Multi-family (acres)	Commercial (acres)
Airdrie - Bayside, Bayview	22,901	186	1,112	9	2
Calgary NW - Sage Hill	25,694	51	282	15	4
Calgary N - Lewiston	28,694	134	892	3	4
Calgary SE - Logan Landing	45,701	354	1,190	16	-
Rocky View County - North Conrich ⁽²⁾	5,460	312	-	-	-
	128,450	1,037	3,476	43	10
Other lands - non-core	1,820	300	-	-	-
Total	130,270	1,337	3,476	43	10

⁽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

	March 31,	December 31,	% change
	2021	2020	
Amounts receivable	12,238	11,006	11.2%

Genesis generally receives a minimum 15% non-refundable deposit at the time of entering into a sale agreement for residential lots with a third-party builder. Title to a lot or home that is contracted for sale is not transferred by Genesis to the builder or purchaser until full payment is received, thus mitigating credit risk.

The increase of \$1,232 in amounts receivable was due to higher lot sales. As at Q1 2021, Genesis had \$11,793 in amounts receivable related to the sale of 69 lots to third-party builders compared to \$10,466 (related to 63 lots) in amounts receivable as at YE 2020.

Individual balances due from third-party builders at Q1 2021 that were 10% or more of total amounts receivable were \$11,793 from three third-party builders (YE 2020 - \$10,235 from two third-party builders).

Vendor-take-back Mortgages Receivable

	March 31,	December 31,	% change
	2021	2020	
Vendor-take-back mortgage receivable - granted on sale of a parcel of land	2,719	2,719	0.0%

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.

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 March 31,	
	2021	2020
Cash flows from operating activities	383	8,188
Cash flows from operating activities per share - basic and diluted	0.01	0.19

The decrease in cash flows from operating activities of \$7,805 between Q1 2021 and Q1 2020 consist of the following:

	Three months ended March 31,		
	2021	2020	\$ change
Cash inflows from sale of residential homes by GBG	15,297	14,399	898
Cash inflows from sale of residential lots	5,158	2,180	2,978
Cash inflows from sale of development land	925	5,018	(4,093)
Cash outflows for home building activity	(11,120)	(6,718)	(4,402)
Cash outflows for land servicing	(4,557)	(2,726)	(1,831)
Cash outflows for lots / land acquisitions	(727)	-	(727)
Cash outflows paid to suppliers and employees	(4,892)	(4,150)	(742)
Other cash inflows	444	185	259
Income tax payments	(145)	-	(145)
Total	383	8,188	(7,805)

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.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q1 2021 and YE 2020:

	March 31,		December 31,	
	2021	% of total	2020	% of total
Loans and credit facilities	23,846	9%	21,470	8%
Dividend payable	-	0%	6,280	3%
Customer deposits	5,893	2%	3,889	1%
Accounts payable and accrued liabilities	14,501	6%	14,092	5%
Lease liabilities	820	0%	790	0%
Provision for future development costs	20,347	8%	20,213	8%
Total liabilities	65,407	25%	66,734	25%
Non-controlling interest	11,275	4%	12,084	5%
Shareholders' equity	189,142	71%	187,676	70%
Total liabilities and equity	265,824	100%	266,494	100%

The ratio of total liabilities to equity is as follows:

	March 31, 2021	December 31, 2020
Total liabilities	65,407	66,734
Total equity	200,417	199,760
Total liabilities to equity ⁽¹⁾	33%	33%

⁽¹⁾ Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Land development servicing loans	-	-	1,151	1,606	2,374
Corporate revolving line of credit	2,606	-	-	-	-
Demand operating line for single-family homes	1,983	1,662	2,145	3,070	3,126
Project specific townhouse construction loans	1,333	1,185	1,338	1,859	4,633
Demand operating line of credit	-	-	6,010	6,010	6,000
Loan to purchase VTB receivable	-	-	15,192	14,946	14,706
Vendor-take-back mortgage payable - Lewiston	18,624	18,624	18,624	18,624	18,624
	24,546	21,471	44,460	46,115	49,463
Unamortized deferred fees on loans and credit facilities	(700)	(1)	(77)	(161)	(244)
Balance, end of period	23,846	21,470	44,383	45,954	49,219

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

	Three months ended March 31, 2021			Year ended December 31, 2020
	VTB payable - Lewiston	Corporate revolving line of credit	Land development servicing loans	Total
Balance, beginning of period	18,624	-	-	18,624
Advances	-	5,241	-	5,241
Repayments	-	(2,635)	-	(2,635)
Balance, end of period	18,624	2,606	-	21,230
				18,624

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.

Land development servicing loan

As at March 31, 2021, Genesis had a land project loan facility with \$Nil drawn (YE 2020 - \$Nil). Up to \$2,820 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, 2022. The Corporation renewed this credit facility in Q1 2021.

Corporate revolving line of credit

During Q1 2021, the Corporation put in place a \$50,000 three-year fixed term secured corporate revolving line of credit with a major Canadian financial institution 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. As at March 31, 2021, the amount drawn on this facility was \$2,606.

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 March 31, 2021, the amount drawn on this facility was \$1,983 (YE 2020 - \$1,662).

Project specific townhouse construction loans

As at March 31, 2021, GBG has a townhouse project loan facility with \$120 drawn (YE 2020 - \$614). Up to \$6,376 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 March 31, 2021, GBG has a second townhouse project loan facility with \$1,213 currently drawn (YE 2020 - \$571). Up to \$2,403 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.

Vendor-take-back mortgage payable

Genesis entered into an \$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.

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 Q1 2021 was \$18,343 for the land division (YE 2020 - \$18,737) and \$2,004 (YE 2020 - \$1,476) 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 \$24,898 and loans and credit facilities of \$23,846 at the end of Q1 2021 compared to \$29,743 and \$21,470 respectively, at YE 2020 resulting in net cash (refer to heading “Non-GAAP Measures” in this MD&A) of \$1,052 at the end of Q1 2021 compared to net cash (refer to heading “Non-GAAP Measures” in this MD&A) of \$8,273 at YE 2020. The components of loans and credit facilities are detailed below. For additional details, please see information provided under the heading “Loans and Credit Facilities” in this MD&A.

	March 31, 2021	December 31, 2020	% change
Cash and cash equivalents	24,898	29,743	(16.3%)
Land development servicing and home building loans	3,316	2,846	16.5%
Corporate revolving line of credit	1,906	-	N/R ⁽³⁾
VTB payable	18,624	18,624	0.0%
Total loans and credit facilities	23,846	21,470	11.1%
Net cash ^{(1) (2)}	1,052	8,273	(87.3%)

⁽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

	March 31, 2021	December 31, 2020	% change
Loans and credit facilities as a percentage of total assets ⁽¹⁾			
Land development servicing and home building loans	1.3%	1.1%	18.1%
Corporate revolving line of credit	0.7%	-	N/R ⁽³⁾
VTB payable	7.0%	7.0%	0.0%
Loans and credit facilities (debt) to total assets	9.0%	8.1%	11.1%
Total liabilities to equity ⁽²⁾	32.6%	33.4%	(2.4%)

⁽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

	March 31, 2021	December 31, 2020	% change
Net cash ⁽¹⁾ as a percentage of total assets			
Cash and cash equivalents	24,898	29,743	(16.3%)
Loans and credit facilities	23,846	21,470	11.1%
Net cash ^{(1) (2)}	1,052	8,273	(87.3%)
Net cash to total assets ⁽³⁾	0.4%	3.1%	(87.1%)

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

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

⁽³⁾ Calculated as net cash divided by total assets

The Corporation continues to manage liquidity in the longer term while remaining cautious during the ongoing COVID-19 pandemic. 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 March 31,		
	2021	2020	% change
Interest incurred	72	369	(80.5%)
Interest relating to VTB ⁽¹⁾	230	232	(0.9%)
Financing fees amortized	51	90	(43.3%)
	353	691	(48.9%)

⁽¹⁾ VTB related to Lewiston lands

Finance expense was lower in Q1 2021 compared to Q1 2020 due to significantly lower average loan balances. In Q1 2020, Genesis had a loan bearing interest at 6.50% per annum and an outstanding balance of \$14,706. This loan was repaid at the end of 2020 resulting in lower finance expense during Q1 2021.

The weighted average interest rate of loan agreements with various financial institutions was 3.74% (YE 2020 - 3.26%) based on March 31, 2021 balances.

Income Taxes Recoverable

The continuity in income taxes recoverable is follows:

	March 31, 2021	December 31, 2020
Balance, beginning of period	559	1,144
Provision for current income tax	452	826
Net payments (receipts)	145	(1,411)
Balance, end of period	1,156	559

Income taxes recoverable increased by \$597 during Q1 2021 mainly due to losses for tax purposes for the period. These losses were carried back and applied against taxable income of prior periods.

Shareholders' Equity

As at May 5, 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 March 31,	
	2021	2020
Number of shares purchased and cancelled	-	56,282
Total cost	-	114
Average price per share purchased	-	2.04
Shares cancelled as a % of common shares outstanding at beginning of period	-	0.13%

No purchases were made during Q1 2021 compared to purchases of 56,282 common shares for \$114 at an average cost of \$2.04 per share during Q1 2020 (representing 0.13% of issued and outstanding shares at the beginning of 2020).

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future development costs) at the end of Q1 2021 were as follows:

	Loans and Credit Facilities ⁽¹⁾	Levies and Municipal Fees	Land and Lot purchase contracts	Lease Obligations ⁽²⁾	Total
Current	12,628	5,090	652	202	18,572
April 2022 to March 2023	9,312	1,433	36,710	392	47,847
April 2023 to March 2024	2,606	1,910	248	455	5,219
April 2024 and thereafter	-	-	-	1,270	1,270
Total	24,546	8,433	37,610	2,319	72,908

⁽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.

Land and lot purchase contracts relate to the purchase of real estate, including residential lots and development land, as part of Genesis' operations. These contracts may require paying an initial deposit with the balance of the contract price being paid at agreed up to time intervals.

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). All ten installments totaling \$5,000 were paid as at March 31, 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, 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 \$834. 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 8 of the condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020.

Current Contractual Obligations, Commitments and Provision

	March 31, 2021	December 31, 2020
Loans and credit facilities, excluding deferred fees on loans and credit facilities	12,628	12,159
Accounts payable and accrued liabilities	14,501	14,092
Dividend payable	-	6,280
Total short-term liabilities	27,129	32,531
Levies and municipal fees	5,090	6,415
Land and lot purchase contracts	652	652
Commitments ^{(1), (2)}	202	831
	33,073	40,429

⁽¹⁾ Commitments at March 31, 2021 comprises lease obligations

⁽²⁾ Commitments at December 31, 2020 comprises naming rights and lease obligations

As at the end of Q1 2021, Genesis had obligations due within the next 12 months of \$33,073 of which \$12,628 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 in January 2021.

Settlement of Litigation

During Q1 2021 a settlement was 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 subdivision plan registration process. These letters of credit and surety bonds indemnify the municipalities by enabling them to draw upon them if Genesis does not perform its contractual obligations. At Q1 2021, these amounted to approximately \$4,096 (YE 2020 - \$3,666).

Levies and Municipal Fees

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

Land and lot purchase contracts

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

SUMMARY OF QUARTERLY RESULTS

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenues	18,713	19,817	29,739	30,725	23,652	26,081	12,786	16,533
Net earnings (loss) ⁽¹⁾	1,322	125	3,813	3,644	(7,383)	1,684	300	(357)
EPS ⁽²⁾	0.03	0.00	0.09	0.09	(0.18)	0.04	0.01	(0.01)

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

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

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Dividends declared	-	6,280	-	-	-	-	-	-
Dividends paid	6,280	-	-	-	-	-	-	-
Dividends declared - per share	-	0.15	-	-	-	-	-	-
Dividends paid - per share	0.15	-	-	-	-	-	-	-

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Residential lots sold to third-parties (units)	16	2	23	35	2	21	1	4
Homes sold (units)	31	28	53	52	30	43	26	33

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Development land revenues	925	7,146	320	175	8,987	550	-	-
Cash flows from (used in) operating activities	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Amount	383	22,858	9,893	7,044	8,188	7,969	(10,076)	7,061
Per share - basic and diluted	0.01	0.54	0.24	0.17	0.19	0.19	(0.24)	0.17

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 Q1 2021, Genesis sold 16 residential lots to third-party builders, 31 homes and one development land parcel held by a controlled limited partnership. Revenues were lower in Q1 2021, compared to Q4 2020, due to lower development land revenues in Q1 2021, with this being partially offset by higher residential lot and home sales during the quarter. Gross margins in Q1 2021 were higher than in Q4 2020 mainly due to no write-down of real estate held for development and sale in Q1 2021 compared to \$822 in Q4 2020. While residential lots and homes had a higher gross margin than in Q4 2020, this higher gross margin was offset by lower gross margin on development land sales in Q1 2021. General and administrative expenses were lower in Q1 2021 compared to Q4 2020 while selling and marketing expenses and net finance expenses were comparable between Q1 2021 and Q4 2020. Income tax expenses were \$393 in Q1 2021 compared to \$496 in Q4 2020. As a result of these factors, net earnings in Q1 2021 were higher than in Q4 2020.

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 were affected by a 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 Q3 2020.

During Q3 2020, Genesis sold 23 residential lots to third-party builders, 53 homes and a development land parcel held by a controlled 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 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.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 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 Q1 2021 and Q1 2020. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO have designed Genesis' Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and certified that Genesis' DC&P and ICFR were effective as at March 31, 2021.

There were no changes in the Corporation's ICFR during the three months ended March 31, 2021 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 an 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.

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 March 31,	
	2021	2020
Residential lot revenues	8,581	5,752
Gross margin	3,493	2,648
Write-down of real estate held for development and sale	-	-
Gross margin before write-down	3,493	2,648
Gross margin before write-down (%)	40.7%	46.0%

Development Land	Three months ended March 31,	
	2021	2020
Development land revenues	925	8,987
Gross margin	80	(9,711)
Write-down of real estate held for development and sale	-	10,000
Gross margin before write-down	80	289
Gross margin before write-down (%)	8.6%	3.2%

Homes	Three months ended March 31,	
	2021	2020
Revenues for homes	13,870	14,088
Gross margin	1,878	1,072
Write-down of real estate held for development and sale	-	815
Gross margin before write-down	1,878	1,887
Gross margin before write-down (%)	13.5%	13.4%

Residential Lots, Development Land and Homes	Three months ended March 31,	
	2021	2020
Total revenues	18,713	23,652
Gross margin	5,451	(5,991)
Write-down of real estate held for development and sale	-	10,815
Gross margin before write-down	5,451	4,824
Gross margin before write-down (%)	29.1%	20.4%

Net cash is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Net cash is calculated as the difference between cash and cash equivalents and loans and credit facilities. Management believes that net cash 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:

	March 31, 2021	December 31, 2020
Cash and cash equivalents	24,898	29,743
Loans and credit facilities	23,846	21,470
Net cash	1,052	8,273

OTHER

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

ADVISORIES

Cautionary Note Regarding Forward-Looking Statements

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

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

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

<p>Forward-looking statements in this MD&A include, but are not limited to:</p> <ul style="list-style-type: none"> • 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; • the approval for approval to proceed with servicing the first phase of lands in the Belvedere 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, including forecasted economic growth; • 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 payment of dividends; • 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. 	<p>Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:</p> <ul style="list-style-type: none"> • the impact of contractual arrangements and incurred obligations on future operations and liquidity; • local real estate conditions, including the development of properties in close proximity to Genesis' properties; • 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 cyclical nature 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".
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The forward-looking statements contained in this MD&A are made as of the date of this MD&A, based only on information currently available to us, and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.