GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and year ended December 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 the consolidated financial statements and the notes thereto for years ended December 31, 2021 and 2020, 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. Basic and diluted earnings (loss) per share, cash flows from operating activities per share (basic and diluted), and dividends per share for prior periods have been recalculated to account for the impact of the Corporation's share issue pursuant to a rights offering that closed on December 17, 2021. This MD&A is dated as of March 2, 2022.

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") holding a portfolio of well-located, entitled and unentitled primarily residential lands and serviced lots in the CMA.

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

GBG designs, builds and sells homes on a significant portion of its single-family lots and 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.

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:

- ***$109,761 of Revenues in year-end ("YE") 2021:*** Higher sales volumes generated revenue of $109,761 in YE 2021 up from $103,933 achieved in YE 2020. Fourth quarter ("Q4") 2021 revenues of $26,531 were higher when compared to $19,817 generated in Q4 2020.

- ***Net Earnings in YE 2021 were $10,877*:** Net earnings were positive for the 21st consecutive year with net earnings attributable to equity shareholders in YE 2021 of $10,877 ($0.24 net earnings per share - basic and diluted), compared to $199 ($0.00 net earnings per share - basic and diluted) in YE 2020. Net earnings attributable to equity shareholders in Q4 2021 were $4,252 ($0.09 net earnings per share - basic and diluted) compared to $125 ($0.00 net earnings per share - basic and diluted) in Q4 2020.

- ***191 Homes Sold - up 17% from 2020:*** In YE 2021, Genesis sold 191 homes, an increase of 17% from the 163 sold in YE 2020. In Q4 2021, Genesis sold 51 homes, compared to 28 sold in Q4 2020. During YE 2021, Genesis had 249 new home orders compared to 192 for YE 2020. Genesis had 141 outstanding new home orders on hand at December 31, 2021 (83 at December 31, 2020).

- ***247 Lots Sold - up 10% from 2020:*** In YE 2021, Genesis sold 247 residential lots (60 to third-party builders and 187 through its home building division, GBG), an increase of 10% from 225 lots in YE 2020 (62 to third-party builders and 163 through GBG). In Q4 2021, Genesis sold 49 residential lots (2 to third-party builders and 47 through GBG) compared to 30 lots in Q4 2020 (2 to a third-party builder and 28 through GBG).

- ***$29,150 Land Acquisition:*** In YE 2021, 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, scheduled for April 2022. This project, now called "Huxley", is expected to be under development in 2023.

- ***$50,000 Corporate Revolving Line of Credit:*** In YE 2021, Genesis put in place 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%.

- ***$30,000 Rights Offering:*** Genesis successfully closed a rights offering on December 17, 2021, issuing 15,000,000 common shares of the Corporation at $2.00 per share for gross proceeds of $30,000, representing 100% of the total rights offered.

- ***Cash on hand of $63,975:*** On December 31, 2021, Genesis had $63,975 in cash and cash equivalents, which exceeded outstanding loans and credit facilities balances of $32,668 by $31,307.

OPERATING HIGHLIGHTS

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

	Three months ended December 31, [1]		Year ended December 31, [2]	
($000s, except for per share items or unless otherwise noted)	**2021**	**2020**	**2021**	**2020**
Key Financial Data				
Total revenues	**26,531**	19,817	**109,761**	103,933
Direct cost of sales	**(19,594)**	(14,306)	**(82,186)**	(76,581)
Gross margin before reversal of write-down / (write-down) [3]	**6,937**	5,511	**27,575**	27,352
Gross margin before reversal of write-down / (write-down) (%) [3]	**26.1%**	27.8%	**25.1%**	26.3%
Reversal of write-down / (write-down) of real estate held for development and sale	**3,265**	(822)	**4,268**	(11,637)
Gross margin	**10,202**	4,689	**31,843**	15,715
Net earnings attributable to equity shareholders	**4,252**	125	**10,877**	199
Net earnings per share - basic and diluted	**0.09**	0.00	**0.24**	0.00
Cash flows (used in) from operating activities	**(6,326)**	22,858	**2,388**	47,983
Cash flows (used in) from operating activities per share - basic and diluted	**(0.15)**	0.52	**0.05**	1.08
Key Operating Data				
Land Development				
Total residential lots sold (units)	**49**	30	**247**	225
Residential lot revenues	**8,423**	4,772	**41,095**	39,189
Gross margin on residential lots sold	**3,540**	2,560	**14,698**	16,336
Gross margin on residential lots sold (%)	**42.0%**	53.6%	**35.8%**	41.7%
Average revenue per lot sold	**172**	159	**166**	174
Development land revenues	**-**	7,146	**5,870**	16,628
Home Building				
Homes sold (units)	**51**	28	**191**	163
Revenues [4]	**26,024**	12,198	**92,416**	75,025
Gross margin before write-down [3]	**3,397**	1,620	**12,226**	9,485
Gross margin before write-down (%) [3]	**13.1%**	13.3%	**13.2%**	12.6%
Gross margin on homes sold	**3,397**	1,620	**12,226**	8,670
Average revenue per home sold	**510**	436	**484**	459
New home orders (units)	**81**	54	**249**	192
Outstanding new home orders at period end (units)			**141**	83

Key Balance Sheet Data	**As at Dec. 31, 2021**	**As at Dec. 31, 2020** [2]
Cash and cash equivalents	**63,975**	29,743
Total assets	**324,929**	266,494
Loans and credit facilities	**32,668**	21,470
Total liabilities	**88,991**	66,734
Shareholders' equity	**228,624**	187,676
Total equity	**235,938**	199,760
Loans and credit facilities to total assets	**10%**	8%

[1] Three months ended December 31, 2021 and 2020 ("Q4 2021" and "Q4 2020")
[2] Year ended December 31, 2021 and 2020 ("YE 2021" and "YE 2020")
[3] Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
[4] Includes Other revenues and revenues of $7,916 for 47 lots in Q4 2021 and $29,620 for 187 lots in YE 2021 purchased by the Home Building division from the Land Development division ($4,299 and 28 in Q4 2020; $26,909 and 163 in YE 2020) 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 under the heading "*Factors Affecting Results of Operations"* in this MD&A.

Factors Affecting Results of Operations

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

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

Market Overview

The Alberta economy improved substantially in 2021 fueled by accommodative monetary policy, including low interest rates, and improved prices for oil and natural gas. The Royal Bank of Canada has forecast Alberta's GDP grew by 5.9% in 2021 which compares to a negative 8.2% in 2020. This economic growth combined with lower supply in housing is reflected in CMA housing market momentum in of 2021. According to the Calgary Real Estate Board ("CREB"), 2021 home sales of 27,686 were a record for the CMA, 72% higher than 2020 and 44% higher than the 10-year average. Home supply is very low, down by 51% year over year. As of December 2021, the available months of supply in Calgary was 1.5 months which compares to 3.06 months at December 2020. As of December 2021, there was only 0.71 months of home supply on the Airdrie market a decrease of 71% compared to December 2020. In Calgary, the benchmark price for detached homes increased by 12% to $547 in December 2021 compared to $491 in December 2020.

As a result of the strong market, as of December 31, 2021, Genesis had 141 outstanding new home orders, an increase of 70% over the 83 outstanding new home orders at the same point in 2020. New home orders were 249 in YE 2021, up from 192 new home orders in YE 2020. The strong demand has continued in 2022 to date.

Genesis continues to implement its growth strategy acquiring Lewiston (130 acres) in 2019 and contracting Huxley (157 acres) in 2021. These are proceeding through the regulatory process. GBG had housing operations in twelve communities (including five communities being developed by third party developers) at YE 2021, up from nine communities a year earlier (including two communities being developed by third party developers). Land servicing investments during 2021 were $43,211, including three new subdivision phases, up from $23,510 in 2020.

Increased housing market activity was not limited to the CMA with most markets in North America seeing similar price increases and market tightness. The increased demand across the continent is putting pressure on stressed supply chains, resulting in cost increases and restricting the availability of some materials such as engineered products and appliances. These challenges are being felt in both the Corporation's home building and land development groups. Genesis' team and key contractors, continue to proactively address this issue.

2021 Business Plan

Progress on 2021 Business Plan

The Corporation continues to closely monitor all expenditures for efficiency and effectiveness. During 2021, Genesis continued to execute 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 subject to greater delay and uncertainty than in 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 best estimates at this time.

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

- Logan Landing: Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant referred to as "Logan Landing". An Area Structure Plan ("ASP") for a new residential community on these lands was approved by Calgary City Council ("Council") in November 2019. Outline plan and land use applications have been submitted and City of Calgary Planning Commission approval is anticipated in mid-2022. However, a Growth Management Overlay ("GMO") restricting development of these lands remains in place. Council adopts GMOs to control the supply of land available for development at any time. In December 2021, Genesis re-applied for the removal of the GMO on Logan Landing. City of Calgary administration is reviewing the GMO removal application and will provide a recommendation to City Council for consideration in December 2022.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. Outline plan and land use applications were submitted and approved by the City of Calgary Planning Commission on July 22, 2021. As there is a GMO restricting development of these lands, in December 2021 Genesis applied for removal of the GMO on Lewiston. City Administration is reviewing the GMO removal application and will provide a recommendation to Council for consideration in December 2022.
- Huxley (Belvedere): Genesis has prepared and submitted an outline plan and land use plans for the 157 acres it recently contracted in the Belvedere ASP. These lands are not subject to a GMO and Genesis is working to have approval to proceed with servicing the first phase in Spring 2023.
- OMNI ASP (in North Conrich): Genesis controls 610 acres of undeveloped land in Rocky View County ("County") bordering the northeast quadrant of the City of Calgary. Genesis has received ASP approval on a 185-acre commercial and retail project on a portion of these lands. Progress continues with the County on the development of a conceptual scheme for this project, with first reading received in September 2021. Second and third reading are anticipated in third quarter ("Q3") 2022. The remaining 425 acres are included in a special study area, with a concept plan and ASP amendment receiving first reading from the County in September 2021.

2) Development and Sale of Land Parcels

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. In Q3 2021 and year-to-date ("YTD") 2021, Genesis closed sales of three development land parcels in the City of Calgary; the first being a 4.27-acre parcel for cash consideration of $2,550; the second being a 1.12-acre parcel for cash consideration of $1,445; the third being a 1.12-acre parcel for cash consideration of $950. Non-core land positions are also sold to third parties from time to time in the ordinary course of Genesis' business. In first quarter ("Q1") 2021 and YTD 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 2021:

- Bayside: Servicing of Bayside phase 12 in Airdrie, will add 84 single family lots. These lots are expected to be available in 2022. Construction of a vehicle bridge to increase the connectivity of the community commenced in 2021. GBG and a third party builder will be the home builders in this phase;
- Bayview: 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. The single family lots are expected to be available in 2022. GBG and a third party builder will be the home builders in this phase; and
- Sage Hill: This well-located northwest Calgary community is considered an "infill development". Servicing of the first phase of 20 acres in this 51-acre development commenced in 2020. The first phase was completed during Q3 2021 providing 99 single family lots, a 3.2-acre multi-family parcel and a 4.1-acre commercial parcel. The second phase of development of 22 acres commenced in Q3 2021 and will provide 93 lots and 3 multi-family parcels totaling 8.5-acres that are expected to be available in 2022.

4) Investing in Additional Lands

During Q1 2021, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land (Huxley) in the Belvedere Area Structure Plan on the east side of the City of Calgary. A non-refundable deposit of $2,186 was paid, with the balance of $26,964 to be paid on closing, currently scheduled for April 2022. 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. In addition, Genesis entered into a binding agreement to acquire approximately 3.56 acres of land adjacent to this land for $663. Genesis paid a deposit of $132, with the balance of $531 to be paid on closing, currently scheduled for July 2022.

In 2020, GBG contracted to acquire 70 lots from a third party developer 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 opened show homes in November 2021. In second quarter ("Q2") 2021, GBG contracted to acquire 105 lots in three new phases of the following Calgary communities, Homestead, Alpine Park and Silverton, from third party land developers. In Q3 2021, GBG contracted to acquire 35 lots in two additional communities, Fireside in Cochrane and Vermilion Hill in Calgary from third party land developers. In Q4 2021, GBG contracted to acquire an additional 22 lots in Fireside and Homestead from third party land developers. Building and selling homes in communities developed by other parties is one of the strategies being implemented to drive growth in Genesis' home building division.

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

In YE 2021, GBG entered into 249 new home sales contracts, an increase of 30% from 192 new home sales contracts in YE 2020. During Q4 2021, GBG entered into 81 new home sales contracts, an increase of 50% from 54 new home sales contracts in Q4 2020. As of December 31, 2021, Genesis had 141 outstanding new home orders, an increase of 70% compared to 83 as at December 31, 2020. To increase the velocity and to adapt to the current market conditions, 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 $2,602 at December 31, 2021, from $5,553 at December 31, 2020;
- acquired lots in several communities from third party developers;
- pursued construction cost efficiencies and actively managed supply chain challenges; and
- continued to monitor and control overhead costs.

7) Liquidity and Return of Capital

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.

Rights Offering: On December 17, 2021, Genesis closed a rights offering, issuing 15,000,000 common shares of the Corporation at $2.00 per share for gross proceeds of $30,000. Genesis intends to use the proceeds, net of offering expenses, to further the development of existing projects, to pursue acquisition opportunities that may arise and to pay amounts due on previously announced acquisitions, minimizing the need for additional debt facilities and maintaining the strong financial position.

Focus on Liquidity: As of December 31, 2021, Genesis had $63,975 of cash and cash equivalents on hand (YE 2020 - $29,743), loans and credit facilities of $32,668 (YE 2020 - $21,470), real estate assets of $218,855 (YE 2020 - $193,309) and total assets of $324,929 (YE 2020 - $266,494). The ratio of loans and credit facilities to total assets was 10% at December 31, 2021 compared to 8% at December 31, 2020.

Outlook

Supported by a solid financial position, a strong new-home market and a turnaround in the Alberta economy, Genesis is well-positioned to take advantage of growth opportunities.

The CMA economy was stronger in 2021, driven in part by improved oil and natural gas prices. International immigration to Calgary continued to grow in 2021 with increased federal immigration targets and growing interprovincial migration. The Calgary Real Estate Board forecasts that Calgary is entering 2022 with some of the tightest market conditions seen in over a decade and housing market momentum will continue well into 2022. Despite these positive signs, economic uncertainty and volatility are likely to remain. Increases in interest rates, supply chain issues and inflationary pressures will affect operations and could impact the overall economic recovery. Genesis remains cautious in planning its strategy and operations.

Land Development

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Key Financial Data						
Residential lot revenues [1]	**8,423**	4,772	76.5%	**41,095**	39,189	4.9%
Development land revenues	**-**	7,146	N/R [3]	**5,870**	16,628	(64.7%)
Direct cost of sales	**(4,883)**	(8,027)	(39.2%)	**(31,616)**	(37,950)	(16.7%)
Gross margin before reversal of write-down / (write-down) [2]	**3,540**	3,891	(9.0%)	**15,349**	17,867	(14.1%)
Gross margin before reversal of write-down / (write-down) (%) [2]	**42.0%**	32.6%	28.8%	**32.7%**	32.0%	2.2%
Reversal of write-down / (write-down) of real estate held for development and sale	**3,265**	(822)	N/R [3]	**4,268**	(10,822)	N/R [3]
Gross margin	**6,805**	3,069	121.7%	**19,617**	7,045	N/R [3]
Gain in investments in land development entities	**562**	-	N/R [3]	**562**	-	N/R [3]
Other expenses	**(2,458)**	(2,199)	11.8%	**(8,138)**	(7,407)	9.9%
Earnings (loss) before taxes	**4,909**	870	N/R [3]	**12,041**	(362)	N/R [3]
Key Operating Data						
Residential lots sold to third parties	**2**	2	0.0%	**60**	62	(3.2%)
Residential lots sold through GBG - home building	**47**	28	67.9%	**187**	163	14.7%
Total residential lots sold	**49**	30	63.3%	**247**	225	9.8%
Average revenue per lot sold	**172**	159	8.2%	**166**	174	(4.6%)

[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 December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Residential lots						
Residential lot revenues [1]	**8,423**	4,772	76.5%	**41,095**	39,189	4.9%
Direct cost of sales	**(4,883)**	(2,212)	N/R [2]	**(26,397)**	(22,853)	15.5%
Gross margin	**3,540**	2,560	38.3%	**14,698**	16,336	(10.0%)
Gross margin (%)	**42.0%**	53.6%	(21.6%)	**35.8%**	41.7%	(14.1%)

[1] Includes residential lot sales to third parties and to GBG
[2] Not relevant due to the size of the change

	Three months ended December 31,			Year ended December 31,		
	2021	2020	% change	2021	2020	% change
Development land						
Development land revenues	-	7,146	N/R (2)	**5,870**	16,628	(64.7%)
Direct cost of sales	-	(5,815)	N/R (2)	**(5,219)**	(15,097)	(65.4%)
Gross margin before reversal of write-down / (write-down) (1)	-	1,331	N/R (2)	**651**	1,531	(57.5%)
Gross margin before reversal of write-down / (write-down) (%) (1)	-	18.6%	N/R (2)	**11.1%**	9.2%	20.7%
Reversal of write-down / (write-down) of real estate held for development and sale	**3,265**	(822)	N/R (2)	**4,268**	(10,822)	N/R (2)
Gross margin	**3,265**	509	N/R (2)	**4,919**	(9,291)	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"* in this MD&A.

Revenues and unit volumes

Total residential lot sales revenues in YE 2021 were $41,095 (247 lots) up from $39,189 (225 lots) in YE 2020. In YE 2021, 60 lots were sold to third party builders compared to 62 lots sold to third party builders in YE 2020. In YE 2021, GBG also sold 187 homes on Genesis lots, up 15% from 163 homes sold on Genesis lots in YE 2020. Residential lot sales to third party builders occur periodically, depending on the timing of contractual arrangements with these builders.

Two lots were sold to third party builders in both Q4 2021 and Q4 2020. In Q4 2021, GBG sold 47 homes on Genesis lots, up 68% from 28 homes it sold on Genesis lots in Q4 2020. Total residential lot sales revenues in Q4 2021 were $8,423 (49 lots) compared to $4,772 (30 lots) in Q4 2020.

In YE 2021, four development land parcels were sold for $5,870 (including one owned by a limited partnership for $925) while five parcels of development land (including one owned by a limited partnership for $320) were sold for total proceeds of $16,628 in YE 2020. There was no development land sold in Q4 2021 while two parcels of development land were sold in Q4 2020 for $7,146. 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 36% in YE 2021 compared to 42% in YE 2020. Residential lots had a gross margin of 42% in Q4 2021 compared to 54% in Q4 2020. Gross margins were lower in both Q4 and YE 2021, compared to the same periods in 2020, as the sales in 2021 included 35 lots in Sage Hill which had no margin due to write-downs previously taken. Residential lot and development land margins can vary significantly as described in the "*Factors Affecting Results of Operations"* in this MD&A.

Reversal of write-down / (write-down) of real estate held for development and sale

During 2021, Genesis recorded reversals of write-downs of $4,268 (Sage Hill Crest) previously taken on real estate held for development and sale. During Q4 2021, the Corporation recorded a reversal of a write-down of $3,265 (Sage Hill Crest) previously taken on real estate held for development and sale. The reversals were based on estimated returns realizable on completion of development and sale of these lands.

During Q4 2020, the Corporation recorded a net write-down of $822. During 2020, the Corporation recorded total write-downs of $10,822 on parcels of land held for development and sale, including $5,653 relating to Sage Hill Crest.

Gain in investments in land development entities

The fair value of investments in land development entities are based on the market value approach method which were obtained from external third-party appraisals. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets. The Corporation recorded $562 as a gain in investment in land development entities during 2021 (2020 - $Nil).

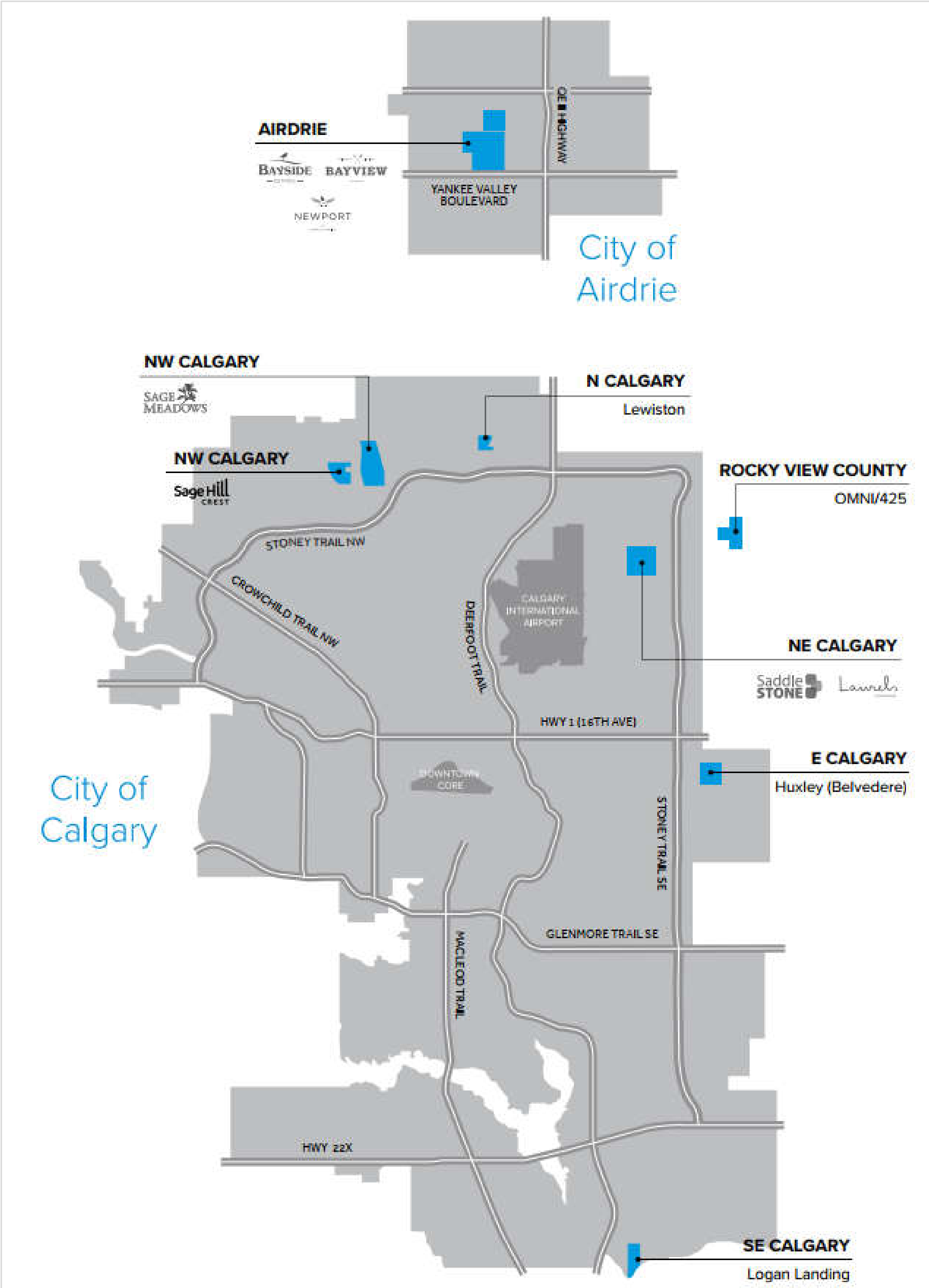
Other expenses

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Other expenses						
General and administrative expense	**(1,754)**	(1,531)	14.6%	**(5,541)**	(4,796)	15.5%
Selling and marketing expense	**(496)**	(461)	7.6%	**(1,753)**	(1,740)	0.7%
Finance income	**81**	296	(72.6%)	**266**	1,479	(82.0%)
Finance expense	**(289)**	(503)	(42.5%)	**(1,110)**	(2,350)	(52.8%)
Total	**(2,458)**	(2,199)	11.8%	**(8,138)**	(7,407)	9.9%

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

In YE 2021, other expenses totaled $8,138, 10% higher than $7,407 incurred in YE 2020. In Q4 2021, other expenses totaled $2,458 or 12% higher than $2,199 incurred in Q4 2020. Other expenses were higher in both Q4 2021 and YTD 2021 due to higher professional and legal fees (primarily related to the legal settlement with LPLP 2007 and its affiliated limited partnerships).

Location of Genesis' Land Development Projects



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,		
	2021	2020	% change	2021	2020	% change
Key Financial Data						
Revenues (1)	**26,024**	12,198	113.3%	**92,416**	75,025	23.2%
Direct cost of sales	**(22,627)**	(10,578)	113.9%	**(80,190)**	(65,540)	22.4%
Gross margin before write-down (2)	**3,397**	1,620	109.7%	**12,226**	9,485	28.9%
Gross margin before write-down (%) (2)	**13.1%**	13.3%	(1.5%)	**13.2%**	12.6%	4.8%
Write-down relating to a townhouse project	**-**	-	-	**-**	(815)	N/R (3)
Gross margin	**3,397**	1,620	109.7%	**12,226**	8,670	41.0%
Other expenses	**(2,769)**	(2,120)	30.6%	**(9,912)**	(8,560)	15.8%
Earnings (loss) before taxes	**628**	(500)	N/R (3)	**2,314**	110	N/R (3)
Key Operating Data						
Homes sold (units)	**51**	28	82.1%	**191**	163	17.2%
Average revenue per home sold	**510**	436	17.0%	**484**	459	5.4%
New home orders (units)	**81**	54	50.0%	**249**	192	29.7%
Outstanding new home orders at period end (units)				**141**	83	69.9%

(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 $92,416 (191 units) in YE 2021, 23% higher than YE 2020 revenues of $75,025 (163 units). In addition, 249 homes were contracted for sale in YE 2021, an increase of 30%, as compared to 192 in YE 2020, resulting in 141 outstanding new home orders at the end of 2021 as compared to 83 outstanding new home orders at the end of 2020.

Revenues for single-family homes and townhouses were $26,024 (51 units) in Q4 2021, 113% higher than Q4 2020 revenues of $12,198 (28 units). In addition, 81 homes were contracted for sale in Q4 2021, an increase of 50%, as compared to 54 in Q4 2020.

Homes sold in YE 2021 had an average price of $484 per home compared to $459 in YE 2020. Homes sold in Q4 2021 had an average price of $510 per home compared to $436 in Q4 2020. Fluctuations in the average revenue per home sold are due to differences in product mix and community sales. During 2021 and 2020, GBG's single-family homes product ranged in price from $292-$899 depending on the location and the model being offered. Similarly, GBG's townhouse product ranged in price from $155-$310 depending on the location and the model being offered. In Q4 2021, 42 single-family homes and 9 townhouses were sold compared to 23 single-family homes and 5 townhouses in Q4 2020. In YE 2021, 150 single-family homes and 41 townhouses were sold compared to 138 single-family homes and 25 townhouses in YE 2020.

187 of the 191 homes sold in YE 2021 were built on residential lots or parcels supplied by Genesis, with lot revenues of $29,620. All 163 homes sold in YE 2020 were built on residential lots or parcels supplied by Genesis, with lot revenues of $26,909.

47 of the 51 homes sold in Q4 2021 were built on residential lots supplied by Genesis, with lot revenues of $7,916 while all 28 homes sold in Q4 2020 were built on residential lots or parcels supplied by Genesis, with lot revenues of $4,299.

Genesis has invested in land development entities (a limited partnership and a joint venture) that provide the right to purchase a number of lots in the new communities of Homestead and Vermilion Hill. Genesis views this as one of its strategies to drive growth in GBG. In Q2 2021, GBG contracted to acquire 105 lots in three new phases in the communities of Homestead, Alpine Park and Silverton, from third party land developers. In addition, during Q3 2021, GBG contracted to acquire 35 lots in two new communities, Fireside in Cochrane and Vermilion Hill in Calgary from third party land developers. In Q4 2021, GBG contracted to acquire 22 lots in the communities of Fireside and Homestead from third party land developers.

GBG builds single-family homes either after receiving a firm sale contract (a "pre-construction home") or on a quick possession ("spec") basis and builds townhouses generally on a quick possession basis. Historically, the delivery time of a pre-construction home was determined at the time of sale and typically ranged between 6 to 10 months; in 2021 supply chain issues became a significant concern, with the supply of some materials and products being unpredictable, and delivery time lines have increased to 10 to 12 months. Construction of quick possession homes is started before GBG receives a firm sale contract to ensure there is sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days). Townhouses are multi-unit complexes for which GBG commences construction prior to selling all the units in any individual building. This provides construction efficiencies and requires GBG to build some townhouses on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis closely monitors its home building work-in-progress to anticipate and react to market conditions in a timely manner. As at YE 2021, GBG had $28,870 of work in progress, of which approximately $2,602 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 December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Quick possession sales (units)	**7**	19	(63.2%)	**66**	86	(23.3%)
Pre-construction home sales (units)	**44**	9	N/R [1]	**125**	77	62.3%
Total home sales (units)	**51**	28	82.1%	**191**	163	17.2%

[1] Not relevant due to size of the change

Gross margin

Gross margin before write-down on home sales was 13.2% in YE 2021 compared to 12.6% in YE 2020. Genesis realized gross margin before write-down on home sales of 13.1% in Q4 2021 as compared to 13.3% in Q4 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 YE 2021, 150 single-family homes and 41 townhouses were sold compared to 138 single-family homes and 25 townhouses in YE 2020. In Q4 2021, 42 single-family homes and 9 townhouses were sold compared to 23 single-family homes and 5 townhouses in Q4 2020.

Write-down on townhouse project

No write-down was required in YE 2021 (2020 - $815).

Other expenses

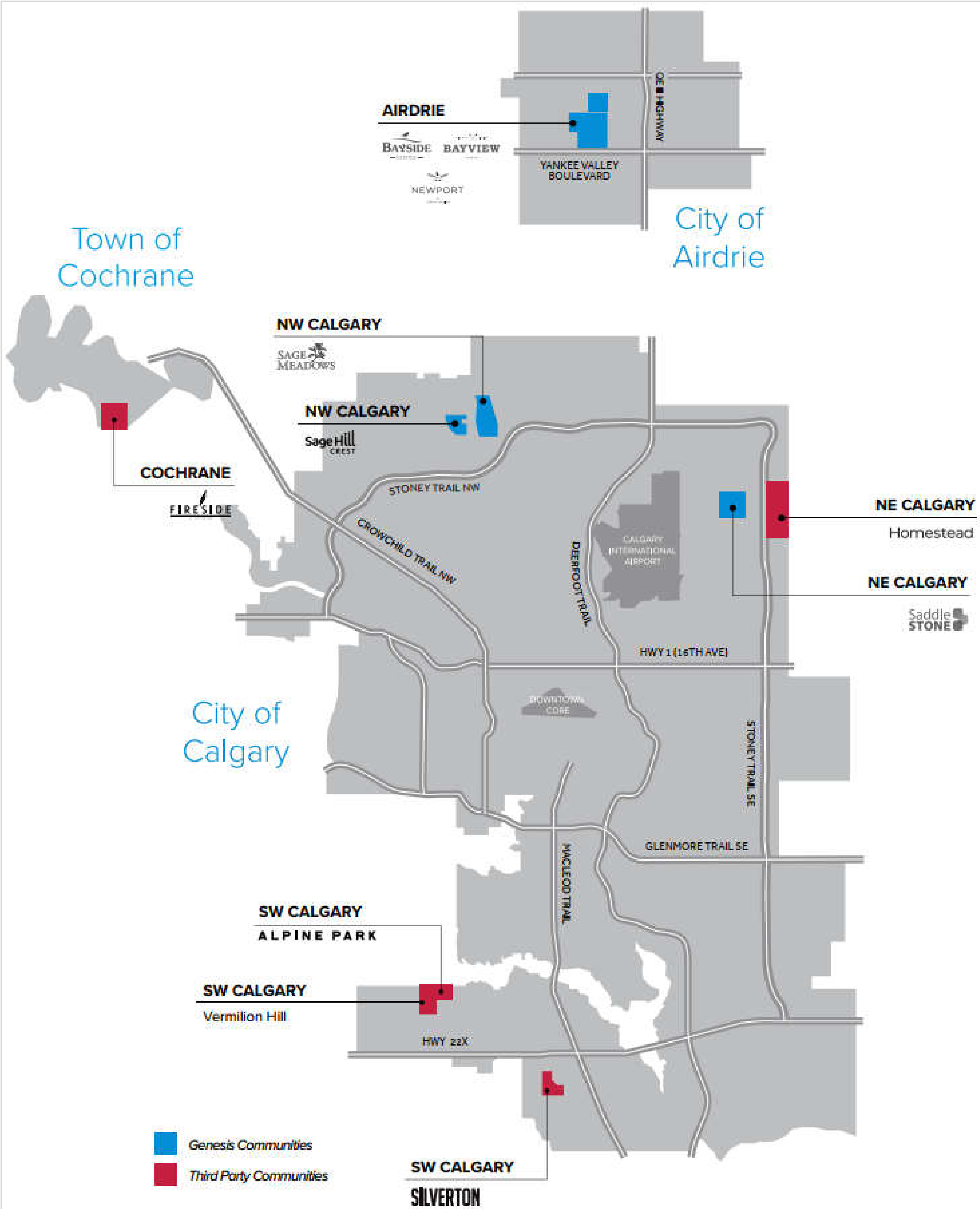
	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Other expenses						
General and administrative expense	**(1,867)**	(1,472)	26.8%	**(6,484)**	(5,613)	15.5%
Selling and marketing expense	**(885)**	(620)	42.7%	**(3,390)**	(2,722)	24.5%
Finance income	**16**	3	N/R [1]	**72**	18	N/R [1]
Finance expense	**(33)**	(31)	6.5%	**(110)**	(243)	(54.7%)
Total	**(2,769)**	(2,120)	30.6%	**(9,912)**	(8,560)	15.8%

[1] Not relevant due to size of the change

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

In YE 2021, other expenses were $9,912, 16% higher compared to $8,560 incurred in YE 2020. In Q4 2021, other expenses totaled $2,769, 31% higher than $2,120 incurred in Q4 2020. Other expenses were higher in both Q4 and YTD 2021 due to higher professional services, compensation expenses and sales and marketing expenses (including sales commissions). These increases were due in part to higher levels of activity in the home building business.

Location of GBG Building Communities



Real Estate Held for Development and Sale

	December 31,		
	2021	**2020**	**% change**
Real estate held for development and sale	**227,984**	215,050	6.0%
Accumulated provision for write-downs	**(9,129)**	(21,741)	(58.0%)
	218,855	193,309	13.2%

Refer to note 5 in the consolidated financial statements for the years ended December 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, acquisitions and development and construction activities. Real estate held for development and sale increased by $25,546 as at YE 2021 compared to YE 2020 mainly due to: (i) the acquisitions of 98 CMA residential lots from third party developers for $12,804; (ii) active development and construction activities; and (iii) the reversals of $4,268 of write-downs previously taken on real estate held for development and sale.

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, 2021:

	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	8,966	34,642	43,608
Calgary NW - Sage Meadows	6,899	-	6,899
Calgary NW - Sage Hill	18,616	22,176	40,792
Calgary NE - Saddlestone	2,980	-	2,980
Calgary N - Lewiston	-	36,483	36,483
Calgary SE - Logan Landing	-	45,940	45,940
Rocky View County - North Conrich [2]	-	5,689	5,689
Sub-total	37,461	144,930	**182,391**
Other lands [3] - non-core	29	2,195	2,224
Total land development	37,490	147,125	**184,615**
Home building construction work-in-progress			16,047
Third-party lots			12,823
Total home building work-in-progress			**28,870**
Total land development and home building			**213,485**
Limited Partnerships [2], [4]			5,370
Total real estate held for development and sale			**218,855**

(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 December 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	8,966	48	41	1	-
Calgary NW - Sage Meadows	6,899	3	-	1	-
Calgary NW - Sage Hill	18,616	64	-	1	2
Calgary NE - Saddlestone	2,980	27	-	-	-
	37,461	**142**	**41**	**3**	**2**
Other lots - non-core	29	13	-	-	-
Total	**37,490**	**155**	**41**	**3**	**2**

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, 2021 based on the Corporation's detailed plans for the development of its lands. Refer to the section in this MD&A entitled "*Obtaining Additional Zoning and Servicing Entitlements"* for the status of Logan Landing, 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.

			Estimated Equivalent if/when Developed		
Land Held for Development, by Community	**Net Book Value**	**Land** (acres) (1)	**Single-family** (lots)	**Multi-family** (acres)	**Commercial** (acres)
Airdrie - Bayside, Bayview	34,642	186	1,112	9	2
Calgary NW - Sage Hill	22,176	31	183	11	-
Calgary N - Lewiston	36,483	134	892	3	4
Calgary SE - Logan Landing	45,940	354	1,190	16	-
Rocky View County - North Conrich (2)	5,689	312	-	-	-
	144,930	1,017	3,377	39	6
Other lands - non-core	2,195	300	-	-	-
Total	**147,125**	**1,317**	**3,377**	**39**	**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,		
	2021	**2020**	**% change**
Amounts receivable	**13,632**	11,006	23.9%

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 $2,626 in amounts receivable was due to higher lot sales. As at YE 2021, Genesis had $12,135 in amounts receivable related to the sale of 77 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 YE 2021 that were 10% or more of total amounts receivable were $12,135 from three third party builders (YE 2020 - $10,235 from two third party builders).

Vendor-take-back Mortgage Receivable

	December 31,		
	2021	**2020**	**% change**
Vendor-take-back mortgage receivable	**-**	2,719	N/R [(1)]

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

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 receivable is to be repaid 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 was paid on December 15, 2021. Interest totaling $132 was received during 2021 (2020 - $127).

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"* in this MD&A.

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Cash flows (used in) from operating activities	**(6,326)**	22,858	**2,388**	47,983
Cash flows (used in) from operating activities per share - basic and diluted	**(0.15)**	0.52	**0.05**	1.08

The changes in cash flows from operating activities between Q4 2021 and Q4 2020 consist of the following:

	Three months ended December 31,		
	2021	**2020**	**$ change**
Cash inflows from sale of residential homes by GBG	**26,776**	13,488	13,288
Cash inflows from sale of residential lots	**3,220**	2,488	732
Cash inflows from sale of development land	**2,719**	26,646	(23,927)
Cash outflows for home building activity	**(16,675)**	(9,596)	(7,079)
Cash outflows for land servicing	**(17,277)**	(5,411)	(11,866)
Cash outflows for lots / land acquisitions	**(1,165)**	(1,068)	(97)
Cash outflows paid to suppliers and employees	**(4,434)**	(4,500)	66
Other cash inflows	**510**	811	(301)
Total	**(6,326)**	22,858	(29,184)

The changes in cash flows from operating activities between YE 2021 and YE 2020 consist of the following:

	Year ended December 31,		
	2021	**2020**	**$ change**
Cash inflows from sale of residential homes by GBG	**95,480**	75,255	20,225
Cash inflows from sale of residential lots	**13,981**	7,272	6,709
Cash inflows from sale of development land	**8,589**	33,409	(24,820)
Cash outflows for home building activity	**(57,323)**	(34,311)	(23,012)
Cash outflows for land servicing	**(39,868)**	(17,574)	(22,294)
Cash outflows for lots / land acquisitions	**(3,993)**	(4,246)	253
Cash outflows paid to suppliers and employees	**(16,053)**	(14,309)	(1,744)
Other cash inflows	**1,115**	1,076	39
Income tax refunds	**460**	1,411	(951)
Total	**2,388**	47,983	(45,595)

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

Higher sales volumes of home and lots drove increased cash inflows and outflows for home building activity and land servicing in order to meet future anticipated demand.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at YE 2021 and YE 2020:

	December 31,		December 31,	
	2021	**% of total**	**2020**	**% of total**
Loans and credit facilities	**32,668**	**10%**	21,470	8%
Dividend payable	**-**	**-**	6,280	3%
Customer deposits	**9,002**	**3%**	3,889	1%
Accounts payable and accrued liabilities	**26,408**	**8%**	14,092	5%
Lease liabilities	**842**	**0%**	790	0%
Provision for future development costs	**17,979**	**6%**	20,213	8%
Income taxes payable	**2,092**	**1%**	-	-
Total liabilities	**88,991**	**28%**	66,734	25%
Non-controlling interest	**7,314**	**2%**	12,084	5%
Shareholders' equity	**228,624**	**70%**	187,676	70%
Total liabilities and equity	**324,929**	**100%**	266,494	100%

The ratio of total liabilities to equity is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	**88,991**	66,734
Total equity	**235,938**	199,760
Total liabilities to equity (1)	**38%**	33%

(1) Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Corporate revolving line of credit	**16,237**	9,537	8,159	2,606	-
Land development servicing loans	**5,794**	1,311	-	-	-
Demand operating line for single-family homes	**1,917**	1,831	1,181	1,983	1,662
Project specific townhouse construction loans	**-**	-	-	1,333	1,185
Vendor-take-back mortgage payable – Lewiston (1)	**9,312**	9,312	9,312	18,624	18,624
	33,260	21,991	18,652	24,546	21,471
Unamortized deferred fees on loans and credit facilities	**(592)**	(641)	(638)	(700)	(1)
Balance, end of period	**32,668**	21,350	18,014	23,846	21,470

(1) *Repaid in January 2022*

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

	Year ended December 31, 2021				Year ended December 31, 2020
	Corporate revolving line of credit	Land development servicing	VTB payable - Lewiston	**Total**	**Total**
Balance, beginning of period	-	-	18,624	**18,624**	30,779
Advances	41,240	7,759	-	**48,999**	3,116
Repayments	(25,003)	(1,965)	(9,312)	**(36,280)**	(15,271)
Balance, end of period	16,237	5,794	9,312	**31,343**	18,624

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

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

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

Corporate revolving line of credit

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 December 31, 2021, the amount drawn on this facility was $16,237. Subsequent to December 31, 2021, in February 2022, the loan was renewed and matures on February 1, 2025.

Land development servicing loan

As at December 31, 2021, Genesis has a land project loan facility with $5,794 drawn (YE 2020 - $Nil). Up to $13,652 is available to finance future development and servicing costs from this facility as land development activities progress. This facility bears interest at prime +0.50% per annum and matures on May 12, 2024. The Corporation renewed and amended this credit facility in Q3 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, 2021, the amount drawn on this facility was $1,917 (YE 2020 - $1,662). Subsequent to December 31, 2021, in January 2022, the loan was amended to increase the operating line of credit facility from $6,500 to $10,000.

Project specific townhouse construction loans

As at December 31, 2021, GBG has a townhouse project loan facility with $Nil drawn (YE 2020 - $614). Up to $2,500 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 matures on August 28, 2022. The Corporation renewed this credit facility in Q4 2021.

During Q2 2021, the Corporation closed a townhouse project loan facility with $Nil drawn at the time it was closed. As at YE 2020, the amount drawn on this facility was $571.

Vendor-take-back mortgage payable

Genesis entered into an $18,624 vendor-take-back mortgage on the purchase of its north Calgary lands (Lewiston) in September 2019. The vendor-take-back mortgage 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. The first installment of $9,312 was paid in May 2021. Subsequent to December 31, 2021, in January 2022, the final installment of $9,312 was paid.

Provision for Future Development Costs

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

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

FDC for GBG are 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 2021 was $15,096 for the land division (YE 2020 - $18,737) and $2,883 for GBG (YE 2020 - $1,476). 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 $63,975 and loans and credit facilities of $32,668 at YE 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 $31,307 at YE 2021 compared to net cash (refer to heading "*Non-GAAP Measures"* in this MD&A) of $8,273 at YE 2020. The YE 2021 cash and cash equivalents balance includes the $29,894 net proceeds from the December 2021 equity issue as a result of the successful rights offering which was 100% subscribed. 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.

	December 31,		
	2021	**2020**	**% change**
Cash and cash equivalents	**63,975**	29,743	N/R [3]
Corporate revolving line of credit	**15,723**	-	N/R [3]
Land development servicing and home building loans	**7,633**	2,846	N/R [3]
VTB payable	**9,312**	18,624	(50.0%)
Total loans and credit facilities	**32,668**	21,470	52.2%
Net cash [1] [2]	**31,307**	8,273	N/R [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

	December 31,		
Loans and credit facilities as a percentage of total assets [1]	**2021**	**2020**	**% change**
Corporate revolving line of credit	**4.8%**	-	N/R [3]
Land development servicing and home building loans	**2.3%**	1.1%	N/R [3]
VTB payable	**2.9%**	7.0%	(58.6%)
Loans and credit facilities to total assets	**10.0%**	8.1%	23.5%
Total liabilities to equity [2]	**37.7%**	33.4%	12.9%

[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 [1] **as a percentage of total assets**	**2021**	**2020**	**% change**
Cash and cash equivalents	**63,975**	29,743	N/R [4]
Loans and credit facilities	**32,668**	21,470	52.2%
Net cash [1] [2]	**31,307**	8,273	N/R [4]
Net cash to total assets [3]	**9.6%**	3.1%	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 divided by total assets
[4] Not relevant due to size of the change

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

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% change**	**2021**	**2020**	**% change**
Interest incurred	**200**	226	(11.5%)	**479**	1,329	(64.0%)
Interest relating to VTB [(1)]	**117**	234	(50.0%)	**658**	931	(29.3%)
Financing fees amortized	**74**	75	(1.3%)	**249**	333	(25.2%)
Interest and financing fees capitalized	**(69)**	-	N/R [(2)]	**(166)**	-	N/R [(2)]
	322	535	(39.8%)	**1,220**	2,593	(53.0%)

[(1)] VTB related to Lewiston lands
[(2)] Not relevant due to size of the change

Finance expense was lower in Q4 2021 compared to Q4 2020 mainly due to (i) lower VTB balance of $9,312 in Q4 2021 compared to $18,624 in Q4 2020; and (ii) interest and financing fees capitalized as a component of development activities.

Finance expense was lower in YE 2021 compared to YE 2020 due to (i) an installment of $9,312 made towards the balance in May 2021, reducing the VTB payable balance and its corresponding interest expense incurred compared to an $18,624 VTB payable for a full year in 2020; (ii) significantly lower average loan balances throughout 2021 excluding the VTB balance; and (iii) $166 of interest and financing fees capitalized as a component of development activities in 2021 (2020 - $nil).

The weighted average interest rate of loan agreements with various financial institutions was 3.92% (YE 2020 - 3.26%) based on December 31, 2021 balances.

Income Taxes Payable (Recoverable)

The continuity in income taxes payable (recoverable) is follows:

	December 31, 2021	**December 31, 2020**
Balance, beginning of period	**(559)**	(1,144)
Provision for current income tax	**2,191**	(826)
Income tax refunds net of payments	**460**	1,411
Balance, end of period	**2,092**	(559)

As at December 31, 2021, income taxes payable of $2,092 is a result of tax on the current year's income, partially offset by installment payments made during the year. All refunds relating to the prior year have been received and are included in net receipts.

Shareholders’ Equity

As at March 2, 2022, the Corporation had 56,863,335 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’s normal course issuer bid (“NCIB”) expired on October 12, 2021. The Corporation purchased and cancelled common shares under its NCIBs as follows:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Number of shares purchased and cancelled	-	106,982	-	296,592
Total cost	-	175	-	465
Average price per share purchased	-	1.66	-	1.58
Shares cancelled as a % of common shares outstanding at beginning of period	-	0.25%	-	0.70%

On November 10, 2021, the Corporation announced the offering of rights (the “Rights Offering”) to eligible holders of its common shares (the “Common Shares”) at the close of business on the record date of November 18, 2021, on the basis of one right (a “Right”) for each Common Share held. Each whole Right entitled the holder to subscribe for 0.3583088 of a Common Share upon payment of the subscription price of $2.00 per Common Share. The Rights Offering closed on December 17, 2021, and all Rights were exercised in exchange for 15,000,000 Common Shares. The Corporation received gross proceeds of $30,000 and paid issuance costs of $106. The net proceeds of $29,894 are shown in the Statements of Changes in Equity.

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 2021 were as follows:

	Loans and Credit Facilities [1]	Levies and Municipal Fees	Land and Lot Purchase Contracts	Lease Obligations [2]	Total
Current	11,229	4,942	33,563	427	**50,161**
January 2023 to December 2023	-	5,255	13,651	440	**19,346**
January 2024 to December 2024	22,031	1,697	2,338	426	**26,492**
January 2025 and thereafter	-	-	-	909	**909**
Total	33,260	11,894	49,552	2,202	**96,908**

[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 of $49,552 relate to the purchase of real estate, including residential lots ($22,057) and development land ($27,495), as part of Genesis’ operations. These contracts may require payment of an initial deposit with the balance of the contract price being paid at agreed future dates.

Genesis has certain lease agreements that are entered in the normal course of operations. Genesis signed a sublease for a new head office in Calgary in April 2020 and moved in September 2020. The sublease expires in February 2027 and the total payments over the remaining term of the lease for base rent and parking is $804. 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.

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 December 31, 2021. 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.

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

Current Contractual Obligations and Commitments

	December 31, 2021	December 31, 2020
Loans and credit facilities, excluding deferred fees on loans and credit facilities	**11,229**	12,159
Accounts payable and accrued liabilities	**24,597**	14,092
Dividend payable	**-**	6,280
Total short-term liabilities	**35,826**	32,531
Levies and municipal fees	**4,942**	6,415
Land and lot purchase contracts	**33,563**	652
Commitments (1), (2)	**427**	831
	74,758	40,429

(1) Commitments at December 31, 2021 comprises lease obligations
(2) Commitments at December 31, 2020 comprises naming rights and lease obligations

At YE 2021, Genesis had obligations due within the next 12 months of $74,758 of which $11,229 related to loans and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Accounts payable and accrued liabilities includes $7,789 related to residential lot purchases from third party developers and the balance mainly relates to trades payable. 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 on December 9, 2020 in the aggregate amount of $6,280 was paid in January 2021.

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 2021, these amounted to approximately $7,747 (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.

SELECTED ANNUAL INFORMATION

	2021	2020	2019	2018	2017
Total revenues	**109,761**	103,933	68,097	81,437	150,933
Gross margin before reversal of write-down / write-down (1)	**27,575**	27,352	22,220	22,233	54,324
Gross margin	**31,843**	15,715	21,420	20,413	53,229
Net earnings attributable to equity shareholders	**10,877**	199	1,701	4,124	16,998
Net earnings per share – basic and diluted	**0.24**	0.00	0.04	0.09	0.37
Total assets	**324,929**	266,494	296,268	278,156	301,425
Loans and credit facilities	**32,668**	21,470	51,546	31,696	30,135
Cash dividends per share, declared	**-**	0.14 **(2)**	-	0.23	0.43 **(3)**

(1)) Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
(2) A cash dividend of $0.14 per share was declared in December 2020 and was paid in January 2021
(3) A cash dividend of $0.43 per share was declared in December 2017 and was paid in January 2018

	2021	2020	2019	2018	2017
Return on shareholders' equity ("ROE") (1)	**5.2%**	0.1%	0.9%	2.1%	8.3%
Average shareholders' equity (2)	**208,150**	190,817	192,964	196,684	203,574

(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 *Liquidity and return of capital* 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 consist of residential lot sales, development land sales, residential home sales and other revenues. Residential lot sales volumes were 247, 225 and 161 units in 2021, 2020 and 2019, respectively, reflecting market conditions in each period. In addition, development land sales were $5,870, $16,628 and $550 for 2021, 2020 and 2019 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 191, 163 and 128 in 2021, 2020 and 2019 respectively. Included in this were single-family homes sales of 150, 138 and 111 units in 2021, 2020 and 2019 respectively.

Gross margins in 2021 were higher mainly due higher volumes of residential lots and homes and due to a reversal of write-downs of $4,268 in YE 2021. Gross margins on development land sales can vary significantly and are also impacted by write-downs or reversal of write-downs on real estate held for development and sale. There was a reversal of write-down $4,268 in 2021 and write-downs of $10,822 and $800 in 2020 and 2019 respectively. Net earnings and net earnings per share - basic and diluted were affected as a result of the above.

Total assets increased by $58,435 in 2021 compared to 2020. This was mainly due to an increase in real estate held for development and sale by $25,546 and an increase in cash and cash equivalents of $34,232 primarily from proceeds of rights offering.

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 loans and credit facilities increased by $11,198 in 2021 compared to 2020. This was mainly due to higher loan balances for active land development and home building activities. The increase was partially offset by the repayment of the first $9,312 installment related to the acquisition of a $18,624 VTB for the purchase of the Calgary north lands.

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 $18,624 VTB related to the purchase of the Calgary north lands and the acquisition of a $14,470 loan that was used to fund the $20,500 VTB from a limited partnership.

SUMMARY OF QUARTERLY RESULTS

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenues	**26,531**	34,988	29,529	18,713	19,817	29,739	30,725	23,652
Net earnings (loss) (1)	**4,252**	2,615	2,688	1,322	125	3,813	3,644	(7,383)
EPS (2)	**0.09**	0.06	0.06	0.03	0.00	0.09	0.08	(0.17)

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

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Dividends declared	**-**	-	-	-	6,280	-	-	-
Dividends paid	**-**	-	-	6,280	-	-	-	-
Dividends declared - per share	**-**	-	-	-	0.14	-	-	-
Dividends paid - per share	**-**	-	-	0.14	-	-	-	-

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Residential lots sold to third-parties (units)	**2**	38	4	16	2	23	35	2
Residential lots sold through GBG (units)	**47**	47	62	31	28	53	52	30
Total residential lots sold (units)	**49**	85	66	47	30	76	87	32

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Homes sold (units)	**51**	47	62	31	28	53	52	30

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Development land revenues	**-**	4,945	-	925	7,146	320	175	8,987

Cash flows (used in) from operating activities	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Amount	**(6,326)**	1,247	7,084	383	22,858	9,893	7,044	8,188
Per share - basic and diluted	**(0.15)**	0.03	0.16	0.01	0.52	0.22	0.16	0.18

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

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

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

During Q2 2021, Genesis sold 4 residential lots to third party builders and 62 homes. Revenues were higher in Q2 2021, compared to Q1 2021, due to higher residential home sales, with this being partially offset by lower development land and residential lot sales during the quarter. Gross margins in Q2 2021 were significantly higher than in Q1 2021 mainly due to the higher volume of homes and total residential lots sold. Both general and administrative expenses, selling and marketing expenses were higher in Q2 2021 compared to Q1 2021 while net finance expenses were marginally lower between Q2 2021 and Q1 2021. Income tax expenses were $955 in Q2 2021 compared to $393 in Q1 2021. As a result of these factors, net earnings in Q2 2021 were higher than in Q1 2021.

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 to 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 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.

SUMMARY OF ACCOUNTING CHANGES

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

NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2021 and 2022.

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 2021 and YE 2020. Refer to note 2(p) in the consolidated financial statements for the years ended December 31, 2021 and 2020 for additional information on judgments and estimates.

Provision for Future Development Costs

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

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

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

Valuation of Amounts Receivable

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

Investments in land development entities

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

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, 2021. 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, 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 CMA economy has experienced a volatile economic period due to the continuing COVID-19 pandemic restrictions put in place and this combined with volatile energy prices, resulted in a decrease in economic activity and an increased unemployment level. These and other factors have had a negative impact on the CMA. The impact of the lifting of restrictions and the future price of oil are unknown at this time. As a result, it is not possible to reliably estimate the length and overall impact of these developments and the impact on the financial results and condition of the Corporation in future periods.

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

There may be additional risks that management may need to consider from time to time. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2021 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. Supply chain pressures have become an increasing risk due to economic restrictions put in place to control the spread of the SARS-COV2 virus, the impacts are unknown and largely unpredictable but 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, 2021 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 reversal of write-down / 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 reversal of write-down / (write-down), which is derived from gross margin:

Residential Lots	**Three months ended December 31,**		**Year ended December 31,**	
	2021	**2020**	**2021**	**2020**
Residential lot revenues	**8,423**	4,772	**41,095**	39,189
Gross margin	**3,540**	2,560	**14,698**	16,336
Write-down of real estate held for development and sale	**-**	-	**-**	-
Gross margin before write-down	**3,540**	2,560	**14,698**	16,336
Gross margin before write-down (%)	**42.0%**	53.6%	**35.8%**	41.7%

Development Land	**Three months ended December 31,**		**Year ended December 31,**	
	2021	**2020**	**2021**	**2020**
Development land revenues	**-**	7,146	**5,870**	16,628
Gross margin	**3,265**	509	**4,919**	(9,291)
(Reversal of write-down) / write-down of real estate held for development and sale	**(3,265)**	822	**(4,268)**	10,822
Gross margin before reversal of write-down / (write-down)	**-**	1,331	**651**	1,531
Gross margin before reversal of write-down / (write-down) (%)	**-**	18.6%	**11.1%**	9.2%

Homes	**Three months ended December 31,**		**Year ended December 31,**	
	2021	**2020**	**2021**	**2020**
Revenues for homes	**26,024**	12,198	**92,416**	75,025
Gross margin	**3,397**	1,620	**12,226**	8,670
Write-down of real estate held for development and sale	**-**	-	**-**	815
Gross margin before write-down	**3,397**	1,620	**12,226**	9,485
Gross margin before write-down (%)	**13.1%**	13.3%	**13.2%**	12.6%

Residential Lots, Development Land and Homes	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Total revenues	**26,531**	19,817	**109,761**	103,933
Gross margin	**10,202**	4,689	**31,843**	15,715
(Reversal of write-down) / write-down of real estate held for development and sale	**(3,265)**	822	**(4,268)**	11,637
Gross margin before reversal of write-down / (write-down)	**6,937**	5,511	**27,575**	27,352
Gross margin before reversal of write-down / (write-down) (%)	**26.1%**	27.8%	**25.1%**	26.3%

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:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	**63,975**	29,743
Loans and credit facilities	**32,668**	21,470
Net cash	**31,307**	8,273

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2021 and 2020 are provided below:

	2021	2020
Average daily trading volume	**11,857**	22,219
Share price ($/share)		
High	**3.00**	2.45
Low	**1.97**	0.81
Close	**2.31**	2.09
Market capitalization at December 31,	**131,354**	87,494
Shares outstanding	**56,863,335**	41,863,335

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:

Forward-looking statements in this MD&A include, but are not limited to:	Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:
• 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 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; • Lewiston and Huxley outline plans and land use applications, and anticipated commencement of development of these lands; • the timing and approval of the conceptual scheme for the OMNI ASP and concept plan and ASP amendment for the remaining OMNI lands; • timing for closing of the acquisition of the Huxley lands, 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; and • the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.	• 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 and debt financing on favorable terms, or at all; • not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; • the cyclicality of the oil and gas industry; • changes in the Canadian US dollar exchange rate; • labour matters; • product availability due to supply chain issues and (or) cost increases; • governmental 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*".

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.