GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

The Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Genesis Land Development Corp. ("**Genesis**", "**the Corporation**", "**we**", "**us**", or "**our**") should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2022 and 2021, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The unaudited condensed consolidated interim financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's Annual Information Form ("**AIF**") and the Corporation's MD&A for the year ended December 31, 2021 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. Basic and diluted earnings (loss) per share, cash flows from operating activities per share (basic and diluted), and dividends per share for prior periods have been recalculated to account for the impact of the Corporation's share issue pursuant to a rights offering that closed on December 17, 2021. This MD&A is dated as of July 28, 2022.

STRATEGY AND 2022 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 Genesis' single-family lots and townhouse land parcels. GBG also acquires single-family lots from other land developers to build and sell single-family homes in additional CMA communities.

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

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

Market Overview

The Alberta economy continued its strong performance through Q2 2022 as prices for key natural resources produced in the province remained on the upswing. In a recent report the Royal Bank of Canada ("RBC") noted "While crude (oil) production to date in the province is largely in-line with year-ago levels, the value of energy exports is up 50% due to higher prices." RBC is now forecasting Alberta's GDP to grow, adjusted for inflation, by 5.7% in 2022 and 3.2% in 2023.

According to the Calgary Real Estate Board ("CREB") year to date ("YTD") 2022 residential home sales in Calgary were up 24% with the benchmark home sales price was up 13% over the same period in the prior year. Nonetheless, increasing interest rates have caused the pace of home sales to ease, with June sales being 2% lower than in the prior year. Home sales inventories remain at very low levels in Calgary with supply at 1.9 months which compares to 1.2 months of supply as at December 2021, and 1.87 months of supply as at June 30, 2021. In neighbouring Airdrie where Genesis has two active projects there was only 1.16 months of home supply as at June 30, 2022. Four months of supply is generally considered to reflect a balanced market. Rising lending rates, higher home prices and inflationary pressures are expected to weigh on demand in the second half of this year. However, the limited supply of available lots for home builders will continue to provide support for home prices.

Some of the strain on supply chains has eased as home sales activity is slowing across most North American markets, however restrictions in the availability of some products and materials such as engineered products, appliances, PVC pipes and electrical transformers remain. These challenges are being felt in both the Corporation's home building and land development divisions. Genesis' and key contractors continue to proactively address this issue.

The next section describes Genesis's business plan, progress on the plan and how Genesis is addressing these market conditions.

2022 Business Plan

Progress on 2022 Business Plan

During 2022, 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 land continues, albeit approval processes continue to be subject to increasing bureaucratic delays and uncertainty. Zoning and servicing entitlements are granted by the applicable municipal authorities. 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. 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 is 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, and a decision is expected from City Council in September 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. Site grading has been completed and Genesis is ready to develop this community. In December 2021, Genesis re-applied for the removal of the GMO on Lewiston, and a decision is expected from City Council in September 2022.
- Huxley (Belvedere): Genesis has prepared and submitted an outline plan and land use plans to the City of Calgary for the 157 acres it recently closed 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 planned for 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 plans for each of its core land holdings, with the objective of maximizing the risk adjusted net present value of the land and to sell or develop the land at the most opportune time. Please see information provided under the heading "*Real Estate Held for Development and Sale"* in this MD&A.

Genesis periodically sells land parcels, generally for multi-family or commercial use, that have been developed within its communities. Non-core land positions are also sold to third parties from time to time in the ordinary course of Genesis' business. In Q1 2022, Genesis closed the sale of a 3.32-acre parcel of development land in the City of Airdrie for $2,200.

3) Servicing Additional Phases

Genesis commenced servicing of three new phases in 2022:

- Bayside: The servicing of Bayside phase 14 in Airdrie will add 108 single-family lots and a 1.3-acre park. These lots are expected to be available to builders in 2022 and fully serviced in 2023. Construction of a vehicle bridge to increase the connectivity of the community commenced in 2021 and is expected to be completed in 2022. GBG and a third party will be the home builders in this phase;
- Bayview: Servicing of Bayview phase 4 in Airdrie will add 120 single-family lots and a 3.6-acre multi-family parcel. The single-family lots and multi-family parcel are expected to be available to builders in 2022 and fully serviced in 2023. GBG and a third party will be the home builders in this phase. In addition, due to strong demand in Airdrie, Genesis will commence the development of an additional phase, Bayview phase 6, in Q3 2022 – this will add over 200 lots that will be available in 2023 to builders; and
- Sage Hill: This well-located northwest Calgary community is considered an "infill development". Servicing of the final phase of this 51-acre development commenced in 2022. The final phase will provide 60 lots and a 2.9-acre multi-family parcel that are expected to be made available to builders in 2022 and fully serviced in 2023. GBG and a third party will be the home builders in this phase.

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 ASP on the east side of the City of Calgary. A non-refundable deposit of $2,186 was paid in February 2021. Genesis closed the transaction on April 4, 2022 and paid the balance of $26,964 to the seller. 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. The Huxley land is expected to yield about 1,400 housing units including single-family and townhome units once fully developed. In addition, during Q4 2021, 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, which is expected to be in the third quarter of 2022.

The Corporation entered into an agreement to acquire approximately 160 acres of future residential development land in the southeast sector of the City of Calgary. The Corporation has paid a non-refundable deposit of $3,300 with the balance due on closing. Depending on the timing of the receipt of certain approvals from the City of Calgary, the purchase will be either $28,000 or $30,000 with the closing date being either June 15, 2023 or January 31, 2025.

Genesis Limited Partnership #4 and Genesis Limited Partnership #5 (controlled entities within the consolidated entity) accepted an offer from Genesis to purchase their combined 49% undivided interest in three parcels totaling 456 acres in North Conrich, on the eastern edge of Calgary, in Rocky View County for net proceeds of $5,000. Genesis will now own 100% interest in these lands. The transaction closed on July 28, 2022.

Since 2020, GBG has contracted to acquire 442 lots in the CMA from third party developers in the communities of Homestead, Alpine Park, Clearwater, Silverton, Fireside and Vermilion Hill. As of June 30, 2022, 110 new home sales are under contract in these communities and 21 homes built on these lots have been closed to date.

Building and selling homes in communities developed by other parties is one of the strategies being implemented to drive growth and profitability in Genesis' home building division.

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 YTD 2022, GBG entered into 198 new home sales contracts, an increase of 47% from 135 new home sales contracts in YTD 2021. During Q2 2022, GBG entered into 23 new home sales contracts, a decrease of 64% from 63 new home sales contracts in Q2 2021. As of June 30, 2022, Genesis had 272 outstanding new home orders, an increase of 118% compared to 125 as at June 30, 2021. To increase the velocity, adapt to the current market conditions, and manage supply chain and cost increases, Genesis has:

- increased pricing on select models and completed spec homes;
- reduced the inventory of spec homes, for the time being, with the amount of spec home work-in-progress declining to $1,481 at June 30, 2022, from $2,602 at December 31, 2021;
- 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

Liquidity: As of June 30, 2022, Genesis had $11,919 of cash and cash equivalents on hand (year-end ("YE") 2021 - $63,975), loans and credit facilities of $18,014 (YE 2021 - $32,668), real estate assets of $268,986 (YE 2021 - $218,855) and total assets of $322,862 (YE 2021 - $324,929). Cash and cash equivalents at December 31, 2021 included the proceeds of the December 2021 equity issue of approximately $30,000. The ratio of loans and credit facilities to total assets was 6% at June 30, 2022 compared to 10% at December 31, 2021.

Return of Capital to Shareholders: On July 28, 2022, Genesis declared an unconditional special cash dividend of $0.075 per common share for a total of $4,265, payable on August 26, 2022 to shareholders of record on August 12, 2022. Since 2014, when Genesis paid its first dividend and including the declared dividend, it will have returned an aggregate of $62,403 to shareholders by way of dividends and bought back nearly 3.1 million common shares for an aggregate cost of $8,787.

Outlook

Supported by a solid financial position, a robust new-home market and a stronger Alberta and Calgary economy, Genesis remains well-positioned to take advantage of growth opportunities.

Driven by improved oil and natural gas prices and increases in international and interprovincial immigration, prospects for the local economy are positive for 2022. However, increasing interest rates and inflationary pressures are impacting home affordability. While housing price gains, rising lending rates and consumer inflation are expected to weigh on demand in the second half of this year, home supply in the Calgary market remains tight at just under 2 months. In its June report, the Calgary Real Estate Board noted that further interest rate increases are expected to slow sales activity, with some slippage in price growth possible in the coming months. Considering market conditions and economic uncertainty, Genesis remains cautious in executing its strategy.

OPERATING HIGHLIGHTS

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

($000s, except for per share items or unless otherwise noted)	Three months ended June 30, (1) 2022	Three months ended June 30, (1) 2021	Six months ended June 30, (2) 2022	Six months ended June 30, (2) 2021
Key Financial Data				
Total revenues	**22,211**	29,529	**42,590**	48,242
Direct cost of sales	**(17,089)**	(21,242)	**(32,905)**	(34,504)
Gross margin	**5,122**	8,287	**9,685**	13,738
Gross margin (%)	**23.1%**	28.1%	**22.7%**	28.5%
Net earnings (loss) attributable to equity shareholders	**97**	2,688	**(399)**	4,010
Net earnings (loss) per share - basic and diluted	**0.00**	0.06	**(0.01)**	0.09
Cash flows (used in) from operating activities	**(12,891)**	7,084	**(39,333)**	7,467
Cash flows (used in) from operating activities per share - basic and diluted	**(0.22)**	0.16	**(0.69)**	0.17
Key Operating Data				
Land Development				
Total residential lots sold (units)	**24**	66	**56**	113
Residential lot revenues	**4,746**	10,414	**10,454**	18,995
Gross margin on residential lots sold	**1,118**	4,335	**3,118**	7,828
Gross margin on residential lots sold (%)	**23.6%**	41.6%	**29.8%**	41.2%
Average revenue per lot sold	**198**	158	**187**	168
Development land revenues	**-**	-	**2,200**	925
Home Building				
Homes sold (units)	**36**	62	**67**	93
Revenues (3)	**21,524**	28,427	**38,790**	42,297
Gross margin on homes sold	**4,004**	3,952	**6,495**	5,830
Gross margin on homes sold (%)	**18.6%**	13.9%	**16.7%**	13.8%
Average revenue per home sold	**598**	458	**579**	455
New home orders (units)	**23**	63	**198**	135
Outstanding new home orders at period end (units)			**272**	125

Key Balance Sheet Data	As at Jun. 30, 2022	As at Dec. 31, 2021 (4)
Cash and cash equivalents	**11,919**	63,975
Total assets	**322,862**	324,929
Loans and credit facilities	**18,014**	32,668
Total liabilities	**87,535**	88,991
Shareholders' equity	**228,243**	228,624
Total equity	**235,327**	235,938
Loans and credit facilities to total assets	**6%**	10%

(1) Three months ended June 30, 2022 and 2021 ("Q2 2022" and "Q2 2021")
(2) Six months ended June 30, 2022 and 2021 ("YTD 2022" and "YTD 2021")
(3) Includes Other revenues and revenues of $4,059 for 22 lots in Q2 2022 and $8,854 for 50 lots in YTD 2022 purchased by the Home Building division from the Land Development division ($9,312 and 62 in Q2 2021; $13,975 and 93 in YTD 2021) and sold with the home. These amounts are eliminated on consolidation
(4) Year ended December 31, 2021 ("YE 2021")

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

Genesis sold 36 homes (all single-family) in Q2 2022 compared to 62 homes (47 single-family and 15 townhouses) in Q2 2021. Genesis sold 2 residential lots to third parties in Q2 2022 compared to 4 residential lots sold to third parties in Q2 2021. The combination of these factors resulted in revenues of $22,211 in Q2 2022 compared to $29,529 in Q2 2021.

Genesis sold 67 homes (61 single-family and 6 townhouses) in YTD 2022 compared to 93 homes (74 single-family and 19 townhouses) in YTD 2021. The sales of residential lots to third parties were lower with 6 lots being sold in YTD 2022 compared to 20 lots sold in YTD 2021. In YTD 2022, a parcel of development land was sold for $2,200. In YTD 2021, a development land parcel held by a controlled limited partnership was sold for $925. The combination of these factors resulted in revenues of $42,590 in YTD 2022, compared to $48,242 in YTD 2021.

New home orders for the six months ended June 30, 2022 were 198 units compared to 135 units for the same period in 2021. The Corporation ended the second quarter of 2022 with 272 outstanding new home orders, compared to 125 outstanding new home orders a year earlier.

Net earnings attributable to equity shareholders in Q2 2022 was $97 ($0.00 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of $2,688 ($0.06 earnings per share - basic and diluted) in Q2 2021. Net loss attributable to equity shareholders in YTD 2022 was $399 ($0.01 loss per share - basic and diluted) compared to net earnings attributable to equity shareholders of $4,010 ($0.09 earnings per share - basic and diluted) in YTD 2021.

In Q2 2022, cash flows used in operating activities were $12,891 ($0.22 per share - basic and diluted) in Q2 2022, compared to cash flows from operating activities of $7,084 ($0.16 per share - basic and diluted) in Q2 2021. In YTD 2022, cash flows used in operating activities were $39,333 ($0.69 per share - basic and diluted), compared to cash flows from operating activities of $7,467 ($0.17 per share - basic and diluted) in YTD 2021. The year-over-year change is mainly due to higher cash outflows for land and lot acquisitions, land servicing and home building activities and income tax payments. This was partially offset by higher cash inflows from residential lots and development land sales. Refer to heading "*Cash Flows from Operating Activities*" in this MD&A for additional information. Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained below.

Factors Affecting Results of Operations

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

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

Land Development

	Three months ended June 30,			Six months ended June 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Key Financial Data						
Residential lot revenues [1]	**4,746**	10,414	(54.4%)	**10,454**	18,995	(45.0%)
Development land revenues	**-**	-	-	**2,200**	925	N/R [2]
Direct cost of sales	**(3,628)**	(6,079)	(40.3%)	**(9,464)**	(12,012)	(21.2%)
Gross margin	**1,118**	4,335	(74.2%)	**3,190**	7,908	(59.7%)
Gross margin (%)	**23.6%**	41.6%	(43.3%)	**25.2%**	39.7%	(36.5%)
Other expenses	**(2,158)**	(1,972)	9.4%	**(4,423)**	(3,499)	26.4%
(Loss) earnings before income taxes	**(1,040)**	2,363	N/R [2]	**(1,233)**	4,409	N/R [2]
Key Operating Data						
Residential lots sold to third parties	**2**	4	(50.0%)	**6**	20	(70.0%)
Residential lots sold through GBG - home building	**22**	62	(64.5%)	**50**	93	(46.2%)
Total residential lots sold	**24**	66	(63.6%)	**56**	113	(50.4%)
Average revenue per lot sold	**198**	158	25.3%	**187**	168	11.3%

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

Gross margin by source of revenue

	Three months ended June 30,			Six months ended June 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Residential lots						
Residential lot revenues [1]	**4,746**	10,414	(54.4%)	**10,454**	18,995	(45.0%)
Direct cost of sales	**(3,628)**	(6,079)	(40.3%)	**(7,336)**	(11,167)	(34.3%)
Gross margin	**1,118**	4,335	(74.2%)	**3,118**	7,828	(60.2%)
Gross margin (%)	**23.6%**	41.6%	(43.3%)	**29.8%**	41.2%	(27.7%)

[1] Includes residential lot sales to third parties and to GBG

	Three months ended June 30,			Six months ended June 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Development land						
Development land revenues	**-**	-	-	**2,200**	925	N/R [1]
Direct cost of sales	**-**	-	-	**(2,128)**	(845)	N/R [1]
Gross margin	**-**	-	-	**72**	80	(10.0%)
Gross margin (%)	**-**	-		**3.3%**	8.6%	(61.6%)

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

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

Revenues and unit volumes

Total residential lot sales revenues in YTD 2022 were $10,454 (56 lots) down from $18,995 (113 lots) in YTD 2021. In YTD 2022, 6 lots were sold to third party builders compared to 20 lots sold to third party builders in YTD 2021. In YTD 2022, GBG also sold 50 homes on Genesis lots, down 46% from 93 homes sold on Genesis lots in YTD 2021. Residential lot sales to third party builders occur periodically, usually when newly developed phases first become available for sale.

In Q2 2022, 2 lots were sold to third party builders compared to 4 lots sold to third party builders in Q2 2021. In Q2 2022, GBG sold 22 homes on Genesis lots, down 65% from 62 homes sold on Genesis lots in Q2 2021. Total residential lot sales revenues in Q2 2022 were $4,746 (24 lots) down from $10,414 (66 lots) in Q2 2021.

There was no development land sale in Q2 2022 and Q2 2021. In YTD 2022, a development land parcel was sold for $2,200 while a development land parcel held by a controlled limited partnership was sold for $925 in YTD 2021. 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 24% in Q2 2022 compared to 42% in Q2 2021. Residential lots had a gross margin of 30% in YTD 2022 compared to 41% in YTD 2021. Gross margins were lower in both Q2 2022 and YTD 2022 compared to the same periods in 2021, as the sales in 2022 included 12 lots in the community of Sage Hill which have 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.

Other expenses

	Three months ended June 30,			**Six months ended June 30,**		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Other expenses						
General and administrative expense	**(1,666)**	(1,306)	27.6%	**(3,333)**	(2,203)	51.3%
Selling and marketing expense	**(395)**	(417)	(5.3%)	**(771)**	(787)	(2.0%)
Finance income	**44**	63	(30.2%)	**94**	127	(26.0%)
Finance expense	**(141)**	(312)	(54.8%)	**(413)**	(636)	(35.1%)
Total	**(2,158)**	(1,972)	9.4%	**(4,423)**	(3,499)	26.4%

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

In YTD 2022, other expenses totaled $4,423 or 26% higher than $3,499 incurred in YTD 2021. In Q2 2022, other expenses totaled $2,158 or 9% higher than $1,972 incurred in Q2 2021. Other expenses were higher in both Q2 and YTD 2022 due to higher general and administrative expense, specifically compensation expenses and share-based payments. Higher compensation expenses in 2022 resulted from higher headcount in 2022 compared to 2021. In addition, general and administrative expense in YTD 2021 included a reversal of a $633 accrual as a result of a settlement of litigation in that period. General and administrative expenses in YTD 2022 included higher share-based payments of $504 compared to $259 in YTD 2021 resulting from the issuance of deferred share units ("DSUs") and the associated vesting.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% change	2022	2021	% change
Key Financial Data						
Revenues [1]	**21,524**	28,427	(24.3%)	**38,790**	42,297	(8.3%)
Direct cost of sales	**(17,520)**	(24,475)	(28.4%)	**(32,295)**	(36,467)	(11.4%)
Gross margin	**4,004**	3,952	1.3%	**6,495**	5,830	11.4%
Gross margin (%)	**18.6%**	13.9%	33.8%	**16.7%**	13.8%	21.0%
Other expenses	**(2,919)**	(2,729)	7.0%	**(5,765)**	(4,734)	21.8%
Earnings before income taxes	**1,085**	1,223	(11.3%)	**730**	1,096	(33.4%)
Key Operating Data						
Homes sold (units)	**36**	62	(41.9%)	**67**	93	(28.0%)
Average revenue per home sold	**598**	458	30.6%	**579**	455	27.3%
New home orders (units)	**23**	63	(63.5%)	**198**	135	46.7%
Outstanding new home orders at period end (units)				**272**	125	N/R [2]

[1] Revenues include residential home sales and other revenue
[2] Not relevant due to size of the change

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

Revenues and unit volumes

Revenues for single-family homes and townhouses were $21,524 (36 units) in Q2 2022, 24% lower than Q2 2021 revenues of $28,427 (62 units). In addition, 23 homes were contracted for sale in Q2 2022, a decrease of 64%, as compared to 63 in Q2 2021.

Revenues for single-family homes and townhouses were $38,790 (67 units) in YTD 2022, 8% lower than YTD 2021 revenues of $42,297 (93 units). In addition, 198 homes were contracted for sale in YTD 2022, an increase of 47%, as compared to 135 in YTD 2021, resulting in 272 outstanding new home orders at the end of Q2 2022 as compared to 125 outstanding new home orders at the end of Q2 2021.

Homes sold in YTD 2022 had an average price of $579 per home compared to $455 in YTD 2021. Homes sold in Q2 2022 had an average price of $598 per home compared to $458 in Q2 2021. Fluctuations in the average revenue per home sold are due to differences in product mix, community sales and market conditions. During the first six months of 2022 and 2021, GBG's single-family homes product ranged in price from $315-$1,263 depending on the location and the model being offered. Similarly, GBG's townhouse product ranged in price from $165-$302 depending on the location and the models being offered. In Q2 2022, 36 single-family homes and no townhouses were sold compared to 47 single-family homes and 15 townhouses in Q2 2021. In YTD 2022, 61 single-family homes and 6 townhouses were sold compared to 74 single-family homes and 19 townhouses in YTD 2021.

22 of the 36 homes sold in Q2 2022 were built on residential lots supplied by Genesis, with lot revenues of $4,059 while all 62 homes sold in Q2 2021 were built on residential lots or parcels supplied by Genesis, with lot revenues of $9,312. In YTD 2022, 50 of the 67 homes sold were built on residential lots supplied by Genesis, with lot revenues of $8,854 while in YTD 2021 all 93 homes sold were built on residential lots or parcels supplied by Genesis, with lot revenues of $13,975.

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. Since 2020, GBG has contracted to acquire 442 lots in the CMA from third party developers in the communities of Homestead, Alpine Park, Clearwater, Silverton, Fireside and Vermilion

Hill. As of June 30, 2022, 110 new home sales are under contract in these communities and 21 homes built on these lots have been closed to date. Genesis views this as one of its strategies to drive growth in GBG.

GBG builds single-family homes either after receiving a firm sale contract (a "pre-construction home") or on a quick possession ("spec") basis and builds townhouses generally on a quick possession basis. Historically, the delivery time of a pre-construction home was determined at the time of sale and typically ranged between 6 to 10 months; in 2021 supply chain issues became a significant concern, with the supply of some materials and products being unpredictable, and delivery timelines have increased to 10 to 12 months. Construction of quick possession homes is started before GBG receives a firm sale contract to ensure there is sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days). Townhouses are multi-unit complexes for which GBG commences construction prior to selling all the units in any individual building. This provides construction efficiencies and requires GBG to build some townhouses on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis closely monitors its home building work-in-progress to anticipate and react to market conditions in a timely manner. As at Q2 2022, GBG had $43,252 of work in progress, of which approximately $1,481 was related to spec homes (YE 2021 - $28,870 and $2,602, 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 June 30,			**Six months ended June 30,**		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Quick possession sales (units)	**5**	32	(84.4%)	**13**	48	(72.9%)
Pre-construction home sales (units)	**31**	30	3.3%	**54**	45	20.0%
Total home sales (units)	**36**	62	(41.9%)	**67**	93	(28.0%)

Gross margin

Genesis realized gross margin on home sales of 18.6% in Q2 2022 as compared to 13.9% in Q2 2021 and a gross margin on home sales of 16.7% in YTD 2022 compared to 13.8% in YTD 2021. Fluctuations in gross margin are due to differences in product, community mix and market conditions and may drive price adjustments. In Q2 2022, 36 single-family homes and no townhouses were sold compared to 47 single-family homes and 15 townhouses in Q2 2021. In YTD 2022, 61 single-family homes and 6 townhouses were sold compared to 74 single-family homes and 19 townhouses in YTD 2021.

Other expenses

	Three months ended June 30,			**Six months ended June 30,**		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Other expenses						
General and administrative expense	**(2,000)**	(1,649)	21.3%	**(4,065)**	(2,989)	36.0%
Selling and marketing expense	**(896)**	(1,067)	(16.0%)	**(1,659)**	(1,708)	(2.9%)
Finance income	**4**	19	(78.9%)	**6**	24	(75.0%)
Finance expense	**(27)**	(32)	(15.6%)	**(47)**	(61)	(23.0%)
Total	**(2,919)**	(2,729)	7.0%	**(5,765)**	(4,734)	21.8%

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

In YTD 2022, other expenses were $5,765, 22% higher than $4,734 incurred in YTD 2021. In Q2 2022, other expenses totaled $2,919, 7% higher than $2,729 incurred in Q2 2021. Other expenses were higher in both Q2 and YTD 2022 due to higher general and administrative expense, specifically compensation expenses and share-based payments. Higher compensation expenses in 2022 resulted from higher headcount in 2022 compared to 2021. In addition, general and administrative expense in YTD 2021 included a reversal of a $107 accrual as a result of a settlement of litigation in that period. General and administrative expenses in

YTD 2022 included higher share-based payments of $336 compared to $173 in YTD 2021 resulting from DSUs issued and the associated vesting.

Real Estate Held for Development and Sale

	June 30, 2022	December 31, 2021	% change
Real estate held for development and sale	**277,431**	227,984	21.7%
Accumulated provision for write-downs	**(8,445)**	(9,129)	(7.5%)
	268,986	218,855	22.9%

Refer to note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021 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 decline as a result of sales of residential lots, homes and development land parcels, and increases as a result of acquisitions and development and construction activities. Real estate held for development and sale increased by $50,131 as at Q2 2022 compared to YE 2021 mainly due to: (i) the acquisition of 157 acres of future residential development land (Huxley) in the Belvedere ASP in the City of Calgary for $29,150; (ii) the acquisitions of 62 CMA residential lots from third party developers for $11,131; and (iii) active development and construction activities.

The following table presents Genesis' real estate held for development and sale at net book value (that is net of provisions for write-downs) as at June 30, 2022:

	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	4,688	43,225	47,913
Calgary NW - Sage Meadows	6,569	-	6,569
Calgary NW - Sage Hill	17,934	23,897	41,831
Calgary NE - Saddlestone	897	-	897
Calgary N - Lewiston	-	38,991	38,991
Calgary SE - Logan Landing	-	46,072	46,072
Calgary E - Huxley	-	29,931	29,931
Rocky View County - North Conrich [2]	-	6,004	6,004
Sub-total	30,088	188,120	**218,208**
Other lands [3] - non-core	34	1,823	1,857
Total land development	30,122	189,943	**220,065**
Home building construction work-in-progress			21,841
Third party lots [4]			21,411
Total home building			**43,252**
Total land development and home building			**263,317**
Limited Partnerships [5]			5,669
Total real estate held for development and sale			**268,986**

[1] Land held for development comprises lands not yet subdivided into single-family lots or parcels
[2] Includes the undivided interest of Genesis
[3] Other lands are non-core and available for sale
[4] 143 lots in 4 third party communities
[5] Includes the undivided interest of two limited partnerships in North Conrich including the "Omni" project. 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 June 30, 2022:

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	4,688	27	35	-	-
Calgary NW - Sage Meadows	6,569	-	-	1	-
Calgary NW - Sage Hill	17,934	52	-	1	2
Calgary NE - Saddlestone	897	13	-	-	-
	30,088	**92**	**35**	**2**	**2**
Other lots - non-core	34	13	-	-	-
Total	**30,122**	**105**	**35**	**2**	**2**

The following table presents the estimated equivalent, by community of single-family lots and multi-family and commercial acres of Genesis' land held for development (shown previously) as at June 30, 2022 based on the Corporation's plans for the development of its lands. Refer to the section in this MD&A entitled "*Obtaining Additional Zoning and Servicing Entitlements"* for the status of Lewiston, Logan Landing, Huxley (Belvedere) and North Conrich. 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	43,225	186	1,112	9	2
Calgary NW - Sage Hill	23,897	31	153	11	-
Calgary N - Lewiston	38,991	134	915	3	4
Calgary SE - Logan Landing	46,072	354	1,587	7	3
Calgary E - Huxley	29,931	157	1,433	-	-
Rocky View County - North Conrich [(2)]	6,004	312	-	-	-
	188,120	1,174	5,200	30	9
Other lands - non-core	1,823	300	-	-	-
Total	**189,943**	**1,474**	**5,200**	**30**	**9**

[(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

	June 30, 2022	**December 31, 2021**	**% change**
Amounts receivable	**8,622**	13,632	(36.8%)

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

The decrease of $5,010 in amounts receivable was due to the collection of amounts receivable. Amounts receivable were not replenished at the same pace of as collection due to lower lot sales. As at Q2 2022, Genesis had $7,924 in amounts receivable related to the sale of 53 lots to third party builders compared to $12,135 (related to 77 lots) in amounts receivable as at YE 2021.

Individual balances due from third party builders at Q2 2022 that were 10% or more of total amounts receivable were $7,924 from three third party builders (YE 2021 - $12,135 from three third party builders).

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 June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Cash flows (used in) from operating activities	**(12,891)**	7,084	**(39,333)**	7,467
Cash flows (used in) from operating activities per share - basic and diluted	**(0.22)**	0.16	**(0.69)**	0.17

The changes in cash flows from operating activities between Q2 2022 and Q2 2021 consist of the following:

	Three months ended June 30,		
	2022	**2021**	**$ change**
Cash inflows from sale of residential homes by GBG	**21,309**	29,297	(7,988)
Cash inflows from sale of residential lots	**6,310**	2,031	4,279
Cash outflows for home building activity	**(21,601)**	(14,882)	(6,719)
Cash outflows for land servicing	**(8,831)**	(4,651)	(4,180)
Cash outflows for lots / land acquisitions	**(6,068)**	(1,362)	(4,706)
Cash outflows paid to suppliers and employees	**(3,570)**	(3,355)	(215)
Other cash inflows	**110**	23	87
Income tax payments	**(550)**	(17)	(533)
Total	**(12,891)**	7,084	(19,975)

The changes in cash flows from operating activities between YTD 2022 and YTD 2021 consist of the following:

	Six months ended June 30,		
	2022	**2021**	**$ change**
Cash inflows from sale of residential homes by GBG	**44,015**	44,594	(579)
Cash inflows from sale of residential lots	**10,081**	7,189	2,892
Cash inflows from sale of development land	**2,200**	925	1,275
Cash outflows for home building activity	**(34,372)**	(26,002)	(8,370)
Cash outflows for land servicing	**(14,742)**	(9,208)	(5,534)
Cash outflows for lots / land acquisitions	**(35,026)**	(2,089)	(32,937)
Cash outflows paid to suppliers and employees	**(8,655)**	(8,247)	(408)
Other cash inflows	**409**	467	(58)
Income tax payments	**(3,243)**	(162)	(3,081)
Total	**(39,333)**	7,467	(46,800)

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

The year-over-year decrease is mainly due to higher cash outflows for land and lot acquisitions, land servicing and home building activities and income tax payments. These were partially offset by higher cash inflows from residential lot and development land sales. Cash outflows for lots and land acquisitions include the $26,964 payment of the acquisition of approximately 157 acres of future residential development land (Huxley) in the Belvedere ASP in the City of Calgary as well as the payment of $3,300 non-refundable deposit for the acquisition of approximately 160 acres of future residential development land in southeast Calgary. In addition, higher income tax payments were made in YTD 2022 compared to YTD 2021.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q2 2022 and YE 2021:

	June 30,		December 31,	
	2022	**% of total**	**2021**	**% of total**
Loans and credit facilities	**18,014**	**6%**	32,668	10%
Customer deposits	**18,770**	**6%**	9,002	3%
Accounts payable and accrued liabilities	**33,596**	**10%**	26,408	8%
Lease liabilities	**912**	**0%**	842	0%
Provision for future development costs	**16,243**	**5%**	17,979	6%
Income tax payable	**-**	**-**	2,092	1%
Total liabilities	**87,535**	**27%**	88,991	28%
Non-controlling interest	**7,084**	**2%**	7,314	2%
Shareholders' equity	**228,243**	**71%**	228,624	70%
Total liabilities and equity	**322,862**	**100%**	324,929	100%

The ratio of total liabilities to equity is as follows:

	June 30, 2022	**December 31, 2021**
Total liabilities	**87,535**	88,991
Total equity	**235,327**	235,938
Total liabilities to equity (1)	**37%**	38%

(1) Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Corporate revolving line of credit	**11,538**	12,219	16,237	9,537	8,159
Land development servicing loan	**4,186**	3,997	5,794	1,311	-
Demand operating line for single-family homes	**3,014**	27	1,917	1,831	1,181
Vendor-take-back mortgage payable – Lewiston	**-**	-	9,312	9,312	9,312
	18,738	16,243	33,260	21,991	18,652
Unamortized deferred fees on loans and credit facilities	**(724)**	(810)	(592)	(641)	(638)
Balance, end of period	**18,014**	15,433	32,668	21,350	18,014

The continuity of Genesis' corporate revolving line of credit, land development servicing loan, demand operating line for single-family homes and vendor-take-back ("VTB") mortgage payable, excluding deferred fees on loans and credit facilities, is as follows:

	Six months ended June 30, 2022	**Year ended December 31, 2021**
Balance, beginning of period	**33,260**	21,471
Advances	**10,895**	61,517
Repayments	**(25,417)**	(49,728)
Balance, end of period	**18,738**	33,260

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

Genesis has a 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. The loan was renewed in February 2022 and matures on February 1, 2025. As at June 30, 2022, the amount drawn on this facility was $11,538 (YE 2021 - $16,237).

Land development servicing loan

As at June 30, 2022, Genesis has a land project loan facility with $4,186 drawn (YE 2021 - $5,794). Up to $11,090 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.

Demand operating line for single-family homes

GBG has a demand operating line of $10,000 bearing interest at prime +0.75% per annum. During Q1 2022, the facility increased from $6,500 to $10,000. As at June 30, 2022, the amount drawn on this facility was $3,014 (YE 2021 - $1,917).

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 was secured by the land, had an interest rate of 5% per annum and was repayable in two equal installments of $9,312 in May 2021 and 2022. The final installment of $9,312 was paid in January 2022.

Provision for Future Development Costs

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

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

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

FDC as at Q2 2022 was $13,691 for the land division (YE 2021 - $15,096) and $2,552 for GBG (YE 2021 - $2,883). 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 $11,919 and loans and credit facilities of $18,014 at the end of Q2 2022 compared to $63,975 and $32,668 respectively, at YE 2021 resulting in net debt (refer to heading "*Non-GAAP Measures"* in this MD&A) of $6,095 at the end of Q2 2022 compared to net cash (refer to heading "*Non-GAAP Measures"* in this MD&A) of $31,307 at YE 2021. Cash and cash equivalents at YE 2021 included $29,894 of net proceeds from the December 2021 rights offering. The reduction of cash and cash equivalents in Q2 2022 is mainly due to the payment of $26,964 relating to acquisition of the Huxley land, the payment of a deposit of $3,300 for the acquisition of approximately 160 acres of future residential development land in southeast Calgary and the payment of the final $9,312 installment relating to the VTB payable. 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.

	June 30, 2022	December 31, 2021	% change
Cash and cash equivalents	**11,919**	63,975	(81.4%)
Corporate revolving line of credit	**10,867**	15,723	(30.9%)
Land development servicing and home building loans	**7,147**	7,633	(6.4%)
VTB payable	**-**	9,312	N/R (3)
Total loans and credit facilities	**18,014**	32,668	(44.9%)
Net (debt) cash (1) (2)	**(6,095)**	31,307	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

Loans and credit facilities as a percentage of total assets (1)	June 30, 2022	December 31, 2021	% change
Corporate revolving line of credit	**3.4%**	4.8%	(29.2%)
Land development servicing and home building loans	**2.2%**	2.3%	(4.3%)
VTB payable	**-**	2.9%	N/R (3)
Loans and credit facilities to total assets	**5.6%**	10.0%	(44.0%)
Total liabilities to equity (2)	**37.2%**	37.7%	(1.3%)

(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

Net (debt) cash (1) as a percentage of total assets	June 30, 2022	December 31, 2021	% change
Cash and cash equivalents	**11,919**	63,975	(81.4%)
Loans and credit facilities	**18,014**	32,668	(44.9%)
Net (debt) cash (1) (2)	**(6,095)**	31,307	N/R (4)
Net (debt) cash to total assets (3)	**(1.9%)**	9.6%	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 (debt) 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 June 30,			Six months ended June 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Interest incurred	**(186)**	(88)	N/R [2]	**(403)**	(160)	N/R [2]
Interest relating to VTB [1]	**-**	(194)	N/R [2]	**(105)**	(424)	(75.2%)
Financing fees amortized	**(87)**	(62)	40.3%	**(168)**	(113)	48.7%
Interest and financing fees capitalized	**105**	-	N/R [2]	**216**	-	N/R [2]
	(168)	(344)	(51.2%)	**(460)**	(697)	(34.0%)

[1] VTB related to Lewiston lands. VTB was repaid in January 2022.
[2] Not relevant due to size of the change

Finance expense was lower in Q2 2022 compared to Q2 2021 due to: (i) lower interest relating to the VTB which was repaid in January 2022; and (ii) interest and financing fees capitalized as a component of development activities in 2022 with no interest being capitalized in 2021. This was partially offset by higher interest expense on other loan facilities due to higher interest rate and higher average loan balances.

The weighted average interest rate of loan agreements with various financial institutions was 5.10% (YE 2021 - 3.92%) based on June 30, 2022, balances.

Income Tax Recoverable (Payable)

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

	Six months ended June 30, 2022	**Year ended December 31, 2021**
Balance, beginning of period	**(2,092)**	559
Provision for current income tax	**(83)**	(2,191)
Net payments (receipts)	**3,243**	(460)
Balance, end of period	**1,068**	(2,092)

As at June 30, 2022, income tax recoverable of $1,068 is due to tax installments paid during the year partially offset by taxable income reported for the year.

Shareholders' Equity

As at July 28, 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".

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income tax payable, customer deposits and provision for future development costs) at the end of Q2 2022 were as follows:

	Loans and Credit Facilities [1]	Levies and Municipal Fees	Land and Lot Purchase Contracts	Lease Obligations [2]	Total
Current	3,014	6,487	35,809 [3]	528	**45,838**
July 2023 to June 2024	4,186	4,728	8,062	487	**17,463**
July 2024 to June 2025	11,538	1,696	20,176	417	**33,827**
July 2025 and thereafter	-	-	-	694	**694**
Total	18,738	12,911	64,047	2,126	**97,822**

(1) Excludes deferred fees on loans and credit facilities
(2) Includes variable operating costs
(3) Includes $24,700 related to the purchase of approximately 160 acres of future residential development land in the southeast sector of the City of Calgary. Depending on the timing of the receipt of certain approvals from the City of Calgary, the purchase will close on either June 15, 2023 or January 31, 2025

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

Land and lot purchase contracts of $64,047 include $38,816 relating to the purchase of lots 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 $784. 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

	June 30, 2022	December 31, 2021
Loans and credit facilities, excluding deferred fees on loans and credit facilities	**3,014**	11,229
Accounts payable and accrued liabilities	**30,039**	24,597
Total short-term liabilities	**33,053**	35,826
Levies and municipal fees	**6,487**	4,942
Land and lot purchase contracts	**35,809**	33,563
Lease obligations	**528**	427
	75,877	74,758

As at the end of Q2 2022, Genesis had obligations due within the next 12 months of $75,877 of which $3,014 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 $12,715 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.

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 Q2 2022, these amounted to approximately $7,434 (YE 2021 - $7,747).

Levies and Municipal Fees

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

Land and Lot Purchase Contracts

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

SUMMARY OF QUARTERLY RESULTS

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenues	**22,211**	20,379	26,531	34,988	29,529	18,713	19,817	29,739
Net earnings (loss) [(1)]	**97**	(496)	4,252	2,615	2,688	1,322	125	3,813
EPS [(2)]	**0.00**	(0.01)	0.09	0.06	0.06	0.03	0.00	0.09

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

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Dividends declared	**-**	-	-	-	-	-	6,280	-
Dividends paid	**-**	-	-	-	-	6,280	-	-
Dividends declared - per share	**-**	-	-	-	-	-	0.14	-
Dividends paid - per share	**-**	-	-	-	-	0.14	-	-

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Residential lots sold to third parties (units)	**2**	4	2	38	4	16	2	23
Residential lots sold through GBG (units)	**22**	28	47	47	62	31	28	53
Total residential lots sold (units)	**24**	32	49	85	66	47	30	76

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Homes sold (units)	**36**	31	51	47	62	31	28	53

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Development land revenues	**-**	2,200	-	4,945	-	925	7,146	320

Cash flows (used in) from operating activities	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Amount	**(12,891)**	(26,442)	(6,326)	1,247	7,084	383	22,858	9,893
Per share - basic and diluted	**(0.22)**	(0.47)	(0.15)	0.03	0.16	0.01	0.52	0.22

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

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

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

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

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

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.

SUBSEQUENT EVENTS

Subsequent to June 30, 2022, the following occurred:

a) Genesis Limited Partnership #4 and Genesis Limited Partnership #5 (controlled entities within the consolidated entity) accepted an offer from the Corporation to purchase their combined 49% undivided interest in three parcels totaling 456 acres in North Conrich, on the eastern edge of Calgary, in Rocky View County for net proceeds of $5,000. Genesis will now own 100% interest in these lands. The transaction closed on July 28, 2022. The partnership will continue to develop the 154-acre "OMNI" project with Genesis continuing to manage and own 51% and the partners the remaining 49%.

b) The Corporation declared an unconditional special cash dividend of $0.075 per common share for a total of $4,265 on July 28, 2022, payable on August 26, 2022 to shareholders of record on August 12, 2022.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 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 Q2 2022 and Q2 2021. 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.

Write-down of Real Estate Held for Development and Sale

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

Valuation of Amounts Receivable

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

Investments in Land Development Entities

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Corporation have designed Genesis' Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and certified that Genesis' DC&P and ICFR were effective as at June 30, 2022.

There were no changes in the Corporation's ICFR during the three months ended June 30, 2022 that have materially affected or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In Q2 2022, the Alberta economy continued its recovery with strong prices for oil and natural gas and increased immigration fueling this growth. Despite the strong start to the year, the increase in home prices, rising lending rates and continued inflationary pressures are expected to weigh on demand in the second half of this year. Given the volatile economy, it is not possible to reliably estimate the length and overall impact of these developments and the impact on the financial results and condition of the Corporation in future periods.

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

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

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

	June 30, 2022	**December 31, 2021**
Cash and cash equivalents	**11,919**	63,975
Loans and credit facilities	**18,014**	32,668
Net (debt) cash	**(6,095)**	31,307

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 outline plan and land use applications; • Lewiston and Huxley outline plan and land use applications, and anticipated commencement of development of these lands; • the timing and approval of the conceptual scheme for the OMNI ASP and concept plan and ASP amendment for the remaining OMNI lands; • the anticipated number of housing units in the Huxley 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 and other rules that may impact home ownership in Canada; • expectations for lot and home prices; • construction starts and completions; • future development costs; • anticipated expenditures on land development activities; • GBG's sales process and construction margins; • the payment of dividends; and • the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.	• 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 laws and regulations; • general economic and financial conditions; • stock market volatility; and • other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including in this MD&A under the heading "*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.