GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 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 nine months ended September 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 November 2, 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") with a strategy to grow its 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 remained strong through Q3 2022 as prices for the key natural resources, oil and natural gas, produced in the province remained strong. The Royal Bank of Canada ("RBC") is forecasting Alberta's GDP to grow by 5.1% in 2022 the second consecutive year that it will exceed 5%. Increasing economic headwinds caused by higher interest rates and high inflation leaves RBC forecasting growth slowing to 1.8% in 2023 – still the second highest in Canada.

According to the Calgary Real Estate Board ("CREB") year to date 2022 ("YTD") residential home sales in Calgary increased by 15% and the benchmark home sales price was up 10% over the same period in the prior year. Home sales inventories remain at low levels in Calgary with supply at 2.34 months and in neighbouring Airdrie, where Genesis has two active projects, there was only 1.77 months of home supply as at September 30, 2022. Four months of supply is generally considered to reflect a balanced market. Rising lending rates, higher home prices and inflationary pressures are weighing on demand, resulting in the pace of home sales slowing, with September 2022 sales being 12% lower than in 2021. However, the limited supply of available lots for home builders will continue to provide support for home prices.

RBC publishes an affordability measure that calculates the share on income that a household would need to cover ownership costs and notes that the Calgary market remains affordable. As at September 2022, RBC's aggregate affordability measure is 38.6%, for Calgary, which is in line with the long-term average of 38.6%. For comparison purposes, the affordability index for Toronto and Vancouver, Canada's largest housing markets are 83% and 90% respectively.

Supply chain issues continue to impact construction costs and timelines in both our land development and home building divisions. Some of the strain has eased as home sales activity has slowed across most North American markets, however restrictions in the availability of skilled labour and some products and materials such as, appliances, PVC products, concrete and electrical transformers remain an issue. The result to date has been delays in delivering lots and homes to customers and cost increases. Genesis proactively addressed these concerns by advising home buyers that delays were inevitable (and to plan accordingly) and by increasing home pricing to address cost volatility. Key contractor partners have been instrumental in helping Genesis proactively address these issues.

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 growth business plan. In Q3 2022, Genesis achieved two significant milestones, the removal of Growth Management Overlays ("GMOs") which, more fully described below, prohibited development of our Lewiston and Logan Landing lands. Final pre-development approvals appear to be imminent providing Genesis with the possibility of commencing construction of three new communities, Lewiston, Logan Landing and Huxley, in 2023. In addition, Genesis through GBG has contracted to purchase 442 lots through third party developers which provides additional growth opportunities.

The following discussion provides additional discussion of progress made on key elements of the growth 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. The timelines discussed below are management's best estimates at this time, given the uncertainties related to the regulatory approval process and market conditions.

The following three core projects have made substantial progress in the approval processes at the City of Calgary:

- 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 by the end of 2022. A GMO preventing development of these lands was removed in September 2022. Council adopts GMOs to control the supply of land available for development at any time. Final pre-development approvals are expected to be in place in 2023.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. The GMO preventing development was removed by Council in September 2022. Outline plan and land use applications are expected to be given final approved by Council in November 2022. Site grading has been completed and Genesis is ready to develop this community. A phase 1 tentative plan has been submitted for approval and Genesis plans to proceed with servicing in Spring 2023.
- 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 hoping to have approval to proceed with servicing the first phase in 2023.

The following project is progressing through approval process at Rocky View County and no changes occurred in Q3 2022:

- 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. Genesis is working with the County, City of Calgary and the Province to finalize plans for an interchange at Stoney and Airport Trails to solve transportation access to the site.

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 Q3 2022, Genesis completed the sales of two development land parcels in the City of Calgary; the first being a 3.68-acre parcel for cash consideration of $3,864; the second being a 3.22-acre multi-family site to Sage Hill Estates Apartment LP ("SHEA LP") with the proceeds being used to purchase 50% of the units in SHEA LP by way of capital contribution of $3,589. SHEA LP plans to build a 300-unit rental apartment complex. The SHEA LP is a new growth opportunity for Genesis. 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 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. Single-family lots became available to builders in Q3 2022 and are expected to be fully serviced in 2023. Construction of a vehicle bridge to increase the connectivity of the community has been completed. GBG and a third party are the home builders in this phase;
- Bayview: Servicing of two phases - Bayview phase 4 in Airdrie will add 120 single-family lots and a 3.6-acre multi-family parcel. Single-family lots became available to builders in Q3 2022 and are expected to be fully serviced in 2023. GBG and a third party are the home builders in this phase; and Bayview phase 6 in Airdrie will add 224 lots and be available to builders in the fall of 2023 and fully serviced in 2024. GBG and a third party 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 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. Single-family lots became available to builders in Q3 2022 and are expected to be fully serviced in 2023. GBG and a third party are 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 the balance of $26,964 was paid to the seller. The land is not subject to a GMO and Genesis is in the process of 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 second quarter of 2023.

In Q2 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 either be $28,000 closing on June 15, 2023, or $30,000 closing on January 31, 2025.

During Q3 2022, Genesis repurchased a 49% undivided interest in 456 acres of land in North Conrich in Rocky View County (adjacent to the eastern boundary of Calgary) for $6,699. This was a transaction with Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. (controlled entities within the consolidated entity). This acquisition brings Genesis interest in these lands to 100%. Refer to heading "*Related Party Transactions*" in this MD&A for additional information.

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 and to date has contracted a total of 442 lots in third party communities.

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 202 new home sales contracts, an increase of 20% from 168 new home sales contracts in YTD 2021. During Q3 2022, GBG entered into 4 new home sales contracts, a decrease of 88% from 33 new home sales contracts in Q3 2021. As of September 30, 2022, Genesis had 231 outstanding new home orders, an increase of 108% compared to 111 as at September 30, 2021. To increase the velocity, adapt to the current market conditions, and manage supply chain and cost increases, Genesis has:

- acquired lots in several communities from third party developers;
- 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 of $2,031 at September 30, 2022, and $2,602 at December 31, 2021;
- pursued construction cost efficiencies and actively managed supply chain challenges; and
- continued to monitor and control overhead costs.

Since 2020, GBG has contracted to acquire 442 lots in the CMA, for total consideration of $68,508 from third party developers in the communities of Alpine Park, Clearwater, Fireside, Homestead, Silverton and Vermilion Hill. As of September 30, 2022, 46 homes built on these lots have been sold to date and a further 85 new homes are under contract in these communities.

7) Liquidity and Return of Capital

Liquidity: As of September 30, 2022, Genesis had $18,536 of cash and cash equivalents on hand (year-end ("YE") 2021 - $63,975), loan and credit facilities of $40,662 (YE 2021 - $32,668), real estate assets of $271,961 (YE 2021 - $218,855) and total assets of $339,075 (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 loan and credit facilities to total assets was 12% as at September 30, 2022 compared to 10% at December 31, 2021.

Return of Capital to Shareholders: On November 2, 2022, Genesis declared an unconditional special cash dividend of $0.075 per common share for a total of $4,265, payable on December 15, 2022 to shareholders of record on November 28, 2022. Refer to heading "*Subsequent Events*" in this MD&A. Since 2014, when Genesis paid its first dividend and including the declared dividend, it will have returned an aggregate of $66,668 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 strong new-home market and continued strength in the Calgary economy, Genesis remains well-positioned to take advantage of growth opportunities.

Driven by the strong oil and natural gas prices and continued increases in international and interprovincial immigration, prospects for the local economy are positive. However, increasing interest rates, inflationary pressures and tight labor markets are impacting home affordability. While housing price gains, rising lending rates and consumer inflation are weighing on demand, the supply of homes for sale in the Calgary market remains tight at just over 2.3 months. In its September 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:

	Three months ended September 30, (1)		Nine months ended September 30, (2)	
($000s, except for per share items or unless otherwise noted)	**2022**	**2021**	**2022**	**2021**
Key Financial Data				
Total revenues	**43,610**	34,988	**86,200**	83,230
Direct cost of sales	**(35,893)**	(28,088)	**(68,798)**	(62,592)
Gross margin before reversal of write-down (3)	**7,717**	6,900	**17,402**	20,638
Gross margin before reversal of write-down (%) (3)	**17.7%**	19.7%	**20.2%**	24.8%
Reversal of write-down of real estate held for development and sale	**-**	1,003	**-**	1,003
Gross margin	**7,717**	7,903	**17,402**	21,641
Net earnings attributable to equity shareholders	**1,857**	2,615	**1,458**	6,625
Net earnings per share - basic and diluted	**0.04**	0.06	**0.03**	0.15
Cash flows (used in) from operating activities	**(2,737)**	1,247	**(42,070)**	8,714
Cash flows (used in) from operating activities per share - basic and diluted	**(0.05)**	0.03	**(0.74)**	0.20
Key Operating Data				
Land Development				
Total residential lots sold (units)	**74**	85	**130**	198
Residential lot revenues	**12,170**	13,677	**22,624**	32,672
Gross margin on residential lots sold	**1,187**	3,330	**4,305**	11,158
Gross margin on residential lots sold (%)	**9.8%**	24.3%	**19.0%**	34.2%
Average revenue per lot sold	**164**	161	**174**	165
Development land revenues	**7,453**	4,945	**9,653**	5,870
Home Building				
Homes sold (units)	**45**	47	**112**	140
Revenues (4)	**28,091**	24,095	**66,881**	66,392
Gross margin on homes sold	**5,653**	2,999	**12,148**	8,829
Gross margin on homes sold (%)	**20.1%**	12.4%	**18.2%**	13.3%
Average revenue per home sold	**624**	513	**597**	474
New home orders (units)	**4**	33	**202**	168
Outstanding new home orders at period end (units)			**231**	111

Key Balance Sheet Data	**As at Sept. 30, 2022**	**As at Dec. 31, 2021 (5)**
Cash and cash equivalents	**18,536**	63,975
Total assets	**339,075**	324,929
Loan and credit facilities	**40,662**	32,668
Total liabilities	**110,487**	88,991
Shareholders' equity	**225,835**	228,624
Total equity	**228,588**	235,938
Loan and credit facilities to total assets	**12%**	10%

(1) Three months ended September 30, 2022 and 2021 ("Q3 2022" and "Q3 2021")
(2) Nine months ended September 30, 2022 and 2021 ("YTD 2022" and "YTD 2021")
(3) Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A
(4) Includes other revenues and revenues of $4,104 for 20 lots in Q3 2022 and $12,958 for 70 lots in YTD 2022 purchased by the Home Building division from the Land Development division ($7,729 and 47 in Q3 2021; $21,704 and 140 in YTD 2021) and sold with the home. These amounts are eliminated on consolidation
(5) 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 45 homes (all single-family) in Q3 2022 compared to 47 homes (34 single-family and 13 townhouses) in Q3 2021. During Q3 2022, two parcels of development land were sold for $7,453 while in Q3 2021 three development land parcels were sold for $4,945. Genesis sold 54 residential lots to third parties in Q3 2022 compared to 38 residential lots sold to third parties in Q3 2021. The combination of these factors resulted in revenues of $43,610 in Q3 2022 compared to $34,988 in Q3 2021.

Genesis sold 112 homes (106 single-family and 6 townhouses) in YTD 2022 compared to 140 homes (108 single-family and 32 townhouses) in YTD 2021. In YTD 2022, three parcels of development land were sold for $9,653 while four development land parcels were sold for a total of $5,870 in YTD 2021. Genesis sold 60 residential lots to third parties in YTD 2022 compared to 58 lots sold in YTD 2021. The combination of these factors resulted in revenues of $86,200 in YTD 2022, compared to $83,230 in YTD 2021.

New home orders for the nine months ended September 30, 2022 were 202 units compared to 168 units for the same period in 2021. The Corporation ended the third quarter of 2022 with 231 outstanding new home orders, compared to 111 outstanding new home orders a year earlier.

Net earnings attributable to equity shareholders in Q3 2022 was $1,857 ($0.04 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of $2,615 ($0.06 earnings per share - basic and diluted) in Q3 2021. Net earnings attributable to equity shareholders in YTD 2022 was $1,458 ($0.03 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of $6,625 ($0.15 earnings per share - basic and diluted) in YTD 2021.

In Q3 2022, cash flows used in operating activities were $2,737 ($0.05 per share - basic and diluted), compared to cash flows from operating activities of $1,247 ($0.03 per share - basic and diluted) in Q3 2021. In YTD 2022, cash flows used in operating activities were $42,070 ($0.74 per share - basic and diluted), compared to cash flows from operating activities of $8,714 ($0.20 per share - basic and diluted) in YTD 2021. Refer to heading "*Cash Flows from Operating Activities*" in this MD&A for additional information.

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 September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Key Financial Data						
Residential lot revenues (1)	**12,170**	13,677	(11.0%)	**22,624**	32,672	(30.8%)
Development land revenues	**7,453**	4,945	50.7%	**9,653**	5,870	64.4%
Direct cost of sales	**(17,559)**	(14,721)	19.3%	**(27,023)**	(26,733)	1.1%
Gross margin before reversal of write-down (2)	**2,064**	3,901	(47.1%)	**5,254**	11,809	(55.5%)
Gross margin before reversal of write-down (%) (2)	**10.5%**	20.9%	(49.8%)	**16.3%**	30.6%	(46.7%)
Reversal of write-down of real estate held for development and sale	**-**	1,003	N/R (3)	**-**	1,003	N/R (3)
Gross margin	**2,064**	4,904	(57.9%)	**5,254**	12,812	(59.0%)
Other expenses	**(1,912)**	(2,181)	(12.3%)	**(6,335)**	(5,680)	11.5%
Earnings (loss) before income taxes	**152**	2,723	(94.4%)	**(1,081)**	7,132	N/R (3)
Key Operating Data						
Residential lots sold to third parties	**54**	38	42.1%	**60**	58	3.4%
Residential lots sold through GBG - home building	**20**	47	(57.4%)	**70**	140	(50.0%)
Total residential lots sold	**74**	85	(12.9%)	**130**	198	(34.3%)
Average revenue per lot sold	**164**	161	1.9%	**174**	165	5.5%

(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 September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Residential lots						
Residential lot revenues (1)	**12,170**	13,677	(11.0%)	**22,624**	32,672	(30.8%)
Direct cost of sales	**(10,983)**	(10,347)	6.1%	**(18,319)**	(21,514)	(14.9%)
Gross margin	**1,187**	3,330	(64.4%)	**4,305**	11,158	(61.4%)
Gross margin (%)	**9.8%**	24.3%	(59.7%)	**19.0%**	34.2%	(44.4%)

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

	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Development land						
Development land revenues	**7,453**	4,945	50.7%	**9,653**	5,870	64.4%
Direct cost of sales	**(6,576)**	(4,374)	50.3%	**(8,704)**	(5,219)	66.8%
Gross margin before reversal of write-down (1)	**877**	571	53.6%	**949**	651	45.8%
Gross margin before reversal of write-down (%) (1)	**11.8%**	11.5%	2.6%	**9.8%**	11.1%	(11.7%)
Reversal of write-down of real estate held for development and sale	**-**	1,003	N/R (2)	**-**	1,003	N/R (2)
Gross margin	**877**	1,574	(44.3%)	**949**	1,654	(42.6%)

(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 Q3 2022 were $12,170 (74 lots) down from $13,677 (85 lots) in Q3 2021. In Q3 2022, 54 lots were sold to third party builders compared to 38 lots sold to third party builders in Q3 2021. In Q3 2022, GBG sold 20 homes on Genesis lots, down 57% from 47 homes sold on Genesis lots in Q3 2021.

Total residential lot sales revenues in YTD 2022 were $22,624 (130 lots) down from $32,672 (198 lots) in YTD 2021. In YTD 2022, 60 lots were sold to third party builders compared to 58 lots sold to third party builders in YTD 2021. In YTD 2022, GBG also sold 70 homes on Genesis lots, down 50% from 140 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.

Two parcels of development land were sold in Q3 2022 for $7,453 while three parcels of development land were sold in Q3 2021 for $4,945. In YTD 2022, three development land parcels were sold for $9,653 while four development land parcels were sold for $5,870 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 10% in Q3 2022 compared to 24% in Q3 2021. Residential lots had a gross margin of 19% in YTD 2022 compared to 34% in YTD 2021. Gross margins were lower in both Q3 2022 and YTD 2022 compared to the same periods in 2021, as the sales in 2022 included 73 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. Gross margin before reversal of write-down is a non-GAAP financial measure. Refer to heading "*Non-GAAP Measures*" in this MD&A.

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

No write-down or adjustment was required in Q3 2022 or YTD 2022.

During Q3 2021 and YTD 2021, the Corporation recorded a reversal of a write-down of $1,003 (Sage Hill) related to a write-down previously taken on real estate held for development and sale. The reversal of the write-down was taken to reflect the estimated returns realizable on completion of development and sale of these lands and was a result of lower costs to develop these lands.

Other expenses

	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Other expenses						
General and administrative expense	**(1,314)**	(1,584)	(17.0%)	**(4,647)**	(3,787)	22.7%
Selling and marketing expense	**(418)**	(470)	(11.1%)	**(1,189)**	(1,257)	(5.4%)
Finance income	**42**	58	(27.6%)	**136**	185	(26.5%)
Finance expense	**(222)**	(185)	20.0%	**(635)**	(821)	(22.7%)
Total	**(1,912)**	(2,181)	(12.3%)	**(6,335)**	(5,680)	11.5%

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

In YTD 2022, other expenses totaled $6,335 or 12% higher than $5,680 incurred in YTD 2021. In Q3 2022, other expenses totaled $1,912 or 12% lower than $2,181 incurred in Q3 2021. Other expenses were higher in 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 $519 compared to $349 in YTD 2021 resulting from the issuance of deferred share units (“DSUs”) and the associated vesting. Other expenses were lower in Q3 2022 compared to Q3 2021 mainly due to higher professional and legal fees in the comparative period in 2021 (primarily related to the settlement with a limited partnership, LPLP 2007).

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Key Financial Data						
Revenues [(1)]	**28,091**	24,095	16.6%	**66,881**	66,392	0.7%
Direct cost of sales	**(22,438)**	(21,096)	6.4%	**(54,733)**	(57,563)	(4.9%)
Gross margin	**5,653**	2,999	88.5%	**12,148**	8,829	37.6%
Gross margin (%)	**20.1%**	12.4%	62.1%	**18.2%**	13.3%	36.8%
Other expenses	**(3,143)**	(2,409)	30.5%	**(8,908)**	(7,143)	24.7%
Earnings before income taxes	**2,510**	590	N/R [(2)]	**3,240**	1,686	92.2%
Key Operating Data						
Homes sold (units)	**45**	47	(4.3%)	**112**	140	(20.0%)
Average revenue per home sold	**624**	513	21.6%	**597**	474	25.9%
New home orders (units)	**4**	33	(87.9%)	**202**	168	20.2%
Outstanding new home orders at period end (units)				**231**	111	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 $28,091 (45 units) in Q3 2022, 17% higher than Q3 2021 revenues of $24,095 (47 units). In addition, 4 homes were contracted for sale in Q3 2022, a decrease of 88%, as compared to 33 in Q3 2021.

Revenues for single-family homes and townhouses were $66,881 (112 units) in YTD 2022, comparable to YTD 2021 revenues of $66,392 (140 units). In addition, 202 homes were contracted for sale in YTD 2022, an increase of 20%, as compared to 168 in YTD 2021, resulting in 231 outstanding new home orders at the end of Q3 2022 as compared to 111 outstanding new home orders at the end of Q3 2021.

Homes sold in YTD 2022 had an average price of $597 per home compared to $474 in YTD 2021. Homes sold in Q3 2022 had an average price of $624 per home compared to $513 in Q3 2021. Fluctuations in the average revenue per home sold are due to differences in product mix, community sales and market conditions. During the first nine months of 2022 and 2021, GBG's single-family homes product ranged in price from $315-$1,900 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 Q3 2022, 45 single-family homes and no townhouses were sold compared to 34 single-family homes and 13 townhouses in Q3 2021. In YTD 2022, 106 single-family homes and 6 townhouses were sold compared to 108 single-family homes and 32 townhouses in YTD 2021.

20 of the 45 homes sold in Q3 2022 were built on residential lots supplied by Genesis, with lot revenues of $4,104 while all 47 homes sold in Q3 2021 were built on residential lots or parcels supplied by Genesis, with lot revenues of $7,729. In YTD 2022, 70 of the 112 homes sold were built on residential lots supplied by Genesis, with lot revenues of $12,958 while in YTD 2021 all 140 homes sold were built on residential lots or parcels supplied by Genesis, with lot revenues of $21,704.

Since 2020, GBG has contracted to acquire 442 lots in the CMA from third party developers in the communities of Alpine Park, Clearwater, Fireside, Homestead, Silverton and Vermilion Hill. As of September 30, 2022, 46 homes built on these lots have been sold to date and a further 85 new homes are under contract in these communities. Genesis views this as one of its key strategies to drive growth in GBG and believes this strategy has been very successful.

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 Q3 2022, GBG had $46,162 of work in progress, of which approximately $2,031 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 September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Quick possession sales (units)	**-**	11	N/R (1)	**13**	59	(78.0%)
Pre-construction home sales (units)	**45**	36	25.0%	**99**	81	22.2%
Total home sales (units)	**45**	47	(4.3%)	**112**	140	(20.0%)

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

Gross margin

Genesis realized gross margin on home sales of 20.1% in Q3 2022 as compared to 12.4% in Q3 2021 and a gross margin before write-down on home sales of 18.2% in YTD 2022 compared to 13.3% in YTD 2021. Fluctuations in gross margin are due to differences in product, community mix and market conditions and may drive price adjustments. In Q3 2022, 45 single-family homes and no townhouses were sold compared to 34 single-family homes and 13 townhouses in Q3 2021. In YTD 2022, 106 single-family homes and 6 townhouses were sold compared to 108 single-family homes and 32 townhouses in YTD 2021.

Other expenses

	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Other expenses						
General and administrative expense	**(1,948)**	(1,628)	19.7%	**(6,013)**	(4,617)	30.2%
Selling and marketing expense	**(1,152)**	(797)	44.5%	**(2,811)**	(2,505)	12.2%
Finance income	**17**	32	(46.9%)	**23**	56	(58.9%)
Finance expense	**(60)**	(16)	N/R (1)	**(107)**	(77)	39.0%
Total	**(3,143)**	(2,409)	30.5%	**(8,908)**	(7,143)	24.7%

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

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

In YTD 2022, other expenses were $8,908, 25% higher than $7,143 incurred in YTD 2021. In Q3 2022, other expenses totaled $3,143, 31% higher than $2,409 incurred in Q3 2021. Other expenses were higher in both Q3 and YTD 2022 due to higher selling and marketing expenses and general and administrative expense, specifically compensation expense. Higher compensation expenses in 2022 resulted from higher headcount necessary to execute the growth strategy, 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 $346 compared to $233 in YTD 2021 resulting from DSUs issued and the associated vesting. Increase in selling and marketing expenses was due in part to higher levels of activity in the home building business.

Real Estate Held for Development and Sale

	September 30, 2022	December 31, 2021	% change
Real estate held for development and sale	**278,521**	227,984	22.2%
Accumulated provision for write-downs	**(6,560)**	(9,129)	(28.1%)
	271,961	218,855	24.3%

Refer to note 3 in the condensed consolidated interim financial statements for the three and nine months ended September 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 increases as a result of acquisitions and development and construction activities and declines as a result of sales of residential lots, homes and development land parcels. Real estate held for development and sale increased by $53,106 as at Q3 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) 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 September 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	3,580	50,813	54,393
Calgary NW - Sage Meadows	3,739	-	3,739
Calgary NW - Sage Hill	27,402	7,816	35,218
Calgary NE - Saddlestone	597	-	597
Calgary N - Lewiston	-	41,597	41,597
Calgary SE - Logan Landing	-	46,428	46,428
Calgary E - Huxley	-	30,209	30,209
Rocky View County - North Conrich [2]	-	6,772	6,772
Rocky View County - OMNI	-	2,904	2,904
Sub-total	35,318	186,539	**221,857**
Other lands [3] - non-core	34	1,823	1,857
Total land development	35,352	188,362	**223,714**
Home building construction work-in-progress			28,294
Third party lots			17,868
Total home building			**46,162**
Total land development and home building			**269,876**
Limited Partnerships [4]			2,085
Total real estate held for development and sale			**271,961**

[1] Land held for development comprises lands not yet subdivided into single-family lots or parcels
[2] Net of intra-segment eliminations of $3,160
[3] Other lands are non-core and available for sale
[4] Undivided interest of two limited partnerships in the North Conrich "OMNI" project. Net of intra-segment eliminations of $970

The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels shown above, by community as at September 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	3,580	19	35	-	-
Calgary NW - Sage Meadows	3,739	-	-	1	-
Calgary NW - Sage Hill	27,402	84	-	3	2
Calgary NE - Saddlestone	597	8	-	-	-
	35,318	**111**	**35**	**4**	**2**
Other lots - non-core	34	13	-	-	-
Total	**35,352**	**124**	**35**	**4**	**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 September 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. The timelines discussed are management's best estimates at this time, given the uncertainties related to the regulatory approval process and market conditions.

			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	50,813	186	1,112	9	2
Calgary NW - Sage Hill	7,816	10	60	3	-
Calgary N - Lewiston	41,597	134	915	3	4
Calgary SE - Logan Landing	46,428	354	1,587	7	3
Calgary E - Huxley	30,209	157	1,433	-	-
Rocky View County - North Conrich (2)	6,772	425	-	-	-
Rocky View County - OMNI	2,904	110	-	-	-
	186,539	1,376	5,107	22	9
Other lands - non-core	1,823	300	-	-	-
Total	**188,362**	**1,676**	**5,107**	**22**	**9**

(1) Land not yet subdivided into single-family and other lots or parcels
(2) Net of intra-segment eliminations of $3,160

Amounts Receivable

	September 30, 2022	December 31, 2021	% change
Amounts receivable	**12,679**	13,632	(7.0%)

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.

As at Q3 2022, Genesis had $12,135 in amounts receivable related to the sale of 88 lots to third party builders compared to $12,135 (related to 77 lots) in amounts receivable as at YE 2021. The decrease of $953 in amounts receivable was mainly due to the collection of GST receivable and a land servicing recovery.

Individual balances due from third party builders at Q3 2022 that were 10% or more of total amounts receivable were $11,445 from two 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 September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Cash flows (used in) from operating activities	**(2,737)**	1,247	**(42,070)**	8,714
Cash flows (used in) from operating activities per share - basic and diluted	**(0.05)**	0.03	**(0.74)**	0.20

The changes in cash flows from operating activities between Q3 2022 and Q3 2021 consist of the following:

	Three months ended September 30,		
	2022	**2021**	**$ change**
Cash inflows from sale of residential homes by GBG	**26,609**	24,110	2,499
Cash inflows from sale of residential lots	**3,526**	3,572	(46)
Cash inflows from sale of development land	**7,453**	4,945	2,508
Cash outflows for home building activity	**(24,074)**	(14,646)	(9,428)
Cash outflows for land servicing	**(10,863)**	(13,383)	2,520
Cash outflows for land and lot acquisitions	**(825)**	(739)	(86)
Cash outflows paid to suppliers and employees	**(4,130)**	(3,372)	(758)
Other cash inflows	**26**	136	(110)
Income tax (payments) refunds	**(459)**	624	(1,083)
Total	**(2,737)**	1,247	(3,984)

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

	Nine months ended September 30,		
	2022	**2021**	**$ change**
Cash inflows from sale of residential homes by GBG	**70,624**	68,704	1,920
Cash inflows from sale of residential lots	**13,607**	10,761	2,846
Cash inflows from sale of development land	**9,653**	5,870	3,783
Cash outflows for home building activity	**(58,446)**	(40,648)	(17,798)
Cash outflows for land servicing	**(25,605)**	(22,591)	(3,014)
Cash outflows for land and lot acquisitions	**(35,851)**	(2,828)	(33,023)
Cash outflows paid to suppliers and employees	**(12,785)**	(11,619)	(1,166)
Other cash inflows	**435**	603	(168)
Income tax (payments) refunds	**(3,702)**	462	(4,164)
Total	**(42,070)**	8,714	(50,784)

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, residential homes 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. Higher outflows on home building activities reflect the large number of outstanding new home orders for which homes are being built. 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 Q3 2022 and YE 2021:

	September 30,		December 31,	
	2022	**% of total**	**2021**	**% of total**
Loan and credit facilities	**40,662**	**12%**	32,668	10%
Customer deposits	**15,898**	**4%**	9,002	3%
Accounts payable and accrued liabilities	**22,242**	**7%**	16,808	5%
Accounts payable related to residential lot purchases	**13,139**	**4%**	9,600	3%
Lease liabilities	**862**	**0%**	842	0%
Provision for future development costs	**17,684**	**5%**	17,979	6%
Income tax payable	**-**	**-**	2,092	1%
Total liabilities	**110,487**	**32%**	88,991	28%
Non-controlling interest	**2,753**	**1%**	7,314	2%
Shareholders' equity	**225,835**	**67%**	228,624	70%
Total liabilities and equity	**339,075**	**100%**	324,929	100%

The ratio of total liabilities to equity is as follows:

	September 30, 2022	December 31, 2021
Total liabilities	**110,487**	88,991
Total equity	**228,588**	235,938
Total liabilities to equity [1]	**48%**	38%

[1] Calculated as total liabilities divided by total equity

Loan and Credit Facilities

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Corporate revolving line of credit	**28,688**	11,538	12,219	16,237	9,537
Land development servicing loans	**8,450**	4,186	3,997	5,794	1,311
Demand operating line for single-family homes	**4,163**	3,014	27	1,917	1,831
Vendor-take-back mortgage payable – Lewiston	**-**	-	-	9,312	9,312
	41,301	18,738	16,243	33,260	21,991
Unamortized deferred fees on loan and credit facilities	**(639)**	(724)	(810)	(592)	(641)
Balance, end of period	**40,662**	18,014	15,433	32,668	21,350

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

	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period	**33,260**	21,471
Advances	**42,419**	61,517
Repayments	**(34,378)**	(49,728)
Balance, end of period	**41,301**	33,260

Loan 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 of prime +1.90%. 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 September 30, 2022, the amount drawn on this facility was $28,688 (YE 2021 - $16,237).

Land development servicing loans

As at September 30, 2022, Genesis had land project loan facilities with $8,450 drawn (YE 2021 - $5,794). Up to $7,533 is available to finance future development and servicing costs as land development activities progress. These facilities bear interest at prime +0.50% per annum and loan amounts are payable between on May 12, 2024, and March 19, 2025.

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 September 30, 2022, the amount drawn on this facility was $4,163 (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 Q3 2022 was $15,002 for the land division (YE 2021 - $15,096) and $2,682 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 $18,536 and loan and credit facilities of $40,662 at the end of Q3 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 $22,126 at the end of Q3 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 YTD 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 loan and credit facilities are detailed below. For additional details, please see information provided under the heading "*Loan and Credit Facilities"* in this MD&A.

	September 30, 2022	**December 31, 2021**	**% change**
Cash and cash equivalents	**18,536**	63,975	(71.0%)
Corporate revolving line of credit	**28,091**	15,723	78.7%
Land development servicing and home building loans	**12,571**	7,633	64.7%
VTB payable	**-**	9,312	N/R [3]
Total loan and credit facilities	**40,662**	32,668	24.5%
Net (debt) cash [1] [2]	**(22,126)**	31,307	N/R [3]

[1] Calculated as the difference between cash and cash equivalents and total loan 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

Loan and credit facilities as a percentage of total assets [1]	September 30, 2022	December 31, 2021	% change
Corporate revolving line of credit	**8.3%**	4.8%	72.9%
Land development servicing and home building loans	**3.7%**	2.3%	60.9%
VTB payable	**-**	2.9%	N/R [3]
Loan and credit facilities to total assets	**12.0%**	10.0%	20.0%
Total liabilities to equity [2]	**48.3%**	37.7%	28.1%

[1] Calculated as each component of loan 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	September 30, 2022	December 31, 2021	% change
Cash and cash equivalents	**18,536**	63,975	(71.0%)
Loan and credit facilities	**40,662**	32,668	24.5%
Net (debt) cash [1] [2]	**(22,126)**	31,307	N/R [4]
Net (debt) cash to total assets [3]	**(6.5%)**	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 loan 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 September 30,			Nine months ended September 30,		
	2022	2021	% change	2022	2021	% change
Interest incurred	**(494)**	(119)	N/R [2]	**(897)**	(279)	N/R [2]
Interest relating to VTB [1]	**-**	(117)	N/R [2]	**(105)**	(541)	(80.6%)
Financing fees amortized	**(85)**	(62)	37.1%	**(253)**	(175)	44.6%
Interest and financing fees capitalized	**297**	97	N/R [2]	**513**	97	N/R [2]
	(282)	(201)	40.3%	**(742)**	(898)	(17.4%)

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

Finance expense was higher in Q3 2022 compared to Q3 2021 due to higher interest expense generated from higher interest rates and higher average loan balances. This was partially offset by (i) lower interest relating to the VTB which was repaid in January 2022; and (ii) higher interest and financing fees capitalized as a component of development activities in 2022.

Finance expense was lower in YTD 2022 compared to YTD 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 first two quarters of 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 6.95% (YE 2021 - 3.92%) based on September 30, 2022, balances.

Income Tax Recoverable (Payable)

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

	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period	**(2,092)**	559
Provision for current income tax	**(1,076)**	(2,191)
Net payments (receipts)	**3,702**	(460)
Balance, end of period	**534**	(2,092)

As at September 30, 2022, income tax recoverable of $534 is due to tax installments paid during the year partially offset by taxable income reported for the year.

Shareholders' Equity

As at November 2, 2022 and December 31, 2021, 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". 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 issuance of 15,000,000 common shares of the Corporation pursuant to the Corporation's rights offering that closed on December 17, 2021.

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 Q3 2022 were as follows:

	Loan and Credit Facilities (1)	Levies and Municipal Fees	Land and Lot Purchase Contracts	Lease Obligations (2)	Total
Current	4,163	7,475	32,595 (3)	534	**44,767**
October 2023 to September 2024	4,450	3,841	12,066	465	**20,822**
October 2024 to September 2025	32,688	800	19,154	417	**53,059**
October 2025 and thereafter	-	-	-	590	**590**
Total	41,301	12,116	63,815	2,006	**119,238**

(1) Excludes deferred fees on loan 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 $63,815 include $38,584 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 $774. 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

	September 30, 2022	December 31, 2021
Loan and credit facilities, excluding deferred fees on loan and credit facilities	**4,163**	11,229
Accounts payable and accrued liabilities	**22,242**	16,808
Accounts payable related to residential lot purchases	**10,276**	7,789
Total short-term liabilities	**36,681**	35,826
Levies and municipal fees	**7,475**	4,942
Land and lot purchase contracts	**32,595**	33,563
Lease obligations	**534**	427
	77,285	74,758

As at the end of Q3 2022, Genesis had obligations due within the next 12 months of $77,285 of which $4,163 related to loan and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Management expects that Genesis will have sufficient liquidity from its cash flows from operating activities, supplemented by undrawn credit facilities and cash on hand, to meet its financial obligations (including the above liabilities) as they become due.

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 Q3 2022, these amounted to approximately $6,097 (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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenues	**43,610**	22,211	20,379	26,531	34,988	29,529	18,713	19,817
Net earnings (loss) [1]	**1,857**	97	(496)	4,252	2,615	2,688	1,322	125
EPS [2]	**0.04**	0.00	(0.01)	0.09	0.06	0.06	0.03	0.00

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Dividends declared	**4,265**	-	-	-	-	-	-	6,280
Dividends paid	**4,265**	-	-	-	-	-	6,280	-
Dividends declared - per share	**0.08**	-	-	-	-	-	-	0.14
Dividends paid - per share	**0.08**	-	-	-	-	-	0.14	-

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Residential lots sold to third parties (units)	**54**	2	4	2	38	4	16	2
Residential lots sold through GBG (units)	**20**	22	28	47	47	62	31	28
Total residential lots sold (units)	**74**	24	32	49	85	66	47	30

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Homes sold (units)	**45**	36	31	51	47	62	31	28

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Development land revenues	**7,453**	-	2,200	-	4,945	-	925	7,146

Cash flows (used in) from operating activities	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Amount	**(2,737)**	(12,891)	(26,442)	(6,326)	1,247	7,084	383	22,858
Per share - basic and diluted	**(0.05)**	(0.22)	(0.47)	(0.15)	0.03	0.16	0.01	0.52

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 Q3 2022, Genesis sold 54 residential lots to third party builders and 45 homes of which 20 homes were built on Genesis' lots. Revenues were higher in Q3 2022, compared to Q2 2022, due to higher residential home sales, residential lot sales to third parties and development land sales during the quarter. As a result, gross margins in Q3 2022 were higher than in Q2 2022. Selling and marketing expenses and net finance expenses were higher while general and administrative expenses were lower in Q3 2022 compared to Q2 2022. Income tax expenses were $680 in Q3 2022 compared to $84 in Q2 2022. As a result of these factors, net earnings of $1,857 were incurred in Q3 2022 compared to net earnings of $97 in Q2 2022.

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 $97 were incurred 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.

RELATED PARTY TRANSACTIONS

Transactions occurred during the three and nine months ended September 30, 2022, with the following related parties:

a) In 2005, the Corporation sold a 49% undivided interest in approximately 610 acres to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. for $7,670. These entities are part of LP 4/5 group and are consolidated in the Corporation's financial statements. A margin of $4,194 was deferred at that point and would have been recognized when the lands were sold to an arm's length third party. In July 2022, the Corporation repurchased from LP4/5 group their 49% undivided interest in 456 acres of land for $6,699 with LP4/5 group still owning a 49% undivided interest in the remaining 154 acres of land. Cash proceeds were $5,038 with the remainder of $1,661 being applied against debt owed to the Corporation by LP4/5 group. The margin deferred on completion of the repurchase was $4,130 and will be recognized when the lands are sold to an arm's length third party.

b) Genesis and a private company entered into a Limited Partnership, SHEA LP, to develop a two-building purpose built rental project containing approximately 300 units in the Corporation's Sage Hill Crest community. Genesis and the private company each own 50% of the units in SHEA LP (49% directly and 1% though the general partner Sage Hill Estates Apartments GP Inc.). Genesis sold a 3.22-acre multi-family site for $3,589 to SHEA LP and used the gross sale proceeds to purchase 50% of the units in SHEA LP by way of a capital contribution of $3,589. The private company will contribute cash equity until it is equal with Genesis's contribution after which all future contributions will be 50/50.

SUBSEQUENT EVENTS

Subsequent to September 30, 2022, the following occurred:

a) The Corporation declared an unconditional special cash dividend of $0.075 per common share for a total of $4,265 on November 2, 2022, payable on December 15, 2022 to shareholders of record on November 28, 2022.

b) The Corporation entered into a demand land loan agreement for $21,500 and drew $20,000 on it on October 28, 2022. The loan bears interest at prime +0.50% and matures on October 31, 2025. The loan is secured by the Genesis' Lewiston property and a corporate guarantee. The proceeds are to be used for general corporate purposes.

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 Q3 2022 and Q3 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.

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.

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 September 30, 2022.

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

RISKS AND UNCERTAINTIES

In Q3 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 weighing on demand. 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.

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, which is derived from gross margin:

Development Land	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Development land revenues	**7,453**	4,945	**9,653**	5,870
Gross margin	**877**	1,574	**949**	1,654
(Reversal of write-down) of real estate held for development and sale	**-**	(1,003)	**-**	(1,003)
Gross margin before reversal of write-down	**877**	571	**949**	651
Gross margin before reversal of write-down (%)	**11.8%**	11.5%	**9.8%**	11.1%

Residential Lots	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Residential lot revenues	**12,170**	13,677	**22,624**	32,672
Gross margin	**1,187**	3,330	**4,305**	11,158
Write-down of real estate held for development and sale	**-**	-	**-**	-
Gross margin before write-down	**1,187**	3,330	**4,305**	11,158
Gross margin before write-down (%)	**9.8%**	24.3%	**19.0%**	34.2%

Homes	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Revenues for homes	**28,091**	24,095	**66,881**	66,392
Gross margin	**5,653**	2,999	**12,148**	8,829
Write-down of real estate held for development and sale	**-**	-	**-**	-
Gross margin before write-down	**5,653**	2,999	**12,148**	8,829
Gross margin before write-down (%)	**20.1%**	12.4%	**18.2%**	13.3%

Development Land, Residential Lots and Homes	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Total revenues	**43,610**	34,988	**86,200**	83,230
Gross margin	**7,717**	7,903	**17,402**	21,641
(Reversal of write-down) of real estate held for development and sale	**-**	(1,003)	**-**	(1,003)
Gross margin before reversal of write-down	**7,717**	6,900	**17,402**	20,638
Gross margin before reversal of write-down (%)	**17.7%**	19.7%	**20.2%**	24.8%

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 loan 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 loan and credit facilities.
The table below shows the calculation of net (debt) cash:

	September 30, 2022	December 31, 2021
Cash and cash equivalents	**18,536**	63,975
Loan and credit facilities	**40,662**	32,668
Net (debt) cash	**(22,126)**	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 and approval of the Logan Landing outline plan and land use applications and final pre-development approvals; • 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 planning for an interchange to provide site access; • 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.