



## GENESIS LAND DEVELOPMENT CORP.

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and year ended December 31, 2023

The Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Genesis Land Development Corp. ("**Genesis**", "**the Corporation**", "**we**", "**us**", or "**our**") should be read in conjunction with the consolidated financial statements and the notes thereto for years ended December 31, 2023 and 2022, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The consolidated financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's Annual Information Form ("**AIF**") is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

**All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of March 6, 2024.**

## **STRATEGY AND 2023 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.

Genesis acquires land strategically and opportunistically ensuring Genesis has a significant and balanced land supply in the CMA over the next ten to twenty years. Genesis may realize some of the value created through the land approval process by providing opportunities for industry partners to participate in the final development of communities on the land.

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.

## Highlights:

- **\$203,312 of Revenues in year-end (“YE”) 2023:** Genesis generated revenues of \$203,312 in YE 2023 up from \$140,357 achieved in YE 2022. Fourth quarter (“Q4”) 2023 revenues of \$71,602 were higher when compared to \$54,157 generated in Q4 2022.
- **Net Earnings in YE 2023 were \$14,512:** Net earnings were positive for the 23rd consecutive year with net earnings attributable to equity shareholders in YE 2023 of \$14,512 (\$0.26 net earnings per share - basic and diluted), compared to \$4,520 (\$0.08 net earnings per share - basic and diluted) in YE 2022. Net earnings attributable to equity shareholders in Q4 2023 were \$8,056 (\$0.15 net earnings per share - basic and diluted) compared to \$3,062 (\$0.05 net earnings per share - basic and diluted) in Q4 2022.
- **305 Lots Sold:** In YE 2023, Genesis sold 305 residential lots (118 to third-party builders and 187 through its home building division, GBG), an increase of 29% from 236 lots in YE 2022 (144 to third-party builders and 92 through GBG). In Q4 2023, Genesis sold 95 residential lots (42 to third-party builders and 53 through GBG) compared to 106 lots in Q4 2022 (84 to third-party builders and 22 through GBG).
- **286 Homes Sold:** In YE 2023, Genesis sold a record 286 homes, an increase of 69% from the 169 sold in YE 2022. In Q4 2023, Genesis sold 86 homes, compared to 57 sold in Q4 2022. During YE 2023, Genesis had 328 new home orders compared to 233 for YE 2022. Genesis had 247 outstanding new home orders on hand at December 31, 2023 (205 at December 31, 2022).
- **\$16,200 of Development Land Sales:** In YE 2023, Genesis sold four development land parcels for \$16,200 versus five parcels for \$15,991 in YE 2022. Genesis sold three development land parcels for \$11,958 in Q4 2023 versus two parcels for \$6,338 in Q4 2022.
- **Cash on Hand of \$37,546:** On December 31, 2023, Genesis had \$37,546 in cash and cash equivalents.
- **Dividends of \$0.17 per share in 2023:** Total cash dividends of \$9,663 (\$0.17 per share) were paid during the year ended December 31, 2023 of which \$0.085 was declared and paid in Q4 2023.
- **Land Acquisitions:** In Q4 2023, Genesis closed the acquisition of 460 acres of future residential development land in the southeast sector of the City of Calgary for \$25,842.
- **Lewiston Lands Limited Partnership (“LLL”):** During the year ended December 31, 2023, Genesis sold a 20% ownership stake in LLLP to each of two Calgary based third party builders. The transaction closed on January 16, 2023, for total proceeds of \$19,760, being \$11,760 cash with the balance being the assumption of debt by the purchasers.

## OPERATING HIGHLIGHTS

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

(\$000s, except for per share items or unless otherwise noted)	Three months ended December 31, <sup>(1)</sup>		Year ended December 31, <sup>(2)</sup>	
	2023	2022	2023	2022
<b>Key Financial Data</b>				
Total revenues	71,602	54,157	203,312	140,357
Direct cost of sales	(54,862)	(45,487)	(157,481)	(114,285)
Gross margin before reversal of write-down <sup>(3)</sup>	16,740	8,670	45,831	26,072
Gross margin before reversal of write-down (%) <sup>(3)</sup>	23.4%	16.0%	22.5%	18.6%
Gross margin	17,440	9,756	46,531	27,158
Net earnings attributable to equity shareholders	8,056	3,062	14,512	4,520
Net earnings per share - basic and diluted	0.15	0.05	0.26	0.08
Dividends declared and paid	4,830	4,265	9,663	8,530
Dividends declared and paid - per share	0.085	0.075	0.17	0.15
<b>Key Operating Data</b>				
<b>Land Development</b>				
Total residential lots sold (units)	95	106	305	236
Residential lot revenues	14,675	18,015	45,863	40,639
Gross margin before reversal of write-down <sup>(3)</sup>	3,441	3,808	8,712	8,113
Gross margin before reversal of write-down (%) <sup>(3)</sup>	23.4%	21.1%	19.0%	20.0%
Gross margin on residential lots sold	4,141	3,808	9,412	8,113
Average revenue per lot sold	154	170	150	172
Development land revenues	11,958	6,338	16,200	15,991
<b>Home Building</b>				
Homes sold (units)	86	57	286	169
Revenues <sup>(4)</sup>	52,230	33,799	167,126	100,680
Gross margin on homes sold	12,603	4,783	36,423	16,931
Gross margin on homes sold (%)	24.1%	14.2%	21.8%	16.8%
Average revenue per home sold	607	593	584	596
New home orders (units)	50	31	328	233
Outstanding new home orders at period end (units)			247	205
<b>Key Balance Sheet Data</b>			<b>As at Dec. 31, 2023 <sup>(2)</sup></b>	<b>As at Dec. 31, 2022 <sup>(2)</sup></b>
Cash and cash equivalents			37,546	36,598
Total assets			440,083	364,140
Loan and credit facilities			103,587	65,057
Total liabilities			198,942	136,803
Shareholders' equity			231,142	224,632
Total equity			241,141	227,337
Loan and credit facilities to total assets			24%	18%

<sup>(1)</sup> Three months ended December 31, 2023 and 2022 ("Q4 2023" and "Q4 2022")

<sup>(2)</sup> Year ended December 31, 2023 and 2022 ("YE 2023" and "YE 2022")

<sup>(3)</sup> Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A. There was a reversal of write-down of \$700 related to write-downs previously taken on real estate held for development and sale in Q4 2023 and YE 2023 (2022 - \$1,086)

<sup>(4)</sup> Includes other revenues and revenues of \$7,261 for 53 lots in Q4 2023 and \$25,877 for 187 lots in YE 2023 purchased by the Home Building division from the Land Development division (\$3,995 and 22 in Q4 2022; \$16,953 and 92 in YE 2022) and sold with the home. These amounts are eliminated on consolidation.

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

### ***Factors Affecting Results of Operations***

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

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

### **Market Overview**

The Royal Bank of Canada estimates Alberta’s 2023 GDP growth to be the highest in Canada at 2.2% and to remain near the top of their growth rankings in 2024 at an estimated 1.7%. While economic growth is expected to slow with persistently high inflation and interest rates, Alberta is expected to benefit from higher commodity prices and strong international and interprovincial migration which is expected to help offset the impact on the economy and housing market in 2024.

According to the Calgary Real Estate Board (“CREB”), 2023 residential home sales remained robust largely due to strong migration levels. Housing supply levels were low in 2023 compared to the demand throughout the year, resulting in stronger than expected price growth.

Overall sales in Calgary were 27,416, 8% lower than the peak in 2022 but still higher than long-term trends and activity reported prior to 2020. Home inventory levels remained low at 3,071, a 26% decrease from December 2022. Months of supply remained below two months throughout 2023, and at 1.34 months is indicative of a sellers’ market. These persistently tight conditions contributed to an increase of approximately 6% in benchmark prices in Calgary during the year. Although price growth was slower in 2023 than the 12% growth in 2022, housing prices remained relatively strong in 2023 compared to other markets in Canada. In neighboring Airdrie, where Genesis has two active projects, supply improved in 2023 but continues to remain historically low.

## 2023 Business Plan

### **Progress on 2023 Business Plan**

During 2023, Genesis continued to execute its growth business plan. Genesis achieved some significant milestones in 2022 with the removal of Growth Management Overlays (“GMOs”), and in 2023 with receiving final development approvals enabling Genesis to proceed with development of its Lewiston, Logan Landing and Huxley communities in 2023.

Growth also continues for GBG which is now building in 10 communities in the CMA. In 2023, GBG contracted to acquire 136 lots in the CMA from third party developers in the communities of Alpine Park, Fireside, Heartwood and Vermillion Hill. GBG is currently building in seven third party communities, namely Alpine Park, Clearwater, Fireside, Heartwood, Homestead, Silverton and Vermilion Hill. As of December 31, 2023, GBG had outstanding contracts to purchase 433 lots. GBG has 143 new home orders on these lots.

The following describes progress made on key elements of the growth plan.

#### **1) Obtaining Additional Zoning and Servicing Entitlements**

Genesis has made substantial progress in obtaining additional zoning and servicing entitlements for land in recent months. 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 development 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 approvals were received from Council in Q2 2023. Final pre-development approvals have been received and servicing of the site commenced in Q3 2023.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. Outline Plan and Land Use Applications approvals were received from Council in November 2022. Phase 1 Tentative Plan and engineering drawings have been approved and Genesis commenced servicing in Q2 2023.
- Huxley (Belvedere): In Q3 2023 Genesis received Outline Plan and Land Use approval from the City of Calgary for the 157 acres it acquired in 2022, in the Belvedere ASP. Final approvals for site servicing were received in October 2023 and Genesis commenced site grading in Q4 2023.

The following project is progressing through approval process at Rocky View County (“County”):

OMNI ASP (in North Conrich): Genesis has received ASP approval on a 185-acre commercial and retail project on a portion of the 610 acres of undeveloped land that Genesis controls in the County bordering the northeast quadrant of the City of Calgary. Progress continues with the County on the approval of a conceptual scheme for this project, with first reading received in September 2022. Approval is anticipated in the first quarter of 2024. Genesis and the County have successfully worked with Alberta Transportation to finalize plans and funding arrangements for an interchange at Stoney and Airport Trails with construction planned to start in the third quarter of 2024. Funding is in place and design of the interchange is currently proceeding. Once completed, this interchange will provide primary transportation access to these lands.

#### **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.

During 2023, Genesis completed the sales of three development land parcels in the City of Calgary; a 3.34-acre parcel for cash consideration of \$4,242, a 4.10-acre parcel for cash consideration of \$5,329 and a 2.91-acre parcel for \$3,929 for a cash consideration of \$1,965 and the remainder being in the form of a vendor-take-back (“VTB”) mortgage receivable of \$1,964, and closed the sale of 3.60-acre parcel in the City of Airdrie for cash consideration of \$2,700.

### **3) Servicing Additional Phases**

Genesis commenced servicing in three new communities and a new phase in an existing community in 2023:

- Lewiston: Servicing of the first phase in this north Calgary community will add 184 single-family lots. Shallow utility installation commenced in Q4 2023. Lots became available to builders in Q2 2023 and are expected to be fully serviced in 2024. GBG and two third parties (each with a 20% ownership interest) will be the home builders in this phase;
- Logan Landing: Servicing of the first phase in this southeast Calgary community will add 266 single-family lots. Surface construction commenced in Q4 2023. Lots are expected to be fully serviced in 2024. GBG and three third parties will be the home builders in this phase;
- Huxley: Servicing of this east Calgary community will add 1,368 single-family lots. Site earthworks have commenced with servicing expected to commence in Spring 2024. It is intended that GBG and two third parties will be the home builders in this phase; and
- Bayview: Bayview phase 6 in Airdrie will add 225 single-family lots. Shallow utility installation commenced in Q4 2023. Lots became available to builders in Q3 2023 and are expected to be fully serviced in 2024. GBG and two third parties will be the home builders in this phase.

### **4) Investing in Additional Lands**

During Q1 2023, Genesis paid \$1,253 to GLP5 NE Calgary Development Inc. to acquire an additional 25 acres in the OMNI project in North Conrich. This results in Genesis holding a 73% interest (previously 59%) in the 185-acre OMNI project with the remaining 27% being held by Genesis Limited Partnership #4. Refer to heading “*Related Party Transactions*” in this MD&A for additional information. During Q3 2022, Genesis paid \$6,699 to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. (controlled entities within the consolidated entity) to acquire their 49% undivided interest in 456 acres of land in North Conrich in Rocky View County (adjacent to the eastern boundary of Calgary). This transaction brings Genesis interest in these lands to 100%.

During Q4 2023, Genesis closed the acquisition of 460 acres of future residential development land in the southeast sector of the City of Calgary for \$25,842. Total cash payments of \$7,754 were made by the closing date, and the remaining balance of \$18,088 being in the form of a VTB mortgage payable which is to be paid over four years in equal installments of \$4,522. The first payment is due in November 2024.

Building and selling homes in communities developed by other parties is a key strategy adopted in 2020 to drive growth and profitability in Genesis’ home building division. GBG is now active in ten communities, seven of which are third party communities. Since 2020 GBG has acquired 613 third party lots of which 136 were acquired in 2023.

### **5) Land Development Partnerships**

Genesis considers establishing land partnerships when a new community has received full municipal approvals. Partners are usually other home builders selected carefully, to add value to the execution of the community’s development program.

During Q1 2023, Genesis sold two 20% interests, for a total of 40%, in the Lewiston Lands Limited Partnership to two builder partners. \$11,760 of proceeds, net of assumption of debt of \$8,000, were realized by Genesis.

### **6) 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 is currently working with five third party builders of which three are currently building in communities for which Genesis is the land developer.

## **7) Increasing the Velocity of Homes Sold by GBG**

In YE 2023, GBG entered into 328 new home sales contracts, an increase of 41% from 233 new home sales contracts in YE 2022. During Q4 2023, GBG entered into 50 new home sales contracts compared to 31 new home sales contracts in Q4 2022. As of December 31, 2023, Genesis had 247 outstanding new home orders, an increase of 21% compared to 205 as at December 31, 2022. To increase the velocity of homes sold, adapt to the current market conditions, and manage supply chain and cost increases, Genesis:

- acquires lots in several communities from third party developers;
- adjusts pricing on select models to meet market conditions;
- pursues construction cost efficiencies and actively manages supply chain challenges; and
- continues to monitor and control overhead costs.

In 2023, GBG contracted to acquire 136 lots in the CMA from third party developers in the communities of Alpine Park, Fireside, Heartwood and Vermillion Hill. GBG is currently building in seven third party communities, namely Alpine Park, Clearwater, Fireside, Heartwood, Homestead, Silverton and Vermillion Hill. As of December 31, 2023, GBG had outstanding contracts to purchase 433 lots. GBG has 143 new home orders on these lots.

## **8) Liquidity and Return of Capital**

Liquidity: As of December 31, 2023, Genesis had \$37,546 of cash and cash equivalents on hand (YE 2022 - \$36,598), loan and credit facilities of \$103,587 (YE 2022 - \$65,057), real estate assets of \$342,791 (YE 2022 - \$265,683) and total assets of \$440,083 (YE 2022 - \$364,140). The ratio of loan and credit facilities to total assets was 24% as at December 31, 2023 compared to 18% as at December 31, 2022.

Return of Capital to Shareholders: In 2023 Genesis declared and paid dividends of \$0.17 per share (\$9,663), with \$0.085 paid in Q2 2023 and \$0.085 in Q4 2023. Since 2014, when Genesis paid its first dividend, it has returned an aggregate of \$76,331 to shareholders by way of dividends and bought back nearly 3.1 million common shares for an aggregate cost of \$8,922.

## **Outlook**

Genesis continues to execute on its growth strategy in both its land and housing divisions, sustained by a backlog of new-home orders and the continued strength of the CMA market. Housing demand remains relatively strong with the continued historic low supply of homes for sale supported by housing demand from migrants to Alberta. This has been somewhat offset by housing price increases, higher interest rates, inflationary pressures, tight labour markets and continuing supply chain constraints impacting new home orders, and home affordability.

Supply chain issues and inflation are moderating but continue to impact construction costs and timelines in both our land development and home building divisions. Some of the strain eased through 2023 as home sales activity slowed across most North American markets. However, the lack of skilled labour and of some products and materials remain concerns. Genesis continues to address these concerns by working proactively with key contractor partners and home buyers.



## Land Development

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Key Financial Data</b>						
Residential lot revenues <sup>(1)</sup>	14,675	18,015	(18.5%)	45,863	40,639	12.9%
Development land revenues	11,958	6,338	88.7%	16,200	15,991	1.3%
Direct cost of sales	(22,496)	(20,466)	9.9%	(52,655)	(47,489)	10.9%
Gross margin before reversal of write-down <sup>(2)</sup>	4,137	3,887	6.4%	9,408	9,141	2.9%
Gross margin before reversal of write-down (%) <sup>(2)</sup>	15.5%	16.0%	(3.1%)	15.2%	16.1%	(5.6%)
Reversal of write-down of real estate held for development and sale	700	1,086	(35.5%)	700	1,086	(35.5%)
Gross margin	4,837	4,973	(2.7%)	10,108	10,227	(1.2%)
Gain in investments in land development entities	1,106	560	97.5%	1,106	560	97.5%
Other expenses	(3,384)	(2,726)	24.1%	(11,554)	(9,061)	27.5%
Earnings (loss) before income taxes	2,559	2,807	(8.8%)	(340)	1,726	N/R <sup>(3)</sup>
<b>Key Operating Data</b>						
Residential lots sold to third parties	42	84	(50.0%)	118	144	(18.1%)
Residential lots sold through GBG - home building	53	22	N/R <sup>(3)</sup>	187	92	103.3%
Total residential lots sold	95	106	(10.4%)	305	236	29.2%
Average revenue per lot sold	154	170	(9.4%)	150	172	(12.8%)

<sup>(1)</sup> Includes residential lot sales to third parties, residential lot sales to GBG and other revenues

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

<sup>(3)</sup> Not relevant due to the size of the change

### Gross margin by source of revenue

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Residential lots</b>						
Residential lot revenues <sup>(1)</sup>	14,675	18,015	(18.5%)	45,863	40,639	12.9%
Direct cost of sales	(11,234)	(14,207)	(20.9%)	(37,151)	(32,526)	14.2%
Gross margin before reversal of write-down	3,441	3,808	(9.6%)	8,712	8,113	7.4%
Gross margin before reversal of write-down (%)	23.4%	21.1%	10.9%	19.0%	20.0%	(5.0%)
Reversal of write-down of real estate held for development and sale	700	-	N/R <sup>(2)</sup>	700	-	N/R <sup>(2)</sup>
Gross margin	4,141	3,808	8.7%	9,412	8,113	16.0%

<sup>(1)</sup> Includes residential lot sales to third parties, residential lot sales to GBG and other revenues

<sup>(2)</sup> Not relevant due to the size of the change

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Development land</b>						
Development land revenues	11,958	6,338	88.7%	16,200	15,991	1.3%
Direct cost of sales	(11,262)	(6,259)	79.9%	(15,504)	(14,963)	3.6%
Gross margin before reversal of write-down <sup>(1)</sup>	696	79	N/R <sup>(2)</sup>	696	1,028	(32.3%)
Gross margin before reversal of write-down (%) <sup>(1)</sup>	5.8%	1.2%	N/R <sup>(2)</sup>	4.3%	6.4%	(32.8%)
Reversal of write-down of real estate held for development and sale	-	1,086	N/R <sup>(2)</sup>	-	1,086	N/R <sup>(2)</sup>
Gross margin	696	1,165	(40.3%)	696	2,114	(67.1%)

<sup>(1)</sup> Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A

<sup>(2)</sup> 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

Residential lot sales to third party builders occur periodically, usually when newly developed phases first become available for sale.

Total residential lot sales revenues in YE 2023 were \$45,863 (305 lots) up from \$40,639 (236 lots) in YE 2022. In YE 2023, 118 lots were sold to third party builders compared to 144 lots sold to third party builders in YE 2022. In YE 2023, GBG sold 187 homes on Genesis lots, up 103% from 92 homes sold on Genesis lots in YE 2022.

Total residential lot sales revenues in Q4 2023 were \$14,675 (95 lots) down from \$18,015 (106 lots) in Q4 2022. In Q4 2023, 42 lots were sold to third party builders compared to 84 lots sold to third party builders in Q4 2022. In Q4 2023, GBG also sold 53 homes on Genesis lots, compared to 22 homes sold on Genesis lots in Q4 2022.

Four parcels of development land were sold in YE 2023 for \$16,200 while five parcels of development land were sold in YE 2022 for \$15,991. In Q4 2023, three development land parcels were sold for \$11,958 while two development land parcels sold in Q4 2022 for \$6,338. 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 before reversal of write-down of 19% in YE 2023 compared to 20% in YE 2022. Residential lots had a gross margin before reversal of write-down of 23% in Q4 2023 compared to 21% in Q4 2022. Gross margins in Q4 2023 and YE 2023 were affected by the reversal of write-downs previously taken on real estate held for development and sale. Gross margins before reversal of write-down were lower in YE 2023 compared to the same period in 2022. Residential lot and development land revenue and margins can vary significantly as described in the "Factors Affecting Results of Operations" in this MD&A.

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

During 2023, Genesis recorded a reversal of write-down of \$700 related to write-downs 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 (2022 - \$1,086).

### ***Gain in investments in land development entities***

The fair value of investments in land development entities are based on the market value approach method which were obtained from external third-party appraisals. This method uses prices and other relevant information that have been generated by market transactions involving identical or comparable assets. The Corporation recorded \$1,106 as a gain in investment in land development entities during 2023 (2022 - \$560).

### ***Other expenses***

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Other expenses</b>						
General and administrative expense	<b>(2,123)</b>	(1,788)	18.7%	<b>(7,567)</b>	(6,435)	17.6%
Selling and marketing expense	<b>(519)</b>	(567)	(8.5%)	<b>(1,798)</b>	(1,756)	2.4%
Finance income	<b>393</b>	352	11.6%	<b>1,406</b>	488	N/R <sup>(1)</sup>
Finance expense	<b>(1,135)</b>	(723)	57.0%	<b>(3,595)</b>	(1,358)	N/R <sup>(1)</sup>
Total	<b>(3,384)</b>	(2,726)	24.1%	<b>(11,554)</b>	(9,061)	27.5%

<sup>(1)</sup> Not relevant due to the size of the change

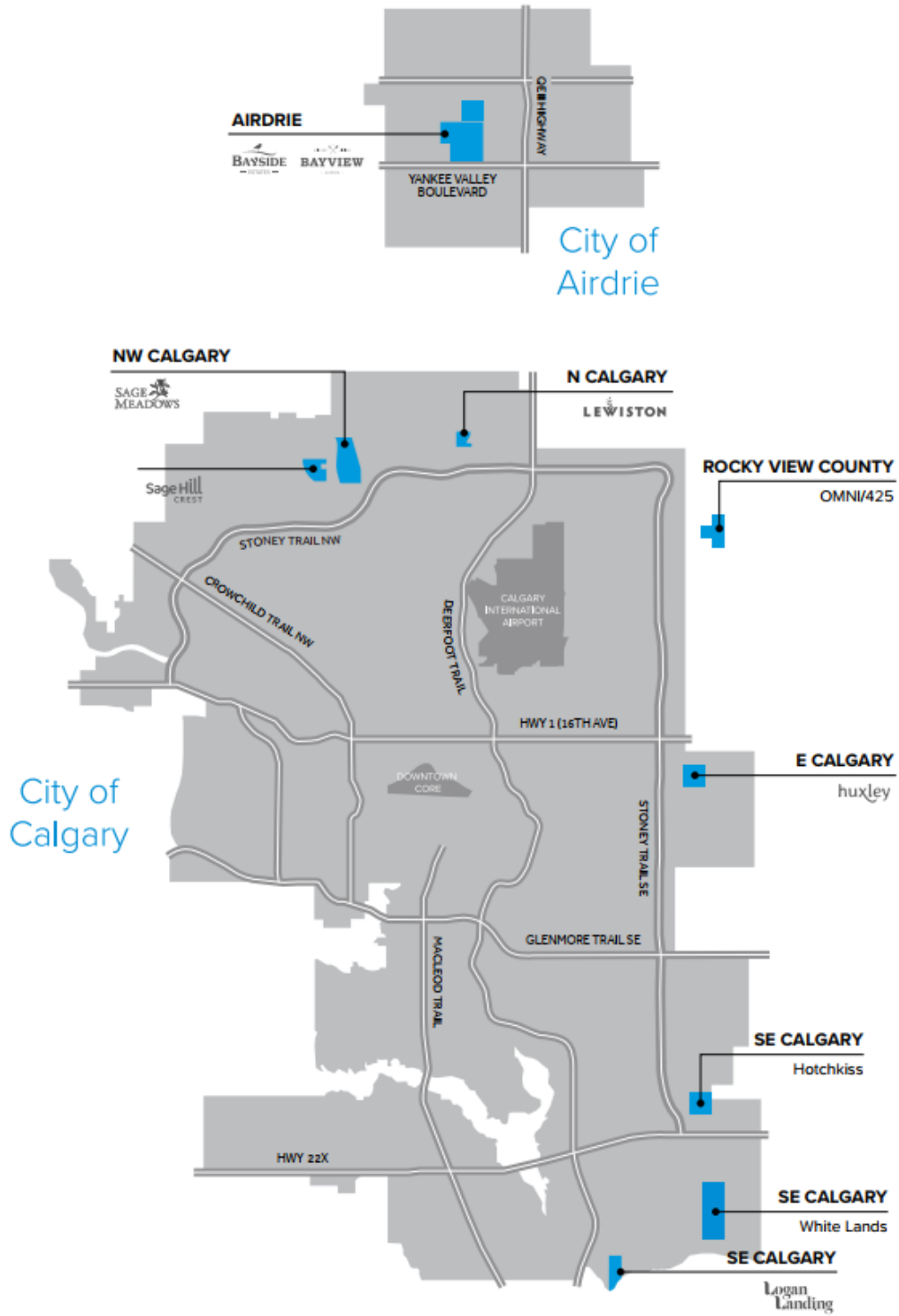
The components of other expenses and the changes are shown in the table above.

In YE 2023, other expenses totaled \$11,554 or 28% higher than \$9,061 incurred in YE 2022. Other expenses were higher in YE 2023 mainly due to higher net finance expense and general and administrative expense, specifically compensation expenses in YE 2023. Net finance expenses were higher due to higher interest rates and higher average loan balances in YE 2023 as compared to YE 2022.

In Q4 2023, other expenses totaled \$3,384 or 24% higher than \$2,726 incurred in Q4 2022. Other expenses were higher in Q4 2023 due to higher net finance expense and general and administrative expense, specifically compensation expenses. Net finance expenses were higher due to higher interest rates and higher average loan balance in Q4 2023 as compared to Q4 2022.

Higher compensation expenses in YE 2023 and in Q4 2023 were driven by increases in staffing and salary levels reflecting higher activity levels, inflation and a competitive labor market.

Location of Genesis' Land Development Projects



## Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Key Financial Data</b>						
Revenues <sup>(1)</sup>	52,230	33,799	54.5%	167,126	100,680	66.0%
Direct cost of sales	(39,627)	(29,016)	36.6%	(130,703)	(83,749)	56.1%
Gross margin	12,603	4,783	163.5%	36,423	16,931	115.1%
Gross margin (%)	24.1%	14.2%	69.7%	21.8%	16.8%	29.8%
Other expenses	(5,050)	(3,732)	35.3%	(17,858)	(12,640)	41.3%
Earnings before income taxes	7,553	1,051	N/R <sup>(2)</sup>	18,565	4,291	N/R <sup>(2)</sup>
<b>Key Operating Data</b>						
Homes sold (units)	86	57	50.9%	286	169	69.2%
Average revenue per home sold	607	593	2.4%	584	596	(2.0%)
New home orders (units)	50	31	61.3%	328	233	40.8%
Outstanding new home orders at period end (units)				247	205	20.5%

<sup>(1)</sup> Revenues include residential home sales and other revenue

<sup>(2)</sup> 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 \$167,126 (286 units) in YE 2023, 66% higher than YE 2022 revenues of \$100,680 (169 units). In addition, 328 homes were contracted for sale in YE 2023, an increase of 41%, as compared to 233 in YE 2022, resulting in 247 outstanding new home orders at the end of 2023 as compared to 205 outstanding new home orders at the end of 2022.

Revenues for single-family homes and townhouses were \$52,230 (86 units) in Q4 2023, 55% higher than Q4 2022 revenues of \$33,799 (57 units). In addition, 50 homes were contracted for sale in Q4 2023, an increase of 61%, as compared to 31 in Q4 2022.

Homes sold in YE 2023 had an average price of \$584 per home compared to \$596 in YE 2022. Homes sold in Q4 2023 had an average price of \$607 per home compared to \$593 in Q4 2022. Fluctuations in the average revenue per home sold are due to differences in product mix, community, and market conditions. During 2023 and 2022, GBG's single-family homes product ranged in price from \$386-\$1,900 depending on the location and the models being offered. Similarly, GBG's townhouse product ranged in price from \$172-\$399 depending on the location and the models being offered. In Q4 2023, 77 single-family homes and 9 townhouses were sold compared to 56 single-family homes and 1 townhouse in Q4 2022. In YE 2023, 268 single-family homes and 18 townhouses were sold compared to 162 single-family homes and 7 townhouses in YE 2022.

187 of the 286 homes sold in YE 2023 were built on residential lots supplied by Genesis, with lot revenues of \$25,877 while 92 of the 169 homes sold in YE 2022 were built on residential lots or parcels supplied by Genesis, with lot revenues of \$16,953. In Q4 2023, 53 of the 86 homes sold were built on residential lots supplied by Genesis, with lot revenues of \$7,261 while 22 of the 57 homes sold in Q4 2022 were built on residential lots or parcels supplied by Genesis, with lot revenues of \$3,995.

In 2023, GBG contracted to acquire 136 lots in the CMA from third party developers in the communities of Alpine Park, Fireside, Heartwood and Vermillion Hill. GBG is currently building in seven third party communities, namely Alpine Park, Clearwater, Fireside, Heartwood, Homestead, Silverton and Vermillion Hill. As of December 31, 2023, GBG had outstanding contracts to purchase 433 lots. GBG has 143 new home orders on these lots.

GBG builds single-family homes either after receiving a firm sale contract (a “pre-construction home”) or on a quick possession (“spec”) basis and builds townhouses generally on a quick possession basis. The delivery time of a pre-construction home is approximately 10 to 12 months. Construction of quick possession homes commences 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 units in any individual building. This provides construction efficiencies and requires GBG to build some townhouses on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis closely monitors its home building work-in-progress to anticipate and react to market conditions in a timely manner. As at YE 2023, GBG had \$88,314 of work in progress, of which approximately \$6,243 related to spec homes and \$4,954 related to the associated third party lots (YE 2022 - \$48,506 of work in progress, of which \$1,378 related to spec homes and \$2,744 related to the associated third party lots). The increase in work in progress is mainly related to higher outstanding new home orders and the building up of the spec home inventory to meet demand.

The following table shows the split between quick possession sales and pre-construction homes.

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
Quick possession sales (units)	18	7	N/R <sup>(1)</sup>	54	20	N/R <sup>(1)</sup>
Pre-construction home sales (units)	68	50	36.0%	232	149	55.7%
Total home sales (units)	86	57	50.9%	286	169	69.2%

<sup>(1)</sup> Not relevant due to the size of the change

### Gross margin

Genesis realized gross margin on home sales of 21.8% in YE 2023 as compared to 16.8% in YE 2022 and a gross margin on home sales of 24.1% in Q4 2023 compared to 14.2% in Q4 2022. Fluctuations in gross margin are due to changes in market conditions and differences in product and community mix. In YE 2023, 268 single-family homes and 18 townhouses were sold compared to 162 single-family homes and 7 townhouses in YE 2022. In Q4 2023, 77 single-family homes and 9 townhouses were sold compared to 56 single-family homes and 1 townhouse in Q4 2022.

### Other expenses

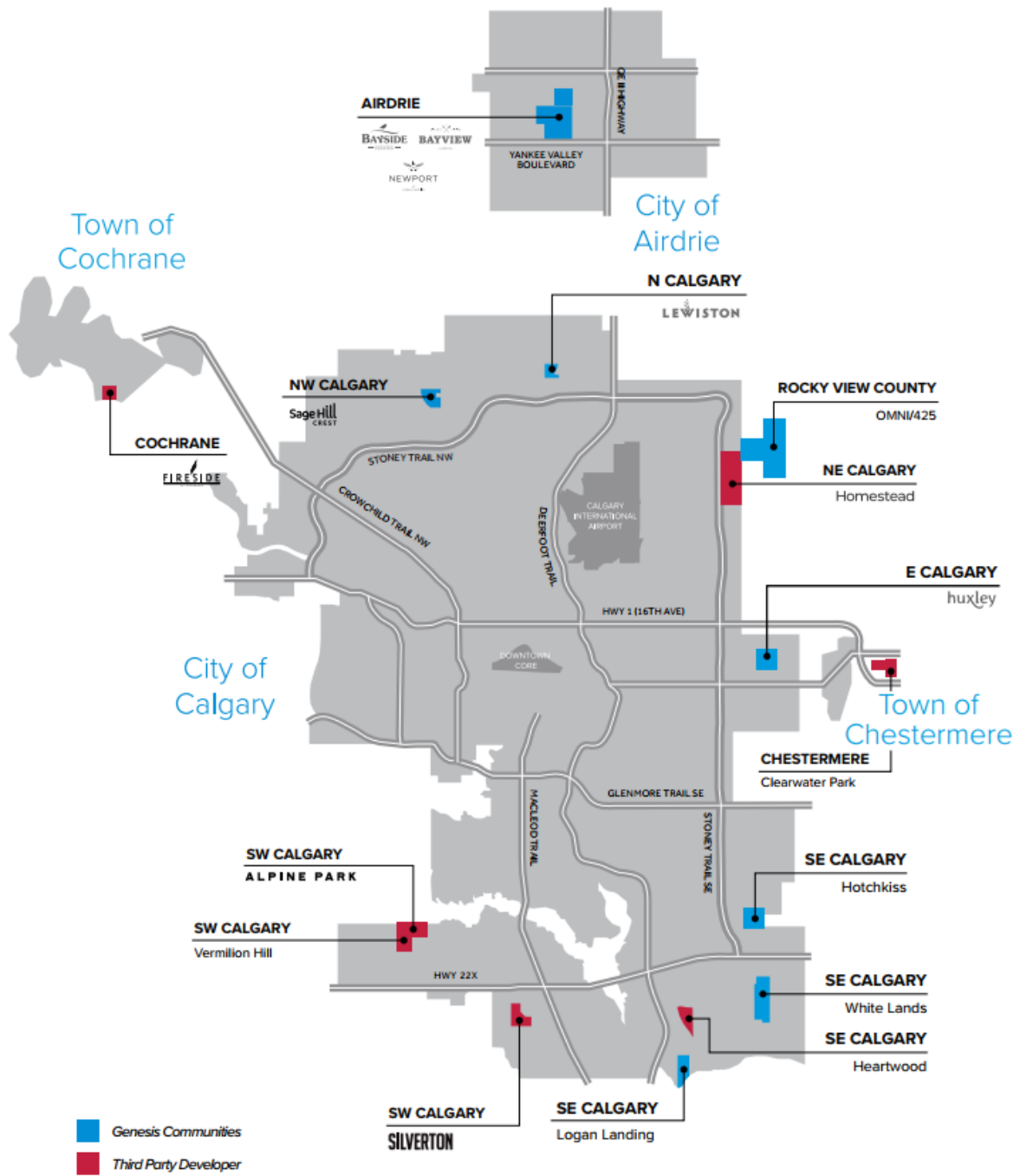
	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
<b>Other expenses</b>						
General and administrative expense	(2,796)	(2,338)	19.6%	(10,531)	(8,351)	26.1%
Selling and marketing expense	(2,076)	(1,248)	66.3%	(6,686)	(4,059)	64.7%
Finance income	63	1	N/R <sup>(1)</sup>	137	24	N/R <sup>(1)</sup>
Finance expense	(241)	(147)	63.9%	(778)	(254)	N/R <sup>(1)</sup>
Total	(5,050)	(3,732)	35.3%	(17,858)	(12,640)	41.3%

<sup>(1)</sup> Not relevant due to the size of the change

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

In YE 2023, other expenses were \$17,858, 41% higher than \$12,640 incurred in YE 2022. In Q4 2023, other expenses totaled \$5,050, 35% higher than \$3,732 incurred in Q4 2022. Other expenses were higher in both Q4 and YE 2023 due to higher compensation expenses, selling and marketing expenses (including sales commissions) and net finance expenses. Higher compensation expenses were driven by increases in staffing and salary levels reflecting higher activities levels, inflation and a competitive labor market. Increase in selling and marketing expenses was primarily due to higher levels of sales activity in the home building business. Higher net finance expenses were due to higher average loan balances and higher interest rates in 2023 compared to the same periods in 2022.

Location of GBG Building Communities



## Real Estate Held for Development and Sale

	December 31,		
	2023	2022	% change
Real estate held for development and sale	342,791	265,683	29.0%

Refer to note 5 in the consolidated financial statements for the years ended December 31, 2023 and 2022 which details the components of the changes in the 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 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 \$77,108 as at YE 2023 compared to YE 2022 mainly due to: (i) the acquisition of 460 acres of future residential development land in the southeast sector of the City of Calgary for \$25,842; (ii) increase in residential lots from third party developers for \$25,736; 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 December 31, 2023:

Real Estate Held for Development and Sale	Net Book Value		
	Lots, multi-family & commercial parcels	Land held for development <sup>(1)</sup>	Total
<b>Community</b>			
Airdrie - Bayside, Bayview, Canals	20,382	27,751	48,133
Calgary NW - Sage Meadows	3,614	-	3,614
Calgary NW - Sage Hill Crest	13,392	-	13,392
Calgary N - Lewiston (owned by LLLP)	-	57,038	57,038
Calgary SE - Logan Landing	-	61,652	61,652
Calgary SE - White Lands	-	22,700	22,700
Calgary E - Huxley	-	33,436	33,436
Rocky View County - North Conrich	-	6,858	6,858
Rocky View County - OMNI	-	5,609	5,609
Other lands <sup>(2)</sup> - non-core	40	2,005	2,045
<b>Total land development</b>	<b>37,428</b>	<b>217,049</b>	<b>254,477</b>
Home building construction work-in-progress			38,874
Third party lots			49,440
<b>Total home building</b>			<b>88,314</b>
<b>Total real estate held for development and sale</b>			<b>342,791</b>

<sup>(1)</sup> Land held for development comprises lands not yet subdivided into single-family lots or parcels

<sup>(2)</sup> Other lands are non-core and available for sale



The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels shown above, by community as at December 31, 2023:

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	20,382	162	16	1	-
Calgary NW - Sage Meadows	3,614	-	-	1	-
Calgary NW - Sage Hill Crest	13,392	47	-	-	1
	<b>37,388</b>	<b>209</b>	<b>16</b>	<b>2</b>	<b>1</b>
Other lots - non-core	40	13	-	-	-
<b>Total</b>	<b>37,428</b>	<b>222</b>	<b>16</b>	<b>2</b>	<b>1</b>

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 December 31, 2023, 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.

Land Held for Development, by Community	Net Book Value	Land <sup>(1)</sup> (acres)	Estimated Equivalent if/when Developed		
			Single-family (lots)	Multi-family (acres)	Commercial (acres)
Airdrie - Bayside, Bayview	27,751	94	635	2	2
Calgary N - Lewiston (owned by LLLP)	57,038	134	952	3	4
Calgary SE - Logan Landing	61,652	354	1,606	7	3
Calgary SE - White Lands	22,700	460	2,500	-	-
Calgary E - Huxley	33,436	161	1,368	-	-
Rocky View County - North Conrich	6,858	425	-	-	-
Rocky View County - OMNI	5,609	185	-	-	-
	<b>215,044</b>	<b>1,813</b>	<b>7,061</b>	<b>12</b>	<b>9</b>
Other lands - non-core	2,005	300	-	-	-
<b>Total</b>	<b>217,049</b>	<b>2,113</b>	<b>7,061</b>	<b>12</b>	<b>9</b>

<sup>(1)</sup> Land not yet subdivided into single-family and other lots or parcels

## Amounts Receivable

	December 31,		
	2023	2022	% change
Amounts receivable	28,156	22,165	27.0%

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. There are no amounts receivable past due.

The increase of \$5,991 in amounts receivable was mainly due to higher lot sales to third party builders. As at YE 2023, Genesis had \$26,623 (191 lots) in amounts receivable related to third party builders compared to \$21,207 (155 lots) in amounts receivable as at YE 2022.

Individual balances due from third party builders at YE 2023 that were 10% or more of total amounts receivable were \$26,623 from two third party builders (YE 2022 - \$21,207 from two third party builders).

## Vendor-take-back Mortgage Receivable

	December 31,		
	2023	2022	% change
Vendor-take-back mortgage receivable	1,976	-	N/R <sup>(1)</sup>

<sup>(1)</sup> Not relevant due to the size of the change

The Corporation closed the sale of a 2.91-acre parcel of development land on December 1, 2023 for \$3,929, comprised of cash consideration of \$1,965 and the remainder as a VTB mortgage receivable of \$1,964 bearing an annual interest at the prime rate. The principal and interest on the VTB mortgage receivable is due on or before March 15, 2024.

## Cash Flows (used in) Operating Activities

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Cash flows (used in) operating activities	(13,501)	(1,686)	(7,799)	(43,756)
Cash flows (used in) operating activities per share - basic and diluted	(0.24)	(0.03)	(0.14)	(0.77)

The changes in cash flows from operating activities between Q4 2023 and Q4 2022 consist of the following:

Operating Activities - Inflows (Outflows)	Three months ended December 31,		
	2023	2022	\$ change
Residential home sales	52,835	33,425	19,410
Residential lot sales	5,289	3,135	2,154
Development land sales	9,995	6,338	3,657
Residential home construction	(28,178)	(26,032)	(2,146)
Land development	(32,099)	(8,215)	(23,884)
Lots and land acquisitions	(12,686)	(3,394)	(9,292)
Suppliers and employees	(8,278)	(6,787)	(1,491)
Income tax	(682)	(544)	(138)
Other	303	388	(85)
Total	(13,501)	(1,686)	(11,815)

The changes in cash flows from operating activities between YE 2023 and YE 2022 consist of the following:

Operating Activities - Inflows (Outflows)	Year ended December 31,		
	2023	2022	\$ change
Residential home sales	167,673	104,049	63,624
Sale of ownership interest in LLLP	11,760	-	11,760
Residential lot sales	16,948	16,742	206
Development land sales	14,237	15,991	(1,754)
Residential home construction	(104,662)	(84,478)	(20,184)
Land development	(68,146)	(33,820)	(34,326)
Lots and land acquisitions	(19,590)	(39,245)	19,655
Suppliers and employees	(24,056)	(19,572)	(4,484)
Income tax	(3,332)	(4,246)	914
Other	1,369	823	546
Total	(7,799)	(43,756)	35,957

The increases in cash inflows from the sale of residential homes by GBG are primarily related to increases in 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 change in cash flows from operating activities is mainly due to higher cash inflows from the sale of residential homes and the sale of ownership interests in LLLP and lower cash outflows for land and lot acquisitions. These were partially offset by higher cash outflows for home building and land servicing activities and lower cash inflows from residential lots and development land sales. In YE 2023, cash outflows for lots and land acquisitions include the \$7,753 cash payment for the acquisition of approximately 460 acres of future residential development land in southeast Calgary. In YE 2022, cash outflows for lots and land acquisitions include the \$26,964 payment for 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 in YE 2023 reflect the large number of spec homes and outstanding new home orders for which homes are being built. In addition, lower income tax payments were made in YE 2023 compared to YE 2022.

## LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at YE 2023 and YE 2022:

	December 31,		December 31,	
	2023	% of total	2022	% of total
Loan and credit facilities	103,587	24%	65,057	18%
Provision for future development costs	20,569	5%	24,034	7%
Customer deposits	17,470	4%	15,753	4%
Accounts payable and accrued liabilities	22,579	5%	12,470	3%
Accounts payable related to residential lot purchases	32,319	7%	17,944	5%
Lease liabilities	712	0%	841	0%
Income tax payable	1,706	0%	704	0%
<b>Total liabilities</b>	<b>198,942</b>	<b>45%</b>	<b>136,803</b>	<b>37%</b>
Non-controlling interest	9,999	2%	2,705	1%
Shareholders' equity	231,142	53%	224,632	62%
<b>Total liabilities and equity</b>	<b>440,083</b>	<b>100%</b>	<b>364,140</b>	<b>100%</b>

The ratio of total liabilities to equity is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	198,942	136,803
Total equity	241,141	227,337
Total liabilities to equity <sup>(1)</sup>	83%	60%

<sup>(1)</sup> Calculated as total liabilities divided by total equity

## Loan and Credit Facilities

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Corporate revolving line of credit	12,800	19,024	21,257	11,350	25,626
Demand land project servicing loans	12,729	11,552	10,156	11,682	12,522
Demand operating line - LLLP	21,500	21,336	20,931	20,554	20,198
Demand operating line - Huxley Lands Limited Partnership ("HLLP")	15,098	-	-	-	-
Demand land project servicing loan - LLLP	13,455	4,179	-	-	-
Demand operating line for single-family homes	13,664	11,110	8,575	6,732	7,364
VTB mortgage payable	18,088	-	-	-	-
	107,334	67,201	60,919	50,318	65,710
Unamortized portion of the discount on the VTB	(3,010)	-	-	-	-
Unamortized deferred fees on loan and credit facilities	(737)	(779)	(774)	(864)	(653)
Balance, end of period	103,587	66,422	60,145	49,454	65,057

The continuity of Genesis' loan and credit facilities, excluding deferred fees and unamortized portion of the discount on the VTB, is as follows:

	Year ended December 31, 2023			Year ended December 31, 2022
	VTB mortgage payable	Loan and credit facilities	Total	Total
Balance, beginning of year	-	65,710	65,710	33,260
Advances	18,088	82,887	100,975	84,151
Repayments	-	(59,450)	(59,450)	(51,701)
Interest expense	-	99	99	-
Balance, end of year	18,088	89,246	107,334	65,710

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 \$50,000 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. As at December 31, 2023, the amount drawn on this facility was \$12,800 (YE 2022 - \$25,626). Subsequent to December 31, 2023, the facility was extended and now matures on February 1, 2027. In addition, the interest rate per annum has been reduced to prime +1.65%.

### **Demand land project servicing loans**

As at December 31, 2023, Genesis had land project servicing facilities with \$12,729 drawn (YE 2022 - \$12,522). Up to \$7,400 is available to finance future development and servicing costs as land development activities progress. These facilities bear interest at prime +0.50% per annum, mature between May 12, 2024 and March 19, 2025 and are secured by agreements receivable, real estate held for development and sale, and a corporate guarantee.

### **Demand land project servicing loan for LLLP**

In Q2 2023 LLLP entered into a demand land project servicing credit facility up to \$35,428 with a major Canadian chartered bank at an interest rate per annum of prime +0.50%. This facility is secured by specific lands, and a Genesis corporate guarantee, and matures on July 31, 2026. As at December 31, 2023, the amount drawn on this facility was \$13,455.

### **Demand operating line for LLLP**

LLLP has a demand operating credit facility of \$21,500 with a major Canadian chartered bank at an interest rate per annum of prime +0.50%. This facility is secured by specific lands, and a Genesis corporate guarantee, and matures on October 27, 2025. As at December 31, 2023, the amount drawn on this facility was \$21,500 (YE 2022 - \$20,198).

### **Demand operating line for HLLP**

In Q4 2023 Huxley Lands Limited Partnership entered into a demand operating credit facility up to \$16,000 with a major Canadian chartered bank at an interest rate per annum of prime +0.25%. This facility is secured by specific lands, and a Genesis corporate guarantee, and matures on November 30, 2026. As at December 31, 2023, the amount drawn on this facility was \$15,098.

### **Demand operating line for single-family homes and lots**

GBG has a demand operating line of \$25,000 bearing interest at prime +0.75% per annum. This facility is secured by housing projects under development and a corporate guarantee. As at December 31, 2023, the amount drawn on this facility was \$13,664 (YE 2022 - \$7,364). The facility does not have a specified maturity date.

### **VTB mortgage payable**

Genesis entered into a \$18,088 VTB mortgage payable on the purchase of its southeast Calgary lands in December 2023. The VTB mortgage payable is secured by specific lands, has an interest rate of 0% per annum and is repayable in four equal annual installments of \$4,522 each, commencing November 20, 2024 and ending November 20, 2027. This 0% loan was recorded as \$15,078 being the present value of the \$18,088 discounted at an assumed market rate of 8%.

### **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 YE 2023 was \$15,899 for the land division (YE 2022 - \$20,105) and \$4,670 for GBG (YE 2022 - \$3,929). 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 \$37,546 and drawn loan and credit facilities of \$103,587 at YE 2023 compared to \$36,598 and \$65,057 respectively at YE 2022, resulting in net debt (refer to heading “Non-GAAP Measures” in this MD&A) of \$66,041 at YE 2023 compared to net debt of \$28,459 at YE 2022. 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.

	December 31,		
	2023	2022	% change
Cash and cash equivalents	37,546	36,598	2.6%
Corporate revolving line of credit	12,274	25,104	(51.1%)
Demand land project servicing and home building loans	26,367	19,815	33.1%
Demand land project servicing and operating line - LLLP	34,832	20,138	73.0%
Demand operating line - HLLP	15,036	-	N/R <sup>(3)</sup>
VTB mortgage payable	15,078	-	N/R <sup>(3)</sup>
<b>Total loan and credit facilities</b>	<b>103,587</b>	<b>65,057</b>	<b>59.2%</b>
<b>Net debt <sup>(1) (2)</sup></b>	<b>(66,041)</b>	<b>(28,459)</b>	<b>N/R <sup>(3)</sup></b>

<sup>(1)</sup> Calculated as the difference between cash and cash equivalents and total loan and credit facilities

<sup>(2)</sup> Non-GAAP financial measure. Refer to heading “Non-GAAP Measures” in this MD&A

<sup>(3)</sup> Not relevant due to size of the change

	December 31,		
	2023	2022	% change
<b>Loan and credit facilities as a percentage of total assets <sup>(1)</sup></b>			
Corporate revolving line of credit	2.8%	6.9%	(59.4%)
Demand land project servicing and home building loans	6.0%	5.4%	11.1%
Demand land project servicing and operating line - LLLP	7.9%	5.5%	43.6%
Demand operating line - HLLP	3.4%	-	N/R <sup>(3)</sup>
VTB mortgage payable	3.4%	-	N/R <sup>(3)</sup>
<b>Loan and credit facilities to total assets</b>	<b>23.5%</b>	<b>17.8%</b>	<b>32.0%</b>
<b>Total liabilities to equity <sup>(2)</sup></b>	<b>82.5%</b>	<b>60.2%</b>	<b>37.0%</b>

<sup>(1)</sup> Calculated as each component of loan and credit facilities divided by total assets

<sup>(2)</sup> Calculated as total liabilities divided by total equity

<sup>(3)</sup> Not relevant due to size of the change

	December 31,		
	2023	2022	% change
<b>Net debt <sup>(1)</sup> as a percentage of total assets</b>			
Cash and cash equivalents	37,546	36,598	2.6%
Loan and credit facilities	103,587	65,057	59.2%
<b>Net debt <sup>(1) (2)</sup></b>	<b>(66,041)</b>	<b>(28,459)</b>	<b>N/R <sup>(4)</sup></b>
<b>Net debt to total assets <sup>(3)</sup></b>	<b>(15.0%)</b>	<b>(7.8%)</b>	<b>92.0%</b>

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

<sup>(2)</sup> Calculated as the difference between cash and cash equivalents and total loan and credit facilities

<sup>(3)</sup> Calculated as net debt divided by total assets

<sup>(4)</sup> Not relevant due to size of the change

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

## Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
Interest incurred	(1,534)	(1,092)	40.5%	(4,912)	(1,989)	N/R <sup>(3)</sup>
Interest relating to VTBs	(199) <sup>(1)</sup>	-	N/R <sup>(3)</sup>	(199) <sup>(1)</sup>	(105) <sup>(2)</sup>	89.5%
Financing fees amortized	(106)	(87)	21.8%	(386)	(340)	13.5%
Interest and financing fees capitalized	463	309	49.8%	1,124	822	36.7%
	(1,376)	(870)	58.2%	(4,373)	(1,612)	N/R <sup>(3)</sup>

<sup>(1)</sup> VTB related to Southeast Calgary lands. The VTB is to be paid in four equal annual installments of \$4,522 each, commencing November 2024 and ending November 2027

<sup>(2)</sup> VTB related to Lewiston lands. VTB was repaid in January 2022

<sup>(3)</sup> Not relevant due to size of the change

Finance expenses were higher in Q4 2023 and YE 2023 compared to the same periods in 2022 mainly due to higher interest rates and higher average loan balances. Interest and financing fees are recorded as a component of real estate held for development and sale.

The weighted average interest rate of loan agreements with various financial institutions was 7.90% (YE 2022 - 7.52%) based on December 31, 2023 balances.



## Income Tax Payable

The continuity in income tax payable is as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of year	704	2,092
Provision for current income tax	4,334	2,858
Net payments	(3,332)	(4,246)
Balance, end of year	1,706	704

As at December 31, 2023, income tax payable is a result of tax on the current year's income, offset by installment payments made during the year.

## Shareholders' Equity

As at March 6, 2024, the Corporation had 56,785,508 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

The Corporation renewed its normal course issuer bid ("NCIB") on December 13, 2023. The NCIB commenced on December 18, 2023 and will terminate on the earlier of: (i) December 17, 2024; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,840,528 common shares under the NCIB.

The prior NCIB, which expired on December 15, 2023, allowed the Corporation to purchase for cancellation up to 2,843,166 common shares.

The Corporation purchased and cancelled common shares under its NCIBs as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Number of shares purchased and cancelled	30,505	-	61,027	-
Total cost	69	-	135	-
Average price per share purchased	2.23	-	2.20	-
Shares cancelled as a % of common shares outstanding at beginning of period	0.05%	-	0.11%	-

During YE 2023, the Corporation purchased and cancelled 61,027 common shares for \$135 at an average cost of \$2.20 per share (representing 0.11% of issued and outstanding shares at the beginning of period) compared to nil purchase in YE 2022.

During Q4 2023, the Corporation purchased and cancelled 30,505 common shares for \$69 at an average cost of \$2.23 per share (representing 0.05% of issued and outstanding shares at the beginning of period) compared to nil purchase in Q4 2022.

The Corporation repurchased 16,800 common shares between January 1, 2024 and March 6, 2024 for cancellation for \$40 at an average cost of \$2.36 per share under the NCIB. As of the date of this MD&A, there are 2,820,728 common shares remaining for purchase under the currently authorized NCIB.

## Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income tax payable, customer deposits and provision for future development costs) at YE 2023 were as follows:

	Loan and Credit Facilities <sup>(1)</sup>	Levies and Municipal Fees	Lot Purchase Contracts <sup>(2)</sup>	Land Purchase Contract <sup>(3)</sup>	Lease Obligations <sup>(4)</sup>	Total
Current	26,916	8,516	12,158	-	585	<b>48,175</b>
January 2025 to December 2025	30,022	5,050	15,042	26,700	436	<b>77,250</b>
January 2026 to December 2026	45,875	4,428	3,785	-	421	<b>54,509</b>
January 2027 to December 2027	4,521	-	-	-	72	<b>4,593</b>
<b>Total</b>	<b>107,334</b>	<b>17,994</b>	<b>30,985</b>	<b>26,700</b>	<b>1,514</b>	<b>184,527</b>

<sup>(1)</sup> Excludes deferred fees on loan and credit facilities and unamortized portion of the discount on the VTB

<sup>(2)</sup> Lot purchase contracts are from both third party-developers and from LLLP

<sup>(3)</sup> Includes \$26,700 related to the purchase of approximately 160 acres of future residential development land in the southeast sector of the City of Calgary. The purchase is scheduled to close on January 31, 2025

<sup>(4)</sup> Includes variable operating costs

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

Lot purchase contracts are related to the purchase of lots from third-party developers and LLLP as part of GBG's operations. These contracts generally require an initial deposit with the balance of the contract price being paid at agreed future dates.

Land purchase contract is related to the purchase of future residential development lands as part of Genesis' growth strategy.

Genesis has certain lease agreements that are entered in the normal course of operations. Genesis' sublease for its head office signed in April 2020 expires in February 2027. The total payments over the remaining term of the office lease for base rent and parking is \$563. In the event the office lease is terminated early, Genesis is liable to pay the landlord for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by the landlord, if any. Genesis also has other minor operating leases.

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

## Current Contractual Obligations and Commitments

	December 31, 2023	December 31, 2022
Loan and credit facilities, excluding deferred fees on loan and credit facilities and unamortized portion of the discount on the VTB	26,916	7,364
Accounts payable and accrued liabilities	22,579	12,470
Accounts payable related to residential lot purchases	24,131	13,036
Total short-term liabilities	73,626	32,870
Levies and municipal fees	8,516	7,475
Lot purchase contracts	12,158	7,401
Land purchase contract	-	531
Lease obligations	585	547
	94,885	48,824

At YE 2023, Genesis had obligations due within the next 12 months of \$94,885 of which \$26,916 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 YE 2023, these amounted to approximately \$7,103 (YE 2022 - \$5,414).

### Levies and Municipal Fees

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

### Land and Lot Purchase Contracts

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

## SELECTED ANNUAL INFORMATION

	2023	2022	2021	2020	2019
Total revenues	203,312	140,357	109,761	103,933	68,097
Gross margin before reversal of write-down / write-down <sup>(1)</sup>	45,831	26,072	27,575	27,352	22,220
Gross margin	46,531	27,158	31,843	15,715	21,420
Net earnings attributable to equity shareholders	14,512	4,520	10,877	199	1,701
Net earnings per share - basic and diluted	0.26	0.08	0.24	0.00	0.04
Total assets	440,083	364,140	324,929	266,494	296,268
Loan and credit facilities	103,587	65,057	32,668	21,470	51,546
Cash dividends per share <sup>(2)</sup>	0.17	0.15	0.14	-	-

<sup>(1)</sup> Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A

<sup>(2)</sup> Amount paid in the year. Genesis declared dividends of \$0.17 per share, \$0.15 per share and \$nil per share in 2023, 2022 and 2021, respectively.

	2023	2022	2021	2020	2019
Return on shareholders' equity ("ROE") <sup>(1)</sup>	6.4%	2.0%	5.2%	0.1%	0.9%
Average shareholders' equity <sup>(2)</sup>	227,887	226,628	208,150	190,817	192,964

<sup>(1)</sup> Calculated as net earnings attributable to equity shareholders divided by average shareholders' equity

<sup>(2)</sup> Calculated as the sum of shareholders' equity per the financial statements at the beginning and end of each year divided by two

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

For additional details, please see information provided under the heading *Factors Affecting Results of Operations* in this MD&A which discusses the factors that affect Genesis' results and seasonality.

### Summary analysis for last three years

Total revenues consist of residential lot sales, development land sales, residential home sales and other revenues. Residential lot sales volumes were 305, 236 and 247 units in 2023, 2022, and 2021, respectively, reflecting market conditions in each period. In addition, development land sales were \$16,200, \$15,991 and \$5,870 for 2023, 2022 and 2021 respectively. Development land sales are lumpy in nature and comprise sales of non-core lands, commercial lands and other lands that Genesis does not intend to build on.

Residential homes sold were 286, 169 and 191 in 2023, 2022, and 2021 respectively. Included in this were single-family homes sales of 268, 162 and 150 units in 2023, 2022, and 2021 respectively.

Gross margin before reversal of write-down was \$45,831 in 2023, higher than the prior year mainly due to higher volumes of residential lots and homes sales. Gross margin before reversal of write-down was \$26,072 in 2022, lower than the prior year mainly due to lower margin on residential lots, partially offset by higher margin on residential homes and development land. Gross margin before reversal of write-down was \$27,575 in 2021, relatively unchanged from the prior year with residential lots, development land and residential homes all contributing to this. Gross margins on development land sales can vary significantly and are also impacted by write-downs or reversal of write-downs on real estate held for development and sale. There was a reversal of write-down of \$700 on residential lot sales in 2023, a net reversal of write-down of \$1,086 on development land sales in 2022 and a reversal of write-down of \$4,268 on development land sales in 2021 respectively. Net earnings and net earnings per share - basic and diluted were affected as a result of the above. Net earnings attributable to equity shareholders were \$14,512, \$4,520 and \$10,877 in 2023, 2022 and 2021, respectively. Net earnings per share (basic and diluted) were \$0.26 per share, \$0.08 per share and \$0.24 per share in 2023, 2022 and 2021, respectively.

Total assets increased by \$75,943 in 2023 compared to 2022. This was mainly due to an increase in real estate held for development and sale by \$77,108 and an increase of \$7,967 in amounts receivable and VTB mortgage receivable, partially offset by a reduction of \$9,772 in other operating assets during the year.

Total assets increased by \$39,211 in 2022 compared to 2021. This was mainly due to an increase in real estate held for development and sale by \$46,828 and an increase of \$8,533 in amounts receivable, partially offset by a reduction of \$27,377 in cash and cash equivalents during the year.

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

Total loan and credit facilities increased by \$38,530 in 2023 compared to 2022. This was mainly due to the addition of the VTB mortgage payable related to the purchase of the southeast Calgary lands, the addition of a \$15,098 land loan in HLLP and higher land project servicing and home building project loan balances.

Total loan and credit facilities increased by \$32,389 in 2022 compared to 2021. This was mainly due to addition of a LLLP loan of \$20,198, higher land project servicing and home building project loan draws used to develop new phases and home building projects. The increase was partially offset by the repayment of the final \$9,312 installment related to the acquisition of a \$18,624 VTB for the purchase of the Calgary north lands.

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

## SUMMARY OF QUARTERLY RESULTS

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenues	71,602	41,173	53,188	37,349	54,157	43,610	22,211	20,379
Net earnings (loss) <sup>(1)</sup>	8,056	2,203	4,093	160	3,062	1,857	97	(496)
EPS <sup>(2)</sup>	0.15	0.04	0.07	0.00	0.05	0.04	0.00	(0.01)

<sup>(1)</sup> Net earnings (loss) attributable to equity shareholders

<sup>(2)</sup> Net earnings (loss) per share - basic and diluted

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Dividends declared and paid	4,830	-	4,833	-	4,265	4,265	-	-
Dividends declared and paid - per share	0.085	-	0.085	-	0.075	0.075	-	-

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Residential lots sold to third parties (units)	42	1	45	30	84	54	2	4
Residential lots sold through GBG (units)	53	43	59	32	22	20	22	28
Total residential lots sold (units)	95	44	104	62	106	74	24	32

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Homes sold (units)	86	71	69	60	57	45	36	31

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Development land revenues	11,958	-	4,242	-	6,338	7,453	-	2,200
Cash flows (used in) from operating activities	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Amount	(13,501)	(9,922)	7,590	8,034	(1,686)	(2,737)	(12,891)	(26,442)
Per share - basic and diluted	(0.24)	(0.17)	0.13	0.14	(0.03)	(0.05)	(0.22)	(0.47)

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

During Q4 2023, Genesis sold 42 residential lots to third party builders and 86 homes of which 53 homes were built on Genesis' lots. Revenues were higher in Q4 2023, compared to Q3 2023, due to higher residential home sales, residential lot sales to third parties and development land sales during the quarter. Q4 2023 included \$700 related to reversal of write-downs previously taken, while there were no write-downs or reversal of write-downs in Q3 2023. Gross margins in Q4 2023 were higher than in Q3 2023 with residential lots, residential home and development land sales all contributing to this. In Q4 2023, the Corporation recorded \$1,106 as a gain in investments in land development entities with no gain recorded in Q3 2023. Selling and marketing expenses and net finance expenses were higher compared to Q3 2023. Income tax expenses were \$2,246 in Q4 2023 compared to \$807 in Q3 2023. As a result of these factors, net earnings were \$8,056 in Q4 2023 compared to net earnings of \$2,203 in Q3 2023.

During Q3 2023, Genesis sold one residential lot to third party builders and 71 homes of which 43 homes were built on Genesis' lots. Revenues were lower in Q3 2023, compared to Q2 2023, due to lower residential lot sales to third parties, lower residential home sales, and no development land sales during the quarter. Gross margins in Q3 2023 were lower than in Q2 2023. General

and administrative expenses and net finance expenses were higher compared to Q2 2023. Income tax expenses were \$807 in Q3 2023 compared to \$1,070 in Q2 2023. As a result of these factors, net earnings were \$2,203 in Q3 2023 compared to net earnings of \$4,093 in Q2 2023.

During Q2 2023, Genesis sold 45 residential lots to third party builders and 69 homes of which 59 homes were built on Genesis' lots. Revenues were higher in Q2 2023, compared to Q1 2023, due to higher residential home sales, residential lot sales to third parties and a development land sale during the quarter. Gross margins in Q2 2023 were higher than in Q1 2023. General and administrative expenses and net finance expenses were lower while selling and marketing expenses were higher in Q2 2023 compared to Q1 2023. Income tax expenses were \$1,070 in Q2 2023 compared to \$39 in Q1 2023. As a result of these factors, net earnings were \$4,093 in Q2 2023 compared to net earnings of \$160 in Q1 2023.

During Q1 2023, Genesis sold 30 residential lots to third party builders and 60 homes of which 32 homes were built on Genesis' lots. Revenues were lower in Q1 2023, compared to Q4 2022, due to lower residential home sales, residential lot sales to third parties and development land sales during the quarter. Q1 2023 included no write-down or reversal of write-down, while Q4 2022 included \$1,086 related to net reversal of write-downs previously taken. Therefore, gross margins in Q1 2023 were lower than in Q4 2022. In Q1 2023, there was no change in the fair value of the Corporation's investments in land development entities, while a gain of \$560 was recorded in Q4 2022. Selling and marketing expenses, general and administrative expenses and net finance expenses were marginally higher in Q1 2023 compared to Q4 2022. Income tax expenses were \$39 in Q1 2023 compared to \$836 in Q4 2022. As a result, net earnings were \$160 in Q1 2023 compared to net earnings of \$3,062 in Q4 2022.

During Q4 2022, Genesis sold 84 residential lots to third party builders and 57 homes of which 22 homes were built on Genesis' lots. Revenues were higher in Q4 2022, compared to Q3 2022, due to higher residential home sales and residential lot sales to third parties, partially offset by lower development land sales during the quarter. Q4 2022 included \$1,086 related to net reversal of write-downs previously taken, while Q3 2022 included no write-down or reversal of write-down. Gross margins in Q4 2022 were higher than in Q3 2022 with residential lots and development land sales all contributing to this. In Q4 2022, the Corporation recorded \$560 as a gain in investments in land development entities with no gain recorded in Q3 2022. Selling and marketing expenses, general and administrative expenses and net finance expenses were higher in Q4 2022 compared to Q3 2022. Income tax expenses were \$836 in Q4 2022 compared to \$680 in Q3 2022. As a result, net earnings were \$3,062 in Q4 2022 compared to net earnings of \$1,857 in Q3 2022.

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 were \$1,857 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 were \$97 in Q2 2022 compared to a 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, net loss was \$496 in Q1 2022 compared to net earnings of \$4,252 in Q4 2021.

## RELATED PARTY TRANSACTIONS

Transactions occurred during the year ended December 31, 2023, with the following related parties:

In 2005, the Corporation sold a 49% undivided interest in approximately 610 acres to Genesis Limited Partnership #4 and GLP5 NE Calgary Development Inc. (collectively, "LP4/5 group") for \$7,670. 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 to LP4/5 group were \$5,038 with the remainder of \$1,661 being applied against debt owed to the Corporation by LP4/5 group. In February 2023, the Corporation paid \$1,253 to GLP5 NE Calgary Development Inc. to acquire an additional 25 acres in the OMNI project in North Conrich. Genesis holds a 100% interest in 456 acres of land and a 73% interest (previously 59%) in the 185-acre OMNI project, with the remaining 27% being held by Genesis Limited Partnership #4.

## SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the following occurred:

Genesis extended its \$50,000 corporate revolving line of credit facility in March 2024 with a new maturity date of February 1, 2027. In addition, the interest rate per annum has been reduced to prime +1.65%.

## SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 2023.

## NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2023 and 2024.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses (including stock-based compensation), assets and liabilities, and the disclosure of contingent liabilities at the reporting date for the land development and the home building businesses. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience, third party appraisals and reports and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no material changes made to the critical accounting estimates for YE 2023 and YE 2022. Refer to note 2(r) in the consolidated financial statements for the years ended December 31, 2023 and 2022 for additional information on judgments and estimates.

### **Provision for Future Development Costs**

Changes in estimated future development costs, which are generally obtained from third party service providers, directly impact 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 long time frames involved, specifically in land development.

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

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

### **Valuation of Amounts Receivable**

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



## Investments in Land Development Entities

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

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

- (i) material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and
- (ii) information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

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

The CEO and CFO have evaluated the design and operating effectiveness of Genesis’ DC&P and ICFR and concluded that Genesis’ DC&P and ICFR were effective as at December 31, 2023. While Genesis’ CEO and CFO believe that the Corporation’s internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management’s belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in the Corporation’s ICFR during the three months and year ended December 31, 2023 that have materially affected or are reasonably likely to materially affect the Corporation’s ICFR.

## RISKS AND UNCERTAINTIES

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.

In Q4 2023, the Alberta economy continued to grow driven by population gains, relative housing affordability and supportive commodity markets. This was somewhat offset by increasing home prices, high lending rates and continued inflationary pressures that weighed on demand. While overall demand increased in Q4 2023, 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.

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, 2023 available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### Development and Construction Cost Risk

Genesis may be impacted by higher prices of labour, consulting fees, construction services and materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the end customer through higher pricing. Any significant increase that Genesis cannot pass on to the end customer may have a negative material impact on profits. Supply chain pressures have become an increasing risk due to economic restrictions put in place and the impacts are unknown and largely unpredictable but could impact both the price and timely availability of materials.

## **Credit and Liquidity Risk**

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

Liquidity risk is the risk that Genesis will not be able to obtain financing for its servicing and other needs or be able to meet its financial obligations as they fall due. If Genesis is unable to generate sufficient sales, renew existing credit facilities or secure additional financing, its ability to meet its obligations as they become due may be impacted. Based on the Corporation's operating history, relationships with lenders and committed sales contracts, management believes that Genesis has the ability to continue to renew or repay its financial obligations as they become due.

## **Finance Risk**

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

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

## **Litigation Risk**

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

## **Cybersecurity and Business Continuity Risk**

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

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

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

There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2023 available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Development land revenues	11,958	6,338	16,200	15,991
Gross margin	696	1,165	696	2,114
(Reversal of write-down) of real estate held for development and sale	-	(1,086)	-	(1,086)
Gross margin before reversal of write-down	696	79	696	1,028
Gross margin before reversal of write-down (%)	5.8%	1.2%	4.3%	6.4%

Residential Lots	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Residential lot revenues	14,675	18,015	45,863	40,639
Gross margin	4,141	3,808	9,412	8,113
(Reversal of write-down) of real estate held for development and sale	(700)	-	(700)	-
Gross margin before reversal of write-down	3,441	3,808	8,712	8,113
Gross margin before reversal of write-down (%)	23.4%	21.1%	19.0%	20.0%

<b>Homes</b>	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues for homes	52,230	33,799	167,126	100,680
Gross margin	12,603	4,783	36,423	16,931
Write-down of real estate held for development and sale	-	-	-	-
Gross margin before write-down	12,603	4,783	36,423	16,931
Gross margin before write-down (%)	24.1%	14.2%	21.8%	16.8%

<b>Development Land, Residential Lots and Homes</b>	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Total revenues	71,602	54,157	203,312	140,357
Gross margin	17,440	9,756	46,531	27,158
(Reversal of write-down) of real estate held for development and sale	(700)	(1,086)	(700)	(1,086)
Gross margin before reversal of write-down	16,740	8,670	45,831	26,072
Gross margin before reversal of write-down (%)	23.4%	16.0%	22.5%	18.6%

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	37,546	36,598
Loan and credit facilities	103,587	65,057
Net debt	(66,041)	(28,459)

## TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2023 and 2022 are provided below:

	<b>2023</b>	<b>2022</b>
Average daily trading volume	2,844	7,581
Share price (\$/share)		
High	2.50	2.98
Low	1.95	1.83
Close	2.30	2.03
Market capitalization at December 31,	130,645	115,433
Shares outstanding	56,802,308	56,863,335

## OTHER

Additional information relating to the Corporation can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.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:

<b>Forward-looking statements in this MD&amp;A include, but are not limited to:</b>	<b>Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:</b>
<ul style="list-style-type: none"><li>• the availability of excess cash on hand and its proposed use;</li><li>• the future exercise of any right to purchase;</li><li>• the timing and approval of the conceptual scheme for the OMNI ASP and an interchange to provide primary transportation access to these lands;</li><li>• the anticipated number of housing units in the various communities upon completion;</li><li>• 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;</li><li>• plans and strategies surrounding the acquisition of additional land;</li><li>• commencement of the servicing phase and the construction phase of various communities and projects;</li><li>• the financing of Genesis' business, including community and project phases, and expected increased leverage;</li><li>• anticipated general economic and business conditions, including forecasted economic growth;</li><li>• potential changes, if any, to the federal mortgage lending rules and other rules that may impact home ownership in Canada;</li><li>• expectations for lot and home prices;</li><li>• construction starts and completions;</li><li>• future development costs;</li><li>• anticipated expenditures on land development activities;</li><li>• GBG's sales process and construction margins;</li><li>• common share buybacks;</li><li>• the payment of dividends; and</li><li>• the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.</li></ul>	<ul style="list-style-type: none"><li>• the impact of contractual arrangements and incurred obligations on future operations and liquidity;</li><li>• local real estate conditions, including the development of properties in close proximity to Genesis' properties and the strength and growth of the Calgary economy;</li><li>• the uncertainties of real estate development and acquisition activity;</li><li>• fluctuations in interest and inflation rates;</li><li>• ability to access and raise capital and debt financing on favorable terms, or at all;</li><li>• not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame;</li><li>• the cyclical nature of the oil and gas industry;</li><li>• changes in the Canadian US dollar exchange rate;</li><li>• labour matters;</li><li>• product availability due to supply chain issues and (or) cost increases;</li><li>• governmental laws and regulations;</li><li>• general economic and financial conditions;</li><li>• stock market volatility; and</li><li>• other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at <a href="http://www.sedarplus.com">www.sedarplus.com</a>, including in this MD&amp;A under the heading “Risks and Uncertainties” and the AIF under the heading “Risk Factors”.</li></ul>

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.