GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

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 unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2018 and 2017, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The unaudited condensed consolidated interim financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's annual information form ("**AIF**") and the Corporation's MD&A for the year ended December 31, 2017 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of May 11, 2018.

STRATEGY AND 2018 BUSINESS PLAN

Strategy

Genesis Land Development Corp. ("Genesis" or the "Corporation") is a land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA"), holding a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

As a land developer, Genesis plans, rezones, subdivides, services and sells residential communities and commercial and industrial lands to third party developers and builders, and also sells lots and completed homes through its home building business. The land portfolio is planned, developed, serviced and sold at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize the cash flow available for distribution to shareholders. The home building business is operated through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"). GBG designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building business is to deliver an acceptable return and cash flow from the capital invested in it and to sell incremental Genesis single family lots and townhouse land parcels.

As part of its overall strategy, Genesis continues to focus on minimizing overhead costs and long term commitments, where possible, to preserve flexibility. Any excess cash on hand is generally used to reduce debt, opportunistically acquire additional development land, issue dividends to shareholders and/or buy back common shares.

2018 Business Plan

The business plan for 2018 includes:

1) maximizing the return of capital to shareholders through further dividends, buying back shares and/or re-investing in additional lands in the CMA;
2) making further progress in obtaining additional zoning and servicing entitlements on several of Genesis' properties, which is expected to increase the value and marketability of these lands;
3) refining and implementing plans for the development and sale of lands to maximize the net present value of each project;
4) servicing the final phase of the "Saddlestone" community in Calgary, 2 new phases in Genesis' Airdrie community and the last phase in Genesis' Sage Meadows community;
5) adding additional third-party builders acquiring lots in Genesis' communities, in addition to the five third-party builders already working with Genesis'; and
6) increasing the number of units sold by GBG, including building the first phases of two townhouse complexes.

Obtain Additional Zoning and Servicing Entitlements

During the first quarter of 2018, Genesis continued to make progress in obtaining additional zoning and servicing entitlements including:

- Sage Hill Crossing Outline Plan: Calgary City Council approved the Area Service Plan ("ASP") amendment for Sage Hill Crossing in September, 2017. Genesis submitted its Outline Plan and Land Use application in December 2017 and anticipates approval in late 2018.
- Southeast Lands ASP: The City of Calgary initiated the process for the "Ricardo Ranch" ASP in January, 2018. There are three landowners involved, of which Genesis is the designated lead in dealing with the City. The process started in January and is anticipated to be approved by Calgary City Council in early 2019.
- OMNI ASP: The OMNI ASP was approved by Rocky View County (the "County") in September 2017. However, the City of Calgary appealed the approval to the Municipal Government Board in October 2017 which must be resolved before Genesis can proceed with further zoning applications. Mediation between the County and City of Calgary has been unsuccessful and the matter is to be determined by the Municipal Government Board in a merit hearing process expected to commence in July 2018.

Plans for the Development and Sale of Lands

Genesis continues to develop detailed plans for each of its core lands, with the objective of maximizing the net present value of the land and to sell the land at the most opportune time.

Service Additional Phases

4 new phases are expected to be serviced in 2018, including:

1) the final phase of the Saddlestone community of 121 lots, 2 multi-family sites and a park;
2) two new phases in Airdrie, including Bayside 1 (102 lots), Bayview 10 (108 lots) and a 6 acre park with a number of amenities; and
3) The final phase of the Sage Meadows community, including servicing 18.1 acres for 4 multi-family sites (2 of which have been contracted for sale), 31 single-family lots expected to be built by GBG and a previously dedicated school site.

Sale of Development lands

Genesis has 4 parcels of land in the Sage Meadows community under contract to sell, including a 1.4 acre commercial site and 3 multi-family sites of 8.2, 4.7 and 3.9 acres, respectively. It is expected that the sale of 3 of the 4 sites will be completed in 2018 but there can be no assurances that all or any of these transactions will close.

Add Third-party Builders in Genesis Communities

In late 2017, one of Genesis' third-party builders in Airdrie was placed in receivership. Subsequent to March 31, 2018, Genesis entered into an agreement to purchase all lots and work in progress related to this builder from its receiver and is now in discussions with several additional third-party builders to build in Genesis' Airdrie community.

Increase Homes Sold by Genesis Builders Group

The following table shows the new homes sold in Q1 2018 compared to the previous seven quarters:

	Q1 2018	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**
Homes sold (units)	33	44	49	36	19	56	28	40

OVERVIEW OF ALBERTA REAL ESTATE MARKET

The Alberta economy has stabilized in the past year as it adjusts to the current energy pricing environment and recovers from a major recession. The energy sector continues to experience lower levels of capital investment and employment. While Alberta's economy still relies significantly on the oil and gas industry, there has been an increase in other areas of business. The 2017 gross domestic product ("GDP") growth in Alberta was 6.7% according to the Conference Board of Canada, compared to declines of 3.8% in 2016 and 3.7% in 2015. The Conference Board of Canada has forecast 2.1% Alberta GDP growth for 2018. The GDP of Alberta has not yet returned to its 2014 level.

The overall Alberta real estate market has been slowly improving as oil prices have stabilized and the overall market and economy has adjusted, although there have been reduced levels of home purchases in the CMA since late 2014. Detached home sales in the CMA in 2017 were up year over year, with average prices increasing modestly in 2017 compared to 2016. However, in late 2017 the inventory of detached homes on the market increased, which may be placing downward pressure on home prices. For 2018 the Conference Board of Canada is forecasting Calgary home sales to be in line with 2017.

In the first quarter of 2018 ("Q1 2018"), there were 3,423 home sales in Calgary, 18% lower than the same period in 2017 and 24% below long term averages according to the Calgary Real Estate Board. In Q1 2018, the Calgary area real estate market was negatively impacted by changes to mortgage lending rules (primarily the new "B-20" borrowing stress test required to be met by all insured borrowers from federally regulated financial institutions), a general increase in mortgage interest rates and a long and prolonged winter season.

There has been a significant shift over the last several years in the timing of the buying of new CMA homes by many purchasers, with many homes now sold at or close to completion on a quick possession basis, rather than being contracted before construction commences. This trend is continuing and Genesis continues to manage its product mix, timing, inventory and to ensure that it is able to deliver on an efficient and timely basis.

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 March 31, 2018**	**2017**
Key Financial Data		
Total revenues	**14,369**	15,664
Direct cost of sales	**(9,943)**	(10,252)
Gross margin	**4,426**	5,412
Gross margin (%)	**30.8%**	34.6%
Net earnings attributable to equity shareholders	**687**	704
Net earnings per share – basic and diluted	**0.02**	0.02
Cash flows from (used in) operating activities	**1,197**	(1,529)
Cash flows from (used in) operating activities per share – basic and diluted	**0.03**	(0.03)
Key Operating Data		
Land Development		
Total residential lots sold (units)	**37**	51
Residential lot sales	**5,451**	8,812
Gross margin on residential lot sales	**2,431**	3,746
Gross margin (%) on residential lot sales	**44.6%**	42.5%
Average revenue per lot sold	**147**	173
Home Building		
Homes sold (units)	**33**	19
Revenues (1)	**13,405**	9,020
Gross margin on homes sold	**1,995**	1,666
Gross margin (%) on homes sold	**14.9%**	18.5%
Average revenue per home sold	**406**	475
Homes (with lots) subject to firm sale contracts (units)	**17**	46

Key Balance Sheet Data	**As at Mar. 31, 2018**	**As at Dec. 31, 2017(2)**
Cash and cash equivalents	**15,953**	23,585
Total assets	**280,844**	301,425
Loans and credit facilities	**21,772**	30,135
Total liabilities	**60,532**	81,884
Shareholders' equity	**202,084**	201,397
Total equity	**220,312**	219,541
Loans and credit facilities (debt) to total assets	**8%**	10%

(1) *Includes revenues of $4,487 for 33 lots purchased from the Land Development segment (2017 – 14 and $2,168) and sold with the home. These amounts are eliminated on consolidation.*

(2) *As at December 31, 2017 ("YE 2017")*

Highlights of First Quarter – Stronger Cash Flow from Operating Activities

In Q1 2018, Genesis delivered cash flow from operating activities of $1,197 ($0.03 per share) as compared to cash flow used in operating activities of $1,529 ($0.03 per share) for the first quarter of 2017 ("Q1 2017"), an increase of $2,726 ($0.06 per share). The increase was primarily due to higher home and lots closings (although at lower average prices and margins) and lower capital spending offset by higher income taxes paid.

Net Income for Q1 2018 was $687 ($0.02 per share) similar to $704 ($0.02 per share) in Q1 2017. Overall, revenues for Q1 2018 were down $1,295 (8%) at $14,369 compared to $15,664 in Q1 2017, primarily due to fewer residential lot sales to third-party builders, offset by higher home sales by GBG.

GBG's gross margin was 15% in Q1 2018 down from 19% in Q1 2017 due to the adjustment of sales prices to reflect weaker market conditions and the change in product mix to lower priced and margin single family homes and townhomes. The gross margin on residential lot of 45% in Q1 2018 was similar to 43% in Q1 2017. Total expenses for Q1 2018 were lower than in Q1 2017, with savings realized in G&A and Selling and Marketing expenses of $631 (15%) and lower interest expense of $301 (48%) due to lower average loan balances during Q1 2018 compared to Q1 2017.

Genesis' had $15,953 in cash and cash equivalents at March 31, 2018 compared to $23,585 as at December 31, 2017 primarily due to Genesis making an $8,000 payment on its vendor-take-back mortgage payable in the quarter. As a result of this payment, total loans and credit facilities as at March 31, 2018 were 28% lower than at December 31, 2017. The $21,772 of loans and credit facilities outstanding at March 31, 2018 was 8% of total assets, compared to $30,135 or 10% of total assets at December 31, 2017.

Land Development

	Three months ended March 31,		
	2018	**2017**	**% change**
Key Financial Data			
Residential lot sales[1]	**5,451**	8,812	(38.1%)
Direct cost of sales	**(3,020)**	(5,066)	(40.4%)
Gross margin	**2,431**	3,746	(35.1%)
Gross margin (%)[2]	**44.6%**	42.5%	
Other expenses[3]	**(1,252)**	(2,215)	(43.5%)
Earnings before taxes	**1,179**	1,531	(23.0%)
Key Operating Data			
Residential lots sold to third parties	**4**	37	(89.2%)
Residential lots sold through GBG - home building	**33**	14	135.7%
Total residential lots sold	**37**	51	(27.5%)
Average revenue per lot sold	**147**	173	(15.0%)

(1) Includes residential lot sales to third parties and to GBG
(2) Gross margin amount divided by the sum of residential lot sales
(3) Other expenses includes general and administrative, selling and marketing, (expense) or income from joint venture and net finance expense

The change in gross margin percentages for single-family lots was primarily due to the mix of sales by community and product /lot type, the nature of the development work to be undertaken before the lots are ready for sale and how long the Corporation has owned the land.

Revenues

Total residential lot sales in Q1 2018 were $5,451 (37 lots), down 38% from $8,812 (51 lots) in Q1 2017. During Q1 2018, 4 lots were sold to third-party builders, down 89% from the 37 lots sold to third-party builders in Q1 2017. In Q1 2017, Genesis added a new third-party builder partner and sold 26 lots to this builder.

In Q1 2018, GBG sold 33 homes on Genesis lots, up 136% from 14 homes sold in Q1 2017.

One of the lots sold to third-party builders in Q1 2018 was a premium lot in the Calgary community of Sage Meadows and three were in the City of Airdrie (Q1 2017 - four and 33 lots, respectively).

There were no development land sales in Q1 2018 or in Q1 2017. 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 lot sales in Q1 2018 had a gross margin of 45%, compared to 43% in Q1 2017.

Other expenses

Other expenses were lower 44% in Q1 2018 compared to Q1 2017, with decreases in general and administrative expenses (including lower compensation, professional services and amortization expenses), sales and marketing expenses and net finance expenses. Net finance expense was lower due to (i) the reduction in the outstanding balance of a vendor-take-back mortgage payable ("VTB") on Genesis' Calgary southeast lands following an $8,000 payment in January 2018; (ii) the repayment of a loan by a limited partnership in December 2017, and (iii) $329 of finance income earned on a $20,500 vendor-take-back mortgage receivable related to a limited partnership which bears interest at 6.5% per annum, payable annually, in arrears.

Factors Affecting Results of Operations

A number of factors affect the results of operations including:

- the development and servicing of land and the sale of residential lots and other land parcels occurs over a substantial period of time which creates volatility in the revenues, earnings and cash flows from operating activities;
- land and lot prices and gross margins vary by community and lot type, the nature of the development work required to be undertaken before the land and lots are ready for sale, and the length of time the Corporation has owned the land; and
- seasonality which has historically resulted in higher revenues in the summer and fall months when home building sales often peak.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended March 31,		
	2018	**2017**	**% change**
Key Financial Data			
Revenues	**13,405**	9,020	48.6%
Direct cost of sales	**(11,410)**	(7,354)	55.2%
Gross margin	**1,995**	1,666	19.7%
Gross margin (%)	**14.9%**	18.5%	
Other expenses[(1)]	**(2,147)**	(2,504)	(14.3%)
(Loss) before taxes	**(152)**	(838)	(81.9%)
Key Operating Data			
Homes sold (units)	**33**	19	73.7%
Average revenue per home sold	**406**	475	(14.5%)
Homes (with lots) subject to firm sales contracts (units)	**17**	46	(63.0%)

[(1)] Other expenses includes general and administrative, selling and marketing and net finance expense

Revenues and Unit Volumes

The number of single-family and townhomes sold by GBG in Q1 2018 was higher than in Q1 2017, with revenues of $13,405 (33 units) in Q1 2018, 49% higher than $9,020 (19 units) in Q1 2017.

Homes sold in Q1 2018 had an average price of $406 per home, down 15% compared to $475 in Q1 2017, primarily due to differences in product mix, with 24 single-family homes and 9 townhouses being sold in Q1 2018 compared to 19 single-family homes in Q1 2017.

All 33 homes sold in Q1 2018 were built on residential lots or parcels supplied by Genesis, with lot or parcel revenues of $4,487, while in Q1 2017, 14 of 19 homes were built on residential lots or parcels supplied by Genesis, with lot revenues of $2,168. The remaining 5 homes sold in Q1 2017 were on lots previously acquired by GBG from a third-party developer.

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 townhomes generally on a quick possession basis. The delivery time of a pre-construction home can be determined in advance, with a home typically being delivered within 8 to 10 months of a customer signing a purchase agreement. Construction of quick possession homes is started before GBG receives a firm sale contract in order to have sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days), because of the multi-unit nature of town homes and allows GBG to obtain construction efficiencies. This requires GBG to build homes on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, and spec home buyers are usually time sensitive, wanting to take possession in a short time frame. Genesis monitors its home building work-in-progress closely to anticipate and react to market conditions in a timely manner.

Of the 33 homes sold in Q1 2018, GBG had 16 quick possession sales (i.e., contracted and delivered within 90 days) compared to 19 sales in Q1 2017 of which 15 were quick possession sales.

Gross margin

GBG's gross margin was 15% in Q1 2018 compared to 19% in Q1 2017 due to GBG reducing sales prices slightly to reflect weaker market conditions and the change in product mix to lower priced and margin single family homes and townhomes. Q1 2017 included the sale of some homes in higher margin phases/communities with no corresponding sales in Q1 2018.

Other Expenses

Other expenses in Q1 2018 were 14% lower than in Q1 2017 due to lower general and administrative expenses (including compensation expenses) offset by higher selling and marketing expenses.

Finance Expense

	Three months ended March 31,		
	2018	**2017**	**% change**
Interest incurred	**88**	233	(62.2%)
Finance expense relating to VTB[1]	**295**	425	(30.6%)
Financing fees amortized	**15**	73	(79.5%)
Interest and financing fees capitalized	**(74)**	(106)	(30.2%)
	324	625	(48.2%)

[1] VTB related to Calgary southeast lands

Interest incurred during Q1 2018 was less than in Q1 2017 due to lower average loan balances during Q1 2018 compared to Q1 2017. The Corporation paid the third installment of $8,000 on the VTB in January 2018. In addition, the third-party loan owed by the limited partnership was fully paid down in Q4 2017 reducing the interest expenses in Q1 2018. The imputed rate on the VTB, which has a 0% face rate, is 8%. Interest expense on the VTB in Q1 2018 is less than in Q1 2017 due to the payment of the third installment of $8,000 in January 2018 resulting in a lower outstanding amount.

The weighted average interest rate of loan agreements with various financial institutions was 4.29% (YE 2017 - 3.99%) based on March 31, 2018 balances.

LIQUIDITY AND CAPITAL RESOURCES

Genesis reduced its debt from $30,135 at YE 2017 to $21,772 at the end of Q1 2018. An $8,000 installment was paid in early January 2018 on the VTB relating to Genesis' southeast Calgary lands. For additional details, please see information provided under the heading "*Loans and Credit Facilities*" in this MD&A.

	March 31, 2018	December 31, 2017	% change
VTB payable	**14,503**	22,208	(34.7%)
Land development servicing and home building loans	**7,269**	7,927	(8.3%)
Total Loans and Credit Facilities	**21,772**	30,135	(27.8%)

Loans and credit facilities as a percentage of total assets	March 31, 2018	December 31, 2017	% change
VTB payable	**5.2%**	**7.4%**	(29.9%)
Land development servicing and home building loans	**2.6%**	**2.6%**	(1.6%)
Loans and credit facilities (debt) to total assets(1)	**7.8%**	**10.0%**	(22.5%)
Total liabilities to equity(2)	**27%**	37%	(26.3%)

(1) Calculated as each component of loans and credit facilities divided by total assets
(2) Calculated as total liabilities divided by total equity

Real Estate Held for Development and Sale

	March 31, 2018	December 31, 2017	% change
Real estate held for development and sale	**211,560**	213,629	(1.0%)
Provision for write-downs	**(12,872)**	(12,872)	0.0%)
	198,688	200,757	(1.0%)

Real estate held for development and sale decreased by $2,069 as at Q1 2018 compared to YE 2017 due to the sale of residential lots and homes, and was partially offset by development activities. Refer to note 4 in the condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017 which details the gross book value and net book value of real estate held for development and sale.

The following table presents Genesis' real estate held for development and sale as at March 31, 2018.

	Net Book Value		
Real Estate Held for Development and Sale	**Lots, Multi-Family and Commercial Parcels**	**Land Held for Development[1]**	**Total**
Land development by Community			
Airdrie - Bayside, Bayview, Canals	13,879	23,538	37,417
Calgary NW - Sage Meadows	18,670	7,457	26,127
Calgary NW - Sage Hill Crossing	-	43,619	43,619
Calgary NE – Saddlestone	3,756	9,729	13,485
Calgary SE - Southeast lands	-	45,006	45,006
	36,305	129,349	**165,654**
Rocky View County - North Conrich[4]	-	4,619	4,619
Other assets[2] - non-core	8	1,975	1,983
Total Land development	36,313	135,943	**172,256**
Home building work-in-progress			**19,444**
Total land development and home building			**191,700**
Limited Partnerships[3], [4]			6,988
Total Real Estate Held for Development and Sale			**198,688**

[1] Land held for development comprises lands not yet subdivided into single-family lots or parcels
[2] Other assets are non-core and being marketed for sale. These assets represent 1.2% (YE 2017 - 1.1%) of Genesis' land portfolio with a carrying value of $1,983 (YE 2017 - $1,981).
[3] Net of intra-segment eliminations of $4,194.
[4] Includes the undivided interest of Genesis and two limited partnerships in the "Omni" project.

The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels by community as at March 31, 2018.

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	13,879	127	85	1	-
Calgary NW - Sage Meadows	18,670	41	-	2	1
Calgary NE - Saddlestone	3,756	35	48	-	-
	36,305	**203**	**133**	**3**	**1**
Other assets - non-core	8	14	-	-	-
Total	**36,313**	**217**	**133**	**3**	**1**

The following table presents the estimated equivalent, if and when developed, by community of single-family lots, multi-family and commercial acres of Genesis' land held for development as at March 31, 2018. There can be no assurance as to when and if this will be achieved.

Land Held For Development by Community	Net Book Value	Land (acres)(1)	Estimated Equivalent if/when Developed Single-family (lots)	Multi-family (acres)	Commercial (acres)
Airdrie - Bayside, Bayview, Canals	23,538	251	1,322	9	2
Calgary NW - Sage Meadows	7,457	35	31	18	-
Calgary NW - Sage Hill Crossing	43,619	64	-	39	19
Calgary NE - Saddlestone	9,729	33	223	2	-
Calgary SE - Southeast lands	45,006	349	1,190	16	-
	129,349	732	2,766	84	21
Rocky View County - North Conrich(2)	4,619	312	-	-	-
Other assets - non-core	1,975	333	-	-	-
	135,943	**1,377**	**2,766**	**84**	**21**
Limited Partnerships(2)	6,988	1,437	-	-	-
Total land held for development	142,931	2,814	2,766	84	21

(1) Land not yet subdivided into single-family and other lots or parcels
(2) Includes the undivided interest of Genesis and two limited partnerships in the "Omni" project.

Amounts Receivable

	March 31, 2018	December 31, 2017	% change
Amounts receivable	**25,694**	30,820	(16.6%)

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

The decrease of $5,126 in amounts receivable was mainly due to the timing of residential lot sales and closings. As at Q1 2018 the Corporation had $23,914 in amounts receivable related to the sale of 133 lots to third-party builders and a non-core development land parcel located in British Columbia ($1,095), compared to $28,500 in amounts receivable as at YE 2017 related to the sale of 156 lots to third-party builders and a non-core development land parcel ($1,315).

Individual balances due from customers at Q1 2018 that were 10% or more of total amounts receivable were $21,772 from five customers (2017 - $25,752 from five customers).

Amounts receivable of $25,694 as at Q1 2018 includes a past due amount of $3,183 from a third-party builder in receivership which was also in breach of its purchase and sale contract for single-family lots purchased from Genesis. As provided in that contract, title to the lots has not passed to the builder. Total amounts receivable from this builder as at March 31, 2018, including past due amounts, was $3,710. For additional details, please see information provided under the heading "*Subsequent Events*" in this MD&A.

Cash Flows from Operating Activities

Cash flow from the operating activities of Genesis varies quarter to quarter due to the nature of land sales and the timing of the receipt of sale proceeds. Genesis typically receives 15% of the purchase price in cash as a non-refundable deposit from a third-party builder at the time it recognizes 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 sale of a lot by GBG to an end buyer is recognized on receipt of the full sale proceeds and the transfer of title to the lot. Capital expenditures can vary from quarter to quarter in both the land development and home building business. These expenditures are seasonal, can be impacted by weather and may be dependent on expected demand.

	Three months ended March 31,	
	2018	**2017**
Cash flows from (used in) operating activities	**1,197**	(1,529)
Cash flows from (used in) operating activities per share – basic and diluted	**0.03**	(0.03)

The increase in cash flows from operating activities between Q1 2018 and Q1 2017 is explained by the following:

	Three months ended March 31,		
	2018	**2017**	**Change**
Cash inflows from sale of residential lots	**6,058**	5,523	535
Cash inflows from sale of residential homes	**13,120**	9,197	3,923
Cash outflows for land servicing	**(1,022)**	(2,973)	1,951
Cash outflows for home building activity	**(7,155)**	(7,530)	375
General and administrative and other cash (payments) receipts	**(5,269)**	(4,453)	(816)
Income taxes paid	**(4,535)**	(1,293)	(3,242)
Total change in cash flows	**1,197**	(1,529)	2,726

Cash inflows from sale of residential lots for Q1 2018 and Q1 2017 were substantially the same.

Higher cash inflows from the sale of residential homes was due to the higher number of homes sold in Q1 2018 compared to the same periods in 2017.

Lower cash outflows for land servicing in Q1 2018 were mainly due to the delay in commencement of planned work due to adverse weather conditions in the CMA.

Cash outflows for home building activity will vary due to the product mix (i.e. single-family or townhouse) and as Genesis manages the pace of construction to maintain an appropriate level of work-in-progress including spec homes to meet anticipated demand.

Higher cash outflows for general and administrative and other cash (payments) receipts were mainly due to higher cash outflows made to obtain cash secured letters of credit. Cash outflows for general and administrative expenses for Q1 2018 and 2017 remained comparable.

Higher cash outflows for income taxes paid were due to tax payments made in Q1 2018 related to income taxes payable as at December 31, 2017.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q1 2018 and YE 2017:

	March 31,		December 31,	
	2018	**% of Total**	**2017**	**% of Total**
Loans and credit facilities	**21,772**	**8%**	30,135	10%
Dividend payable	**-**	**-**	10,813	4%
Customer deposits	**4,121**	**1%**	4,629	2%
Accounts payable and accrued liabilities	**8,458**	**3%**	8,938	3%
Income tax payable	**908**	**0%**	2,785	1%
Provision for future development costs	**25,273**	**9%**	24,584	8%
Total liabilities	**60,532**	**21%**	81,884	28%
Non-controlling interest	**18,228**	**6%**	18,144	6%
Shareholders' equity	**202,084**	**73%**	201,397	66%
Total liabilities and equity	**280,844**	**100%**	301,425	100%

Total liabilities to equity is as follows:

	March 31, 2018	**December 31, 2017**
Total liabilities	**60,532**	81,884
Total equity	**220,312**	219,541
Total liabilities to equity[(1)]	**27%**	37%

[(1)] *Calculated as total liabilities divided by total equity*

Loans and Credit Facilities

The following is a summary of outstanding loan and credit facility balances as at Q1 2018 and as at the end of the previous four quarters:

	Q1 2018	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Land development servicing loans	2,955	6,164	8,757	1,993	3,090
Home building loans	4,482	1,896	871	-	-
Demand operating line	-	-	-	-	4,000
Vendor-take-back mortgage payable	14,503	22,208	21,782	21,357	20,931
	21,940	30,268	31,410	23,350	28,021
Land loan relating to a limited partnership	-	-	4,125	8,963	8,739
	21,940	30,268	35,535	32,313	36,760
Unamortized deferred financing fees	(168)	(133)	(154)	(47)	(144)
Balance, end of period	21,772	30,135	35,381	32,266	36,616

The continuity of Genesis' VTB payable and land development servicing loans, excluding deferred financing fees, is as follows:

	Three months ended March 31, 2018			
	Vendor-take-back mortgage payable	Land development servicing loans	**Total**	**Year ended December 31, 2017**
Balance, beginning of period	22,208	6,164	**28,372**	34,072
Advances	-	7,825	**7,825**	30,574
Repayments	(8,000)	(11,034)	**(19,034)**	(37,976)
Interest expense	295	-	**295**	1,702
Balance, end of period	14,503	2,955	**17,458**	28,372

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

In addition, GBG has a secured revolving operating line repayable on demand to be used for home construction. This line has a financial covenant requiring that GBG maintain a net worth of at least $6,500 at all times. Net worth is defined by the lender as "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties".

Genesis and its subsidiaries were in compliance with all covenants at Q1 2018 and at YE 2017. Loans and credit facilities are used primarily to finance the costs of developing land, building houses and for land purchases.

Genesis has sufficient liquidity from its cash flows from operating activities, supplemented by credit facilities, to meet the above liabilities as they become due. Project financing facilities are paid down with some or all of the sale proceeds of secured lands. Genesis intends to develop new phases by obtaining financing that is specific to each new phase or phases of land development and also for significant townhouse projects.

Land development servicing loans

As at March 31, 2018, Genesis had three land project loan facilities with the ability to fund up to $16,032 of future development and servicing costs. Interest on these facilities is charged at prime + 0.75% per annum. Draws on these facilities can be made as land development activities progress. As at March 31, 2018, $2,955 was drawn under these facilities (YE 2017 – four loans and $6,164).

Home building loans

GBG has a demand operating line of $6,500 bearing interest at prime + 0.75% per annum. As at March 31, 2018, the amount drawn on this facility was Nil (YE 2017 - Nil).

GBG has a townhouse project loan facility with the ability to fund an additional $12,086. This facility bears interest at prime +0.90% per annum and is due on August 31, 2020. As at March 31, 2018, $2,715 was drawn under this facility (YE 2017 - $1,896).

GBG has another townhouse project loan facility with the ability to fund an additional $7,156. This facility bears interest at prime +0.90% per annum and is due on March 28, 2020. As at March 31, 2018, $1,767 was drawn under this facility (YE 2017 - nil).

Demand operating line

Genesis has a demand operating line of credit of up to $10,000 for general corporate purposes at an interest rate of prime + 1.00% per annum. As at March 31, 2018, the outstanding balance of this facility was Nil (YE 2017 - Nil). This facility was used in 2018 and in 2017 for short term cash flow purposes.

Vendor-take-back mortgage payable

Genesis granted the VTB on the purchase of the southeast lands in January 2015. As at March 31, 2018, the VTB had an outstanding balance of $16,000 with an unamortized discount of $1,497 (YE 2017 - $24,000 and $1,792 respectively). The outstanding balance is payable in two equal installments of $8,000 each in January 2019 and 2020.

Provision for Future Development Costs

When Genesis sells lots, land parcels and homes, it often remains responsible for paying for future development costs known as "costs-to-complete".

For the land development business, the provision for future development costs represents the estimated remaining construction and other development costs related to each lot or parcel that has previously been sold, if any. These estimated costs include the direct and indirect construction and other development costs 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. The provision 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 the provision for future development costs and a corresponding adjustment is made to land under development and/or cost of sales.

The cost-to-complete estimates of GBG are additional future costs relating to previously sold homes estimated to be incurred, generally for seasonal and other work (such as paving and landscaping) and estimated warranty charges over the one year warranty period.

The provision for future development costs as at the end of Q1 2018 was $24,404 for the land development business (YE 2017 - $23,809) and $869 (YE 2017 - $775) for GBG. For additional details, please see information provided under the heading "*Critical Accounting Estimates*" in this MD&A.

Income Tax Payable

The continuity in income tax payable is as follows:

	March 31, 2018	December 31, 2017
Balance, beginning of period	**(2,785)**	42
Provision for current income tax	**(2,658)**	(6,882)
Net payments	**4,535**	4,055
Balance, end of period	**(908)**	(2,785)

The decrease in income tax payable is due to the payments being made to date.

Shareholders' Equity

As at May 11, 2018, the Corporation had 43,252,721 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

The Corporation purchased and cancelled common shares under its normal course issuer bid ("NCIB") as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Number of shares purchased and cancelled	-	447,449
Total cost	-	1,301
Average price per share purchased	-	2.91
Beginning of period	**Jan 1, 2018**	Jan 1, 2017
Shares cancelled as a % of common shares outstanding at beginning of period	-	1.02%

The Corporation did not repurchase any common shares between April 1, 2018 and May 11, 2018 for cancellation. As of the date of this MD&A, 2,163,022 common shares may be purchased for cancellation under the currently authorized NCIB.

Contractual Obligations and Debt Repayment

Contractual obligations (excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future development costs) at the end of Q1 2018 were as follows:

	Loans and Credit Facilities(1)	Naming Rights	Lease Obligations	Total
Current	9,318	500	570	**10,388**
April 2019 to March 2020	8,140	500	476	**9,116**
April 2020 to March 2021	4,482	500	306	**5,288**
April 2021 and thereafter	-	-	20	**20**
Total	21,940	1,500	1,372	**24,812**

(1) Excludes deferred financing fees

In 2012, Genesis entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first seven installments totaling $3,500 were paid as at March 31, 2018.

In Q1 2017, the Corporation amended its head office lease agreement with Morguard Real Estate Investment Trust to extend the term by 38 months to September 30, 2020. The total basic rent over the extension period is $364. Genesis also has other minor operating leases.

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in note 7 of the condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017.

Current Contractual Obligations, Commitments and Provision

	March 31, 2018	December 31, 2017
Loans and credit facilities, excluding deferred financing fees	**9,318**	12,007
Accounts payable and accrued liabilities	**8,458**	8,938
Dividend payable	**-**	10,813
Total short-term liabilities	**17,776**	31,758
Commitments(1)	**1,070**	1,074
	18,846	32,832

(1) Commitments comprises naming rights and lease obligations

At the end of Q1 2018, Genesis had obligations due within the next 12 months of $18,846, of which $9,318 related to loans and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Management is confident that Genesis has the ability to continue to renew or to repay its financial obligations as they become due.

Provision for Litigation

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1,600 and the Corporation recorded this amount as a provision as at December 31, 2017. In 2017, the former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017. The appeal is scheduled to be heard in August 2018. On March 8, 2018, the two former employees served an application for leave to amend their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. The hearing date has been set for September 2018. The Corporation intends to vigorously defend against these claims.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

Genesis has an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the sub-division plan registration process to indemnify the municipalities in the event that Genesis does not perform its contractual obligations. At Q1 2018, these letters of credit totalled approximately $4,110 (YE 2017 - $5,491).

Lease Agreements

Genesis has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases and lease payments are included in general and administrative expenses. No asset value or liability has been assigned to these leases on the balance sheet as at Q1 2018 and YE 2017. In the event the lease for the office building 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.

SUMMARY OF QUARTERLY RESULTS

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenues	**14,369**	65,644	31,128	38,497	15,664	28,145	29,240	26,148
Net earnings[(1)]	**687**	8,713	3,372	4,209	704	(1,216)	2,184	2,828
EPS[(2)]	**0.02**	0.20	0.08	0.09	0.02	(0.03)	0.05	0.06

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

Dividends	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Dividends declared	**-**	10,813	9,083	-	-	10,936	-	-
Dividends paid	**10,813**	-	9,083	-	-	10,936	-	-
Dividends declared – per share	**-**	0.25	0.21	-	-	0.25	-	-
Dividends paid – per share	**0.25**	-	0.21	-	-	0.25	-	-

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Residential lots sold to third parties (units)	**4**	37	13	45	37	12	24	22
Homes sold (units)	**33**	44	49	36	19	56	28	40

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Development land revenues	**-**	41,000	5,234	9,000	-	-	9,437	1,650

Cash flows from (used in) operating activities	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Amount	1,197	27,298	8,888	12,251	(1,529)	6,229	10,060	14,394
Per share basic and diluted	0.03	0.62	0.21	0.28	(0.03)	0.14	0.23	0.33

In general, net earnings are mainly affected by the volume of residential lot and home sales, development land parcel sales, and write-downs or recoveries, if any. Seasonality affects the land development and home building industry in Canada, particularly winter weather conditions. Refer to the Factors Affecting Results of Operations section on page 5 of this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q1 2018, Genesis sold 4 residential lots to third parties, 33 homes and no development land parcels. This resulted in lower revenues in Q1 2018 compared to Q4 2017. Higher general and administrative expenses in Q1 2018 were more than offset by lower selling and marketing expenses, net finance expenses and income taxes compared to Q4 2017. On an overall basis, this resulted in lower net earnings in Q1 2018 compared to Q4 2017.

During Q4 2017, Genesis sold 37 residential lots to third parties and 44 homes. Genesis completed the sale of 319 acres of undeveloped land belonging to a limited partnership for $41,000. On an overall basis, this resulted in higher revenues during Q4 2017 compared to Q3 2017. Genesis incurred lower general and administrative expenses and net finance expense during Q4 2017 offset by higher selling and marketing expenses compared to Q3 2017.

During Q3 2017, Genesis sold 13 residential lots to third parties and 49 homes. Genesis completed the sale of a 617 acre parcel of land belonging to a limited partnership for $5,234. On an overall basis, lower revenues from residential lot sales and development land sales, partially offset by higher revenues from residential home sales resulted in lower revenues during Q3 2017 compared to Q2 2017. Genesis incurred slightly lower general and administrative, selling and marketing expenses during Q3 2017 compared to Q2 2017. In addition, Genesis had no write-down in Q3 2017.

During Q2 2017, Genesis sold 45 residential lots to third parties and 36 homes. Genesis also sold a 1,476 non-core development land parcel in Q2 2017 for $9,000. On an overall basis, this resulted in higher revenues during Q2 2017 compared to Q1 2017. Genesis incurred lower general and administrative, selling and marketing expenses and net finance expenses during Q2 2017 compared to Q1 2017. In addition, Genesis had a write-down of $1,095 in Q2 2017.

During Q1 2017, Genesis sold 37 residential lots to third parties and 19 homes. The 37 unit decrease in home closings between Q1 2017 and Q4 2016 was partially offset by a 25 unit increase in residential lot sales to third parties. On an overall basis, this resulted in lower revenues during Q1 2017 compared to Q4 2016. Genesis incurred lower general and administrative, selling and marketing expenses and net finance expenses during Q1 2017 compared to Q4 2016. In addition, Genesis had no write-down in Q1 2017. These were the main factors resulting in higher net earnings and EPS during Q1 2017 compared to Q4 2016.

During Q4 2016, Genesis sold 12 residential lots to third parties and 56 homes (all single-family). This resulted in revenues that were slightly lower than Q3 2016. Genesis also had a write-down of $5,372 in Q4 2016, a difference of $2,079 compared to Q3 2016, which affected the net earnings in Q4 2016.

During Q3 2016, Genesis sold 24 residential lots to third parties, a 7 acre development land parcel for $9,437 and 28 homes (all single-family). The development land parcel sale and higher residential lot sales resulted in higher revenues in Q3 2016 compared to the second quarter of 2016 ("Q2 2016"), but this was partially offset by the lower residential home revenues. Genesis also had a write-down $3,293 related to of a single parcel of undeveloped non-core land located in Alberta.

During Q2 2016, Genesis sold 22 residential lots to third parties, a 1,653 acre non-core development land parcel for $1,650 and 40 homes (all single-family). The sale of a development land parcel in the first quarter of 2016 ("Q1 2016") resulted in higher revenues in Q1 2016 compared to Q2 2016, but this was partially offset by the higher volume of residential lot sales in Q2 2016. During Q2 2016, Genesis also incurred $992 of cost of sales expense relating to townhouse projects that were not going to proceed. These were the main factors resulting in lower net earnings during Q2 2016 compared to Q1 2016.

RELATED PARTY TRANSACTIONS

Transactions occurred with the following related party:

1. Underwood Capital Partners Inc. ("Underwood") - controlled by an officer and director, Stephen J. Griggs;

	Three months ended March 31,	
	2018	**2017**
Paid to Underwood for the services of Stephen J. Griggs as CEO	**85**	93

Effective February 16, 2016, the executive services of Stephen J. Griggs as interim and permanent CEO have been and are provided to the Corporation through Underwood, a private corporation controlled by him in accordance with a written agreement dated as of February 16, 2016 and revised effective May 11, 2017. Under this agreement, Underwood was paid a monthly retainer fee until June 15, 2016, at which time the fee was changed to a fee based on days spent, plus travel and related expenses. The agreement may be terminated by either party on thirty days prior written notice. No incentive or severance fees (share or cash based) are payable to Underwood under this agreement.

SUBSEQUENT EVENTS

Subsequent to Q1 2018, the following occurred:

- Refer to Provision for Litigation on page 15
- Subsequent to March 31, 2018, Genesis entered into an agreement with the receiver of a third-party builder in a Genesis community, which agreement has been approved by the Alberta Court of Queen's Bench. In accordance with this agreement, (1) the agreements to sell 23 lots to the builder were cancelled in consideration of the lots being returned and Genesis retaining the associated $655 of deposits, (2) Genesis re-purchased 31 lots for $5,200 that it had previously sold to this builder (and had received full payment) and acquired the improvements (such as work in progress) previously made by the builder on these 31 lots and on the 23 returned lots. Genesis will acquire all assets free and clear of any liabilities including any builders' liens obligations. The transaction is expected to close in May 2018.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted new IFRSs and interpretations as of January 1, 2018, as noted below:

i) IFRS 15, "Revenue from contracts with customers"

As required, the Corporation adopted IFRS 15 as of January 1, 2018. IFRS 15 replaces existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for revenue recognition arising from contracts with customers.

Impact of the application of IFRS 15

The Corporation completed an assessment of the impact of IFRS 15. The assessment indicates that the revenue recognition for the Corporation remains unchanged, with the exception of revenues from development land sales.

IFRS 15 requires that the Corporation recognize a development land sale when the land parcel has been delivered to the customer and related services that have been contractually agreed to between the Corporation and the customer has been substantially performed, without reference to receipt of a minimum 15% non-refundable deposit, which was a requirement under the prior standard.

There were no development land transactions made during the year ended December 31, 2017 that would be impacted by the transition to IFRS 15.

ii) IFRS 9, "Financial instruments"

As required, the Corporation adopted IFRS 9 as of January 1, 2018. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model.

Impact of the application of IFRS 9

The Corporation completed an assessment of the impact of IFRS 9 on its financial statements and determined that there was no material effect on the carrying value of its financial instruments related to this new requirement and no reclassification was required in the transition to IFRS 9.

Refer to note 9 in the condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017 which provides a summary showing the classification and measurement bases of Genesis' financial instruments as at January 1, 2018 as a result of adopting IFRS 9 along with a comparison to IAS 39.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16, "Leases"

On January 13, 2016, the IASB published a new standard, IFRS 16, "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted but only if the entity is also applying IFRS 15, "Revenue from contracts with customers". Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.

The Corporation has not considered the impact of IFRS 16 on its financial statements yet. The Corporation does not intend to early adopt IFRS 16.

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, assets and liabilities, and the disclosure of contingent liabilities at the reporting date for the land development and the home building businesses. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience, third-party appraisals and reports and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no material changes made to the critical accounting estimates for Q1 2018 and Q1 2017. Refer to note 2(p) in the consolidated financial statements for the years ended December 31, 2017 and 2016 for additional information on judgments and estimates.

Provision for Future Development Costs

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

Impairment 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 for impairment 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 take into account recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

Valuation of amounts receivable

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO have designed Genesis' Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and certified that Genesis' DC&P and ICFR were effective as at March 31, 2018.

There were no changes in the Corporation's ICFR during the three months ended March 31, 2018 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.

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, 2017 available on SEDAR at www.sedar.com.

OTHER

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

ADVISORIES

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", "scheduled", "estimates", "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".

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. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to Genesis' 2018 business plan, the availability of excess cash on hand and its proposed use, the payment of dividends and/or common share buybacks, the timing of the Sage Hill Crossing Outline Plan and the Southeast Lands ASP, the timing for the final resolution of the OMNI ASP, plans and strategies surrounding the acquisition of additional land, plans and strategies surrounding the development and disposition of the Corporation's core lands, the expected completion dates of various projects that GBG is currently engaged in and anticipated lot yields for projects under development, commencement of the servicing phase and the construction phase of various communities and projects, the financing of these phases and expected increased leverage, anticipated general economic and business conditions, the Alberta real estate cycle, expectations for lot and home prices, Genesis' plan to minimize overhead costs, construction starts and completions, development plans for Genesis' core lands, expenditures on land development activities in 2018, GBG's sales process and construction margins, the ability to build an inventory of homes and sell units on a quick possession basis, the recovery of accounts receivable from a third-party builder and the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; labour matters, governmental regulations, stock market volatility and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A 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.