



GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2020

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 our unaudited condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2020 and 2019, 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, 2019 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 November 5, 2020.

STRATEGY AND 2020 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"), owning and developing a portfolio of well-located, entitled and unentitled residential, commercial and mixed-use 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 its home building division. The land portfolio is planned, developed, serviced and sold as single-family lots and townhouse 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.

Through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"), Genesis also designs, builds and sells homes on a significant portion of its single-family lots and, in some cases, its townhouse land parcels. GBG also acquires single-family lots from other land developers to build and sell single-family homes in additional CMA communities.

As part of its overall strategy, Genesis is focused on minimizing overhead costs and long-term commitments, where possible, to preserve flexibility.

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 additional land either directly or through land development entities; and
- Paying dividends and/or buying back its common shares.

Market Overview

Global economic conditions have been difficult as the COVID-19 pandemic has caused governments to shutdown parts of the global economy, including in Alberta. In addition, the energy industry which is a leading contributor to Alberta's GDP continues to be negatively impacted by lower Canadian oil prices. These factors have had a negative impact on the Alberta economy with Royal Bank of Canada estimating that Alberta's GDP will shrink by approximately 8% in 2020.

According to the Calgary Real Estate Board ("CREB"), the local real estate market initially fell quite dramatically as a result of the pandemic and has since rebounded. In April 2020 home sales were down 63% and in May 2020 home sales decreased by 44% as compared to the same months in 2019, the lowest levels recorded since 1995. By the end of June 2020, year to date home sales were 22% lower than the prior period in 2019. The downward trend reversed in the third quarter, particularly in September when sales increased by 25% from September 2019, the strongest sales levels since 2014 with significant gains in home sales in the \$400 to \$600 range which makes up a large part of Genesis product line. For the first three quarters of 2020, CREB reported total home sales were 9% below the levels achieved in the same period in 2019.

In the third quarter inventory levels declined and at September 2020, months of supply was 4.56 months which compares to 4.75 months in September 2019. According to CREB these are the most balanced conditions seen for September in over 5 years. Average home prices have been stable, with the average pricing for detached homes for YTD 2020 of \$480 slightly lower than \$481 for the same period in 2019.

Through the first nine months of 2020 ("YTD 2020") revenues of \$84,116 have been recorded (\$42,016 in the first nine months of 2019, "YTD 2019"), 195 lots sold (97 in YTD 2019), 135 homes sold (85 in YTD 2019) and 138 new home orders have been executed (112 in YTD 2019). Outstanding new home orders stood at 57 as at September 30, 2020 (61 as at September 30, 2019).

While there has been some improvement in the overall economy, Genesis remains cautious, as the extent and duration of the current economic downturn and the level of home sales in the CMA are unpredictable and unknown.

2020 Business Plan

Focus on Liquidity and Cash Flow

Given the uncertain market conditions, Genesis has prioritized the preservation of cash resources and protecting its balance sheet. As of September 30, 2020, Genesis had \$30,719 of cash and cash equivalents on hand (YE 2019 - \$16,248), loans and credit facilities of \$44,383 (YE 2019 - \$51,546), real estate assets of \$190,789 (YE 2019 - \$222,269) and total assets of \$287,055 (YE 2019 - \$296,268). The ratio of loans and credit facilities to total assets was 15% at September 30, 2020 compared to 17% at December 31, 2019.

The increase in cash and cash equivalents is largely due to increased cash flows from operating activities. In Q3 2020, Genesis generated positive cash flows from operating activities of \$9,893 compared to cash outflows used in operating activities of (\$10,076) over the same period in 2019. For the nine months ended September 30, 2020, Genesis generated cash flows from operating activities of \$25,125, compared to cash flows from operating activities of \$1,568, an increase of \$23,557 over the same period in 2019.

The Corporation continues to review all expenditures to determine which capital and operating costs can be deferred, eliminated or reduced.

Progress on 2020 Business Plan

During Q3 2020, Genesis continued to execute on its business plan, adjusting to reflect current and expected market conditions.

1) Obtaining Additional Zoning and Servicing Entitlements

Genesis continued to make progress in obtaining additional zoning and servicing entitlements for its land, with no material impact from the COVID-19 economic restrictions to date. As zoning and servicing entitlements are granted by the applicable municipal authorities, there can be no assurance as to if and when the following communities will be available for development or sale. The timelines suggested below are management's best estimate at this time. Approvals for new developments continue to be a challenge. On November 3, 2020, Calgary City Council ("Council") reviewed 11 applications by a number of land owners for the removal of Growth Management Overlays ("GMOs"), which must be removed prior to receiving final development approvals. This included applications for the two proposed Genesis projects, Ricardo Ranch and Lewiston both of which met or exceeded, to the best of Genesis' understanding, all pre-identified criteria for removal of their respective GMOs. Council did not approve any of the 11 projects including the two Genesis projects.

- Ricardo Ranch Area Structure Plan ("ASP"): Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant. An ASP for a new residential community on these lands was approved by Council in November 2019. There is a Growth Management Overlay ("GMO") restricting development of these lands. Genesis will apply for GMO removal at the earliest opportunity. An outline plan and land use applications have also been submitted and approval is expected in early 2021.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019 which also has a GMO restricting development of these lands. Genesis will apply for the GMO removal at the earliest opportunity. An outline plan and land use application have been submitted and are expected to be approved by the end of the first quarter in 2021.
- OMNI ASP (in North Conrich): Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northeast quadrant of the City of Calgary. Genesis has received ASP approval for a 185-acre commercial and retail project on a portion of these lands. Approval of the conceptual scheme for this project is expected to be received by the end of 2020. The remaining 425 acres are included in a special study area, with land use still to be determined.

2) Planning for the Development and Sale of Land

Genesis continues to develop and implement detailed plans for each of its core land holdings, with the objective of maximizing the risk adjusted net present value of the land and to sell or develop the land at the most opportune time. Please see information provided under the heading *Real Estate Held for Development and Sale* in this MD&A.

The sale of the 8.17-acre multi-family parcel in Genesis' Sage Hill community contracted in early 2019 closed in the first quarter of 2020 for \$8,987. Genesis also closed the sale of a 4.9-acre multi-family parcel in its Sage Meadows community for \$6,546 subsequent to the quarter, in October 2020.

Genesis, in September, entered into sales agreements to sell 2 multi-family land parcels in Saddlestone; the first being a 0.8-acre parcel for a cash consideration of \$600, expected to close in the fourth quarter of 2020; the second is a 1.1-acre parcel in Calgary for a cash consideration of \$950, expected to close in the third quarter of 2021. The agreements prescribe various conditions which have not yet been met or waived and therefore there can be no assurances that either transaction will close and consequently these transactions will be recorded as revenue when all conditions have been met or waived.

3) Servicing Additional Phases

The servicing of one new community commenced in 2020:

- Sage Hill: The servicing of the first phase of 20 acres in this 51-acre development has an expected total development cost of \$19.5 million of which \$4.9 million is anticipated to be expended in 2020. This community is an “infill development” well located in northwest Calgary. When the first phase is completed it will provide 99 lots and 7.3 acres of multi-family and commercial parcels. This development is being funded by internal funds until a project facility is put in place which is expected to be completed later in 2020.

The servicing of four new residential community phases that commenced in 2018 are in the final stages of completion and lots are available for sale and building:

- Saddlestone community: The final phase of Genesis’ 160-acre Saddlestone community was fully serviced in late 2019, adding 121 single-family lots, a 3.2-acre park and two multi-family sites totaling 1.9 acres (both of which have been contracted for sale as explained previously);
- Sage Meadows community: The final phase of the 80-acre Sage Meadows community was completed in late 2019, servicing 18.1 acres containing a school site (10 acres), three multi-family sites (one of which was sold in Q4 2018 and another was closed in October 2020), 31 single-family lots which are exclusive to GBG on which is in the process of building and selling houses; and
- Bayside and Bayview communities: The servicing of two new phases in this 720-acre Airdrie development was completed in late 2019, including the 108 lot Bayside phase 10 and the 102 lot Bayview phase 1. Servicing of a 6-acre park, a key amenity in the Bayview community, is close to completion.

4) Investing in additional lands

Genesis continues to assess suitable acquisition opportunities as they arise.

In 2019 Genesis invested \$29,333 through investments in three new land development opportunities. These acquisitions will provide an inventory of additional lots in three new communities upon which Genesis plans to build and sell new homes beginning in 2021.

During the nine months ended September 30, 2020 GBG contracted to acquire 70 lots in the first phase of one of the above developments and also contracted to acquire 33 lots from a third-party land developer.

5) Adding Select Third-party Builders in Genesis Communities

To diversify offerings and increase velocity of sales within its residential communities, Genesis holds regular discussions with reputable third-party builders interested in acquiring lots in future phases in Genesis’ communities. Genesis currently has three third-party builders building in its communities. An existing third-party builder partner in one of the Corporation’s Calgary communities acquired 30 lots from Genesis in Airdrie (Bayview) in the second quarter of 2020.

6) Maintaining and when possible increasing the velocity of homes sold by GBG

During Q3 2020, GBG entered into 55 new home sales contracts, an increase of 45% from 38 new home sales contracts in Q3 2019. As of September 30, 2020, Genesis had 57 outstanding new home orders, a decrease of 7% compared to 61 at September 30, 2019. To maintain home sales velocity and margins and to manage inventory during the current economic downturn Genesis has:

- adjusted pricing on select models and completed spec homes;
- managed the timing of construction for any new spec homes with the amount of spec home work-in-progress declining to \$5,069 at September 30, 2020, from \$13,183 at December 31, 2019;
- refocused marketing with improved on-line sales and marketing tools; and

- continued pursuing construction cost reductions.

7) *Return of capital to shareholders*

No dividends were paid during the nine months ended September 30, 2020, while 189,610 common shares were repurchased and cancelled by Genesis, at a cost of \$290, under its normal course issuer bid.

Outlook

The Calgary Metropolitan Area economy has seen materially lower economic activity and increased unemployment levels due to the COVID-19 pandemic and low energy prices. While the Calgary economy improved in the third quarter, the duration and impact of the COVID-19 pandemic remains unknown and, as a result, it is not possible to reliably estimate the impact on the financial results and condition of the Corporation in future periods.

Genesis has been able to adapt its operations, capital investments and marketing approaches to address current conditions and has seen positive results from these activities. Genesis is continuing to focus on preserving cash, protecting the value of its assets and limiting financing risk while ensuring that all health and safety recommendations of regulatory authorities are being followed and, when feasible, exceeded.

Genesis is committed to implementing its strategy to develop and realize the value of its land holdings, while prudently managing its financial and other resources and controlling costs.

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 September 30, ⁽¹⁾		Nine months ended September 30, ⁽²⁾	
	2020	2019	2020	2019
Key Financial Data				
Total revenues	29,739	12,786	84,116	42,016
Direct cost of sales	(21,444)	(8,538)	(62,275)	(28,347)
Gross margin before write-down ⁽³⁾	8,295	4,248	21,841	13,669
Gross margin before write-down (%) ⁽³⁾	27.9%	33.2%	26.0%	32.5%
Write-down of real estate held for development and sale	-	-	(10,815)	(800)
Gross margin	8,295	4,248	11,026	12,869
Net earnings attributable to equity shareholders	3,813	300	74	17
Net earnings per share - basic and diluted	0.09	0.01	0.00	0.00
Cash flows from (used in) operating activities	9,893	(10,076)	25,125	1,568
Cash flows from (used in) operating activities per share - basic and diluted	0.24	(0.24)	0.60	0.04
Key Operating Data				
Land Development				
Total residential lots sold (units)	76	27	195	97
Residential lot revenues	13,926	4,911	34,417	16,841
Gross margin on residential lots sold	5,499	2,482	13,776	8,471
Gross margin on residential lots sold (%)	39.5%	50.5%	40.0%	50.3%
Average revenue per lot sold	183	182	176	174
Development land revenues	320	-	9,482	-
Home Building				
Homes sold (units)	53	26	135	85
Revenues ⁽⁴⁾	24,838	12,623	62,827	39,195
Gross margin before write-down ⁽³⁾	2,813	1,766	7,865	5,198
Gross margin before write-down (%) ⁽³⁾	11.3%	14.0%	12.5%	13.3%
Gross margin on homes sold	2,813	1,766	7,050	5,198
Average revenue per home sold	469	485	464	461
New home orders (units)	55	38	138	112
Outstanding new home orders at period end (units)			57	61
Key Balance Sheet Data			As at Sept. 30, 2020	As at Dec. 31, 2019 ⁽⁵⁾
Cash and cash equivalents			30,719	16,248
Total assets			287,055	296,268
Loans and credit facilities			44,383	51,546
Total liabilities			80,762	83,373
Shareholders' equity			193,952	193,957
Total equity			206,293	212,895
Loans and credit facilities (debt) to total assets			15%	17%

⁽¹⁾ Three months ended September 30, 2020 and 2019 ("Q3 2020" and "Q3 2019")

⁽²⁾ Nine months ended September 30, 2020 and 2019 ("YTD 2020" and "YTD 2019")

⁽³⁾ Non-GAAP financial measure. Refer to heading "Non-GAAP Measures" in this MD&A

⁽⁴⁾ Includes other revenues and revenues of \$9,345 for 53 lots in Q3 2020 and \$22,610 for 135 lots in YTD 2020 purchased by the Home Building division from the Land Development division (\$4,748 and 26 in Q3 2019; \$14,020 and 85 in YTD 2019) and sold with the home. These amounts are eliminated on consolidation

⁽⁵⁾ Year ended December 31, 2019 ("YE 2019")

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

Genesis sold 53 homes (46 single-family and 7 townhouses) in Q3 2020 compared to 26 homes (20 single-family and 6 townhouses) in Q3 2019. During Q3 2020, one development land parcel belonging to a limited partnership was sold for \$320. There were no development land sales in Q3 2019. Genesis sold 23 lots to third-parties in Q3 2020 compared to 1 lot sold in Q3 2019. This overall increase in sales drove higher revenues in Q3 2020 of \$29,739, compared to \$12,786 in Q3 2019.

Genesis sold 135 homes (115 single-family and 20 townhouses) in YTD 2020 compared to 85 homes (71 single-family and 14 townhouses) in YTD 2019. The sales of residential lots to third-parties was also higher with 60 lots being sold in YTD 2020 compared to 12 lots sold in YTD 2019. In YTD 2020, three development land parcels were sold for a total of \$9,482. There were no development land sales in YTD 2019. This resulted in higher revenues of \$84,116 in YTD 2020, compared to \$42,016 in YTD 2019.

New home orders for the nine months ended September 30, 2020 were 138 units compared to 112 units for the same period in 2019. The Corporation ended the third quarter of 2020 with a backlog of 57 new home orders, which compares to a backlog of 61 new home orders a year earlier.

During YTD 2020, in Q1 2020, the Corporation recorded a write-down of \$10,000 (2019 - \$800) on a parcel of land held for development. The write-down was taken based on third-party assessments to reflect the estimated returns realizable on completion of development and sale of this land. The Corporation also recorded a write-down of \$815 in Q1 2020, (2019 - \$Nil) relating to a townhouse project, some units of which were subsequently sold. The write-down was taken to reflect the estimated returns realizable on the sale of completed townhouse units and on the completion of construction and sale of units that are partially constructed.

Genesis generated cash flows from operating activities of \$9,893 (\$0.24 per share - basic and diluted) in Q3 2020, compared to cash flows used in operating activities of (\$10,076) ((\$0.24) per share - basic and diluted) in Q3 2019 as a result of increased volumes. Genesis generated cash flows from operating activities of \$25,125 (\$0.60 per share - basic and diluted) in YTD 2020, an increase of \$23,557 compared to cash flows from operating activities of 1,568 (\$0.04 per share - basic and diluted) in YTD 2019.

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 oil and gas 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;
- 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 in the summer and fall months when home building sales often peak.

Land Development

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Key Financial Data						
Residential lot revenues ⁽¹⁾	13,926	4,911	183.6%	34,417	16,841	104.4%
Development land revenues	320	-	N/R ⁽⁴⁾	9,482	-	N/R ⁽⁴⁾
Direct cost of sales	(8,764)	(2,429)	260.8%	(29,923)	(8,370)	257.5%
Gross margin before write-down ⁽²⁾	5,482	2,482	120.9%	13,976	8,471	65.0%
Gross margin before write-down (%) ⁽²⁾	38.5%	50.5%	(23.8%)	31.8%	50.3%	(36.8%)
Write-down of land held for development	-	-	N/R ⁽⁴⁾	(10,000)	(800)	1150.0%
Gross margin	5,482	2,482	120.9%	3,976	7,671	(48.2%)
Other expenses ⁽³⁾	(1,732)	(1,523)	13.7%	(5,208)	(4,118)	26.5%
Earnings (loss) before taxes	3,750	959	291.0%	(1,232)	3,553	(134.7%)
Key Operating Data						
Residential lots sold to third-parties	23	1	2200.0%	60	12	400.0%
Residential lots sold through GBG - home building	53	26	103.8%	135	85	58.8%
Total residential lots sold	76	27	181.5%	195	97	101.0%
Average revenue per lot sold	183	182	0.5%	176	174	1.1%

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

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

⁽³⁾ Other expenses include general and administrative, selling and marketing and net finance expense

⁽⁴⁾ Not relevant due to the size of the change

Gross margin by source of revenue

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Residential lots						
Residential lot revenues ⁽¹⁾	13,926	4,911	183.6%	34,417	16,841	104.4%
Direct cost of sales	(8,427)	(2,429)	246.9%	(20,641)	(8,370)	146.6%
Gross margin	5,499	2,482	121.6%	13,776	8,471	62.6%
Gross margin (%)	39.5%	50.5%	(21.8%)	40.0%	50.3%	(20.5%)

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

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Development land						
Development land revenues	320	-	N/R ⁽²⁾	9,482	-	N/R ⁽²⁾
Direct cost of sales	(337)	-	N/R ⁽²⁾	(9,282)	-	N/R ⁽²⁾
Gross margin before write-down ⁽¹⁾	(17)	-	N/R ⁽²⁾	200	-	N/R ⁽²⁾
Gross margin before write-down (%) ⁽¹⁾	(5.3%)	-	N/R ⁽²⁾	2.1%	-	N/R ⁽²⁾
Write-down of land held for development	-	-	N/R ⁽²⁾	(10,000)	(800)	1150.0%
Gross margin	(17)	-	N/R ⁽²⁾	(9,800)	(800)	1125.0%

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

⁽²⁾ Not relevant due to the size of the change

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

Revenues and unit volumes

Total residential lot sales revenues for the YTD 2020 were \$34,417 (195 lots), a 104% increase over the \$16,841 (97 lots) sold in YTD 2019. In YTD 2020, 60 lots were sold to third-party builders compared to 12 lots sold to third-party builders in YTD 2019. In YTD 2020, GBG also sold 135 homes on Genesis lots, up 59% from 85 homes it sold on Genesis lots in YTD 2019.

Total residential lot sales revenues in Q3 2020 were \$13,926 (76 lots) up from \$4,911 (27 lots) in Q3 2019. In Q3 2020, 23 lots were sold to third-party builders compared to 1 lot sold to third-party builders in Q3 2019. In Q3 2020, GBG also sold 53 homes on Genesis lots, up 104% from 26 homes it sold on Genesis lots in Q3 2019. Residential lot sales to third party builders occur periodically, depending on the timing of contractual arrangements with these builders.

One parcel of development land belonging to a limited partnership was sold in Q3 2020 for \$320. There were no development land parcel sales in Q3 2019. In YTD 2020, 3 parcels of development land were sold for total proceeds of \$9,482. There were no development land parcel sales in YTD 2019. Development land sales occur periodically and comprise sales of commercial, multi-family and other lands that Genesis does not intend to build on through GBG.

Gross margin

Residential lots had a gross margin of 40% in Q3 2020 compared to 51% in Q3 2019. Residential lots had a gross margin of 40% in YTD 2020 compared to 50% in YTD 2019. Development land margins can vary significantly as described in the *Factors Affecting Results of Operations* in this MD&A. During the nine months ended September 30, 2020, gross margins on development land were negatively impacted by write-downs.

Write-down of land held for development

In YTD 2020 (in Q1 2020), the Corporation recorded a write-down of \$10,000 (2019 - \$800) on a parcel of land held for development. The write-down was taken based on third-party assessments to reflect the estimated returns realizable on the development and sale of this land.

Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense. In YTD 2020, other expenses were \$5,208 compared to \$4,118 incurred in YTD 2019. Other expenses were \$1,090 (27%) higher in YTD 2020 compared to YTD 2019 mainly due to: (i) higher net finance expenses (\$1,199) as a result of higher loan balances (refer to the heading *Finance Expense* in this MD&A); and (ii) higher sales and marketing expenses (\$227) including sales commissions related to the sale of development land parcels. These increases were partially offset by savings in other areas.

In Q3 2020, other expenses were 14% higher at \$1,732 when compared to Q3 2019 (\$1,523), mainly due to: (i) higher net finance expense (\$402) as a result of higher loan balances; and (ii) higher sales and marketing expenses (\$121). These increases were partially offset by lower general and administrative expenses (\$288) and savings in other areas.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Key Financial Data						
Revenues ⁽¹⁾	24,838	12,623	96.8%	62,827	39,195	60.3%
Direct cost of sales	(22,025)	(10,857)	102.9%	(54,962)	(33,997)	61.7%
Gross margin before write-down ⁽²⁾	2,813	1,766	59.3%	7,865	5,198	51.3%
Gross margin before write-down (%) ⁽²⁾	11.3%	14.0%	(19.3%)	12.5%	13.3%	(6.0%)
Write-down of real estate held for development and sale	-	-	-	(815)	-	N/R ⁽⁴⁾
Gross margin	2,813	1,766	59.3%	7,050	5,198	35.6%
Other expenses ⁽³⁾	(1,983)	(2,130)	(6.9%)	(6,440)	(6,458)	(0.3%)
Earnings (loss) before taxes	830	(364)	(328.0%)	610	(1,260)	(148.4%)
Key Operating Data						
Homes sold (units)	53	26	103.8%	135	85	58.8%
Average revenue per home sold	469	485	(3.3%)	464	461	0.7%
New home orders (units)	55	38	44.7%	138	112	23.2%
Outstanding new home orders at period end (units)				57	61	(6.6%)

⁽¹⁾ Revenues include residential home sales and other revenue

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

⁽³⁾ Other expenses include general and administrative, selling and marketing and net finance expense

⁽⁴⁾ 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 \$24,838 (53 units) in Q3 2020, 97% higher than Q3 2019 revenues of \$12,623 (26 units). 55 homes were contracted for sale in Q3 2020 as compared to 38 in Q3 2019.

Revenues for single-family homes and townhouses were \$62,827 (135 units) in YTD 2020, 60% higher than YTD 2019 revenues of \$39,195 (85 units). 138 homes were contracted for sale in YTD 2020 as compared to 112 in YTD 2019, resulting in a backlog of 57 new home orders at the end of Q3 2020 as compared to 61 new home orders at the end of Q3 2019.

Homes sold in YTD 2020 had an average price of \$464 per home, up 1% compared to \$461 in YTD 2019. Homes sold in Q3 2020 had an average price of \$469 per home, down 3% compared to \$485 in Q3 2019. Fluctuations in the average revenue per home sold are due to differences in product mix and community sales. During the first nine months of 2019 and 2020, GBG's single-family homes product ranged in price from \$292-\$842 depending on the location and the model being offered. Similarly, GBG's townhouse product ranged in price from \$155-\$299 depending on the location and the model being offered. In Q3 2020, 46 single-family homes and 7 townhouses were sold compared to 20 single-family homes and 6 townhouses in Q3 2019. In YTD 2020, 115 single-family homes and 20 townhouses were sold compared to 71 single-family homes and 14 townhouses in YTD 2019.

All homes sold in Q3 2020 and Q3 2019 and in YTD 2020 and YTD 2019 were built on residential lots or parcels supplied by Genesis, with Q3 lot revenues of \$9,345 and \$4,748, respectively and YTD lot revenues of \$22,610 and \$14,020, respectively. Genesis as part of its investments in a limited partnership and a joint venture has the right to purchase a number of lots as a means to increase its volumes and will be building on third party lots in 2021. In Q1 2020, GBG contracted to acquire 70 lots in the first phase of one of these development communities. In addition, during Q2 2020 GBG contracted to acquire 33 lots in a new community from a third-party land 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 townhouses 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 to ensure there is sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days). Townhouses are multi-unit buildings for which GBG commences construction prior to selling all the units in the building. This provides construction efficiencies and requires GBG to build some townhouses on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis closely monitors its home building work-in-progress to anticipate and react to market conditions in a timely manner. As at Q3 2020, GBG had \$12,941 of work in progress, of which approximately \$5,069 was related to spec homes (YE 2019 - \$21,366 and \$13,183, respectively).

The following table shows the split between quick possession sales (i.e. spec homes that are contracted and delivered within 90 days) and pre-construction homes (i.e. homes built after receiving a firm sale contract). The timeline for pre-construction homes ranges from around 8 to 10 months and can exceed this depending on the desired possession date.

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Quick possession sales (units)	22	19	15.8%	67	57	17.5%
Pre-construction home sales (units)	31	7	342.9%	68	28	142.9%
Total home sales (units)	53	26	103.8%	135	85	58.8%

Gross margin

Genesis realized a gross margin before write-down on home sales of 11.3% in Q3 2020 as compared to 14.0% in Q3 2019 and a gross margin before write-down on home sales of 12.5% in YTD 2020 compared to 13.3% in YTD 2019. Gross margins were affected in Q3 2020 by the previous write-down taken on townhouses and the adjustment in pricing on certain units. In addition, fluctuations in gross margin before write-downs are due to differences in product and community mix. In Q3 2020, 46 single-family homes and 7 townhouses were sold compared to 20 single-family homes and 6 townhouses in Q3 2019. In YTD 2020, 115 single-family homes and 20 townhouses were sold compared to 71 single-family homes and 14 townhouses in YTD 2019.

Write-down on townhouse project

In YTD 2020, in Q1 2020, the Corporation recorded a write-down of \$815 (2019 - \$Nil) relating to a townhouse project. During the period, sales prices were reduced due to the weaker market. It was determined that the estimated returns realizable on the sale of completed townhouse units and on the completion of construction and sale of units that are partially constructed was reduced and, as a result, there was a write-down taken on this project.

Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense. Other GBG expenses were comparable in YTD 2020 and in YTD 2019 with lower net finance expenses and lower general and administrative expenses being offset by higher selling and marketing expenses, mainly due to sales commissions.

Other GBG expenses include general and administrative, selling and marketing and net finance expense, which were \$147 or 7% lower in Q3 2020 compared to Q3 2019 due to: (i) lower sales and marketing expenses; and (ii) lower corporate administration expenses; and (iii) lower net finance expenses.

Real Estate Held for Development and Sale

	September 30,	December 31,	
	2020	2019	% change
Real estate held for development and sale	211,708	236,183	(10.4%)
Provision for write-downs	(20,919)	(13,914)	50.3%
	190,789	222,269	(14.2%)

Refer to note 3 in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2020 and 2019 which details the components of the changes in the gross book value and net book value of real estate held for development and sale.

Real estate held for development and sale is also affected by the sale of residential lots, homes, development land parcels and development and construction activities. Real estate held for development and sale decreased by \$31,480 as at September 30, 2020 compared to YE 2019 due to: (i) the write-down of \$10,815 on real estate held for development and sale; (ii) the sale of parcels of development land for \$9,482 and (iii) the reduction in home building inventory by \$8,424 due to a high volume of sales.

The following table presents Genesis' real estate held for development and sale at net book value (that is net of provisions for write-downs) as at September 30, 2020:

	Net Book Value		
	Lots, multi-family & commercial parcels	Land held for development ⁽¹⁾	Total
Real Estate Held for Development and Sale			
Community			
Airdrie - Bayside, Bayview, Canals	19,866	21,479	41,345
Calgary NW - Sage Meadows	18,270	-	18,270
Calgary NW - Sage Hill North and South	6,582	17,815	24,397
Calgary NE - Saddlestone	11,131	-	11,131
Calgary N - Lewiston	-	24,331	24,331
Calgary SE - Ricardo Ranch	-	45,523	45,523
Rocky View County - North Conrich ⁽²⁾	-	5,271	5,271
Sub-total	55,849	114,419	170,268
Other assets ⁽³⁾ - non-core	24	1,742	1,766
Total land development	55,873	116,161	172,034
Home building work-in-progress			12,941
Total land development and home building			184,975
Limited Partnerships ⁽²⁾ , ⁽⁴⁾			5,814
Total real estate held for development and sale			190,789

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

⁽²⁾ Includes the undivided interest of Genesis and two limited partnerships in North Conrich including the "Omni" project

⁽³⁾ Other assets are non-core and available for sale.

⁽⁴⁾ Net of intra-segment eliminations of \$4,194.

The following table presents the breakdown of Genesis' serviced single-family lots, multi-family and commercial parcels shown above, by community as at September 30, 2020:

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	19,866	147	60	1	-
Calgary NW - Sage Meadows	18,270	25	-	3	-
Calgary NW - Sage Hill South	6,582	-	-	-	1
Calgary NE - Saddlestone	11,131	102	27	2	-
	55,849	274	87	6	1
Other assets - non-core	24	13	-	-	-
Total	55,873	287	87	6	1

The following table presents the estimated equivalent, if and when developed, by community of single-family lots and multi-family and commercial acres of Genesis' land held for development (shown previously) as at September 30, 2020. Genesis has developed detailed plans for the development of these lands. Refer to the section of this MD&A entitled *Obtaining Additional Zoning and Servicing Entitlements* for the status of Ricardo Ranch, Lewiston and North Conrich. However, given the uncertainties related to the regulatory approval process and market conditions, there can be no assurance as to when or if any or all of these lands can or will be fully developed.

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	21,479	186	1,112	9	2
Calgary NW - Sage Hill North	17,815	51	282	15	4
Calgary N - Lewiston	24,331	130	800	7	-
Calgary SE - Ricardo Ranch	45,523	354	1,190	16	-
Rocky View County - North Conrich ⁽²⁾	5,271	312	-	-	-
	114,419	1,033	3,384	47	6
Other assets - non-core	1,742	300	-	-	-
Total	116,161	1,333	3,384	47	6

⁽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 North Conrich including the "Omni" project

Amounts Receivable

	September 30,	December 31,	
	2020	2019	% change
Amounts receivable	12,677	6,131	106.8%

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

The increase of \$6,162 in amounts receivable was due to higher lot sales. As at Q3 2020, Genesis had \$11,677 in amounts receivable related to the sale of 69 lots to third-party builders compared to \$5,515 (related to 31 lots) in amounts receivable as at YE 2019.

Individual balances due from third-party builders at Q3 2020 that were 10% or more of total amounts receivable were \$11,446 from two third-party builders (YE 2019 - \$5,515 from two third-party builders).

Vendor-take-back Mortgages Receivable

	September 30,	December 31,	
	2020	2019	% change
Vendor-take-back mortgage receivable - purchased from a limited partnership ⁽¹⁾	21,556	20,558	4.9%
Vendor-take-back mortgage receivable - granted on sale of a parcel of land	2,719	-	N/R ⁽²⁾
	24,275	20,558	18.1%

⁽¹⁾ Includes accrued interest

⁽²⁾ Not relevant due to size of the change

Limited Partnership Land Pool ("LPLP 2007"), a limited partnership controlled by the Corporation, closed the sale of a 319-acre parcel of land on December 15, 2017 for gross proceeds of \$41,000. As consideration for the sale LPLP 2007 received \$20,500 in cash and a \$20,500 three-year vendor-take-back secured first mortgage bearing interest at 6.5% per annum (the "VTB Mortgage"). Interest on the VTB Mortgage is payable annually, in arrears and the principal is fully payable on December 15, 2020. On October 17, 2019, Genesis purchased the VTB Mortgage from LPLP 2007. For additional information on this transaction, please see information provided under the heading *Purchase of Vendor-take-back Mortgage Receivable* in Genesis MD&A for the three months and year ended December 31, 2019. Financing for this transaction consisted of a loan described under the heading *Loan to Purchase VTB Receivable* in this MD&A.

During Q1 2020, the Corporation closed the sale of an 8.17-acre parcel of development land in northwest Calgary for \$8,987 in consideration for a cash payment of \$3,768 and a \$5,219 vendor-take-back mortgage with an interest rate of 5% per annum. The vendor-take-back mortgage is repayable in three installments of which two installments of \$1,250 each were paid on March 31, 2020 and June 30, 2020. The last installment of \$2,719 is due on December 15, 2021.

Cash Flows from Operating Activities

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash flows from (used in) operating activities	9,893	(10,076)	25,125	1,568
Cash flows from (used in) operating activities per share - basic and diluted	0.24	(0.24)	0.60	0.04

The changes in cash flows from operating activities of \$19,969 between Q3 2020 and Q3 2019 consist of the following:

	Three months ended September 30,		
	2020	2019	Change
Cash inflows from sale of residential homes by GBG	25,241	13,101	12,140
Cash inflows from sale of residential lots	1,085	1,637	(552)
Cash inflows from sale of development land	320	-	320
Cash outflows for home building activity	(9,106)	(8,265)	(841)
Cash outflows for land servicing	(4,386)	(7,762)	3,376
Cash outflows for lots / land acquisitions	(1,458)	(5,101)	3,643
Cash outflows paid to suppliers, employees and other	(3,163)	(2,977)	(186)
Other cash (payments) / receipts	(47)	233	(280)
Income tax refunds / (payments)	1,407	(942)	2,349
Total	9,893	(10,076)	19,969

The changes in cash flows from operating activities of \$23,557 between YTD 2020 and YTD 2019 consist of the following:

	Nine months ended September 30,		
	2020	2019	Change
Cash inflows from sale of residential homes by GBG	61,767	39,876	21,891
Cash inflows from sale of residential lots	4,784	9,340	(4,556)
Cash inflows from sale of development land	6,763	-	6,763
Cash outflows for home building activity	(24,715)	(16,745)	(7,970)
Cash outflows for land servicing	(12,163)	(16,517)	4,354
Cash outflows for lots / land acquisitions	(3,178)	(5,101)	1,923
Cash outflows paid to suppliers, employees and other	(9,809)	(9,712)	(97)
Other cash receipts	269	628	(359)
Income tax refunds / (payments)	1,407	(201)	1,608
Total	25,125	1,568	23,557

Cash inflows from the sale of residential homes by GBG is related to the volume of homes sold. Genesis sells residential lots to third-party builders and typically receives 15% of the purchase price as a non-refundable deposit from the builder, at which time it 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. Cash flows from operating activities are also impacted by the timing and amounts of tax installment payments or refunds.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q3 2020 and YE 2019:

	September 30,		December 31,	
	2020	% of Total	2019	% of Total
Loans and credit facilities	44,383	15%	51,546	17%
Customer deposits	3,687	1%	4,592	2%
Accounts payable and accrued liabilities	10,242	4%	7,900	3%
Lease liabilities	799	0%	233	0%
Provision for future development costs	21,651	8%	19,102	6%
Total liabilities	80,762	28%	83,373	28%
Non-controlling interest	12,341	4%	18,938	6%
Shareholders' equity	193,952	68%	193,957	66%
Total liabilities and equity	287,055	100%	296,268	100%

Total liabilities to equity is as follows:

	September 30, 2020	December 31, 2019
Total liabilities	80,762	83,373
Total equity	206,293	212,895
Total liabilities to equity ⁽¹⁾	39%	39%

⁽¹⁾ Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Land development servicing loans	1,151	1,606	2,374	4,145	5,856
Demand operating line for single-family homes	2,145	3,070	3,126	2,261	370
Project specific townhouse construction loans	1,338	1,859	4,633	4,370	4,239
Demand operating line of credit	6,010	6,010	6,000	-	-
Loan to purchase VTB receivable	15,192	14,946	14,706	14,470	-
Vendor-take-back mortgages payable	18,624	18,624	18,624	26,634	26,471
	44,460	46,115	49,463	51,880	36,936
Unamortized deferred fees on loans and credit facilities	(77)	(161)	(244)	(334)	(174)
Balance, end of period	44,383	45,954	49,219	51,546	36,762

The continuity of Genesis' VTBs payable and land development servicing loans, excluding deferred fees on loans and credit facilities, is as follows:

	Nine months ended September 30, 2020				Year ended December 31, 2019
	VTB payable - Lewiston	VTB payable - Ricardo Ranch	Land development servicing loans	Total	Total
Balance, beginning of period	18,634	8,000	4,145	30,779	23,301
Advances	-	-	2,512	2,512	30,898
Repayments	(10)	(8,000)	(5,506)	(13,516)	(24,043)
Interest expense	-	-	-	-	623
Balance, end of period	18,624	-	1,151	19,775	30,779

Loans and credit facilities are used primarily to finance the costs of developing land, building homes and for land purchases.

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

Land development servicing loans

As at September 30, 2020, Genesis had four land project loan facilities with \$1,151 drawn (YE 2019 - four loans and \$4,145 drawn). Up to \$25,653 is available to finance future development and servicing costs from these facilities as land development activities progress. Interest on these facilities is charged at prime + 0.75% per annum.

Demand operating line for single-family homes

GBG has a demand operating line of \$6,500 bearing interest at prime + 0.75% per annum. As at September 30, 2020, the amount drawn on this facility was \$2,145 (YE 2019 - \$2,261).

Project specific townhouse construction loans

As at September 30, 2020, GBG has a townhouse project loan facility with \$1,338 drawn (YE 2019 - \$1,756). Up to \$7,490 is available from this facility to finance future construction costs on this townhouse project. This facility bears interest at prime +0.90% per annum and is due on February 28, 2021.

As at September 30, 2020, GBG has a second townhouse project loan facility with \$Nil currently drawn (YE 2019 - \$2,614). Up to \$4,338 is available from this facility to finance future construction costs on this townhouse project. This facility bears interest at prime +0.90% per annum and is due on March 28, 2021.

During the first nine months of 2020, the Corporation renewed both of its townhouse development credit facilities.

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 September 30, 2020 the outstanding balance of this facility was \$6,010 (YE 2019 - \$Nil). During the first nine months of 2020, the Corporation renewed its \$10,000 corporate demand operating line.

Loan to purchase VTB Receivable

As at September 30, 2020, Genesis had a loan secured by the \$20,500 third-party VTB Mortgage with \$15,192 drawn on the loan (YE 2019 - \$14,470). The loan has an interest rate of 6.50% per annum and is repayable on December 15, 2020. The interest rate and repayment date correspond with the equivalent terms of the third-party of the \$20,500 VTB Mortgage. Please see information provided under the heading *Vendor-take-back Mortgages Receivable* in this MD&A.

Vendor-take-back mortgages payable

Genesis entered into a \$18,624 VTB on the purchase of its north Calgary lands (Lewiston) in September 2019. The VTB is secured by the land, has an interest rate of 5% per annum and is repayable in two equal installments of \$9,312 each, in May 2021 and 2022.

Genesis entered into a \$40,000 vendor-take-back mortgage ("VTB") on the purchase of its southeast Calgary lands (Ricardo Ranch) in January 2015. The final installment of \$8,000 was paid in January 2020.

Provision for Future Development Costs

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

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

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

FDC as at Q3 2020 was \$19,639 for the land division (YE 2019 - \$17,828) and \$2,012 (YE 2019 - \$1,274) for GBG. 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 \$30,719 and loans and credit facilities of \$44,383 at the end of Q3 2020 compared to \$16,248 and \$51,549 respectively, at YE 2019 resulting in net debt (refer to heading *Non-GAAP Measures* in this MD&A) of \$13,664 at the end of Q3 2020 compared to \$35,298 at YE 2019. The components of loans and credit facilities are detailed below. For additional details, please see information provided under the heading *Loans and Credit Facilities*.

	September 30,	December 31,	
	2020	2019	% change
Cash and cash equivalents	30,719	16,248	89.1%
Land development servicing and home building loans	4,557	10,442	(56.4%)
Demand operating line of credit	6,010	-	N/R ⁽³⁾
Loan to purchase VTB receivable	15,192	14,470	5.0%
VTBs payable	18,624	26,634	(30.1%)
Total loans and credit facilities	44,383	51,546	(13.9%)
Net debt ^{(1) (2)}	13,664	35,298	(61.3%)

⁽¹⁾ Calculated as the difference between cash and cash equivalents and total loans and credit facilities

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

⁽³⁾ Not relevant due to size of the change

	September 30,	December 31,	
	2020	2019	% change
Loans and credit facilities as a percentage of total assets ⁽¹⁾			
Land development servicing and home building loans	1.6%	3.5%	(54.3%)
Demand operating line of credit	2.1%	-	N/R ⁽³⁾
Loan to purchase VTB receivable	5.3%	4.9%	8.2%
VTBs payable	6.5%	9.0%	(27.8%)
Loans and credit facilities (debt) to total assets	15.5%	17.4%	(10.9%)
Total liabilities to equity ⁽²⁾	39.1%	39.2%	(0.3%)

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

⁽²⁾ Calculated as total liabilities divided by total equity

⁽³⁾ Not relevant due to size of the change

	September 30,	December 31,	
	2020	2019	% change
Net debt ⁽¹⁾ as a percentage of total assets			
Cash and cash equivalents	30,719	16,248	89.1%
Loans and credit facilities	44,383	51,546	(13.9%)
Net debt ^{(1) (2)}	13,664	35,298	(61.3%)
Net debt to total assets ⁽³⁾	4.8%	11.9%	(59.7%)

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

⁽²⁾ Calculated as the difference between cash and cash equivalents and total loans and credit facilities

⁽³⁾ Calculated as net debt divided by total assets

During the third quarter, 2020 the Corporation continued to ensure that it took prudent and practical steps (described elsewhere in this MD&A) to manage liquidity in the challenging environment presented by the COVID-19 pandemic (refer to the heading *Outlook* in this MD&A for additional information). The Corporation expects that it 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.

Finance Expense

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% change	2020	2019	% change
Interest incurred	363	132	175.0%	1,103	449	145.7%
Finance expense relating to VTBs ⁽¹⁾	234	153	52.9%	697	460	51.5%
Financing fees amortized	84	38	121.1%	258	115	124.3%
Interest and financing fees capitalized	-	(8)	N/R ⁽²⁾	-	(158)	N/R ⁽²⁾
	681	315	116.2%	2,058	866	137.6%

⁽¹⁾ VTBs related to Ricardo Ranch and Lewiston lands

⁽²⁾ Not relevant due to size of the change

Finance expense during Q3 2020 was higher than in Q3 2019 due to higher average loan balances of \$44,383 in Q3 2020 compared to \$36,762 in Q3 2019. Q3 2020 included a \$15,192 loan to purchase the \$20,500 VTB Mortgage from LPLP 2007, a \$18,624 VTB obtained in September 2019 related to the purchase of a parcel of land in north Calgary (Lewiston) and a \$6,010 draw on a demand operating line of credit. These loans impacted finance expense related to VTBs and interest incurred respectively, during Q3 2020. These increases were partially offset by: (i) lower finance expense related to the \$8,000 outstanding on the VTB (Ricardo Ranch) which had a 0% face rate (and an imputed rate of 8%) as this was paid off in early January 2020; and (ii) lower loans related to land servicing activity which carried a lower balance in Q3 2020 compared to Q3 2019.

The weighted average interest rate of loan agreements with various financial institutions was 5.21% (YE 2019 - 5.76%) based on September 30, 2020 balances.

Income Taxes Recoverable

The continuity in income taxes recoverable is follows:

	September 30, 2020	December 31, 2019
Balance, beginning of period	1,144	2,283
Provision for current income tax	1,172	(2,283)
Net (receipts) payments	(1,407)	1,144
Balance, end of period	909	1,144

Income taxes recoverable decreased by \$235 during 2020 mainly due to the receipts of refunds relating to the prior year, partially offset by installment payments made during the current year.

Shareholders' Equity

As at November 5, 2020, the Corporation had 41,929,335 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Number of shares purchased and cancelled	100,570	-	189,610	3,300
Total cost	136	-	290	8
Average price per share purchased	1.35	-	1.53	2.54
Shares cancelled as a % of common shares outstanding at beginning of period	0.24%	-	0.45%	0.01%

During the nine months ended September 30, 2020, the Corporation purchased and cancelled 189,610 common shares for \$290 at an average cost of \$1.53 per share (representing 0.45% of issued and outstanding shares at the beginning of the year) compared to 3,300 common shares for \$8 at an average cost of \$2.54 during YTD 2019 (representing 0.01% of issued and outstanding shares at the beginning of 2019).

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 Q3 2020 were as follows:

	Loans and Credit Facilities ⁽¹⁾	Levies and Municipal Fees	Naming Rights	Lease Obligations	Total
Current	35,148	6,415	500	331	42,394
October 2021 to September 2022	9,312	1,433	-	330	11,075
October 2022 to September 2023	-	1,910	-	455	2,365
October 2023 and thereafter	-	-	-	1,497	1,497
Total	44,460	9,758	500	2,613	57,331

⁽¹⁾ Excludes deferred fees on loans and credit facilities

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, impact the development of the associated real estate assets and impact Genesis' status as a developer with the municipality.

Over a period of 10 years, commencing in 2008 and ending in 2017, Genesis contributed \$200 each year for a total of \$2,000 for 40-year naming rights to “Genesis Place”, a recreation complex in the city of Airdrie.

In 2012, Genesis entered into a memorandum of understanding with the Northeast Community Society to contribute \$5,000 over 10 years for 15-year naming rights to the “Genesis Centre for Community Wellness”, a recreation complex in northeast Calgary (\$500 each year, ending in 2021). The first nine installments totaling \$4,500 were paid as at September 30, 2020.

The Corporation signed a sublease for a new head office location still within Calgary in April 2020 and moved in September 2020. The sublease expires in February 2027 and the total payments over the remaining term of the lease, covering base rent and parking is \$854. 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 and nine months ended September 30, 2020 and 2019.

Current Contractual Obligations, Commitments and Provision

	September 30, 2020	December 31, 2019
Loans and credit facilities, excluding deferred fees on loans and credit facilities	35,148	30,450
Accounts payable and accrued liabilities	10,242	7,900
Total short-term liabilities	45,390	38,350
Levies and municipal fees	6,415	6,406
Commitments ⁽¹⁾	831	952
	52,636	45,708

⁽¹⁾ Commitments comprises naming rights and lease obligations

As at the end of Q3 2020, Genesis had obligations due within the next 12 months of \$52,636 of which \$35,148 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 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.

Provision for Litigation

Two former employees made claims against the Corporation and a director alleging wrongful termination of their employment and a breach of a duty of care by the director. The original claim was made in 2016. The claimants are seeking damages (including relating to their stock options), interest, legal costs and other relief aggregating to approximately \$2,700. Since 2016, various applications and appeals have been made to the judicial system by both parties. Following consideration by the judicial system of all of those applications and appeals, the courts have directed that all matters proceed to trial. No trial dates have yet been set.

The Corporation’s view is that these claims are without merit and is actively contesting them. As at September 30, 2020, the Corporation has recorded provisions totaling \$1,600 for 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. These letters of credit indemnify the municipalities by enabling them to draw upon the letters of credit if Genesis does not perform its contractual obligations. At Q3 2020, these letters of credit totalled approximately \$4,444 (YE 2019 - \$4,795).

Levies and Municipal Fees

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

Lease Agreements

Genesis has certain lease agreements that are entered in the normal course of operations. 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. For additional details, please see information provided under the heading *Contractual Obligations and Debt Repayment* in this MD&A.

SUMMARY OF QUARTERLY RESULTS

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenues	29,739	30,725	23,652	26,081	12,786	16,533	12,697	20,935
Net earnings (loss) ⁽¹⁾	3,813	3,644	(7,383)	1,684	300	(357)	74	2,358
EPS ⁽²⁾	0.09	0.09	(0.18)	0.04	0.01	(0.01)	0.00	0.06

⁽¹⁾ Net earnings (loss) attributable to equity shareholders

⁽²⁾ Net earnings (loss) per share - basic and diluted

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Residential lots sold to third-parties (units)	23	35	2	21	1	4	7	1
Homes sold (units)	53	52	30	43	26	33	26	32

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Development land revenues	320	175	8,987	550	-	-	-	4,628

Cash flows from (used in) operating activities	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Amount	9,893	7,044	8,188	7,969	(10,076)	7,061	4,583	7,192
Per share - basic and diluted	0.24	0.17	0.19	0.19	(0.24)	0.17	0.11	0.16

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 recoveries, if any. Seasonality affects the land development and home building industry in Canada, particularly winter weather conditions. For additional details, please see information provided under the heading *Factors Affecting Results of Operations* in this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q3 2020, Genesis sold 23 residential lots to third-party builders, 53 homes and a development land parcel belonging to a limited partnership. Revenues were lower in Q3 2020 compared to Q2 2020 due to lower residential lot sales in Q3 2020 compared to Q2 2020. This was partially offset by higher development land revenues in Q3 2020. Gross margins in Q3 2020 were lower than in Q2 2020 mainly due to the product mix and impacted both residential homes and residential lots. The development land parcel sold in Q3 2020 had a slight negative margin. General and administrative expenses, selling and marketing expenses, net finance and income tax expenses were marginally lower in Q3 2020 than Q2 2020. As a result of these factors, net earnings in Q3 2020 were higher than in Q2 2020.

During Q2 2020, Genesis sold 35 residential lots to third-party builders, 52 homes and a non-core development land parcel. Revenues were higher in Q2 2020 compared to Q1 2020 due to higher residential lot and homes sales in Q2 2020 compared to Q1 2020. This was partially offset by lower development land revenues in Q2 2020. Gross margins in Q2 2020 were higher than in Q1 2020 mainly due to there being no write-down of real estate held for development and sale in Q2 2020 while there was a \$10,815 write-down of real estate held for development and sale in Q1 2020. General and administrative expenses, selling and marketing expenses and net finance expenses were slightly lower in Q2 2020 than Q1 2020. Income tax expenses were incurred during Q2 2020 due to net earnings for the quarter compared to income tax recoveries due to losses incurred during Q1 2020.

During Q1 2020, Genesis sold 2 residential lots to third-party builders, 30 homes and a development land parcel. Revenues were lower in Q1 2020 compared to Q4 2019 due to lower residential lot and homes sales in Q1 2020 compared to Q4 2019. This was partially offset by higher development land revenues in Q1 2020. Gross margins in Q1 2020 were lower than in Q4 2019 due to the development land parcel which had a negligible margin and the \$10,000 write-down of real estate held for development and sale. Selling and marketing expenses and net finance expenses were comparable in both Q1 2020 and Q4 2019. General and administrative expenses were lower in Q1 2020 compared to Q4 2019 which include costs incurred to purchase a VTB from LPLP 2007. Due to the net loss incurred in Q1 2020, there were income tax recoveries compared to income tax expenses in Q4 2019.

During Q4 2019, Genesis sold 21 residential lots to third-party builders, 43 homes and a small development land parcel sale resulting in higher revenues in Q4 2019 compared to Q3 2019. Gross margins in Q4 2019 were higher than in Q3 2019 due to the higher volume of residential lots and homes sold. The development land parcel had a negligible margin. General and administrative expenses and net finance expenses were higher in Q4 2019 compared to Q3 2019 costs mainly due to higher loan balances. Selling and marketing expenses were comparable in Q4 2019 and Q3 2019 while income tax expenses were \$841 in Q4 2019 compared to \$193 in Q3 2019.

During Q3 2019, Genesis sold 1 residential lot to a third-party builder, 26 homes and had no development land parcel sales resulting in lower revenues in Q3 2019 compared to Q2 2019. There was no write-down in Q3 2019 while there was a write-down of \$800 in Q2 2019. Gross margins in Q3 2019 were lower than in Q2 2019 due to the lower volume of residential lots and homes sold. This reduction was partially offset by the impact of the \$800 write-down in Q2 2019 with no corresponding write-down in Q3 2019. General and administrative expenses and selling and marketing expenses were higher in Q3 2019 compared to Q2 2019, including higher stock-based compensation expenses and the write-off of \$298 that was accounted for as being due from a limited partnership. Genesis incurred significantly lower income tax expense of \$193 in Q3 2019 compared to \$1,610 in Q2 2019. In Q2 2019, legislation enacted to decrease the Alberta corporate income tax rate from 12% to 8% resulted in deferred income tax assets being reduced by \$1,387 with a corresponding increase in deferred income tax expense.

During Q2 2019, Genesis sold 4 residential lots to third-parties, 33 homes and no development land parcels. The higher number of homes sold in Q2 2019 resulted in higher revenues and higher gross margins in Q2 2019 compared to Q1 2019. This was despite a write-down of \$800 in Q2 2019 with no write-down incurred in Q1 2019. Selling and marketing expenses were comparable in Q2 2019 and Q1 2019. Genesis incurred higher net finance expenses and income tax expenses in Q2 2019 partially offset by lower general and administrative expenses compared to Q1 2019. Income tax expense was significantly higher by \$1,439 than in Q1 2019. On June 28, 2019, legislation was enacted to decrease the Alberta corporate income tax rate from 12% to 8% with a 1% reduction effective July 1, 2019 and further 1% reductions on each of January 1, 2020, 2021 and 2022. As a result, deferred income tax assets were reduced by \$1,387 which was recognized as an increase in deferred income tax expense in Q2 2019. The write-down and income tax expense resulted in a net loss attributable to equity shareholders of \$357 in Q2 2019.

During Q1 2019, Genesis sold 7 residential lots to third-parties, 26 homes and no development land parcels resulting in lower revenues in Q1 2019 compared to Q4 2018. Gross margins in Q1 2019 were marginally higher than in Q4 2018 mainly due to no write-down in Q1 2019 compared to \$900 in Q4 2018. General and administrative expenses and selling and marketing expenses were comparable in Q1 2019 and Q4 2018. Genesis incurred lower net finance expenses and income tax expenses in Q1 2019 compared to Q4 2018.

During Q4 2018, Genesis sold 1 residential lot to a third-party, 32 homes and 1 development land parcel resulting in lower revenues in Q4 2018 compared to Q3 2018. Gross margins in Q4 2018 were higher than in Q3 2018 mainly due to higher gross margin being made on the development land parcel sale during the quarter. Higher general and administrative expenses and income tax expenses in Q4 2018 were partially offset by lower selling and marketing expenses compared to Q3 2018. Genesis had higher net finance expense in Q4 2018 compared to Q3 2018 mainly due to higher loan balances. On an overall basis, net earnings in Q4 2018 was higher compared to Q3 2018 mainly due to the development land parcel sale.

SUBSEQUENT EVENTS

Subsequent to September 30, 2020, the following occurred:

The Corporation repurchased 68,002 common shares between October 1, 2020 and November 5, 2020 for cancellation under the NCIB.

In October, Genesis closed the sale of a 4.9-acre multi-family parcel of land in Calgary for cash proceeds of \$6,546.

Genesis entered into a sale agreement to sell a 0.8-acre parcel of land in Calgary for a cash consideration of \$600. The transaction is expected to close in the fourth quarter of 2020. The agreements prescribe various conditions which have not yet been met or waived and therefore there can be no assurances this transaction will close.

Genesis entered into a sale agreement to sell a 1.1-acre parcel of land in Calgary for a cash consideration of \$950. The transaction is expected to close in the third quarter of 2021. The agreements prescribe various conditions which have not yet been met or waived and therefore there can be no assurances this transaction will close.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs or interpretations as of January 1, 2020.

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 Q3 2020 and Q3 2019. Refer to note 2(o) in the consolidated financial statements for the years ended December 31, 2019 and 2018 for additional information on judgments and estimates.

Provision for Future Development Costs

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

Write-down of Real Estate Held for Development and Sale

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

Valuation of amounts receivable

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

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 September 30, 2020.

There were no changes in the Corporation's ICFR during the three months ended September 30, 2020 that have materially affected or are reasonably likely to materially affect the Corporation's ICFR. Due to the COVID-19 pandemic, Genesis successfully transitioned to working remotely in March 2020.

RISKS AND UNCERTAINTIES

The Calgary Metropolitan Area economy is experiencing materially lower economic activity due to the COVID-19 pandemic and continued low oil prices, resulting in a significant increase in economic activity and unemployment levels. These and other factors are expected to have a materially negative impact on the Calgary Metropolitan Area. The duration and impact of the COVID-19 pandemic and the future price of oil are unknown at this time. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

In the normal course of business, Genesis is exposed to certain risks and uncertainties inherent in the real estate development and home building industries. Real estate development and home building are cyclical and capital-intensive businesses. As a result, the profitability and liquidity of Genesis could be adversely affected by external factors beyond the control of management.

Risks and uncertainties faced by Genesis include industry risk, competition, supply and demand, geographic risk, development and construction costs, credit and liquidity risks, finance risk, interest risk, management and key personnel risk, mortgage rates and financing risk, general uninsured losses, cyber-security and business continuity risk, environmental risk and government regulations.

There may be additional risks that management may need to consider from time to time. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2019 available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

Non-GAAP measures do not have any standardized meaning according to IFRS, and therefore may not be comparable to similar measures presented by other reporting issuers.

Gross margin before 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 to the gross margin. 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 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 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 write-down, which is derived from gross margin.

Residential Lots	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Residential lot revenues	13,926	4,911	34,417	16,841
Gross margin	5,499	2,482	13,776	8,471
Adjust for write-down of real estate held for development and sale	-	-	-	-
Gross margin before write-down	5,499	2,482	13,776	8,471
Gross margin before write-down (%)	39.5%	50.5%	40.0%	50.3%

Development Land	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Development land revenues	320	-	9,482	-
Gross margin	(17)	-	(9,800)	-
Adjust for write-down of real estate held for development and sale	-	-	10,000	800
Gross margin before write-down	(17)	-	200	(800)
Gross margin before write-down (%)	(5.3%)	N/R ⁽¹⁾	2.1%	N/R ⁽¹⁾

⁽¹⁾ Not relevant

Homes	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenues for homes	24,838	12,623	62,827	39,195
Gross margin	2,813	1,766	7,050	5,198
Adjust for write-down of real estate held for development and sale	-	-	815	-
Gross margin before write-down	2,813	1,766	7,865	5,198
Gross margin before write-down (%)	11.3%	14.0%	12.5%	13.3%

Residential Lots, Development Land and Homes	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Total revenues	29,739	12,786	84,116	42,016
Gross margin	8,295	4,248	11,026	12,869
Adjust for write-down of real estate held for development and sale	-	-	10,815	800
Gross margin before write-down	8,295	4,248	21,841	13,669
Gross margin before write-down (%)	27.9%	33.2%	26.0%	32.5%

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 loans 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 loans and credit facilities.

The table below show the calculation of net debt.

	September 30, 2020	December 31, 2019
Cash and cash equivalents	30,719	16,248
Loans and credit facilities	44,383	51,546
Net debt	13,664	35,298

OTHER

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

ADVISORIES

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation, including Canadian Securities Administrators' National Instrument 51-102 - *Continuous Disclosure Obligations*, concerning the business, operations and financial performance and condition of Genesis. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "proposed", "scheduled", "future", "likely", "seeks", "estimates", "plans", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulations. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Forward-looking statements in this MD&A and factors that could cause actual results to differ materially from such statements include, but are not limited to, those outlined in the following table:

Forward-looking statements in this MD&A include, but are not limited to:	Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:
• statements relating to the COVID-19 pandemic; • the availability of excess cash on hand and its proposed use; • the future exercise of any right to purchase; • the future payment of dividends and/or common share buybacks; • the anticipated amount and timing of the Sage Hill first phase development costs; • the timing for removal of the GMO restricting development of the Ricardo Ranch lands and the Lewiston lands; • the timing and approval of the Ricardo Ranch outline plan and land use applications, and anticipated commencement of development of these lands; • the timing and approval of the Lewiston the outline plan and land use applications, and anticipated commencement of development of these lands; • the timing and approval of the conceptual scheme for the OMNI ASP; • the timing for completion of the park in the Bayside and Bayview communities; • the expected completion dates of various projects that GBG is currently engaged in, the timeline for pre-construction homes and anticipated lot yields for projects under development; • plans and strategies surrounding the acquisition of additional land; • commencement of the servicing phase and the construction phase of various communities and projects; • the financing of such phases and expected increased leverage; • the expected closing of the Saddlestone multi-family parcel(s) currently under contract to sell; • anticipated general economic and business conditions; • potential changes, if any, to the federal mortgage lending rules; • expectations for lot and home prices; • construction starts and completions; • anticipated expenditures on land development activities; • GBG's sales process and construction margins; • the ability to continue to renew or repay financial obligations and to meet liabilities as they become due; and • the aggregate number of common shares that may be repurchased by Genesis' under the renewed NCIB.	• 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, or at all; • not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; • the cyclical nature of the oil and gas industry; • changes in the Canadian US dollar exchange rate; • labour matters; • governmental regulations; • general economic and financial conditions; • stock market volatility; and • other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including in this MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors".

The forward-looking statements contained in this MD&A are made as of the date of this MD&A, based only on information currently available to us, and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.