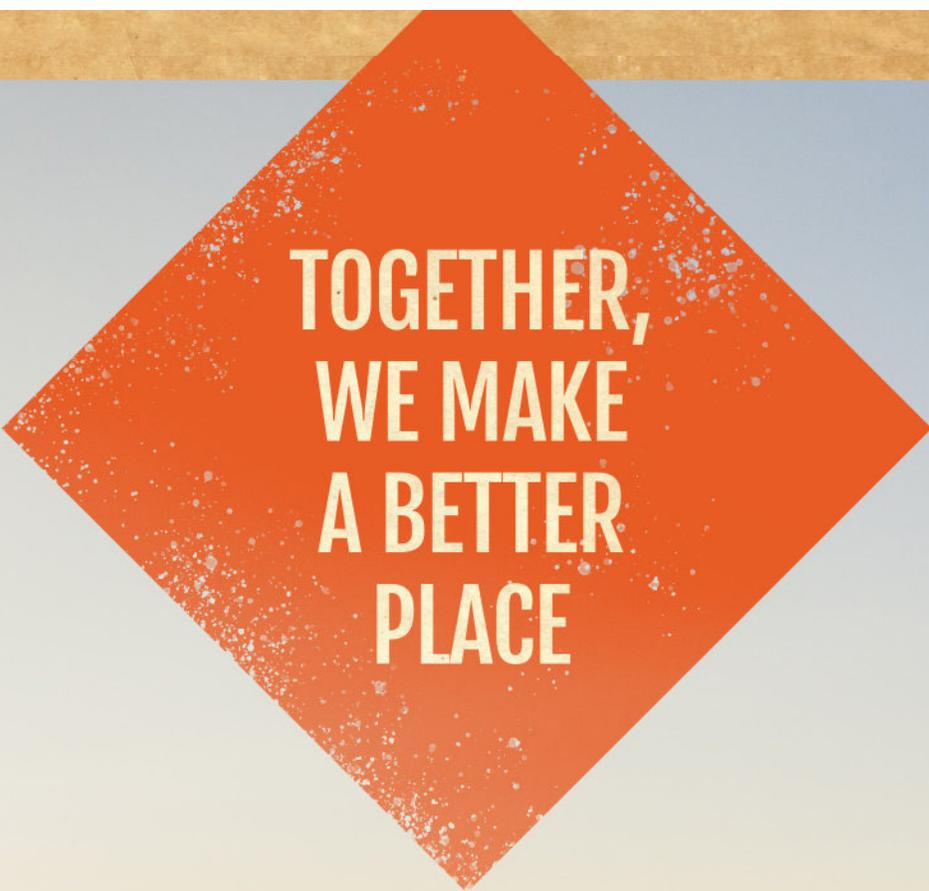


2020 Annual Report

GENESIS







**TOGETHER,
WE MAKE
A BETTER
PLACE**



**BUILT ON
CONNECTIONS**





TABLE OF CONTENTS

Message from the President and CEO **6**

Genesis Projects and Communities **8**

Community Involvement **10**

Management's Discussion & Analysis **12**

Consolidated Financial Statements **46**

Contact Information **85**

MESSAGE FROM THE PRESIDENT AND CEO

This last year was a most challenging one for many, with Genesis being no exception. Notwithstanding the many tests we faced from the volatile business environment of a global pandemic, we are proud to report we ended 2020 with strong cash flows from operating activities and returned a dividend to shareholders.

Cash flows from operating activities in 2020 was \$48 million, or \$1.14 per share. Overall, we were able to report positive earnings for the 20th consecutive year – no small feat at the best of times.

Much of the early part of 2020 was spent undertaking defensive measures such as preserving cash and paying down debt. We wanted to protect our already strong balance sheet and position ourselves to ride out the unknown and ever-changing economic and social conditions arising from the unprecedented fight against COVID-19.

Sales activity in both our housing and land development divisions dipped at first, but our team adapted and adjusted as these changing conditions required. We implemented new on-site and in-office protocols, including for many staff working from home. As we implemented changes, and moved toward online sales, our customers responded positively, and business activity began to shift. Along with the help of a low-interest rate environment, sales picked up beyond expectations and gained momentum throughout the latter part of the year, helping us deliver the strong results and prove the resilience of the Genesis portfolio. Genesis ended the year in a net-cash position (cash less outstanding loans) of \$8.2 million and 83 new home sales orders on hand.

This positioned us to get off to a great start in 2021, with an early announcement of a major land acquisition for a future residential development in east Calgary.

Such results couldn't have been achieved without the efforts of our people. I want to thank all members of our team, including our consultants and contractors, for their extraordinary work, and our board of directors for their consistent support and guidance. Our strong performance during the unique business environment of 2020 is a testament to the entire team.

Operational Highlights from 2020:

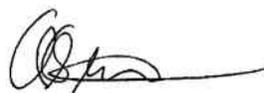
- **Cash Flows** – Cash flows from operating activities reached \$48.0 million (\$ 1.14 per share) up from \$9.5 million (\$0.23 per share) in 2019. This result is directly attributed to strong home and lot sales activity, combined with a reduced capital program and an intense focus on cash preservation. Revenues topped \$100 million at \$103.9 million, an increase of 53% from 2019 and \$17.6 million was invested in our capital program, down from \$20.5 million in 2019.
- **Shareholder Returns** – A dividend of \$0.15 per share (\$6.3 million) was declared in December 2020.

- **Development Approvals** – Development approvals continued to advance on all Genesis projects including three important future developments, being the Logan Landing (354 acres), Lewiston (130 acres) and the OMNI (185 acres). One disappointment was that the City of Calgary elected to not remove Growth Management Overlays (“GMOs”), which are applied to all new residential lands as a final approval prior to development, at Logan Landing and Lewiston in 2020. These two projects met or exceeded, to the best of Genesis' understanding, all pre-identified criteria for removal of their respective GMOs. Genesis will be reapplying for removal of these GMOs at the earliest opportunity.
- **Cash Preservation** – At December 31, 2020 Genesis held \$29.7 million of cash, which was \$8.2 million higher than our total outstanding loans of \$21.5 million. This conservative cash/debt position enables Genesis to be nimble in this uncertain environment.
- **New \$50 Million Credit Facility** – In 2020 Genesis secured a \$50 million revolving credit facility with a three year term at an attractive interest rate. The term nature of this facility provides additional certainty to our development planning and allow Genesis to pursue opportunities that may arise in the market.

We are also extremely pleased about our land acquisition announced on February 8, 2021. Genesis has entered into a binding agreement to acquire a 157-acre parcel of future residential development land in east Calgary at a cost of \$29.15 million. With development expected to commence in 2022, this community is expected to include over 1,200 housing units.

Overall, we expect increased demand for new suburban homes to continue, driven by the work from home (or from anywhere) trend, affordability and continued low interest rates. Working from home, or in some cases working from anywhere, were trends that accelerated in 2020. Genesis benefits from this shift, as it increases demand for the types of homes and communities we are best known for and cater to -- suburban homes which contain an office or flex room and are in communities that provide recreation areas, including walking paths, playgrounds, parks and other amenities.

Genesis heads into 2021 with well-located assets, a conservative debt structure and great anticipation for growth opportunities and advantages in this current market.



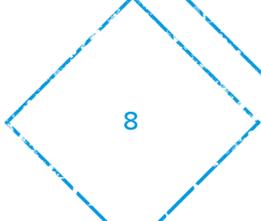
IAIN STEWART
President and Chief Executive Officer

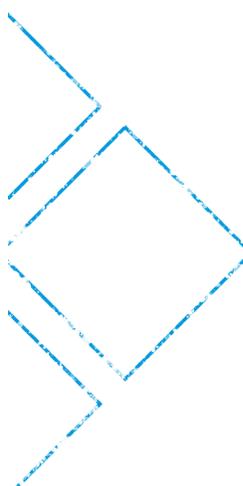
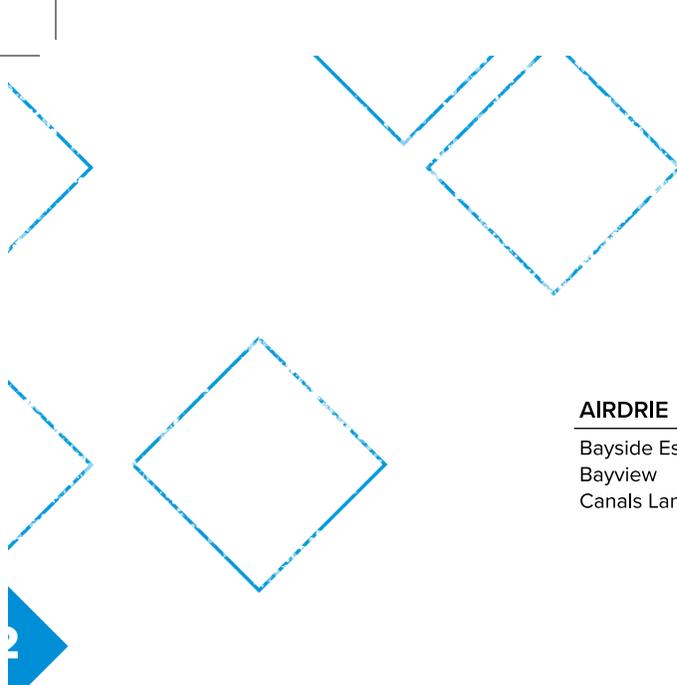
March 1, 2021

**MAKING
NEIGHBOURS
FEEL LIKE
FAMILY**



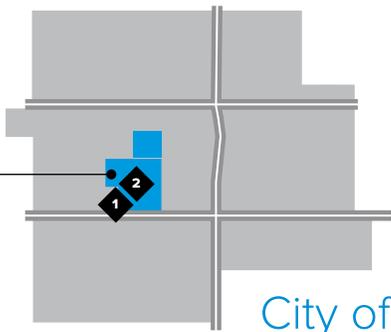
GENESIS PROJECTS AND COMMUNITIES





AIRDRIE

Bayside Estates
Bayview
Canals Landing



City of
Airdrie

NW CALGARY

Sage Meadows

N CALGARY

Lewiston

NW CALGARY

Sage Hill Crest

ROCKY VIEW COUNTY

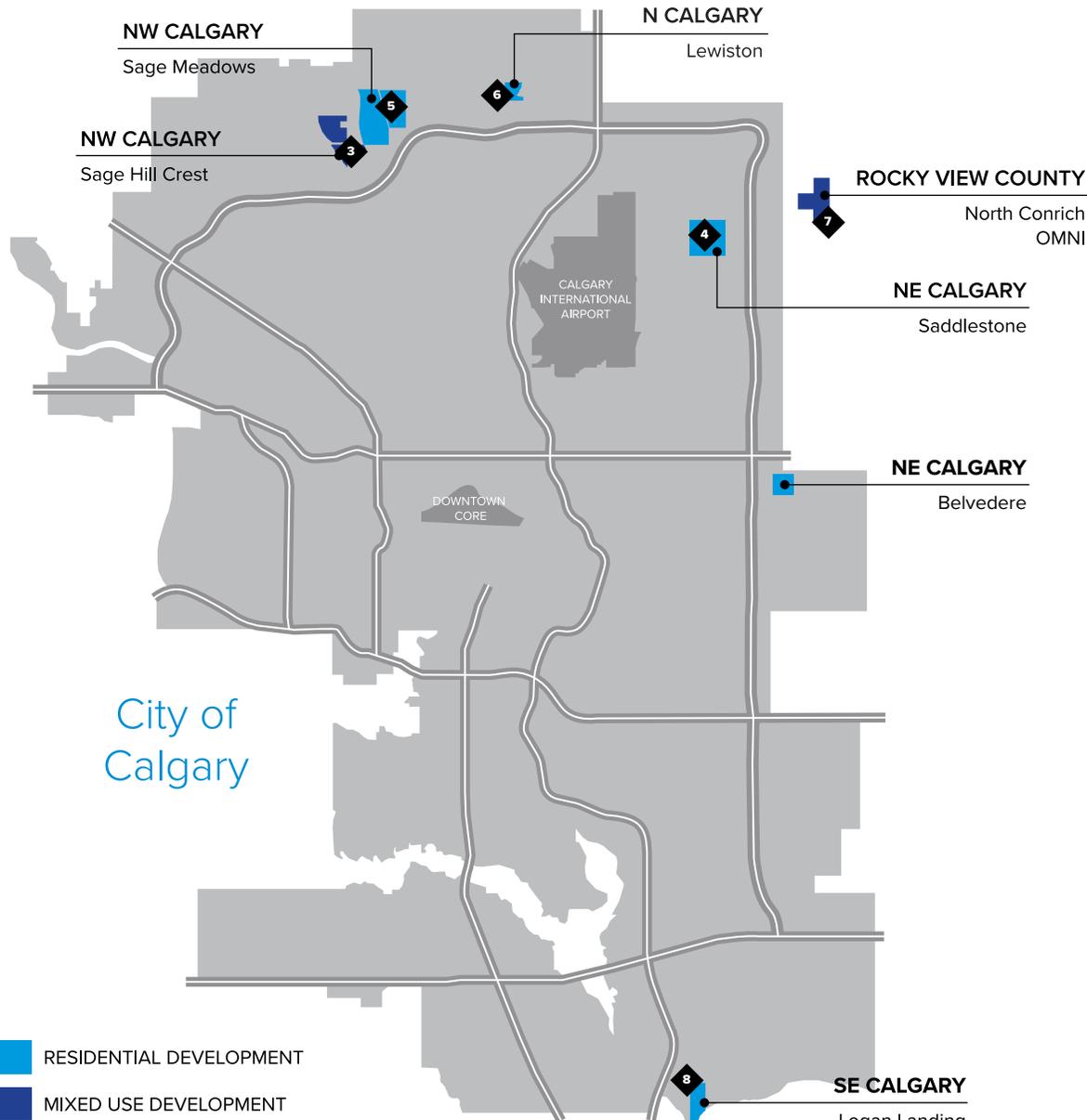
North Conrich
OMNI

NE CALGARY

Saddlestone

NE CALGARY

Belvedere



City of
Calgary

- RESIDENTIAL DEVELOPMENT
- MIXED USE DEVELOPMENT

SE CALGARY
Logan Landing

COMMUNITY INVOLVEMENT



NE CALGARY

Genesis Centre Inspiring Community Wellness

The Genesis Centre of Community Wellness is a great example of our role as a community builder. Community leaders in Northeast Calgary were determined to bring the dynamic and diverse cultures of the local communities together to promote safe, cooperative and actively healthy neighbourhoods. To realize their dream, these visionary leaders founded the Northeast Centre of Community Society (NECCS), an organization dedicated to the challenge of building a facility that would serve the sport, recreation, educational and cultural needs of the northeast. We saw the opportunity to support and fund this incredible facility as a perfect alignment of our core values. The dream quickly started to take shape, gaining support and funding from the City of Calgary and YMCA, along with a generous naming sponsorship from Genesis.

Genesis continues to play a part in the support of The Genesis Centre – a 225,000 square foot, \$120 million multi-purpose complex built to enrich the health, wellness, and unity of communities in Northeast Calgary.





GENESIS *place*

AIRDRIE

Genesis Place

Genesis Place, the amazing recreation facility in Airdrie, acts as a gathering place, hub of activity and true heart of the community. We are proud of our commitment and on-going support of Genesis Place and what it means to the quality of life for the community of Airdrie.





MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 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 the consolidated financial statements and the notes thereto for years ended December 31, 2020 and 2019, prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The consolidated financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's Annual Information Form ("**AIF**") is available on SEDAR at www.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 March 1, 2021.

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

Highlights:

- **\$47,983 Cash Flows from Operating Activities:** Genesis generated cash flows from operating activities (“CFOA”) of \$47,983 (\$1.14 per share - basic and diluted) in YE 2020, up from \$9,537 (\$0.23 per share - basic and diluted) for YE 2019. In Q4 2020, CFOA was \$22,858 (\$0.54 per share - basic and diluted) up from the \$7,969 (\$0.19 per share - basic and diluted) generated in Q4 2019.
- **\$103,933 of Revenues in YE 2020:** Higher sales volumes generated revenue of \$103,933 in YE 2020 up from \$68,097 achieved in YE 2019. Q4 2020 revenues of \$19,817 were lower when compared to \$26,081 generated in Q4 2019.
- **Net Earnings were positive for the 20th consecutive year:** Net earnings attributable to equity shareholders in YE 2020 were \$199 (\$0.00 net earnings per share - basic and diluted), compared to \$1,701 (\$0.04 net earnings per share - basic and diluted) in YE 2019. Net earnings attributable to equity shareholders in Q4 2020 were \$125 (\$0.00 net earnings per share - basic and diluted) compared to \$1,684 (\$0.04 net earnings per share - basic and diluted) in Q4 2019. Earnings were negatively impacted by net write-downs of \$11,637 during YE 2020 (YE 2019 - \$800) on land parcels and a townhouse project.
- **163 Homes Sold up 27% from 2019:** In YE 2020, Genesis sold 163 homes, an increase of 27% from the 128 sold in YE 2019. In Q4 2020, Genesis sold 28 homes, compared to 43 sold in Q4 2019. During YE 2020, Genesis had 192 new home orders compared to 148 for YE 2019. Genesis had 83 outstanding new home orders on hand at December 31, 2020 (54 at December 31, 2019).
- **225 Lots sold up 40% from 2019:** In YE 2020, Genesis sold 225 residential lots (62 to third-party builders and 163 through its home building division), an increase of 40% from 161 lots in YE 2019 (33 to third-party builders and 128 through its home building division). In Q4 2020, Genesis sold 30 residential lots (2 to third-party builders and 28 through its home building division) compared to 64 lots in Q4 2019 (21 to a third-party builder and 43 through its home building division).
- **\$16,628 of Development Land Sales:** In YE 2020, Genesis sold five development land parcels for \$16,628 versus one parcel for \$550 owned by a limited partnership in YE 2019. Genesis sold two development land parcels for \$7,146 in Q4 2020 versus one parcel for \$550 owned by a limited partnership in Q4 2019.
- **Cash on hand of \$29,743:** On December 31, 2020, Genesis had \$29,743 in cash and cash equivalents, which exceeded outstanding loans and credit facilities balances of \$21,470 by \$8,273.
- **Dividend declared in Q4 2020:** A dividend of \$0.15 per share totaling \$6,280 was declared in December 2020 and paid in January 2021. Dividends are a key component of the strategic and business plan and will continue to be a priority in the allocation of cash resources as noted above.
- **\$50,000 Corporate Revolving Line of Credit:** Subsequent to December 31, 2020, Genesis finalized a \$50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%.
- **\$29,150 land acquisition:** Subsequent to December 31, 2020, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. Genesis paid a non-refundable deposit of \$2,186, with the balance of \$26,964 to be paid on closing, currently scheduled for April 2022. Upon completion, the community is expected to yield over 1,200 housing units.

OPERATING HIGHLIGHTS

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

(\$000s, except for per share items or unless otherwise noted)	Three months ended December 31, ⁽¹⁾		Year ended December 31, ⁽²⁾	
	2020	2019	2020	2019
Key Financial Data				
Total revenues	19,817	26,081	103,933	68,097
Direct cost of sales	(14,306)	(17,530)	(76,581)	(45,877)
Gross margin before write-down ⁽³⁾	5,511	8,551	27,352	22,220
Gross margin before write-down (%) ⁽³⁾	27.8%	32.8%	26.3%	32.6%
Write-down of real estate held for development and sale	(822)	-	(11,637)	(800)
Gross margin	4,689	8,551	15,715	21,420
Net earnings attributable to equity shareholders	125	1,684	199	1,701
Net earnings per share - basic and diluted	0.00	0.04	0.00	0.04
Cash flows from operating activities	22,858	7,969	47,983	9,537
Cash flows from operating activities per share - basic and diluted	0.54	0.19	1.14	0.23
Key Operating Data				
Land Development				
Total residential lots sold (units)	30	64	225	161
Residential lot revenues	4,772	12,230	39,189	29,071
Gross margin on residential lots sold	2,560	5,471	16,336	13,942
Gross margin on residential lots sold (%)	53.6%	44.7%	41.7%	48.0%
Average revenue per lot sold	159	191	174	181
Development land revenues	7,146	550	16,628	550
Home Building				
Homes sold (units)	28	43	163	128
Revenues ⁽⁴⁾	12,198	20,551	75,025	59,746
Gross margin before write-down ⁽³⁾	1,620	3,068	9,485	8,266
Gross margin before write-down (%) ⁽³⁾	13.3%	14.9%	12.6%	13.8%
Gross margin on homes sold	1,620	3,068	8,670	8,266
Average revenue per home sold	436	478	459	467
New home orders (units)	54	36	192	148
Outstanding new home orders at period end (units)			83	54
Key Balance Sheet Data			As at Dec. 31, 2020	As at Dec. 31, 2019 ⁽²⁾
Cash and cash equivalents			29,743	16,248
Total assets			266,494	296,268
Loans and credit facilities			21,470	51,546
Total liabilities			66,734	83,373
Shareholders' equity			187,676	193,957
Total equity			199,760	212,895
Loans and credit facilities (debt) to total assets			8%	17%

⁽¹⁾ Three months ended December 31, 2020 and 2019 ("Q4 2020" and "Q4 2019")

⁽²⁾ Year ended December 31, 2020 and 2019 ("YE 2020" and "YE 2019")

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

⁽⁴⁾ Includes other revenues and revenues of \$4,299 for 28 lots in Q4 2020 and \$26,909 for 163 lots in YE 2020 purchased by the Home Building division from the Land Development division (\$7,250 and 43 in Q4 2019; \$21,270 and 128 in YE 2019) and sold with the home. These amounts are eliminated on consolidation.

Results from operations, including earnings and cash flows, vary considerably between periods for the reasons explained below:

Factors Affecting Results of Operations

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

- the volatility of oil and gas prices and changes in the Canadian US dollar exchange rate, both of which impact the Alberta 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.

Market Overview

Economic conditions have been difficult as the COVID-19 pandemic has caused governments around the world, including in Alberta, to shutdown parts of the economy. In addition, the energy industry which is a leading contributor to Alberta's Gross Domestic Product ("GDP") continues to be negatively impacted by volatile Canadian energy prices. These factors have had a negative impact on the Alberta economy with Royal Bank of Canada estimating that Alberta's GDP shrank by over 8% in 2020.

Various initiatives have been undertaken by governments and central banks in an effort to reduce the impact of the economic restrictions. These initiatives (which include reducing interest rates), along with the acceleration of the trend to "work from home", led to stronger demand for new homes in suburban communities in the second half of 2020. According to the Calgary Real Estate Board ("CREB"), the local real estate market initially fell quite dramatically as a result of the restrictions but has rebounded during the remainder of 2020. In April 2020 Calgary 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. The second half of the year saw a reversal of this trend as home sales in the third and fourth quarters were some of the strongest seen in the last 5 years. For full year 2020, home sales were only 1% lower than in 2019. In particular, the 2020 market produced gains in single family home sales in the \$400 to \$600 price range, which benefited Genesis as it focuses a large part of its housing products in this price range.

Resale listing inventory levels continued to decline and as at December 2020 the months of supply of inventory in the Calgary market was 3.06 months, down from 4.56 months in December 2019. As of December 2020, the benchmark prices for detached homes had increased by 3% to \$491 as compared to \$477 in 2019.

Despite the strong second half of 2020 Genesis remains cautious. In addition to the extent and duration of the current economic downturn being unpredictable and unknown, the impact of very low levels of immigration in 2020 is expected to eventually have a negative impact on housing demand.

2020 Business Plan

Focus on Liquidity and Cash Flow

Given the uncertain market conditions in 2020, Genesis prioritized the preservation of cash resources and protecting its balance sheet. As of December 31, 2020, Genesis had \$29,743 of cash and cash equivalents on hand (YE 2019 - \$16,248), loans and credit facilities of \$21,470 (YE 2019 - \$51,546), real estate assets of \$193,309 (YE 2019 - \$222,269) and total assets of \$266,494 (YE 2019 - \$296,268). The ratio of loans and credit facilities to total assets was 8% at December 31, 2020 compared to 17% at December 31, 2019.

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

Progress on 2020 Business Plan

During Q4 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 noticeable impact from the COVID-19 restrictions on these activities. As zoning and servicing entitlements are granted by the applicable municipal authorities, there can be no assurance as to if and (or) when the following communities will be available for development or sale:

- Ricardo Ranch Area Structure Plan ("ASP"): Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant referred to as Logan Landing. An ASP for a new residential community on these lands was approved by Calgary City Council ("Council") in November 2019. An outline plan and land use applications have been submitted and approval is expected by the middle of 2021. There is a Growth Management Overlay ("GMO") restricting development of these lands. Genesis will apply for GMO removal at the earliest next available opportunity (see further discussion below).
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. There is a GMO restricting development of these lands. Genesis will apply for GMO removal at the earliest next available opportunity (see further discussion below).
- 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 in 2021. The remaining 425 acres are included in a special study area, with land use still to be determined. As these lands are in Rocky View County, there is no GMO restriction.

The timelines discussed above are management's best estimates at this time. Approvals for new developments continue to be a challenge. On November 3, 2020, Council reviewed 11 applications by a number of landowners for the removal of 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 remove the GMOs for any of the 11 projects including the two Genesis projects.

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 two sales of multi-family land parcels in Q4 2020: the first being a 4.94-acre parcel in its Sage Meadows community for \$6,546 in October 2020; the second being a 0.77-acre parcel in Saddlestone community for \$600 in December 2020.

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 is expected to cost \$16,673, \$4,188 of which was expended in 2020. This well located northwest Calgary community is considered an “infill development”. The first phase is expected to be completed in mid-late 2021 providing 99 lots and 7.3 acres of multi-family and commercial parcels.

The servicing of four new residential community phases that commenced in 2018 are complete and lots were available for sale and building in 2020:

- Saddlestone community: Servicing of the final phase of Genesis’ 160-acre Saddlestone community was completed in late 2019, adding 121 single-family lots, a 3.2-acre park and two multi-family sites totaling 1.9 acres;
- 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 and 31 single-family lots; 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, has been completed.

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 year ended December 31, 2020 GBG contracted to acquire 70 lots in the first phase of one of these developments and also contracted to acquire 33 lots from a third-party land developer in an unrelated project.

Subsequent to December 31, 2020, Genesis entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. Genesis paid a non-refundable deposit of \$2,186, with the balance of \$26,964 to be paid on closing, currently scheduled for April 2022. This parcel of land is located within the “Belvedere” ASP on the east side of the City of Calgary. The land is not subject to a GMO and Genesis plans to immediately commence the process of obtaining final land use and outline plan approvals from the City of Calgary. Upon completion, the community is expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.

5) Adding Select Third-party Builders in Genesis Communities

To diversify offerings and increase velocity of sales within its residential communities, Genesis holds regular discussions with reputable third-party builders interested in acquiring lots in future phases in Genesis’ communities. Genesis currently has three third-party builders building in its communities.

6) Maintaining and when possible increasing the velocity of homes sold by Genesis Builders Group

During Q4 2020, GBG entered into 54 new home sales contracts, an increase of 50% from 36 new home sales contracts in Q4 2019. In YE 2020, GBG entered into 192 new home sales contracts, an increase of 30% from 148 new home sales contracts in in YE 2019. As of December 31, 2020, Genesis had 83 outstanding new home orders, an increase of 54% compared to 54 at December 31, 2019. To maintain home sales velocity, margins and to manage inventory 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 \$5,553 at December 31, 2020, from \$13,183 at December 31, 2019;
- refocused marketing with improved on-line sales and marketing tools; and
- continued pursuing construction cost efficiencies and managing supply chain challenges.

7) Return of capital to shareholders

On December 9, 2020, the Board of Directors declared a cash dividend of \$0.15 per common share for a total of \$6,280 payable to shareholders of record on December 23, 2020, which was paid in January 2021.

Since 2014 when it paid its first dividend, Genesis has returned \$58,138 to shareholders by way of dividends and bought back nearly 3.1 million common shares for \$8,787.

The following table shows dividends and share repurchases since the first dividend was declared in 2014:

<i>(\$000s, except for number of shares and per share items)</i> Year	Dividend per share	Total dividends declared	Shares repurchased and cancelled	Total Cost of repurchases
2020 (Declared in Dec. 2020 and paid in Jan. 2021)	\$0.15	\$6,280	296,592	\$465
2019	-	-	23,694	58
2018	0.24	10,309	1,069,100	3,501
2017	0.46	19,896	493,085	1,456
2016	0.25	10,936	551,796	1,420
2015	0.12	5,331	628,598	1,887
2014	0.12	5,386	-	-
Total	\$1.34	\$58,138	3,062,865	\$8,787

Outlook

The Calgary Metropolitan Area economy has experienced materially lower economic activity and increased unemployment levels due to the COVID-19 pandemic and volatility in energy prices. While the Calgary economy improved in the fourth quarter of 2020, 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. The Calgary Real Estate Board forecast that the momentum seen in the housing market in the second half of 2020 will continue into 2021, fueled by low mortgage interest rates, low levels of housing supply and increased demand for suburban single-family homes. Alberta GDP is forecast to be positive in 2021 by RBC Economics growing by 4.5%. These are both positive signs, but in addition to the ongoing potential impact of COVID there are still challenges that could have a negative impact including lower immigration and higher than historical unemployment levels.

Genesis has been able to adapt its operations, capital investments and marketing approaches to address current conditions and had positive results from these activities in 2020. Genesis is continuing to focus on managing 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.

In 2021, to add to the inventory of serviced lots and parcels in Bayside, Bayview, Sage Meadows and Saddlestone, Genesis will be bringing on additional inventory in the first phase of its Sage Hill community and is planning the development of the next phases in Sage Hill, Bayside and Bayview which will deliver additional lots and parcels in 2022 and 2023. Genesis will be looking to make progress in 2021 to obtain zoning and servicing approvals in its Lewiston, Logan Landing and OMNI developments.

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.

Land Development

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Key Financial Data						
Residential lot revenues ⁽¹⁾	4,772	12,230	(61.0%)	39,189	29,071	34.8%
Development land revenues	7,146	550	N/R ⁽⁴⁾	16,628	550	N/R ⁽⁴⁾
Direct cost of sales	(8,027)	(7,297)	10.0%	(37,950)	(15,667)	142.2%
Gross margin before write-down ⁽²⁾	3,891	5,483	(29.0%)	17,867	13,954	28.0%
Gross margin before write-down (%) ⁽²⁾	32.6%	42.9%	(24.0%)	32.0%	47.1%	(32.1%)
Write-down of land held for development	(822)	-	N/R ⁽⁴⁾	(10,822)	(800)	N/R ⁽⁴⁾
Gross margin	3,069	5,483	(44.0%)	7,045	13,154	(46.4%)
Other expenses ⁽³⁾	(2,199)	(2,718)	(19.1%)	(7,407)	(6,835)	8.4%
Earnings (loss) before taxes	870	2,765	(68.5%)	(362)	6,319	N/R ⁽⁴⁾
Key Operating Data						
Residential lots sold to third-parties	2	21	(90.5%)	62	33	87.9%
Residential lots sold through GBG - home building	28	43	(34.9%)	163	128	27.3%
Total residential lots sold	30	64	(53.1%)	225	161	39.8%
Average revenue per lot sold	159	191	(16.8%)	174	181	(3.9%)

⁽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 December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Residential lots						
Residential lot revenues ⁽¹⁾	4,772	12,230	(61.0%)	39,189	29,071	34.8%
Direct cost of sales	(2,212)	(6,759)	(67.3%)	(22,853)	(15,129)	51.1%
Gross margin	2,560	5,471	(53.2%)	16,336	13,942	17.2%
Gross margin (%)	53.6%	44.7%	19.9%	41.7%	48.0%	(13.1%)

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

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Development land						
Development land revenues	7,146	550	N/R ⁽²⁾	16,628	550	N/R ⁽²⁾
Direct cost of sales	(5,815)	(538)	980.9%	(15,097)	(538)	N/R ⁽²⁾
Gross margin before write-down ⁽¹⁾	1,331	12	N/R ⁽²⁾	1,531	12	N/R ⁽²⁾
Gross margin before write-down (%) ⁽¹⁾	18.6%	2.2%	745.5%	9.2%	2.2%	318.2%
Write-down of land held for development	(822)	-	N/R ⁽²⁾	(10,822)	(800)	N/R ⁽²⁾
Gross margin	509	12	N/R ⁽²⁾	(9,291)	(788)	N/R ⁽²⁾

⁽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 YE 2020 were \$39,189 (225 lots), a 35% increase over the \$29,071 (161 lots) sold in YE 2019. In YE 2020, 62 lots were sold to third-party builders compared to 33 lots sold to third-party builders in YE 2019. In YE 2020, GBG also sold 163 homes on lots, up 27% from 128 homes it sold on Genesis lots in YE 2019.

Total residential lot sales revenues in Q4 2020 were \$4,772 (30 lots) down from \$12,230 (64 lots) in Q4 2019. In Q4 2020, two lots were sold to third-party builders compared to 21 lots sold to third-party builders in Q4 2019. In Q4 2020, GBG also sold 28 homes on Genesis lots, down 35% from 43 homes it sold on Genesis lots in Q4 2019. Residential lot sales to third party builders occur periodically, depending on the timing of contractual arrangements with these builders.

Two parcels of development land were sold in Q4 2020 for \$7,146. One parcel of development land owned by a limited partnership (100% non-controlling interest) was sold in Q4 2019 for \$550. During 2020, five parcels of development land (including one owned by a limited partnership for \$320) were sold for total proceeds of \$16,628, while one development land parcel, owned by the limited partnership was sold for \$550 during 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 54% in Q4 2020 compared to 45% in Q4 2019. Residential lots had a gross margin of 42% in YE 2020 compared to 48% in YE 2019. Development land margins can vary significantly as described in the *Factors Affecting Results of Operations* in this MD&A. During 2020, gross margins on development land were negatively impacted by write-downs.

Write-down of land held for development

During Q4 2020, the Corporation recorded write-downs of \$5,169, net of a recovery of \$4,347 on a parcel of land for which a write-down of \$10,000 was recorded in Q1 2020. During 2020, the Corporation recorded the total write-downs of \$10,822 (2019 - \$800) on parcels of land held for development and sale. The write-downs were taken based on offers received and third-party assessments to reflect the estimated returns realizable on the development and sale of these lands.

Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense.

In Q4 2020, other expenses were 19% lower at \$2,199 when compared to Q4 2019 (\$2,718), mainly due to: (i) lower general and administrative expenses; and (ii) lower net finance expense.

In YE 2020, other expenses were \$7,407 compared to \$6,835 incurred in YE 2019. Other expenses were \$572 (8%) higher in YE 2020 compared to YE 2019 mainly due to: (i) higher net finance expenses (refer to the heading *Finance Expense* in this MD&A); and (ii) higher sales and marketing expenses including sales commissions related to the sale of development land parcels. These increases were partially offset by savings in general and administrative expenses.

Home Building – Genesis Builders Group Inc. (GBG)

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

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Key Financial Data						
Revenues ⁽¹⁾	12,198	20,551	(40.6%)	75,025	59,746	25.6%
Direct cost of sales	(10,578)	(17,483)	(39.5%)	(65,540)	(51,480)	27.3%
Gross margin before write-down ⁽²⁾	1,620	3,068	(47.2%)	9,485	8,266	14.7%
Gross margin before write-down (%) ⁽²⁾	13.3%	14.9%	(10.7%)	12.6%	13.8%	(8.7%)
Write-down of real estate held for development and sale	-	-	-	(815)	-	N/R ⁽⁴⁾
Gross margin	1,620	3,068	(47.2%)	8,670	8,266	4.9%
Other expenses ⁽³⁾	(2,120)	(2,277)	(6.9%)	(8,560)	(8,735)	(2.0%)
(Loss) earnings before taxes	(500)	791	N/R ⁽⁴⁾	110	(469)	N/R ⁽⁴⁾
Key Operating Data						
Homes sold (units)	28	43	(34.9%)	163	128	27.3%
Average revenue per home sold	436	478	(8.8%)	459	467	(1.7%)
New home orders (units)	54	36	50.0%	192	148	29.7%
Outstanding new home orders at period end (units)				83	54	53.7%

⁽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 \$12,198 (28 units) in Q4 2020, 41% lower than Q4 2019 revenues of \$20,551 (43 units). 54 homes were contracted for sale in Q4 2020 as compared to 36 in Q4 2019.

Revenues for single-family homes and townhouses were \$75,025 (163 units) in YE 2020, 26% higher than YE 2019 revenues of \$59,746 (128 units). 192 homes were contracted for sale in YE 2020 an increase of 30%, as compared to 148 in YE 2019, resulting in a backlog of 83 new home orders at the end of Q4 2020 as compared to 54 new home orders at the end of Q4 2019.

Homes sold in YE 2020 had an average price of \$459 per home, down 2% compared to \$467 in YE 2019. Homes sold in Q4 2020 had an average price of \$436 per home, down 9% compared to \$478 in Q4 2019. Fluctuations in the average revenue per home sold are due to differences in product mix and community sales. During 2020 and 2019, 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-\$298 depending on the location and the model being offered. In Q4 2020, 23 single-family homes and 5 townhouses were sold compared to 40 single-family homes and 3 townhouses in Q4 2019. In YE 2020, 138 single-family homes and 25 townhouses were sold compared to 111 single-family homes and 17 townhouses in YE 2019.

All homes sold in Q4 2020 and Q4 2019 and in YE 2020 and YE 2019 were built on residential lots or parcels supplied by Genesis, with Q4 lot revenues of \$4,299 and \$7,250, respectively and YE lot revenues of \$26,909 and \$21,270, 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 YE 2020, GBG had \$16,190 of work in progress, of which approximately \$5,553 was related to spec homes (YE 2019 - \$21,365 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 December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Quick possession sales (units)	19	19	-	86	76	13.2%
Pre-construction home sales (units)	9	24	(62.5%)	77	52	48.1%
Total home sales (units)	28	43	(34.9%)	163	128	27.3%

Gross margin

Genesis realized a gross margin before write-down on home sales of 13.3% in Q4 2020 as compared to 14.9% in Q4 2019 and a gross margin before write-down on home sales of 12.6% in YE 2020 compared to 13.8% in YE 2019. Gross margins in YE 2020 were affected by a previous write-down taken on certain townhouses and the adjustment in pricing on certain units. Fluctuations in gross margin before write-down are due to differences in product, community mix and market conditions and may drive price adjustments. In Q4 2020, 23 single-family homes and 5 townhouses were sold compared to 40 single-family homes and 3 townhouses in Q4 2019. In YE 2020, 138 single-family homes and 25 townhouses were sold compared to 111 single-family homes and 17 townhouses in YE 2019.

Write-down on townhouse project

In Q1 2020, the Corporation recorded a write-down of \$815 (2019 - \$Nil) on a townhouse project for which a weaker market drove modest reductions in sales prices.

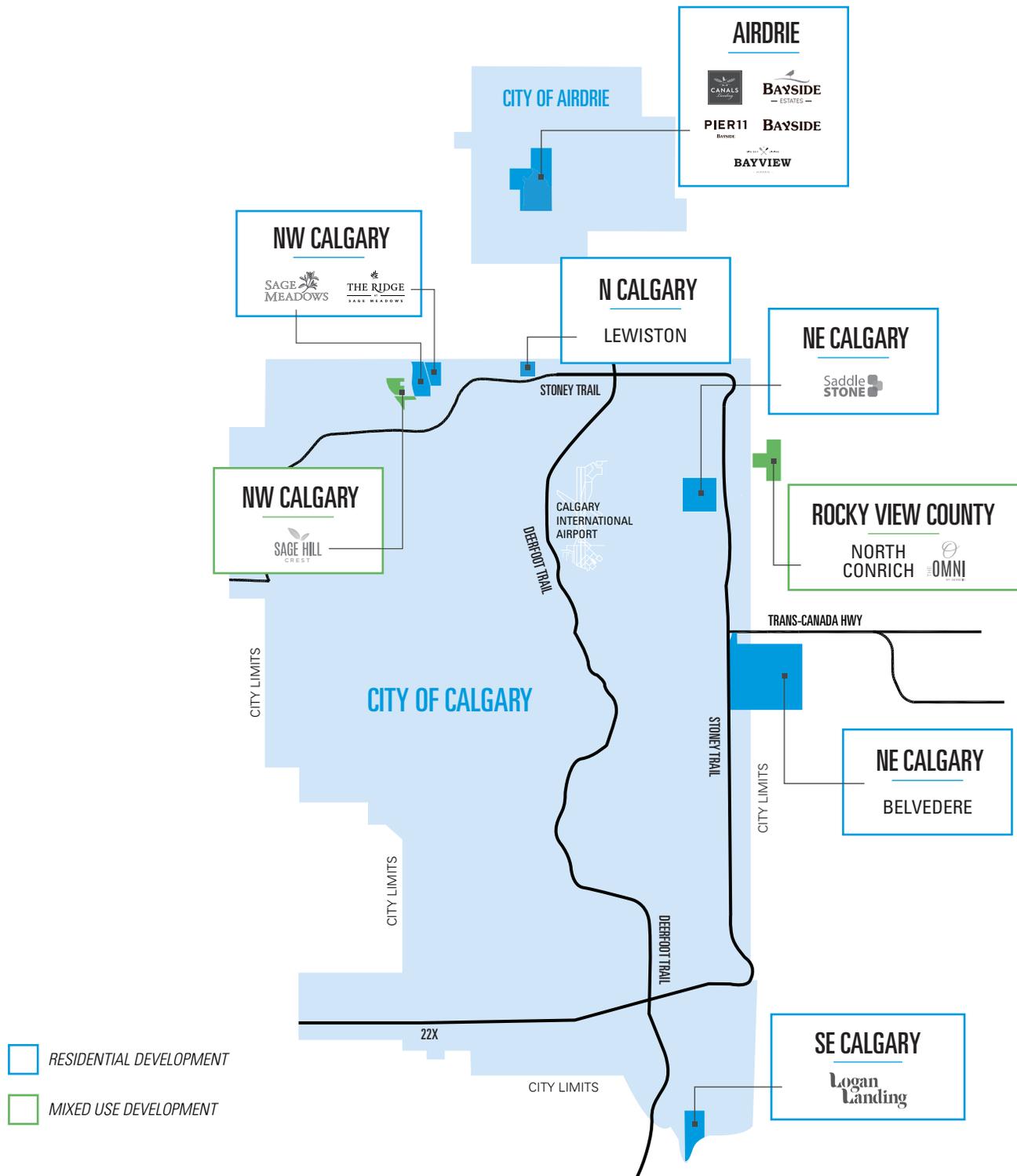
Other expenses

Other expenses include general and administrative, selling and marketing and net finance expense.

In Q4 2020, other expenses were \$157 or 7% lower at \$2,120 compared to Q4 2019 (\$2,277), mainly due to (i) lower general and administration expenses; (ii) lower net finance expenses; and lower sales and marketing expenses, partially offset by higher depreciation expenses.

Other GBG expenses were \$175 or 2% lower in YE 2020 compared to YE 2019 mainly due to (i) lower general and administrative expenses; and (ii) lower net finance expenses, partially offset by higher depreciation expenses.

LOCATIONS OF GENESIS' DEVELOPMENTS



Real Estate Held for Development and Sale

	December 31,		
	2020	2019	% change
Real estate held for development and sale	215,050	236,183	(8.9%)
Provision for write-downs	(21,741)	(13,914)	56.3%
	193,309	222,269	(13.0%)

Refer to note 5 in the consolidated financial statements for the years ended December 31, 2020 and 2019 which details the components of the changes in the gross (before provision for write-downs) book value and net book value of real estate held for development and sale.

Real estate held for development and sale is 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 \$28,960 as at YE 2020 compared to YE 2019 due to: (i) the write-downs of \$11,637 on real estate held for development and sale; (ii) the sale of parcels of development land for \$16,628 and (iii) the reduction in home building inventory by \$4,627 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 December 31, 2020:

Real Estate Held for Development and Sale	Net Book Value		
	Lots, multi-family & commercial parcels	Land held for development ⁽¹⁾	Total
Community			
Airdrie - Bayside, Bayview, Canals	17,179	22,290	39,469
Calgary NW - Sage Meadows	10,423	-	10,423
Calgary NW - Sage Hill	6,366	24,693	31,059
Calgary NE - Saddlestone	9,538	-	9,538
Calgary N - Lewiston	-	27,954	27,954
Calgary SE - Logan Landing	-	45,602	45,602
Rocky View County - North Conrich ⁽²⁾	-	5,396	5,396
Sub-total	43,506	125,935	169,441
Other assets ⁽³⁾ - non-core	24	1,742	1,766
Total land development	43,530	127,677	171,207
Home building work-in-progress			16,190
Total land development and home building			187,397
Limited Partnerships ^{(2), (4)}			5,912
Total real estate held for development and sale			193,309

⁽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 December 31, 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	17,179	133	55	1	-
Calgary NW - Sage Meadows	10,423	23	-	2	-
Calgary NW - Sage Hill	6,366	-	-	-	1
Calgary NE - Saddlestone	9,538	93	27	1	-
	43,506	249	82	4	1
Other assets - non-core	24	13	-	-	-
Total	43,530	262	82	4	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 December 31, 2020. Genesis has detailed plans, which are in various stages of development, 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 Logan Landing, 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	22,290	186	1,112	9	2
Calgary NW - Sage Hill	24,693	51	282	15	4
Calgary N - Lewiston	27,954	130	800	7	-
Calgary SE - Logan Landing	45,602	354	1,190	16	-
Rocky View County - North Conrich ⁽²⁾	5,396	312	-	-	-
	125,935	1,033	3,384	47	6
Other assets - non-core	1,742	300	-	-	-
Total	127,677	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 in North Conrich including the "Omni" project

Amounts Receivable

	December 31,		
	2020	2019	% change
Amounts receivable	11,006	6,131	79.5%

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 \$4,875 in amounts receivable was due to higher lot sales. As at YE 2020, Genesis had \$10,466 in amounts receivable related to the sale of 63 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 YE 2020 that were 10% or more of total amounts receivable were \$10,235 from two third-party builders (YE 2019 - \$5,515 from two third-party builders).

Vendor-take-back Mortgages Receivable

	December 31,		
	2020	2019	% change
Vendor-take-back mortgage receivable - purchased from a limited partnership ⁽¹⁾	-	20,558	N/R ⁽²⁾
Vendor-take-back mortgage receivable - granted on sale of a parcel of land	2,719	-	N/R ⁽²⁾
	2,719	20,558	(86.8%)

⁽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"). On October 17, 2019, Genesis purchased the VTB Mortgage from LPLP 2007. The Corporation received the principal amount of \$20,500 along with the interest of \$1,292 (2019 - \$1,333) in December 2020.

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. Interest of \$127 was received during 2020 (2019 - \$Nil).

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 December 31,		Year ended December 31,	
	2020	2019	2020	2019
Cash flows from operating activities	22,858	7,969	47,983	9,537
Cash flows from operating activities per share - basic and diluted	0.54	0.19	1.14	0.23

The changes in cash flows from operating activities of \$14,889 between Q4 2020 and Q4 2019 consist of the following:

	Three months ended December 31,		
	2020	2019	Change
Cash inflows from sale of residential homes by GBG	13,488	20,667	(7,179)
Cash inflows from sale of residential lots	2,488	2,994	(506)
Cash inflows from sale of development land	26,646	550	26,096
Cash outflows for home building activity	(9,596)	(8,337)	(1,259)
Cash outflows for land servicing	(5,411)	(3,986)	(1,425)
Cash outflows for lots / land acquisitions	(1,068)	-	(1,068)
Cash outflows paid to suppliers and employees	(4,500)	(4,693)	193
Other cash inflows	807	1,717	(910)
Income tax refunds / (payments)	4	(943)	947
Total	22,858	7,969	14,889

The changes in cash flows from operating activities of \$38,446 between YE 2020 and YE 2019 consist of the following:

	Year ended December 31,		
	2020	2019	Change
Cash inflows from sale of residential homes by GBG	75,255	60,543	14,712
Cash inflows from sale of residential lots	7,272	12,334	(5,062)
Cash inflows from sale of development land	33,409	550	32,859
Cash outflows for home building activity	(34,311)	(25,082)	(9,229)
Cash outflows for land servicing	(17,574)	(20,503)	2,929
Cash outflows for lots / land acquisitions	(4,246)	(5,101)	855
Cash outflows paid to suppliers and employees	(14,309)	(14,405)	96
Other cash inflows	1,076	2,345	(1,269)
Income tax refunds / (payments)	1,411	(1,144)	2,555
Total	47,983	9,537	38,446

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 YE 2020 and YE 2019:

	December 31,		December 31,	
	2020	% of Total	2019	% of Total
Loans and credit facilities	21,470	8%	51,546	17%
Dividend payable	6,280	3%	-	-
Customer deposits	3,889	1%	4,592	2%
Accounts payable and accrued liabilities	14,092	5%	7,900	3%
Lease liabilities	790	0%	233	0%
Provision for future development costs	20,213	8%	19,102	6%
Total liabilities	66,734	25%	83,373	28%
Non-controlling interest	12,084	5%	18,938	6%
Shareholders' equity	187,676	70%	193,957	66%
Total liabilities and equity	266,494	100%	296,268	100%

Total liabilities to equity is as follows:

	December 31,	
	2020	2019
Total liabilities	66,734	83,373
Total equity	199,760	212,895
Total liabilities to equity ⁽¹⁾	33%	39%

⁽¹⁾ Calculated as total liabilities divided by total equity

Loans and Credit Facilities

	31 Dec. 2020	31 Dec. 2019
Land development servicing loans	-	4,145
Demand operating line for single-family homes	1,662	2,261
Project specific townhouse construction loans	1,185	4,370
Demand operating line of credit	-	-
Loan to purchase VTB receivable	-	14,470
Vendor-take-back mortgages payable	18,624	26,634
	21,471	51,880
Unamortized deferred fees on loans and credit facilities	(1)	(334)
Balance, end of period	21,470	51,546

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

	Year ended December 31, 2020			Year ended December 31, 2019	
	VTB payable - Lewiston	VTB payable - Logan Landing	Land development servicing loans	Total	Total
Balance, beginning of period	18,634	8,000	4,145	30,779	23,301
Advances	-	-	3,116	3,116	30,898
Repayments	(10)	(8,000)	(7,261)	(15,271)	(24,043)
Interest expense	-	-	-	-	623
Balance, end of period	18,624	-	-	18,624	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 terms such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure.

In addition, GBG has a secured revolving operating line repayable on demand to be used for single-family 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.

Subsequent to December 31, 2020, the Corporation arranged a \$50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.

Land development servicing loans

As at December 31, 2020, Genesis has one land project loan facility with \$Nil drawn (YE 2019 - four loans and \$4,145 drawn). Up to \$4,038 is available to finance future development and servicing costs from this facility as land development activities progress. Interest on this facility is charged at prime + 0.75% per annum and is due on February 28, 2021.

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 December 31, 2020, the amount drawn on this facility was \$1,662 (YE 2019 - \$2,261). The Corporation renewed this credit facility in March 2020.

Project specific townhouse construction loans

As at December 31, 2020, GBG has a townhouse project loan facility with \$614 drawn (YE 2019 - \$1,756). Up to \$6,883 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 August 28, 2021.

As at December 31, 2020, GBG has a second townhouse project loan facility with \$571 currently drawn (YE 2019 - \$2,614). Up to \$3,483 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 September 28, 2021.

In November 2020, the Corporation renewed both of its townhouse development credit facilities.

Demand operating line

Genesis had 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. The loan was repaid in full and closed in December 2020 (YE 2019 - \$Nil).

Loan to purchase VTB Receivable

Genesis had a loan secured by the \$20,500 third-party VTB Mortgage with approximately \$15,357 drawn on the loan prior to its repayment on December 4, 2020 (YE 2019 - \$14,470). The loan had an interest rate of 6.50% per annum. The interest rate and repayment date corresponded 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, in May 2021 and 2022.

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

Provision for Future Development Costs

When Genesis sells lots, land parcels and homes, it 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 YE 2020 was \$18,737 for the land division (YE 2019 - \$17,828) and \$1,476 (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 \$29,743 and loans and credit facilities outstanding of \$21,470 at YE 2020 compared to \$16,248 and \$51,546 respectively, at YE 2019 resulting in net cash (refer to heading *Non-GAAP Measures* in this MD&A) of \$8,273 at YE 2020 compared to net debt (refer to heading *Non-GAAP Measures* in this MD&A) of \$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*.

	December 31,		
	2020	2019	% change
Cash and cash equivalents	29,743	16,248	83.1%
Land development servicing and home building loans	2,846	10,442	(72.7%)
Loan to purchase VTB receivable	-	14,470	N/R ⁽³⁾
VTBs payable	18,624	26,634	(30.1%)
Total loans and credit facilities	21,470	51,546	(58.3%)
Net cash / (net debt) ^{(1) (2)}	8,273	(35,298)	(123.4%)

⁽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

	December 31,		
	2020	2019	% change
Loans and credit facilities as a percentage of total assets ⁽¹⁾			
Land development servicing and home building loans	1.1%	3.5%	(68.6%)
Loan to purchase VTB receivable	-	4.9%	N/R ⁽³⁾
VTBs payable	7.0%	9.0%	(22.2%)
Loans and credit facilities (debt) to total assets	8.1%	17.4%	(53.4%)
Total liabilities to equity ⁽²⁾	33.4%	39.2%	(14.8%)

⁽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

	December 31,		
	2020	2019	% change
Net cash / (net debt) ⁽¹⁾ as a percentage of total assets			
Cash and cash equivalents	29,743	16,248	83.1%
Loans and credit facilities	21,470	51,546	(58.3%)
Net cash / (net debt) ^{(1) (2)}	8,273	(35,298)	N/R ⁽⁴⁾
Net cash / (net debt) to total assets ⁽³⁾	3.1%	(11.9%)	N/R ⁽⁴⁾

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

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

⁽³⁾ Calculated as net cash or net debt divided by total assets

⁽⁴⁾ Not relevant due to size of the change

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

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% change	2020	2019	% change
Interest incurred	226	273	(17.2%)	1,329	722	84.1%
Finance expense relating to VTBs ⁽¹⁾	234	395	(40.8%)	931	855	8.9%
Financing fees amortized	75	71	5.6%	333	186	79.0%
Interest and financing fees capitalized	-	-	N/R ⁽²⁾	-	(158)	N/R ⁽²⁾
	535	739	(27.6%)	2,593	1,605	61.6%

⁽¹⁾ VTBs related to Logan Landing and Lewiston lands

⁽²⁾ Not relevant due to size of the change

Finance expense during Q4 2020 was lower than in Q4 2019 mainly due to lower loan balances of \$21,470 in Q4 2020 compared to \$51,546 in Q4 2019. Finance expense related to VTBs was lower in Q4 2020 compared to Q4 2019 as payment of the final installment of \$8,000 on a VTB was made in January 2020.

Finance expense was higher in YE 2020 compared to YE 2019 due to the Corporation incurring interest expense on (i) an \$18,624 VTB payable for a full year in 2020 compared to only a portion of the year in 2019; and (ii) a \$15,192 loan to purchase the \$20,500 VTB Mortgage from LPLP 2007 for almost a full year in 2020 compared only a portion of the year in 2019. Financing fees amortized were higher in 2020 due to expense relating to deferred financing fees being accelerated on repayment and closing of various loans.

The weighted average interest rate of loan agreements with various financial institutions was 3.26% (YE 2019 - 5.76%) based on December 31, 2020 balances.

Income Taxes Recoverable

The continuity in income taxes recoverable is follows:

	December 31, 2020	December 31, 2019
Balance, beginning of period	1,144	2,283
Provision for current income tax	826	(2,283)
Net (receipts) payments	(1,411)	1,144
Balance, end of period	559	1,144

The year over year decrease of \$585 is explained in the above table as refunds related to prior years were received in YE 2020.

Shareholders' Equity

As at March 1, 2021, the Corporation had 41,863,335 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

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

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Number of shares purchased and cancelled	106,982	20,394	296,592	23,694
Total cost	175	50	465	58
Average price per share purchased	1.66	2.39	1.58	2.41
Shares cancelled as a % of common shares outstanding at beginning of period	0.25%	0.05%	0.70%	0.06%

During YE 2020, the Corporation purchased and cancelled 296,592 common shares for \$465 at an average cost of \$1.58 per share (representing 0.70% of issued and outstanding shares at the beginning of the year) compared to 23,694 common shares for \$58 at an average cost of \$2.41 during YE 2019 (representing 0.06% 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 YE 2020 were as follows:

	Loans and Credit Facilities ⁽¹⁾	Levies and Municipal Fees	Naming Rights	Lease Obligations ⁽²⁾	Total
Current	12,159	6,415	500	331	19,405
January 2022 to December 2022	9,312	1,433	-	361	11,106
January 2023 to December 2023	-	1,910	-	455	2,365
January 2024 and thereafter	-	-	-	1,383	1,383
Total	21,471	9,758	500	2,530	34,259

⁽¹⁾ Excludes deferred fees on loans and credit facilities

⁽²⁾ Includes variable operating costs

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

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 December 31, 2020. The tenth and final payment was made in January 2021.

Genesis has certain lease agreements that are entered in the normal course of operations. Genesis 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 \$844. In the event the office lease is terminated early, Genesis is liable to pay the landlord for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by the landlord, if any. Genesis also has other minor operating leases.

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in note 19 of the consolidated financial statements for the years ended December 31, 2020 and 2019.

Current Contractual Obligations, Commitments and Provision

	December 31,	
	2020	2019
Loans and credit facilities, excluding deferred fees on loans and credit facilities	12,159	30,450
Accounts payable and accrued liabilities	14,092	7,900
Dividend payable	6,280	-
Total short-term liabilities	32,531	38,350
Levies and municipal fees	6,415	6,406
Commitments ⁽¹⁾	831	952
	39,777	45,708

⁽¹⁾ Commitments comprises naming rights and lease obligations

At YE 2020, Genesis had obligations due within the next 12 months of \$39,777 of which \$12,159 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. The cash dividend declared payable on December 9, 2020 in the aggregate amount of \$6,280 was paid on January 11, 2021.

Settlement of Litigation

A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit and Surety Bonds

Genesis has an ongoing requirement to provide irrevocable letters of credit and surety bonds to municipalities as part of the sub-division plan registration process. These letters of credit and surety bonds indemnify the municipalities by enabling them to draw upon them if Genesis does not perform its contractual obligations. At YE 2020, these amounted to approximately \$3,666 (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.

SELECTED ANNUAL INFORMATION

	2020	2019	2018	2017	2016
Total revenues	103,933	68,097	81,437	150,933	115,957
Gross margin before write-down ⁽¹⁾	27,352	22,220	22,233	54,324	35,283
Gross margin	15,715	21,420	20,413	53,229	26,618
Net earnings attributable to equity shareholders	199	1,701	4,124	16,998	5,906
Net earnings per share – basic and diluted	0.00	0.04	0.10	0.39	0.13
Total assets	266,494	296,268	278,156	301,425	288,995
Loans and credit facilities	21,470	51,546	31,696	30,135	43,295
Cash dividends per share, declared	0.15 ⁽²⁾	-	0.24	0.46 ⁽³⁾	0.25

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

⁽²⁾ A cash dividend of \$0.15 per share was declared in December 2020 and was paid in January 2021

⁽³⁾ A cash dividend of \$0.25 per share was declared in December 2017 and was paid in January 2018

	2020	2019	2018	2017	2016
Return on shareholders' equity ("ROE") ⁽¹⁾	0.1%	0.9%	2.1%	8.3%	2.8%
Average shareholders' equity ⁽²⁾	190,817	192,964	196,684	203,574	208,938

⁽¹⁾ Calculated as Net earnings attributable to equity shareholders divided by average Shareholders' equity

⁽²⁾ Calculated as the sum of Shareholders' equity per the financial statements at the beginning and end of each year divided by two

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

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

Summary analysis for last 3 years

Total revenues are comprised of residential lot sales, development land sales, residential home sales and other revenues. Residential lot sales volumes were 225, 161 and 176 units in 2020, 2019 and 2018, respectively, reflecting market conditions in each period. In addition, development land sales were \$16,628, \$550 and \$15,126 for 2020, 2019 and 2018 respectively. Development land sales are lumpy in nature and comprise sales of non-core lands, commercial lands and other lands that Genesis does not intend to build on.

Residential homes sold were 163, 128 and 121 in 2020, 2019 and 2018 respectively. Included in this were single-family homes sales of 138, 111 and 103 units in 2020, 2019 and 2018 respectively.

Gross margins in 2020 were mainly lower due to negative development land margins due to write-downs in YE 2020. These negative margins were offset by positive margins on residential lots and homes. Gross margins on development land sales can vary significantly and are also impacted by write-downs of real estate held for development and sale which were \$10,822, \$800 and \$1,820 in 2020, 2019 and 2018 respectively. Net earnings and net earnings per share - basic and diluted were affected as a result of the above.

Total assets decreased by \$29,774 in 2020 compared to 2019. This was mainly due to a decrease in real estate held for development and sale by \$28,960 and a reduction of \$17,839 in VTB mortgage receivable, partially offset by an increase in cash and cash equivalents of \$13,495 during the year.

Total assets increased by \$18,112 in 2019 compared to 2018. This was mainly due to the purchase of 130 acres of future residential development land in north Calgary for \$23,725 and investments of \$5,608 in two land development entities in Calgary. This was partially offset by a decrease in accounts receivable of \$8,829 due to the collection of these amounts during the year.

Total assets decreased by \$23,269 in 2018 compared to 2017. This was mainly due to a decrease in accounts receivable by \$15,860 and a reduction of \$13,667 in Other operating assets during 2018. In 2017, Other operating assets included \$10,813 of dividends that was declared in 2017 and paid in 2018.

Total loans and credit facilities decreased by \$30,076 in 2020 compared to 2019. This was mainly due to the final installment of \$8,000 paid in January 2020 on the VTB related to Genesis' southeast Calgary lands and the repayment of a \$14,470 loan that was used to fund the \$20,500 VTB from a limited partnership. In addition, Genesis paid off and closed several loans and credit facilities in December 2020.

Total loans and credit facilities increased in 2019 compared to 2018. This was mainly due to the acquisition of a \$18,634 VTB related to the purchase of the Calgary north lands mentioned previously and the acquisition of a \$14,470 loan that was used to fund the \$20,500 VTB from a limited partnership.

Total loans and credit facilities were marginally higher in 2018 compared to 2017 mainly due to higher land servicing and home building project loan draws used to develop new phases and significant townhouse projects. This was offset by the \$8,000 installment paid in early January 2018 on the VTB relating to Genesis' southeast Calgary lands.

SUMMARY OF QUARTERLY RESULTS

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenues	19,817	29,739	30,725	23,652	26,081	12,786	16,533	12,697
Net earnings (loss) ⁽¹⁾	125	3,813	3,644	(7,383)	1,684	300	(357)	74
EPS ⁽²⁾	0.00	0.09	0.09	(0.18)	0.04	0.01	(0.01)	0.00

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

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

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Dividends declared	6,280	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Dividends declared - per share	0.15	-	-	-	-	-	-	-
Dividends paid - per share	-	-	-	-	-	-	-	-

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Residential lots sold to third-parties (units)	2	23	35	2	21	1	4	7
Homes sold (units)	28	53	52	30	43	26	33	26

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Development land revenues	7,146	320	175	8,987	550	-	-	-
Cash flows from (used in) operating activities	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Amount	22,858	9,893	7,044	8,188	7,969	(10,076)	7,061	4,583
Per share - basic and diluted	0.54	0.24	0.17	0.19	0.19	(0.24)	0.17	0.11

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 Q4 2020, Genesis sold two residential lots to third-party builders, 28 homes and two development land parcels. Revenues were lower in Q4 2020 compared to Q3 2020 due to lower residential lot and home sales in Q4 2020 compared to Q3 2020. This was partially offset by higher development land revenues in Q4 2020. Gross margins in Q4 2020 affected by the lower volume of residential homes and lots sold and by a write-down of \$822. Gross margins are also affected by the product mix for both residential homes and residential lots. General and administrative expenses were higher in Q4 2020 compared to Q3 2020 while selling and marketing expenses and net finance expenses were comparable between Q4 2020 and Q3 2020. Income tax expenses were \$496 in Q4 2020 compared to \$850 in Q3 2020. As a result of these factors, net earnings in Q4 2020 were lower than in to Q3 2020.

During Q3 2020, Genesis sold 23 residential lots to third-party builders, 53 homes and a development land parcel 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 to 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.

SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the following occurred:

- The Corporation arranged a \$50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.
- The Corporation cancelled 1,680,000 stock options with a weighted average exercise price of \$3.31.
- The Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. The Corporation paid a non-refundable deposit of \$2,186, with the balance of \$26,964 to be paid on closing, currently scheduled for April 2022. This parcel of land is located within the “Belvedere” ASP on the east side of the City of Calgary. The land is not subject to a GMO and Genesis plans to immediately commence the process of obtaining final Land Use and Outline Plan approvals from the City of Calgary. Upon completion, the community is expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.
- A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.
- The Corporation entered into a sale agreement to sell a 463.2-acre parcel of land in BC, belonging to a limited partnership, for a cash consideration of \$925. The transaction closed in February 2021.

SUMMARY OF ACCOUNTING CHANGES

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

NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2020 and 2021.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses (including stock-based compensation), assets and liabilities, and the disclosure of contingent liabilities at the reporting date for the land development and the home building businesses. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience, third-party appraisals and reports and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no material changes made to the critical accounting estimates for YE 2020 and YE 2019. Refer to note 2(p) in the consolidated financial statements for the years ended December 31, 2020 and 2019 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

The CEO and CFO have evaluated the design and operating effectiveness of Genesis’ DC&P and ICFR and concluded that Genesis’ DC&P and ICFR were effective as at December 31, 2020. While Genesis’ CEO and CFO believe that the Corporation’s internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management’s belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in the Corporation’s ICFR during the three months and year ended December 31, 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 volatile energy prices, resulting in a significant decrease in economic activity and increased 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, 2020 available on SEDAR at www.sedar.com.

Development and Construction Cost Risk

Genesis may be impacted by higher prices of labour, consulting fees, construction services and materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the end customer through higher pricing. Any significant increase that Genesis cannot pass on to the end customer may have a negative material impact on profits. The impact of COVID-19 on the supply chain is unknown but it could impact both the price and timely availability of materials.

Credit and Liquidity Risk

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

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

Finance Risk

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

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

Litigation Risk

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

Cybersecurity and Business Continuity Risk

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

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

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

There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2020 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. Gross margin before write-down of real estate held for development and sale is used to assess the performance of the business without the effects of the non-cash write-down of real estate held for development and sale. Management believes it is useful to exclude write-down from the analysis as it could affect the comparability of financial results between periods and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable GAAP financial measure is gross margin.

The tables below show the calculation of gross margin before write-down, which is derived from gross margin:

Residential Lots	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Residential lot revenues	4,772	12,230	39,189	29,071
Gross margin	2,560	5,471	16,336	13,942
Write-down of real estate held for development and sale	-	-	-	-
Gross margin before write-down	2,560	5,471	16,336	13,942
Gross margin before write-down (%)	53.6%	44.7%	41.7%	48.0%

Development Land	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Development land revenues	7,146	550	16,628	550
Gross margin	509	12	(9,291)	(788)
Write-down of real estate held for development and sale	822	-	10,822	800
Gross margin before write-down	1,331	12	1,531	12
Gross margin before write-down (%)	18.6%	2.2%	9.2%	2.2%

Homes	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Revenues for homes	12,198	20,551	75,025	59,746
Gross margin	1,620	3,068	8,670	8,266
Write-down of real estate held for development and sale	-	-	815	-
Gross margin before write-down	1,620	3,068	9,485	8,266
Gross margin before write-down (%)	13.3%	14.9%	12.6%	13.8%

Residential Lots, Development Land and Homes	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Total revenues	19,817	26,081	103,933	68,097
Gross margin	4,689	8,551	15,715	21,420
Write-down of real estate held for development and sale	822	-	11,637	800
Gross margin before write-down	5,511	8,551	27,352	22,220
Gross margin before write-down (%)	27.8%	32.8%	26.3%	32.6%

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

	December 31, 2020	December 31, 2019
Cash and cash equivalents	29,743	16,248
Loans and credit facilities	21,470	51,546
Net cash / (net debt)	8,273	(35,298)

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2020 and 2019 are provided below:

	2020	2019
Average daily trading volume	22,219	10,467
Share price (\$/share)		
High	2.45	3.19
Low	0.81	1.96
Close	2.09	2.27
Market capitalization at December 31,	87,494	95,703
Shares outstanding	41,863,335	42,159,927

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:

<p>Forward-looking statements in this MD&A include, but are not limited to:</p> <ul style="list-style-type: none"> • 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 Logan Landing lands and the Lewiston lands; • the timing and approval of the Logan Landing outline plan and land use applications, and anticipated commencement of development of these lands; • the timing and approval of the Lewiston 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; • timing for closing of the acquisition of approximately 157 acres of future residential development land in the City of Calgary, and the anticipated number of housing units in the community upon completion; • the expected completion dates of various projects that GBG is currently engaged in, the timeline for pre-construction homes and anticipated lot yields for projects under development; • plans and strategies surrounding the acquisition of additional land; • commencement of the servicing phase and the construction phase of various communities and projects; • the financing of such phases and expected increased leverage; • anticipated general economic and business conditions; • potential changes, if any, to the federal mortgage lending rules; • expectations for lot and home prices; • construction starts and completions; • future development costs; • anticipated expenditures on land development activities; • GBG's sales process and construction margins; • the 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. 	<p>Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:</p> <ul style="list-style-type: none"> • 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".
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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.



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

MANAGEMENT'S REPORT

To the Shareholders of Genesis Land Development Corp.:

The consolidated financial statements and all information in the Management's Discussion and Analysis ("MD&A") are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances. The financial information in the MD&A has been reviewed by management to ensure consistency with the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance

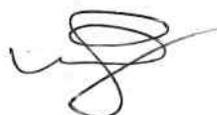
that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee is composed of three independent directors, and reports to the Board of Directors.

MNP LLP, an independent firm of Chartered Professional Accountants, was engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and IFRS to provide an independent auditors' opinion.



IAIN STEWART
President and Chief Executive Officer



WAYNE KING
Chief Financial Officer

March 1, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Genesis Land Development Corp.:

Opinion

We have audited the consolidated financial statements of Genesis Land Development Corp. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as at December 31, 2020 and December 31, 2019, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS DESCRIPTION	AUDIT RESPONSE
<p>Real Estate Held for Development and Sale</p> <p>As at December 31, 2020, approximately 73% of the Corporation's assets or \$193.3 million are comprised of real estate held for development and sale (refer to Note 5). As described in Note 2e, real estate held for development and sale is measured at lower of cost or net realizable value.</p> <p>The determination of the net realizable value of real estate held for development and sale is considered to be a significant estimate. Each valuation requires consideration of various inputs including, but not limited to, the type of real estate, its location, stage of development and comparable market transactions. We therefore considered real estate held for development and sale to be a key audit matter.</p>	<p>We responded to this matter by performing audit procedures in relation to real estate held for development and sale. Our audit work in relation to this included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • We obtained the independent appraisals completed for the Corporation's real estate holdings. We verified that management had appropriately deducted future development costs and estimated selling costs from the appraised values to determine the net realizable value. We compared the carrying value to the estimated net realizable value. • We obtained reliance letters from the independent appraisers and confirmed their professional qualifications and their role as specialists. • We engaged our internal valuations group to review the independent appraisals to verify that the valuation methodologies used by the independent appraisers was generally accepted. • For real estate held for development and sale in which no appraisal was obtained, we assessed the carrying value based on recent sales made in the various phases. We performed a recalculation using the current year average sales price,

	<p>multiplied by the number of lots remaining in each phase. We ensured expected future development costs and estimated selling costs were applied to the values in order to analyze the reasonability of net realizable value when compared to the carrying values in the general ledger.</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the disclosures relating to the assumptions used in real estate held for development and sale in the notes to the consolidated financial statements.
<p>Provision for Future Development Costs</p> <p>As described in Notes 2n) and 12, the Corporation has obligations related to the completion of land under development and housing projects. The Corporation recognizes a liability for the future costs to be incurred.</p> <p>The liability recognized for future land development and housing project costs involves inputs which rely on significant judgment from management, as well as significant reliance on the estimates made by third party engineers and architects. As such, future development and housing project costs have a high degree of subjectivity. We therefore considered the provision for future development costs to be a key audit matter.</p>	<p>We responded to this matter by performing procedures in relation to the provision for future land development and housing project costs. Our audit work in relation to this included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • We obtained copies of the estimated cost reports prepared by independent experts (engineers and architects) engaged by management. • We obtained reliance letters from the independent appraisers and confirmed their professional qualifications and their role as specialists. • For internally estimated future development costs, we had thorough discussions with managers in the land and home divisions of the Corporation to understand management’s estimation process. We assessed the reasonableness of the internal estimates based on known historical and current information. We compared the prior year costs to complete (“CTC”) balance to current year CTC by community and analyzed significant variances to ensure that the change in CTC from the prior year is reasonable. • We also compared estimates in managements calculation to the reports obtained from independent engineer specialists. In addition, we recalculated the allocation of common land development costs to specific development phases and completed analytical procedures based on the percentage of lots sold to identify unexpected and unusual variances in the expected CTC balance. • We performed a look back analysis by comparing the previous provision for future development cost estimates to subsequent actual costs incurred to gain comfort over management’s process for determining estimates of future development costs. • We assessed the appropriateness of the disclosures relating to the assumptions used in the provision for future land development costs in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

MNP LLP

Chartered Professional Accountants

Calgary, Alberta
March 1, 2021

**GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED BALANCE SHEETS**

(In thousands of Canadian dollars)

	Notes	December 31, 2020	December 31, 2019
Assets			
Real estate held for development and sale	5	193,309	222,269
Amounts receivable	6	11,006	6,131
Vendor-take-back mortgage receivable	7	2,719	20,558
Investments in land development entities	8	5,608	5,608
Other operating assets	9	14,750	15,251
Right-of-use assets	10	712	192
Deferred tax assets	11	8,088	8,867
Income tax recoverable		559	1,144
Cash and cash equivalents		29,743	16,248
Total assets		266,494	296,268
Liabilities			
Loans and credit facilities	13	21,470	51,546
Dividend payable	14d	6,280	-
Customer deposits		3,889	4,592
Accounts payable and accrued liabilities		14,092	7,900
Lease liabilities	10	790	233
Provision for future development costs	12	20,213	19,102
Total liabilities		66,734	83,373
Commitments and contingencies	19		
Subsequent events	13, 14d, 15a, 19a, 20, 24		
Equity			
Share capital	14	52,489	52,867
Contributed surplus	15c	868	603
Retained earnings		134,319	140,487
Shareholders' equity		187,676	193,957
Non-controlling interest	23	12,084	18,938
Total equity		199,760	212,895
Total liabilities and equity		266,494	296,268

See accompanying notes to the consolidated financial statements


/s/ **Stephen J. Griggs**
Director and Chair


/s/ **Steven Glover**
Director and Chair of the Audit Committee

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the years ended December 31, 2020 and 2019
(In thousands of Canadian dollars except per share amounts)

	Year ended December 31,		
	Notes	2020	2019
Revenues			
Sales revenue		103,443	67,530
Other revenue		490	567
	22	103,933	68,097
Direct cost of sales		(76,581)	(45,877)
Write-down of real estate held for development and sale	5	(11,637)	(800)
		(88,218)	(46,677)
Gross margin		15,715	21,420
General and administrative	16	(10,408)	(11,220)
Selling and marketing	17	(4,463)	(4,234)
		(14,871)	(15,454)
Earnings from operations		844	5,966
Finance income		1,497	1,489
Finance expense	18	(2,593)	(1,605)
(Loss) earnings before income taxes		(252)	5,850
Income tax recovery (expense)	11	47	(2,815)
Net (loss) earnings being comprehensive (loss) earnings		(205)	3,035
Attributable to non-controlling interest	23	(404)	1,334
Attributable to equity shareholders		199	1,701
Net earnings per share - basic and diluted	14b	0.00	0.04

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(In thousands of Canadian dollars except number of shares)

		Equity attributable to Corporation's shareholders						
		Common shares - Issued				Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	Notes	Number of Shares	Amount	Contributed Surplus	Retained Earnings			
At December 31, 2018		42,183,621	52,898	259	138,813	191,970	17,799	209,769
Share-based payments	15c	-	-	344	-	344	-	344
Normal course issuer bid	14c	(23,694)	(31)	-	(27)	(58)	-	(58)
Distributions		-	-	-	-	-	(518)	(518)
Net earnings being comprehensive earnings and other		-	-	-	1,701	1,701	1,657	3,358
At December 31, 2019		42,159,927	52,867	603	140,487	193,957	18,938	212,895

At December 31, 2019		42,159,927	52,867	603	140,487	193,957	18,938	212,895
Share-based payments	15c	-	-	265	-	265	-	265
Normal course issuer bid	14c	(296,592)	(378)	-	(87)	(465)	-	(465)
Dividends declared	14d	-	-	-	(6,280)	(6,280)	-	(6,280)
Distributions	5, 23	-	-	-	-	-	(6,409)	(6,409)
Net earnings (loss) being comprehensive earnings (loss) and other		-	-	-	199	199	(445)	(246)
At December 31, 2020		41,863,335	52,489	868	134,319	187,676	12,084	199,760

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(In thousands of Canadian dollars)

		Year ended December 31,	
	Notes	2020	2019
Operating activities			
Receipts from residential lot sales		7,272	12,334
Receipts from development land sales		33,409	550
Receipts from residential home sales		75,255	60,543
Other cash (payments) / receipts		(421)	856
Paid for land development		(17,574)	(20,503)
Paid for lots / land acquisition		(4,246)	(5,101)
Paid for residential home construction		(34,311)	(25,082)
Paid to suppliers and employees		(14,309)	(14,405)
Interest received		1,497	1,489
Income tax refunds / (payments)		1,411	(1,144)
Cash flows from operating activities		47,983	9,537
Investing activities			
Acquisition of equipment		(815)	(242)
Change in restricted cash	9	(256)	(10,364)
Investments in land development entities	8	-	(5,608)
Cash flows used in investing activities		(1,071)	(16,214)
Financing activities			
Advances from loans and credit facilities		17,241	39,847
Repayments of loans and credit facilities		(40,539)	(31,295)
Payment on vendor-take-back mortgage payable	13b	(8,000)	(8,000)
Interest and fees paid on loans and credit facilities		(1,337)	(1,093)
Distributions to unit holders of limited partnerships	5	(317)	(518)
Repurchase and cancellation of shares under NCIB	14c	(465)	(58)
Cash flows used in financing activities		(33,417)	(1,117)
Change in cash and cash equivalents		13,495	(7,794)
Cash and cash equivalents, beginning of period		16,248	24,042
Cash and cash equivalents, end of period		29,743	16,248

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the “Corporation” or “Genesis”) was incorporated under the Business Corporation Act (Alberta) on December 2, 1997.

The Corporation is engaged in the acquisition, development and sale of land, residential lots and homes primarily in the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol “GDC”. Genesis’ head office and registered office are located at 6240, 333 - 96 Ave. NE, Calgary, AB T3K 0S3.

Despite limited impact in 2020, the Corporation remains cautious going forward as the extent and duration of the current economic conditions as a result of regulatory aspects of COVID-19 are unpredictable and unknown.

In response to COVID-19, the Corporation has been able to adapt its operations, capital investments and marketing approaches to address current conditions and had positive results from these activities in 2020. The Corporation is continuing to focus on managing cash, protecting the value of its assets and limiting financing risks while ensuring that all health and safety recommendations of regulatory authorities are being followed and, when feasible, exceeded.

The consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 1, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Corporation are set out below. These policies have been consistently applied to each of the years presented, unless otherwise indicated.

a) **Statement of compliance**

The consolidated financial statements of the Corporation are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

b) **Basis of presentation**

The consolidated financial statements have been prepared under the historical cost convention except for the financial assets classified as fair value through profit or loss and stock options and deferred share units that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that the Corporation controls. When the Corporation has less than 50% equity ownership in these limited partnership entities, the Corporation may still have control over these entities' activities, projects, financial and operating policies due to contractual arrangements. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements.

Controlled entities are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity. All intra-group transactions, balances, dividends and unrealized gains and losses resulting from intra-group transactions are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not owned by the Corporation and are presented separately from shareholders' equity in the consolidated statements of comprehensive income (loss) and within equity in the consolidated balance sheets. Losses within a controlled entity are attributed to the non-controlling interest even if that results in a deficit balance.

d) Revenue recognition

(i) Residential lot sales

Lot sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are considered satisfied when the Corporation has the ability to release the lot to the purchaser after agreed to services pertaining to the property have been substantially performed.

Indicators of transfer of control to a purchaser include a present right to payment at the closing date of the contract, the purchaser having full access to the lot and the purchaser's ability to obtain a building permit from the relevant authority, all indicating that significant risk and rewards of ownership have been transferred to the purchaser who has signed a contract and has made a minimum 15% non-refundable deposit. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received.

Deposits received upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

(ii) Development land sales

Development land sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are satisfied after agreed to services pertaining to the property have been substantially performed.

Indications of transfer of control to a purchaser include registering the subdivision plan with the land titles office and transferring title of the land to the purchaser on receipt of full payment, all indicating significant risk and rewards of ownership are transferred to the purchaser. In situations where extended payment terms are provided to a purchaser, an appropriate rate of interest is included, and the Corporation secures appropriate security for the remaining unpaid portion before title to the land is transferred to the purchaser.

Deposits received upon signing of contracts for purchases of land on which revenue recognition criteria have not been met are recorded as customer deposits.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Residential home sales

Home sales to third parties are recognized when the Corporation's performance obligations are satisfied, and transfer of control has passed to the purchaser.

Performance obligations are considered satisfied when title to the completed home is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured.

Deposits received from customers upon signing of contracts for purchases of completed homes for which revenue recognition criteria have not been met are recorded as customer deposits.

(iv) Finance income

Finance income is recognized as it accrues using the effective interest rate method.

(v) Other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement. Rental income is incidental to ownership of real estate and does not result in classification of real estate as investment property. All real estate is classified as inventory. Deposits forfeited are recognized as income.

e) Real estate held for development and sale

Land under development, land held for future development and housing projects under construction are inventory and are measured at the lower of cost and estimated net realizable value ("NRV"). NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs.

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs. These costs are allocated to each phase of the project in proportion to saleable acreage.

f) Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds. The acquisition or construction of real estate assets takes a substantial period of time to develop it for its intended use or sale. Borrowing costs attributable to real estate held for development and sale are recorded as part of the respective inventory carrying cost from the date of commencement of development work until the date of completion. All other borrowing costs are expensed in the period in which they are incurred. The recording of interest to inventory is suspended if the project's development is suspended for a prolonged period.

g) Property and equipment

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation is provided on all operating property and equipment based on the straight-line method over the estimated useful lives of the property and equipment. The useful lives of the properties are as follows:

- Vehicles and other equipment 5 years
- Office equipment and furniture 7 years
- Computer hardware and software 3 years
- Showhome furniture 3 years
- Leasehold improvements Lesser of useful life of the improvement or the lease term

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes

Income tax is recognized in the consolidated statements of comprehensive income (loss) except to the extent that it related to items recognized directly in equity, in which case it is recognized in equity.

Income taxes comprise the following:

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, using tax rates and laws that are enacted or substantively enacted as at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided at the balance sheet date using the liability method on all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available, against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 23) and are not subject to income taxes. The income or loss for Canadian tax purposes is attributable to the taxable income of the limited partners in accordance with the provisions of the Income Tax Act (Canada). The calculation of income tax expense reflects the exclusion of taxable income allocated to limited partners that form part of the non-controlling interest.

i) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and short-term deposits of original maturity of three months or less.

j) Leases

The Corporation adopted IFRS 16, "Leases" as of January 1, 2019 and elected to use the modified retrospective approach in its adoption of IFRS 16. Prior to that, operating lease payments were recognized as an operating expense in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term.

The modified retrospective method does not require restatement of prior period financial information as the Corporation may recognize the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation applied the following practical expedients:

- (i) The Corporation elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery with a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
- (ii) The Corporation used hindsight in determining the lease term where the contract contained an option to extend or terminate the lease.

k) Financial assets

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The three primary measurement categories for financial assets are: amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVOCI").

Financial assets measured at amortized cost are assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial instruments classified as amortized cost are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less impairment. The amortization and losses arising from impairment are recognized in the consolidated statements of comprehensive income (loss).

Financial assets at FVOCI are assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL are assets that do not meet the criteria for amortized cost or FVOCI. Financial assets classified as FVTPL are carried on the balance sheet at fair value with changes in fair value recognized in the consolidated statements of comprehensive income. Transaction costs are expensed as incurred.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Loss allowance for trade receivables is calculated using the expected lifetime credit loss model and recorded at the time of initial recognition. Title to land sold is typically transferred on receipt of full payment from the purchaser. In situations where extended payment terms are provided to a purchaser, the Corporation secures adequate security for the remaining unpaid portion before title to the land is transferred to the purchaser. The Corporation experiences no material impact of the loss allowance for trade receivables due to the above. The expected loss allowance using the lifetime credit loss approach, has no material impact on the consolidated financial statements.

The Corporation recognizes bad debt expense or recovery relating to amounts receivable on sold lots, net of the value of the related sold lots, on the termination of the relevant agreement, which are taken back into the Corporation's lot inventory. Bad debt expense or recovery is included in the Corporation's general and administrative expenses.

l) Financial liabilities

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are: amortized cost and FVTPL.

Financial liabilities classified as amortized cost are financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of comprehensive income.

Financial liabilities measured at FVTPL are financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statements of comprehensive income.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities are offset, and the net amount presented on the balance sheet when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation's financial instruments (assets and liabilities) are classified as follows:

• Cash	FVTPL
• Cash equivalents	Amortized cost
• Deposits	Amortized cost
• Equity investments in land development entities	FVTPL
• Restricted cash	FVTPL
• Amounts receivable	Amortized cost
• Vendor-take-back mortgage receivable	Amortized cost
• Accounts payable and accrued liabilities	Amortized cost
• Loans and credit facilities	Amortized cost

m) Earnings per share

The amount of basic earnings per share is calculated by dividing the comprehensive earnings attributable to equity holders by the weighted average number of shares outstanding during the period. The diluted earnings per share amount is calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options.

n) Provision for future development costs

The Corporation sells land, lots and homes for which it is responsible to pay for future development costs. For land development, the provision for future development costs represents the estimated remaining construction costs related to previously sold land, including all direct and indirect costs expected to be incurred during the remainder of the servicing period, net of expected recoveries. The provision is reviewed periodically and, when the 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. For home building, the provision for future development costs represents the costs likely to be incurred on remaining seasonal work and estimated warranty charges over the one-year warranty period.

o) Share-based compensation

The Corporation has a long-term incentive plan comprised of a stock option plan and a deferred share unit ("DSU") plan.

(i) Stock options

The Corporation's stock option plan allows for the recipients to purchase common shares. Vesting provisions and exercise prices are set at the time of issuance by the Board of Directors. Options vest over a number of years on various anniversary dates from the date of the original grant. Options are issued with exercise prices not less than the fair market value of the common shares at the date of grant and with terms not exceeding ten years from the date of grant.

The fair value of share-based payments related to the stock options granted is calculated at the grant date using the Black-Scholes Option-Pricing Model. The costs of the share-based payments are recognized on a proportionate basis over the related vesting period of each tranche of the grant as an expense with recognition of the corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options, together with any related contributed surplus, is credited to the share capital account.

Share-based payments may be settled in cash or equity at the sole discretion of the Corporation and are accounted for as equity-settled plans.

The dilutive effect of outstanding options is reflected in the computation of earnings per share.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Deferred share unit plan

DSUs are notional common shares of the Corporation that do not settle until the recipient leaves the Corporation. The Corporation's DSU plan allows for the participants to receive cash-settled DSUs. The fair value of DSUs and the cash payment, when made, is based on the common share price of the Corporation at the relevant time. Vesting provisions for DSUs are determined at the time of issuance.

The fair value of the DSUs is recognized as share-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of DSUs expected to vest. DSUs are measured at their fair value at each reporting period on a mark-to-market basis. The accrued liability is reduced on the cash payout of any DSU.

p) Significant accounting judgments and estimates

The preparation of consolidated financial statements 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. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience 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.

The following are the most significant accounting judgments and estimates made by the Corporation in applying accounting policies:

Judgments

(i) Revenue recognition

Revenue recognition for development lands requires judgment to determine when performance obligations are satisfied and transfer of control has passed to the purchaser. The Corporation reviews each contract and evaluates all the factors to determine the appropriate date to recognize revenue.

(ii) Consolidation

The Corporation applies judgment in determining control over certain limited partnerships based on a review of all contractual agreements to determine if the Corporation has control over the activities, projects, financial and operating policies of the limited partnerships.

(iii) Income taxes

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the provision for current and deferred taxes.

(iv) Net realizable value ("NRV")

NRV for land and housing projects held for development and sale is estimated with reference to market prices and conditions existing at the balance sheet date. This is determined by the Corporation having considered suitable external advice including independent real estate appraisers and recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Legal contingencies

The Corporation applies judgment as it relates to the outcome of legal proceedings to determine whether a provision and disclosure in the consolidated financial statements is required. Among the factors considered in making such judgments are the nature of litigation, claim or assessment, the legal process and potential level of damages, the progress of the case, the opinions or views of legal advisers and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment.

Estimates

(i) Provision for future development costs

Changes in estimated future development costs, which are generally provided by third party service providers, directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty due to the long time frames involved, specifically in land development.

(ii) Impairment of real estate held for development and sale

The Corporation estimates the NRV of real estate held for development and sale and investments in land development entities 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 and other third-party advisors and is also based on housing projects in the same geographic area.

(iii) Valuation of amounts receivable and vendor-take-back mortgage receivable

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

(iv) Share-based compensation

The fair values of equity-settled share-based payments are estimated using the Black-Scholes options pricing model. These estimates are based on the Corporation's share price and on several assumptions, including the risk-free interest rate, the future forfeiture rate, time to expiry, and the expected volatility of the Corporation's share price. Accordingly, these estimates are subject to measurement uncertainty.

(v) Investments in land development entities

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

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS DURING 2020

The Corporation adopted no new IFRSs and interpretations during 2020.

4. NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements or amendments to existing standards that impacted or are expected to impact the Corporation in 2020 and 2021.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Lots, Multi-family & Commercial Parcels	Land Held for Development	Home Building	Total	Limited Partnerships	Intra-segment Elimination	Consolidated Total
Gross book value							
As at December 31, 2019	70,776	134,631	21,365	226,772	13,605	(4,194)	236,183
Development activities	5,679	11,739	30,873	48,291	289	-	48,580
Transfer	2,330	(2,330)	-	-	-	-	-
Sold	(30,086)	(2,228)	(35,500)	(67,814)	(1,899)	-	(69,713)
As at December 31, 2020	48,699	141,812	16,738	207,249	11,995	(4,194)	215,050
Provision for write-downs							
As at December 31, 2019	1,639	8,825	-	10,464	3,450	-	13,914
Sold	-	(1,982)	(267)	(2,249)	(1,561)	-	(3,810)
Transfer	(1,639)	1,639	-	-	-	-	-
Write-down of real estate held for development and sale	5,169	5,653	815	11,637	-	-	11,637
As at December 31, 2020	5,169	14,135	548	19,852	1,889	-	21,741
Net book value							
As at December 31, 2019	69,137	125,806	21,365	216,308	10,155	(4,194)	222,269
As at December 31, 2020	43,530	127,677	16,190	187,397	10,106	(4,194)	193,309

During the year ended December 31, 2020, no interest (2019 - \$158) was capitalized as a component of development activities.

During the year ended December 31, 2020, the Corporation closed the sales of five development land parcels for \$16,628 (2019 - \$550). This included the sale of a 320-acre parcel of development land, located in British Columbia, belonging to a limited partnership for \$320. The limited partnership made a distribution of \$317 to its unit holders from the proceeds of this sale.

The sale of another parcel for \$8,987 was structured as a cash payment of \$3,768 on closing with the remainder being in the form of a \$5,219 vendor-take-back mortgage receivable at an interest rate of 5% per annum. The vendor-take-back mortgage is repayable in three installments. Two installments of \$1,250 each, were paid on March 31, 2020 and June 30, 2020 and the last installment of \$2,719 is due on December 15, 2021.

During the year ended December 31, 2020, the Corporation recorded a net write-down of \$10,822 (2019 - \$800) on three parcels of land inventory and a parcel of land held for development. The write-down was taken based on third-party assessment and offers received to reflect the estimated returns realizable on completion of development and sale of these lands. The Corporation also recorded a write-down of \$815 (2019 - \$Nil) relating to a townhouse project. 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 LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

6. AMOUNTS RECEIVABLE

	2020	2019
Agreements receivable	10,466	5,515
Other receivables	540	616
	11,006	6,131

Agreements receivable for lot sales have various terms of repayment with purchasers generally having between 6 and 24 months to pay the balance owing for the purchased lots. On receipt of a minimum 15% non-refundable deposit the purchaser is deemed to have control over the lot and is permitted to start construction. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Certain agreements receivable and mortgages receivable, if any, are interest bearing.

7. VENDOR-TAKE-BACK MORTGAGE RECEIVABLE

	2020	2019
Vendor-take-back mortgage receivable – purchased from a limited partnership ⁽¹⁾	-	20,558
Vendor-take-back mortgage receivable – granted on sale of a parcel of land	2,719	-
	2,719	20,558

⁽¹⁾ Includes accrued interest

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. LPLP 2007 received \$20,500 in cash and a \$20,500 three-year vendor-take-back first mortgage bearing interest at 6.5% per annum. Interest on the vendor-take-back mortgage receivable is payable annually, in arrears. On October 17, 2019, the Corporation completed a transaction with LPLP 2007, whereby the Corporation acquired the third-party, secured vendor-take-back mortgage receivable held by LPLP 2007 for \$22,020. The vendor-take-back mortgage receivable was due by December 15, 2020. The Corporation received the principal amount of \$20,500 along with the interest of \$1,292 (2019 - \$1,333) in December 2020.

During 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. The interest of \$127 was received during 2020 (2019 - \$Nil).

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

8. INVESTMENTS IN LAND DEVELOPMENT ENTITIES

	2020	2019
Investment in land development limited partnership – 5% interest	1,850	1,850
Investment in land development joint venture – 8% interest	3,758	3,758
	5,608	5,608

9. OTHER OPERATING ASSETS

	2020	2019
Deposits	5,960	2,357
Prepayments	480	370
Restricted cash	7,351	12,077
Property and equipment	959	447
	14,750	15,251

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development. The deposits are refundable upon completion of the related projects and earn interest at rates approximating those earned on guaranteed investment certificates. The Corporation has also provided letters of credit and surety bonds as security to guarantee the completion of certain construction projects (see note 19b for additional information). Deposits also include amounts paid towards purchase of lots and land. Restricted cash includes \$4,009 which is part of \$10,360 that was previously paid to LPLP 2007 by the Corporation and has been placed in trust pending distribution to its unit holders (refer to note 23 for additional information).

10. LEASES

ROU Assets	Photocopiers	Office Building	Trucks	Total
As at January 1, 2020	78	79	35	192
Additions	-	708	-	708
Depreciation charge for the year ⁽¹⁾	(18)	(157)	(13)	(188)
As at December 31, 2020	60	630	22	712
As at December 31, 2019	78	79	35	192

Lease Liabilities	Photocopiers	Office Building	Trucks	Total
As at January 1, 2020	79	118	36	233
Additions	-	708	-	708
Lease payments	(20)	(144)	(14)	(178)
Interest for the year ⁽¹⁾	3	23	1	27
As at December 31, 2020	62	705	23	790
As at December 31, 2019	79	118	36	233

⁽¹⁾ Depreciation rate used ranged between 4.76% and 4.84%.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

10. LEASES (continued)

Lease liabilities – undiscounted cash flows	Photocopiers	Office Building	Trucks	Total
January 1, 2021 to December 31, 2021	20	40	14	74
January 1, 2022 to February 27, 2027	47	804	10	861
As at December 31, 2020	67	844	24	935
As at December 31, 2019	87	121	38	246

Amounts recognized in statements of comprehensive income	Photocopiers	Office Building	Trucks	Total
Interest on lease liabilities	3	23	1	27
Total for the year ended December 31, 2020	3	23	1	27
Total for the year ended December 31, 2019	3	7	2	12

Amounts recognized in the statement of cash flows ⁽²⁾	Photocopiers	Office Building	Trucks	Total
Interest paid	3	23	1	27
Payment of lease liabilities	17	121	13	151
Total for the year ended December 31, 2020	20	144	14	178
Total for the year ended December 31, 2019	14	73	14	101

⁽²⁾ These amounts are included in the line item Paid to suppliers and employees in the consolidated statements of cash flows

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

11. INCOME TAXES

- a) 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. Subsequently, on October 20, 2020 legislation was enacted to decrease the Alberta corporate income tax rate from 10% to 8% effective July 1, 2020. Income tax was recognized in the consolidated statements of comprehensive income (loss) as follows:

	2020	2019
Current income tax (recovery) expense	(826)	2,283
Deferred income tax expense	779	532
Income tax (recovery) expense	(47)	2,815

- b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 24.00% (2019 - 26.50%) to earnings before income taxes. The difference resulted from the following:

	2020	2019
(Loss) earnings before income taxes	(252)	5,850
Statutory tax rate	24.00%	26.50%
Expected income tax (recovery) expense	(60)	1,550
Change in tax rate impact on future tax	201	1,359
Share-based compensation	172	113
Other	(457)	147
Non-controlling interest	97	(354)
Tax (recovery) expense for the year	(47)	2,815

- c) The deferred tax assets (liabilities) of the Corporation were as follows:

	2020	2019
Deferred tax assets	8,911	9,275
Deferred tax liabilities	(823)	(408)
Net deferred tax assets	8,088	8,867

- d) The components of the net deferred tax asset were as follows:

	2020	2019
Real estate held for development and sale	5,417	5,677
Reserves from land sales	(555)	(209)
Unamortized financing costs	2,740	2,862
Other temporary differences	486	537
Net deferred tax assets	8,088	8,867

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

12. PROVISION FOR FUTURE DEVELOPMENT COSTS

The movement in the provision for future development costs is as follows:

	Land Development	Home Building	Total
Opening Balance, January 1, 2020	17,828	1,274	19,102
Additions	7,729	7,008	14,737
Changes to estimates	(554)	(306)	(860)
Development activities	(6,266)	(6,500)	(12,766)
Closing Balance, December 31, 2020	18,737	1,476	20,213

	Land Development	Home Building	Total
Opening Balance, January 1, 2019	20,033	868	20,901
Additions	3,613	4,410	8,023
Changes to estimates	(224)	(247)	(471)
Development activities	(5,594)	(3,757)	(9,351)
Closing Balance, December 31, 2019	17,828	1,274	19,102

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

13. LOANS AND CREDIT FACILITIES

	2020	2019
Secured by agreements receivable and real estate held for development and sale		
(a) Demand land project servicing loans from major Canadian chartered banks, payable on collection of agreements receivable, bearing interest at prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of \$8,049. Three loans were closed in December 2020 and the loan agreement for a remaining loan, with \$Nil drawn on it, expires on February 28, 2021.	-	4,145
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage payable ("VTB") at 0% per annum measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate. The final installment of \$8,000 was paid in January 2020.	-	8,000
(c) The VTB bearing interest at 5% per annum was entered into on September 13, 2019 in partial payment for the purchase of approximately 130 acres of future residential development land in north Calgary. The VTB is secured by these lands which have a carrying value of \$27,954. The VTB is to be repaid in two installments of approximately \$9,312 each in May 2021 and 2022.	18,624	18,634
(d) A loan facility for \$15,375 bearing interest at 6.50% per annum, due on December 15, 2020 and is secured by a \$20,500 VTB. The loan was fully repaid on December 4, 2020.	-	14,470
(e) Demand operating line of credit up to \$10,000 from a major Canadian chartered bank bearing interest at prime +1.00% per annum. The loan was closed in December 2020.	-	-
Secured by housing projects under development		
(f) Demand operating line of credit up to \$6,500 from a major Canadian chartered bank, bearing interest at prime +0.75% per annum, secured by a general security agreement over assets of the home building division.	1,662	2,261
(g) Demand project specific townhouse construction loans from a major Canadian chartered bank, both renewed in March 2020, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of \$5,500. One loan is due on August 28, 2021 and the other is due on September 28, 2021.	1,185	4,370
	21,471	51,880
Deferred fees on loans and credit facilities	(1)	(334)
	21,470	51,546

Subsequent to December 31, 2020, the Corporation arranged a \$50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

13. LOANS AND CREDIT FACILITIES (continued)

A lender has a general security agreement on all property of the Corporation and its subsidiaries, in addition to specific security mentioned above.

The weighted average interest rate of loan agreements with financial institutions was 3.26% (December 31, 2019 - 5.76%) based on December 31, 2020 balances.

During the year ended December 31, 2020, the Corporation received advances of \$17,241 (2019 - \$39,847) relating to various loan facilities. These are secured by agreements receivable, real estate held for development and sale, housing projects under development and a \$20,500 VTB mortgage receivable. These loan facilities bear interest ranging from prime +0.75% to prime +0.90% per annum, with due dates ranging from February 28, 2021 to September 28, 2021.

The VTB at 0% per annum was measured at amortized cost and its fair value was based on discounted future cash flows using an 8% discount rate, resulting in interest expense of \$Nil (2019 - \$613) for the year ended December 31, 2020.

The Corporation and its subsidiaries have various covenants in place with their lenders with respect to credit facilities including credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other terms such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure. As at December 31, 2020 and 2019, the Corporation and its subsidiaries were in compliance with all loan covenants.

Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred fees on loans and credit facilities):

January 1, 2021 to December 31, 2021	12,159
January 1, 2022 to December 31, 2022	9,312
	21,471

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value, none issued.

b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the year ended December 31, 2020 and 2019:

	Year ended December 31,	
	2020	2019
Basic	42,081,235	42,181,015
Effect of dilutive securities - stock options	-	-
Diluted	42,081,235	42,181,015

All 2,535,000 options outstanding at the year ended December 31, 2020 (2019 - 2,535,000) were excluded in calculating diluted earnings per share as their weighted average exercise price was higher than the average market price of the Corporation's shares during the period.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

14. SHARE CAPITAL (continued)

c) Normal course issuer bid (“NCIB”)

The Corporation renewed its NCIB on October 7, 2020. The renewed NCIB commenced on October 13, 2020 and will terminate on the earlier of: (i) October 12, 2021; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,098,885 common shares under the renewed NCIB.

The prior NCIB, which expired on October 9, 2020, allowed the Corporation to purchase for cancellation up to 2,109,016 common shares.

The following table sets forth the number of common shares repurchased and cancelled during the year ended December 31, 2020 and 2019 under the NCIB(s).

	Year ended December 31,	
	2020	2019
Number of shares repurchased and cancelled	296,592	23,694
Reduction in share capital	378	31
Change in retained earnings	87	27
Reduction in shareholders' equity	465	58
Average purchase price per share	1.58	2.41

d) Dividends

Cash dividends of \$6,280 (\$0.15 per share) were declared on December 9, 2020 and paid to shareholders on January 11, 2021. No dividends were declared or paid in 2019.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

15. SHARE-BASED COMPENSATION

a) **Stock Option Plan**

Share-based payments may be settled in cash or equity at the sole discretion of the Corporation and are accounted for as equity-settled plans. Stock options have a 7-year term and vest 25% on each of the first, second, third and fourth anniversary dates of the grant.

Details of stock options are as follows:

	Year ended December 31,			
	2020		2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of year	2,535,000	\$3.31	2,025,000	\$3.36
Options forfeited	-	-	(270,000)	\$3.12
Options issued	-	-	780,000	\$3.11
Outstanding - end of year	2,535,000	\$3.31	2,535,000	\$3.31
Exercisable - end of year	1,072,500	\$3.34	438,750	\$3.40

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at December 31, 2020	Weighted Average Exercise Price	Number at December 31, 2020	Weighted Average Exercise Price	
3.11 - 3.48	2,535,000	\$3.31	1,072,500	\$3.34	4.85

The following assumptions were used in estimating the fair value of options granted using the Black-Scholes Option-Pricing Model:

	2020	2019
Risk-free interest rate	-	1.50 - 1.59%
Estimated term/period prior to exercise (years)	-	5.50
Volatility in the price of the Corporation's common shares	-	28.8 - 29.1%
Forfeiture rate	-	0.00%
Dividend yield rate	-	0.00%

Subsequent to December 31, 2020, 1,680,000 stock options with a weighted average exercise price of \$3.31 were cancelled.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

15. SHARE-BASED COMPENSATION (continued)

b) Deferred Share Unit Plan (“DSU”)

The Corporation’s cash settled DSU plan provides DSUs to be issued to directors and designated employees. DSUs vest 25% on each of the first, second, third and fourth anniversary of the issue date and shall not be redeemed except upon the occurrence of the earlier of any one of the following: the death of a participant; the retirement of a participant; or in the case of an employee, the termination of a participant. Details of the DSUs are as follows:

	Year ended December 31,	
	2020	2019
	Cash settled	Cash settled
Outstanding - beginning of year	70,941	-
DSUs granted	283,317	70,941
Outstanding - end of year	354,258	70,941
Vested - end of year	92,068	-

The outstanding liability related to cash settled DSUs as at December 31, 2020 was \$537 (2019 - \$84) and is recorded in accounts payable and accrued liabilities. DSUs are measured at fair value at each reporting period on a mark-to-market basis.

c) Share-based compensation expense

Share-based compensation was recorded and included as a part of general and administrative expense and is comprised of the following:

	Years ended December 31,	
	2020	2019
Stock options	265	344
Deferred share units - cash settled grants	453	84
Total share-based compensation expense	718	428

16. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation consisted of the following:

	Years ended December 31,	
	2020	2019
Compensation and benefits	6,855	6,761
Share-based compensation	718	428
Corporate administration	1,775	2,754
Professional services	1,060	1,277
	10,408	11,220

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

16. GENERAL AND ADMINISTRATIVE (continued)

Compensation and benefits of the directors and key management personnel, included in the general and administrative expenses above, were as follows:

	Years ended December 31,	
	2020	2019
Salaries, wages and benefits	1,951	1,904
Share-based compensation	718	428
	2,669	2,332

17. SELLING AND MARKETING

Selling and marketing expenses of the Corporation consisted of the following:

	Years ended December 31,	
	2020	2019
Advertising and marketing	2,786	2,970
Sales commissions	1,677	1,264
	4,463	4,234

18. FINANCE EXPENSE

Finance expense of the Corporation consisted of the following:

	Years ended December 31,	
	2020	2019
Interest incurred	1,329	722
Finance expense relating to VTBs (note 13)	931	855
Financing fees amortized	333	186
Interest and financing fees capitalized (note 5)	-	(158)
	2,593	1,605

19. COMMITMENTS AND CONTINGENCIES

- a) In 2012, the Corporation entered into a memorandum of understanding with the Northeast Community Society to contribute \$5,000 over 10 years for 15-year naming rights to "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary (\$500 each year, terminating in 2021). The first nine installments totaling \$4,500 have been paid. The tenth and final payment was made in January 2021.
- b) The Corporation has issued letters of credit and surety bonds pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at December 31, 2020, these amounted to \$3,666 (December 31, 2019 - \$4,795).
- c) The Corporation is committed to pay levies and municipal fees relating to signed municipal agreements on commencement of development of certain real estate assets with the following payments:

January 1, 2021 to December 31, 2021	6,415
January 1, 2022 to December 31, 2022	1,433
January 1, 2023 to December 31, 2023	1,910
	9,758

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

19. COMMITMENTS AND CONTINGENCIES (continued)

- d) The Corporation is a co-defendant in a statement of claim initiated by limited partners of LPLP 2007 and its affiliated RRSP limited partnerships. The statement of claim is brought as a class action but has not yet been certified as such and is seeking damages of at least \$16,585. Any potential liability to the Corporation and/or the Partnership is indeterminate, and no provision has been made. The Corporation's view is that this action is without merit and is actively contesting it. The Corporation and the limited partners have each applied for summary judgement and the Corporation is contesting the certification of this matter as a class proceeding.

20. SETTLEMENT OF LITIGATION

A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.

21. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are typically expected to be settled within twelve months. The fair value of deposits approximates their carrying value as the terms of deposits are comparable to the market terms for similar instruments.

The fair values of the Corporation's loans and credit facilities, amounts receivable and vendor-take-back mortgage receivable were estimated based on current market rates for loans of the same risk and maturities.

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

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Corporation's current financial assets are measured at amortized cost or fair value through profit and loss ("FVTPL"). The estimated fair value of financial assets and liabilities measured at FVTPL as at December 31, 2020 and December 31, 2019 are presented in the following table:

	Fair Value Hierarchy	Measurement Basis	Carrying Value		Fair Value	
			As at Dec. 31, 2020	As at Dec. 31, 2019	As at Dec. 31, 2020	As at Dec. 31, 2019
Financial Assets						
Cash	Level 1	FVTPL	29,743	16,248	29,743	16,248
Investments in land development entities	Level 3	FVTPL	5,608	5,608	5,608	5,608
Restricted cash	Level 1	FVTPL	7,351	12,077	7,351	12,077

During the year ended December 31, 2020 and 2019, no transfers were made between the levels in the fair value hierarchy.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

21. FINANCIAL INSTRUMENTS (continued)

a) Risks associated with financial instruments

(i) *Credit risk*

The Corporation recognizes bad debt expense (or recovery) relating to amounts receivable on sold lots, net of the value of the related sold lots which are taken back into the Corporation's lot inventory on the termination of the relevant agreement. Termination could occur when the buyer fails to perform or observe terms of covenants of the relevant agreement. Agreements receivable for lot sales have various terms of repayment with purchasers generally having between 6 and 24 months to pay the balance owing for the purchased lots.

Recovery of bad debt expense is included in the Corporation's general and administrative expenses. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Individual balances due from customers as at December 31, 2020, which comprise greater than 10% of total amounts receivable, totaled \$10,235 from two customers (2019 - \$5,515 from two customers).

Aging of amounts receivable was as follows:

	2020	2019
Not past due	11,006	6,131
	11,006	6,131

(ii) *Liquidity risk*

The contractual maturities of financial liabilities and other commitments as at December 31, 2020 were as follows:

	<1 Year	>1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	14,092	-	14,092
Dividend payable (note 14d)	6,280	-	6,280
Loans and credit facilities excl. deferred fees on loans and credit facilities (note 13)	12,159	9,312	21,471
	32,531	9,312	41,843
Commitments			
Lease obligations (including variable operating costs)	331	2,199	2,530
Naming rights (note 19a)	500	-	500
Levies and municipal fees (note 19c)	6,415	3,343	9,758
	7,246	5,542	12,788
	39,777	14,854	54,631

At December 31, 2020, the Corporation had obligations due within the next 12 months of \$39,777 (December 31, 2019 - \$45,708). Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due. The Corporation renewed three loans in 2020 (note 13f and note 13g).

(iii) *Market risk*

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loans and credit facilities are at a floating rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately \$28 annually on floating rate loans.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

21. FINANCIAL INSTRUMENTS (continued)

b) Capital management

The Corporation's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Corporation is not subject to externally imposed capital requirements.

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region.

The Corporation considered its capital structure at the following dates to specifically include:

	2020	2019
Loans and credit facilities (note 13)	21,470	51,546
Shareholders' equity	187,676	193,957
	209,146	245,503

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

22. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the year ended December 31, 2020 and 2019:

Year ended December 31, 2020	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	39,140	49	-	39,189	75,025	(26,909)	87,305
Revenues - development lands	16,308	320	-	16,628	-	-	16,628
Direct cost of sales	(37,612)	(338)	-	(37,950)	(65,540)	26,909	(76,581)
Write-down of real estate held for development and sale	(10,822)	-	-	(10,822)	(815)	-	(11,637)
Gross margin	7,014	31	-	7,045	8,670	-	15,715
G&A, selling & marketing and net finance expense or income	(6,971)	(436)	-	(7,407)	(8,560)	-	(15,967)
Earnings (loss) before income taxes and non-controlling interest	43	(405)	-	(362)	110	-	(252)
Segmented assets as at December 31, 2020	232,166	14,701	(6,320)	240,547	23,825	2,122	266,494
Segmented liabilities as at December 31, 2020 ^{(1), (2)}	57,181	2,744	(2,226)	57,699	6,913	2,122	66,734
Segmented net assets as at December 31, 2020 ^{(1), (2)}	174,985	11,957	(4,094)	182,848	16,912	-	199,760

Year ended December 31, 2019	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	28,560	511	-	29,071	59,746	(21,270)	67,547
Revenues - development lands	-	550	-	550	-	-	550
Direct cost of sales	(15,129)	(538)	-	(15,667)	(51,480)	21,270	(45,877)
Write-down of real estate held for development and sale	(800)	-	-	(800)	-	-	(800)
Gross margin	12,631	523	-	13,154	8,266	-	21,420
G&A, selling & marketing and net finance expense or income	(7,646)	811	-	(6,835)	(8,735)	-	(15,570)
Earnings (loss) before income taxes and non-controlling interest	4,985	1,334	-	6,319	(469)	-	5,850
Segmented assets as at December 31, 2019	254,898	20,574	(5,804)	269,668	28,940	(2,340)	296,268
Segmented liabilities as at December 31, 2019 ^{(1), (2)}	73,463	1,805	(1,752)	73,516	12,197	(2,340)	83,373
Segmented net assets as at December 31, 2019 ^{(1), (2)}	181,435	18,769	(4,052)	196,152	16,743	-	212,895

⁽¹⁾ Segmented liabilities under the Genesis land development segment include \$4,118 due to the home building segment (December 31, 2019 - \$392 due from the land development segment to the home building segment).

⁽²⁾ Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$2,226 (December 31, 2019 - \$1,752) due to Genesis.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

23. CONSOLIDATED ENTITIES

The Statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that the Corporation controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, the Corporation has control over these entities' activities, projects, financial and operating policies due to contractual arrangements. As such, the relationship between the Corporation and the limited partnership entities indicates that they are controlled by the Corporation. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements. Subsidiaries of the Corporation are general partners in three limited partnership group structures.

The Corporation is a co-defendant in a statement of claim initiated by a limited partner of Limited Partnership Land Pool ("LPLP 2007") and its affiliated RRSP limited partnerships. The statement of claim seeks to be certified as a class action and is seeking damages of \$60,000. Any potential liability to the Corporation and/or the Partnership is indeterminate, and no provision has been made.

LPLP 2007 is a limited partnership controlled by the Corporation. In 2019 the Corporation completed a transaction with LPLP 2007, whereby the Corporation acquired the third-party, secured vendor-take-back mortgage receivable held by LPLP 2007. Consideration paid to LPLP 2007 included a cash payment of \$10,360 to LPLP 2007 by the Corporation, which was placed in trust pending pro rata distribution to its unit holders. Early in 2020 limited partners were given the option to receive their pro rata distribution of the amount held in trust, provided the limited partner signed a letter of transmittal in which the limited partner released LPLP 2007, Genesis and related entities from any liabilities in respect of the statement of claim described above. During the year ended December 31, 2020, unitholders holding 25,619,829 (58.4%) limited partnership units submitted such transmittal letters, and \$6,092 of the available trust funds have been distributed. The offer to the limited partners expired on September 18, 2020. All remaining funds which are held in trust will be used by LPLP 2007 to fund its operations, including its share of any costs incurred in respect of the proposed class action.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

23. CONSOLIDATED ENTITIES (continued)

All entities are incorporated in Canada and are listed in the following table:

Name	% equity interest as at	
	December 31, 2020	December 31, 2019
Land Development		
Genpol Inc.	100%	100%
Genpol LP	100%	100%
1504431 Alberta Ltd.	0.0002%	0.0002%
Genesis Sage Meadows Partnership	99.9998%	99.9998%
Genesis Land Development (Southeast) Corp.	100%	100%
Genesis Keystone Ltd.	100%	100%
Polar Hedge Enhanced Income Trust	100%	100%
Home Building		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	100%	100%
Joint Venture		
Kinwood Communities Inc.	50%	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4 ⁽¹⁾	0.001%	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
LP 8/9 Group		
Genesis Limited Partnership #8 ⁽¹⁾	53.63%	53.63%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	0%	0%
GP GLP8 Inc.	100%	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	0.023%	0.023%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%

⁽¹⁾ The allocation of profit or loss is 0% in accordance with the terms of the limited partnership agreement.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

23. CONSOLIDATED ENTITIES (continued)

The following tables summarize the information relating to the Corporation's subsidiaries that have material non-controlling interests and may include inter-group balances that are eliminated on consolidation and become a component of the net non-controlling interest:

BALANCE SHEETS

	December 31, 2020			
	LP 4/5	LP 8/9	LPLP 2007	Total
Assets				
Real estate held for development and sale	9,263	844	-	10,107
Amounts receivable	-	-	8	8
Other operating assets including restricted cash (refer to note 9)	-	100	4,458	4,558
Cash and cash equivalents	-	13	15	28
Total assets	9,263	957	4,481	14,701
Liabilities				
Customer deposits	-	100	-	100
Accounts payable and accrued liabilities	-	17	401	418
Due to related parties	1,805	248	173	2,226
Total liabilities	1,805	365	574	2,744
Net assets	7,458	592	3,907	11,957
Non-controlling interest (%)	100%	100%	100%	

	December 31, 2019			
	LP 4/5	LP 8/9	LPLP 2007	Total
Assets				
Real estate held for development and sale	8,980	1,176	-	10,156
Amounts receivable	-	1	5	6
Other operating assets including restricted cash (refer to note 9)	-	30	10,364	10,394
Cash and cash equivalents	-	9	9	18
Total assets	8,980	1,216	10,378	20,574
Liabilities				
Customer deposits	-	30	-	30
Accounts payable and accrued liabilities	-	2	21	23
Due to related parties	1,400	246	106	1,752
Total liabilities	1,400	278	127	1,805
Net assets	7,580	938	10,251	18,769
Non-controlling interest (%)	100%	100%	100%	

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

23. CONSOLIDATED ENTITIES (continued)

SUMMARIZED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31, 2020			
	LP 4/5	LP 8/9	LPLP 2007	Total
Revenues	19	350	-	369
Net loss	(122)	(30)	(252)	(404)
Non-controlling interest (%)	100%	100%	100%	

	Year ended December 31, 2019			
	LP 4/5	LP 8/9	LPLP 2007	Total
Revenues	19	550	492	1,061
Net (loss) earnings	(92)	(22)	1,448	1,334
Non-controlling interest (%)	100%	100%	100%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2020			
	LP 4/5	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	4	125	129
Cash flows used in financing activities	-	-	(119)	(119)
Net increase in cash and cash equivalents	-	4	6	10

	Year ended December 31, 2019			
	LP 4/5	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	8	1,454	1,462
Cash flows used in financing activities	-	-	(1,454)	(1,454)
Net increase in cash and cash equivalents	-	8	-	8

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

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24. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the following occurred:

- a) The Corporation arranged a \$50,000 three-year fixed term secured corporate revolving line of credit with MCAP Financial Corporation at an interest rate per annum equal to the higher of prime +1.90% or 4.35%. This is secured by specific dedicated lands and a general corporate charge on all assets of the Corporation.
- b) The Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the City of Calgary. The Corporation has paid a non-refundable deposit of \$2,186, with the balance of \$26,964 to be paid on closing, currently scheduled for April 2022.
- c) The Corporation settled an ongoing litigation. Refer to note 20 for additional information.
- d) The Corporation entered into a sale agreement to sell a 463.2-acre parcel of land in BC, belonging to a limited partnership, for a cash consideration of \$925. The transaction closed in February 2021.

Officers

IAIN STEWART
President and CEO

WAYNE KING
Chief Financial Officer

PARVESHINDERA SIDHU
President, Genesis Builders Group Inc.
and Vice-President, Home Building

ARNIE STEFANIUK
Vice-President, Land Development

BRIAN WHITWELL
Vice-President, Asset Management

Directors

STEPHEN J. GRIGGS
Chair

STEVEN GLOVER
Lead Director

MARK W. MITCHELL
Director

LOUDON OWEN
Director

IAIN STEWART
Director

Transfer Agent

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Stock Exchange

TORONTO STOCK EXCHANGE
Stock Symbol – GDC

Auditors

MNP LLP
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Calgary, AB T2P 3G4

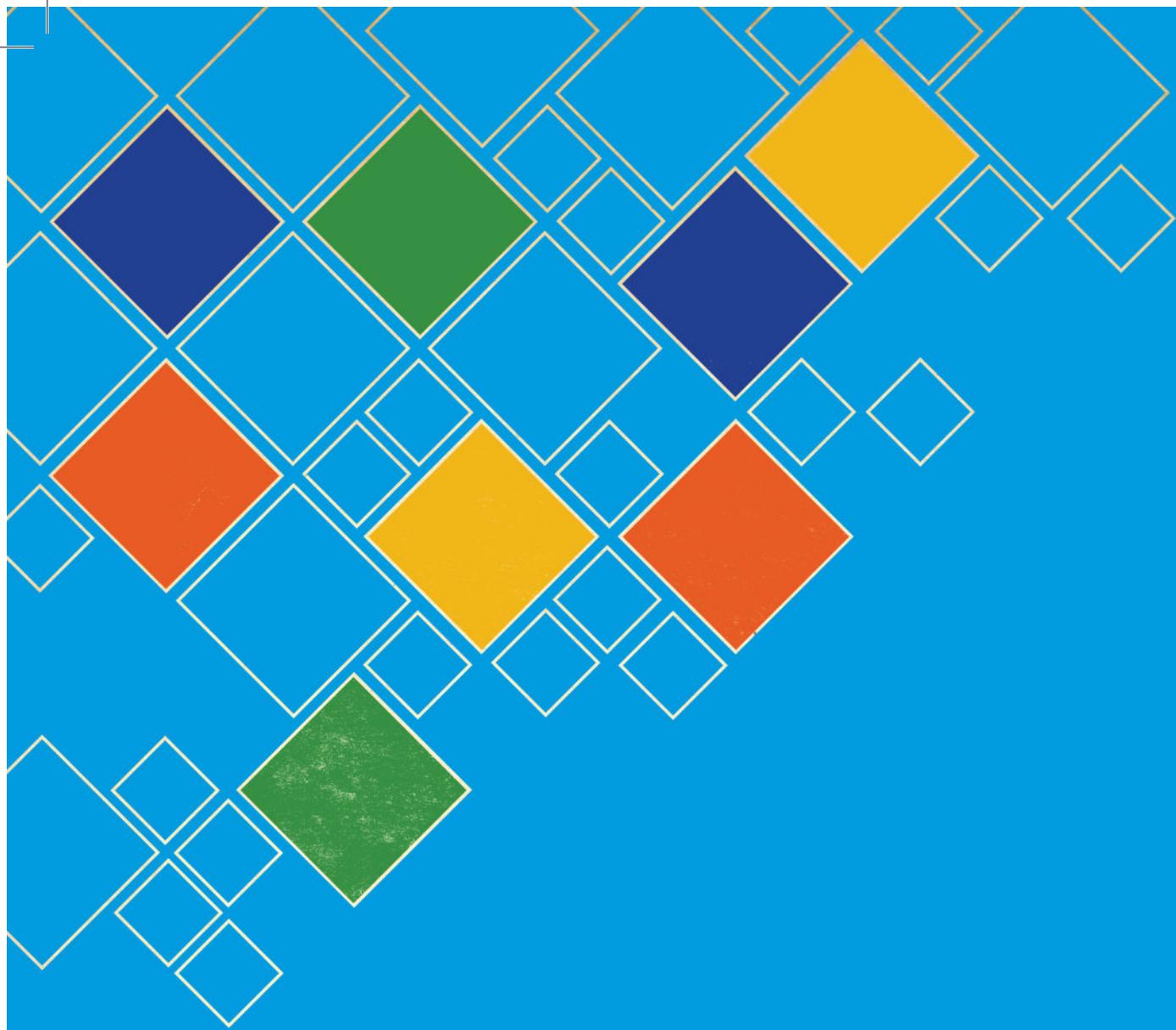
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