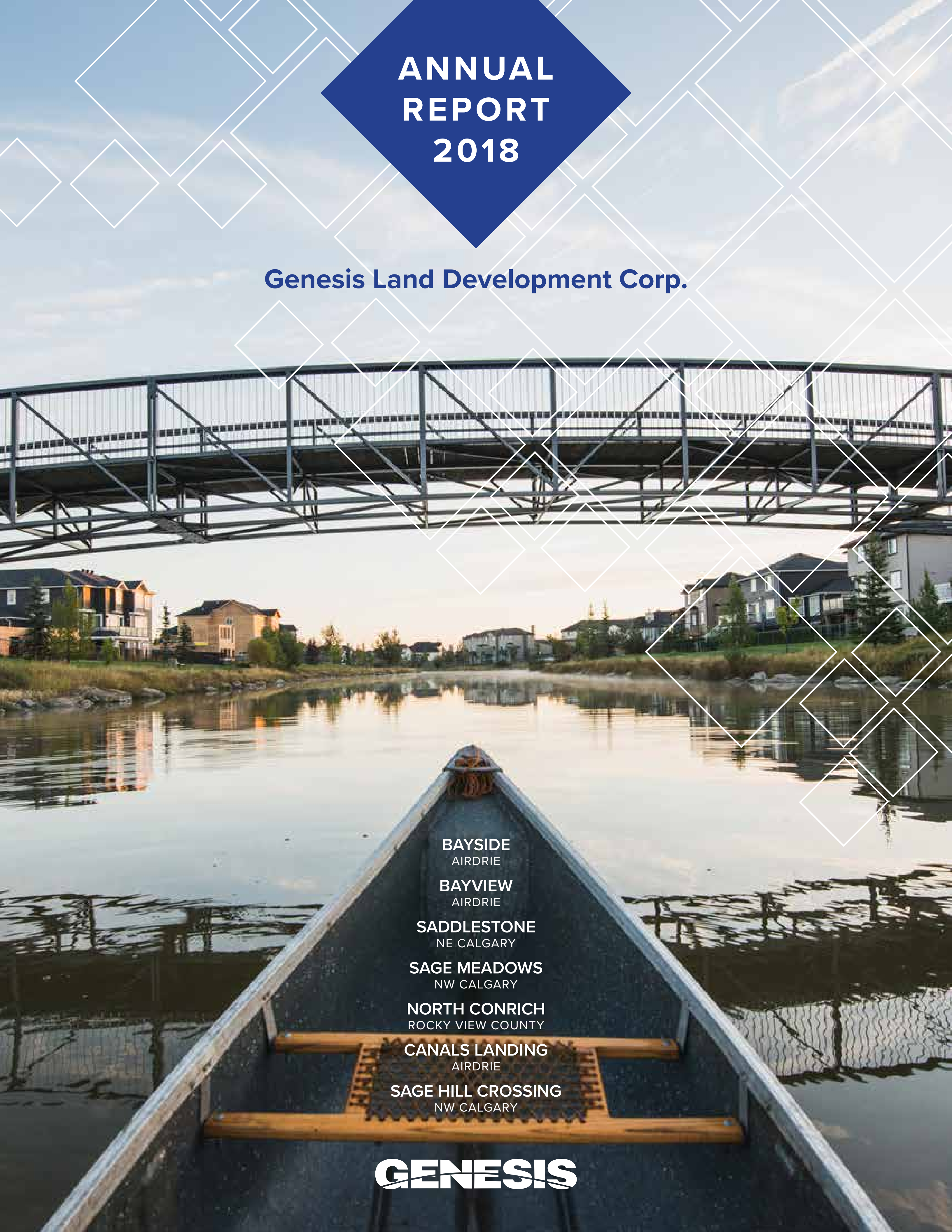
ANNUAL REPORT 2018

Genesis Land Development Corp.



BAYSIDE
AIRDRIE

BAYVIEW
AIRDRIE

SADDLESTONE
NE CALGARY

SAGE MEADOWS
NW CALGARY

NORTH CONRICH
ROCKY VIEW COUNTY

CANALS LANDING
AIRDRIE

SAGE HILL CROSSING
NW CALGARY

GENESIS

CREATE MOMENTS

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RICH IN TRADITION

MESSAGE FROM THE PRESIDENT AND CEO

Genesis enters 2019 with renewed energy. Our balance sheet is strong, with real estate assets of $202 million and debt (net of cash) of only $7.6 million (3.8% of real estate assets); our excellent core land holdings position us well and the management team and staff are motivated, energized, and focused on creating inspiring communities for residents and creating value for shareholders.

In mid-2018 Genesis' strategic plan was updated to look to take advantage of the weak economic conditions and acquire additional residential development lands in the Calgary Metropolitan Area ("CMA"). New lands will only be acquired if they meet stringent acquisition parameters, complement our existing land holdings, and effectively replenish our inventory of developed lots and land parcels over time.

In September, shortly after the strategic plan was updated, and after spending 5 years as a member of the Board of Directors, I joined the management team as President and CEO. I am excited to be in the action and working day-to-day with a first-rate, experienced executive team and staff.

The Alberta economy continued to struggle in 2018 as the oil and gas industry, the primary economic driver, has been unable to secure approvals to get additional production to market and thus investors have been reluctant to fund capital projects and related employment growth remains muted. The impact of the weak economy was compounded by rising interest rates and changes to federal mortgage lending rules resulting in a significant slowdown in home and lot sales activity. Nonetheless, in this difficult environment Genesis produced solid results.

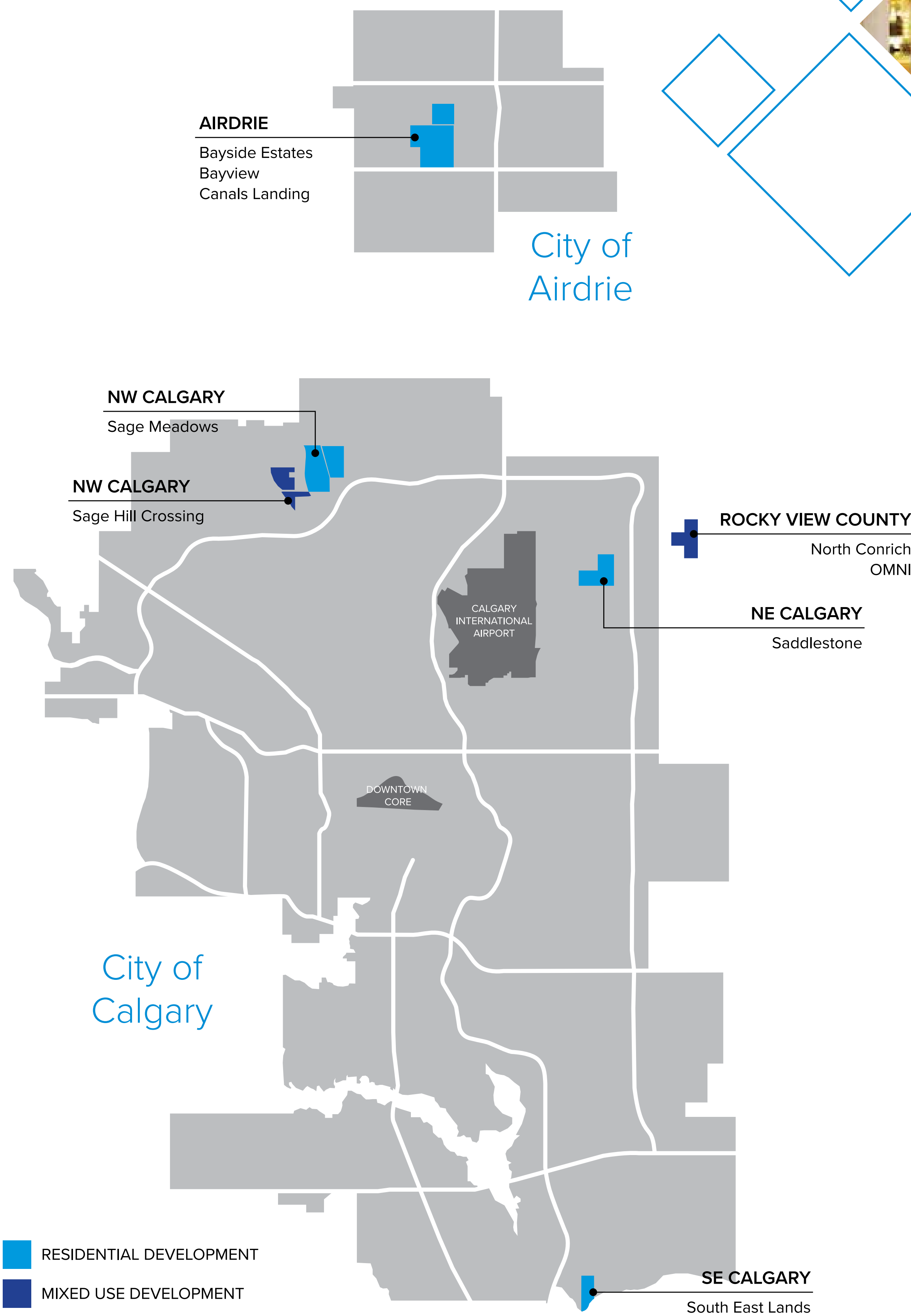
Highlights included:

- Producing strong cash flows from operations of $14.7 million or $0.34 per share;
- Net earnings of $4.1 million $0.10 per share;
- Rewarding shareholders with a dividend of $10.3 million or $0.24 per share;
- Selling 121 homes and 176 lots and 2 large multifamily land parcels;
- Receiving confirmation of Area Structure Plan approval for our 185 acre Omni commercial and retail project;
- Servicing 4 additional communities, creating 362 lots and 6 serviced multi-family sites;

We are optimistic about the future. Despite economic challenges, Calgary's population grew by 1.7% in 2018, creating demand for additional housing. We anticipate this pace of growth to continue and perhaps accelerate in the next few years. Genesis is well positioned to take advantage of today's slower market conditions and I look forward to working with the talented management team to enhance value for shareholders in the years ahead.

IAIN STEWART
President and Chief Executive Officer

GENESIS PROJECTS & COMMUNITIES




GE HILL CROSSING


BAYSIDE ESTATES


SADDLESTONE


SAGE MEADOWS


BAYVIEW


OMNI

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 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.

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 & Analysis 2018

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2018

The Management's Discussion and Analysis **("MD&A")** of the financial condition and results of operations of Genesis Land Development Corp. **("Genesis", "the Corporation", "we", "us", or "our")** should be read in conjunction with consolidated financial statements and the notes thereto for years ended December 31, 2018 and 2017, 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 14, 2019.

STRATEGY AND 2018 BUSINESS PLAN

Strategy

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

As a land developer, Genesis acquires, plans, rezones, subdivides, services and sells residential lots and commercial and industrial lands to third-party developers and builders, and also sells lots and completed homes through its home building division. The land portfolio is planned, developed, serviced and sold at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize net cash flow.

Home building is operated through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"). GBG designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building division is to deliver an acceptable return and cash flow from the capital invested in it and to sell Genesis single-family lots and townhouse land parcels.

In mid-2018, the strategic plan of the Corporation was updated. As a part of this update, the Corporation identified that there was the potential to acquire additional residential development lands in the CMA, primarily with the objective of replacing the lots and parcels sold by the Corporation. The Corporation is actively exploring potential CMA land acquisitions, although there is no assurance that any suitable transactions can be completed.

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

When considered prudent, excess cash on hand is generally used to pay dividends to shareholders and/or buy back common shares and opportunistically acquire additional development land.

Market Overview

The Alberta economy continues to slowly recover from the major recession brought on by the collapse in global oil prices near the end of 2014. Global oil prices have improved although, with insufficient "take-away" capacity in pipelines for Alberta production, material and volatile discounts from international prices have continued. In addition, natural gas prices continue to be very weak, in part due to a similar takeaway capacity issue. As a result, the Alberta energy sector continues to experience low levels of capital investment and reduced employment.

Gross domestic product ("GDP") growth in Alberta was positive in 2018 at an estimated 3.02%, down from 4.75% in 2017. The Conference Board of Canada forecasts 2019 GDP growth of 2.27%, suggesting that the economy will continue to slowly recover in 2019. Reflecting the slow recovery, Calgary's unemployment rate improved to 7.6% at December 2018 from 8.4% at December 2017 and Calgary's population grew by an estimated 21,000 (1.7%) in 2018.

These economic challenges, combined with short term interest rate increases of roughly 1% and changes to the federal mortgage lending rules introduced on January 1, 2018, have resulted in a marked slowdown in home sales in the CMA. For 2018, the Calgary Real Estate Board ("CREB") reported 16,144 homes were sold in Calgary (down 14.5% from 2017), the lowest sales level in the last decade in the CMA. As at December 31, 2018, CREB reported 6 months of supply for home listings in Calgary, up 44% over 2017.

Most land developers and home builders in the CMA, including Genesis, experienced a significant slowdown in sales activity in all areas in 2018 compared to 2017, with fewer sales of residential homes, fewer lots sold to third party builders and lower sales of development lands.

Business Plan

Overall, despite this environment, Genesis generated positive cash flows from operating activities of $14,747 and net earnings of $4,124 in 2018. In addition, dividends of $10,309 ($0.24 per share) were paid to shareholders and $3,501 of shares were repurchased. The Corporation maintained a solid financial position with $24,042 in cash and cash equivalents and $31,696 in loans and credit facilities (being 11% of total assets) at December 31, 2018.

The following highlights progress on the business plan:

1) Maximizing the return of capital to shareholders and investing in additional lands

Genesis paid $10.3 million in dividends ($0.24 per common share) and repurchased 1,069,100 shares for a total of $3.5 million in 2018.

Since 2014 when it paid its first dividend, Genesis has returned to shareholders $51.9 million by way of dividends and bought back over 2.7 million common shares for approximately $8.3 million under its normal course issuer bids (approximately 6.1% of the common shares outstanding at the commencement of the program in 2015).

($000s, except for number of shares and per share items)	**Dividend per share**	**Total dividends declared**	**Shares repurchased and cancelled**	**Cost of repurchases**
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	**$1.19**	**$51,858**	**2,742,579**	**$8,264**

In addition Genesis acquired $5.1 million of land and housing assets in the CMA from the receiver of a third-party builder in a Genesis community in May 2018.

2) Obtaining Additional Zoning and Servicing Entitlements

Genesis continues to make progress in obtaining additional zoning and servicing entitlements including:

- Sage Hill Crossing Outline Plan: Sage Hill Crossing is a mixed-use development in Calgary's northwest quadrant with 49 acres remaining to be developed. Calgary City Council approved an Area Structure Plan ("ASP") amendment for Sage Hill Crossing in September 2017. Genesis submitted its Outline Plan and land use application in December 2017 and has subsequently filed amendments to its original ASP to split the plan into two segments and to make certain modifications to improve their marketability. The southern segment is fully serviced and will be marketable once the required regulatory approvals are in place. The northern segment is currently not serviced and will take two years to be substantially serviced once the required approvals have been obtained. Both applications are in circulation to the appropriate City departments for comments. It is anticipated that Calgary City Council will approve the two applications in 2019.
- Southeast Lands ASP: Genesis owns 349 acres of undeveloped land in Calgary's southeast quadrant. The City of Calgary (the "City") began the process for the creation and subsequent approval of the developer funded "Ricardo Ranch" ASP in January, 2018, with Genesis leading discussions with the City on behalf of the three landowners involved. A draft report of the ASP policies has been circulated to landowners for review, and once all terms and policies are agreed to, the formal circulation process will begin. This ASP is anticipated to be approved by Calgary Planning Commission by mid-2019, and then by Calgary City Council later in 2019. The vast majority of Genesis' land in this ASP is expected to be approved for residential development.

- OMNI ASP: Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northwest quadrant of the City of Calgary, which lands are included in an ASP known as the "OMNI ASP". The OMNI ASP was approved by Rocky View County (the "County") in September 2017. The City, as the neighboring municipality, appealed this approval to the Alberta Municipal Government Board (the "MGB") in October 2017 which held a hearing of this appeal in mid-2018. On December 17, 2018 the MGB issued its ruling and confirmed that the 185 acre OMNI commercial and retail project on the Genesis controlled lands can proceed to the next stage of the development process while the remainder of the lands in the ASP are included in a study area. Genesis is currently preparing a conceptual scheme for submission to the County later in 2019 for the 185 acre OMNI commercial and retail project.

3) Planning for the Development and Sale of Lands

Genesis continues to develop and implement detailed plans for each of its core land holdings, with the objective of maximizing the 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.

In 2018, the Corporation completed the sale of three parcels of multi-family and commercial land (13.2 acres) in Calgary for gross proceeds of $15,126.

Genesis has a multi-family parcel of 4.9 acres under contract to sell, which is expected to be completed in 2020, although there can be no assurances that it will close.

4) Servicing Additional Phases

Servicing of four new phases with a three year estimated budget of approximately $57,000 commenced in Q2 2018. Approximately $20,900 of this was incurred in 2018. All four projects are proceeding on or below budget and within planned timelines. These phases are being financed by land servicing project credit facilities from two major Canadian chartered banks. Servicing is expected to be substantially completed in 2019 and will provide a substantial number of future lots and parcels of land for sale, including:

1) Saddlestone community: The final phase of Saddlestone of 121 single-family lots, two multi-family sites totaling 1.9 acres and a 3.2 acre park;
2) Sage Meadows community: The final phase of Sage Meadows, servicing 18.1 acres with four multi-family sites (of which one was sold in Q4 2018 and another has been contracted for sale), 31 single-family lots on which GBG is expected to build and sell houses and a previously dedicated school site; and
3) Bayside and Bayview communities: Two new phases in Airdrie, including Bayside phase 10 adding 108 lots and Bayview phase 1 adding a 6 acre park and 102 lots.

5) Adding Third-party Builders in Genesis Communities

To diversify offerings within its residential communities, Genesis is assessing various third-party builders to be included in future phases in Genesis' communities, in addition to the four third-party builders currently working with Genesis.

6) Increasing velocity of homes sold by GBG

Genesis continues to seek ways to sustain and grow sales volumes through innovative designs and creative marketing alternatives while maintaining margins through careful cost control. The difficult housing market conditions, largely due to a weak economic environment, regulatory changes in early 2018 to mortgage loans issued by federally regulated lenders and also generally adopted by provincially regulated lenders and higher mortgage interest rates, have resulted in a material decline in home sales by GBG in 2018 when compared to prior years. In 2018, Genesis sold 121 homes, compared to 148 in 2017. This trend continued in the quarter ended December 31, 2018 with Genesis selling 32 homes in comparison to 44 in the same period in 2017. As at December 31, 2018 Genesis had 34 homes with lots subject to firm sales contracts compared to 31 at December 31, 2017.

Leadership Transition

Effective September 20, 2018, the following executive appointments were made:

- Iain Stewart was appointed President and Chief Executive Officer. Mr. Stewart had been an independent director of Genesis since August 2013, and was Vice Chair of the Board since May 12, 2017 until his executive appointment. Mr. Stewart remains as a member of the Board of Directors.
- Stephen J. Griggs was appointed Executive Chair of the Board. Mr. Griggs has been a director and Chair of the Board since August 2013, and was Chief Executive Officer or interim Chief Executive Officer since February 2016. Mr. Griggs remains as a member of the Board of Directors.

In these new roles, Mr. Stewart and Mr. Griggs are working collaboratively to implement Genesis's strategy and business plan as outlined above.

Long Term Incentive Plan

An equity based long term incentive plan comprised of stock options and deferred share units was approved by the Board to align management incentives with the interests of shareholders.

Outlook

In 2019, Genesis will continue to implement the strategy developed in 2017. The Corporation will focus on developing its assets in a prudent manner and actively market lots, parcels and homes while controlling costs with the goal of maximizing cash flow and maintaining its solid financial position.

With the expected completion in 2019 of the development program started in 2018 for four new phases, and with no additional phases planned to be started in 2019, Genesis expects to have sufficient lot inventory to meet market needs. Genesis will continue to pursue servicing and zoning approvals to maximize the value of its land holdings. The strong land base, integrated approach, solid financial position and experienced team positions Genesis to take advantage of opportunities that may arise in this environment.

For 2019 the business plan remains focused on:

- Maximizing the return of capital to shareholders and investing in additional lands
- Obtaining additional zoning and servicing entitlements
- Planning for the development and sale of lands
- Servicing additional phases
- Adding third-party builders in Genesis communities
- Increasing the velocity of homes sold

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]	
	2018	**2017**	**2018**	**2017**
Key Financial Data				
Total revenues	**20,935**	65,644	**81,437**	150,933
Direct cost of sales	**(14,311)**	(36,833)	**(61,024)**	(97,704)
Gross margin	**6,624**	28,811	**20,413**	53,229
Gross margin (%)	**31.6%**	43.9%	**25.1%**	35.3%
Net earnings attributable to equity shareholders	**2,358**	8,713	**4,124**	16,998
Net earnings per share - basic and diluted	**0.06**	0.20	**0.10**	0.39
Cash flows from operating activities	**7,192**	27,298	**14,747**	46,908
Cash flows from operating activities per share - basic and diluted	**0.16**	0.62	**0.34**	1.08
Key Operating Data				
Land Development				
Total residential lots sold (units)	**33**	78	**176**	266
Residential lot revenues	**6,603**	12,203	**31,769**	49,206
Gross margin on residential lots sold	**3,539**	6,432	**12,726**	22,782
Gross margin (%) on residential lots sold	**53.6%**	52.7%	**40.1%**	46.3%
Average revenue per lot sold	**200**	156	**181**	185
Development and non-core land sold	**4,628**	41,000	**15,126**	55,234
Home Building				
Homes sold (units)	**32**	44	**121**	148
Revenues [3]	**16,033**	18,463	**54,113**	67,707
Gross margin on homes sold	**2,451**	2,656	**8,057**	11,257
Gross margin (%) on homes sold	**15.3%**	14.4%	**14.9%**	16.6%
Average revenue per home sold	**501**	420	**447**	457
Homes with lots subject to firm sale contracts (units) at the period end			**34**	31

Key Balance Sheet Data	As at Dec. 31, 2018	As at Dec. 31, 2017
Cash and cash equivalents	**24,042**	23,585
Total assets	**278,156**	301,425
Loans and credit facilities	**31,696**	30,135
Total liabilities	**68,387**	81,884
Shareholders' equity	**191,970**	201,397
Total equity	**209,769**	219,541
Loans and credit facilities (debt) to total assets	**11%**	10%

[1] Three months ended December 31, 2018 and 2017 ("Q4 2018" and "Q4 2017")
[2] Year ended December 31, 2018 and 2017 ("YE 2018" and "YE 2017")
[3] Includes revenues of $6,329 for 32 lots in Q4 2018 and $19,571 for 121 lots in YE 2018 purchased by the Home Building division from the Land Development division (41 and $6,022 in Q4 2017; 134 and $21,214 in YE 2017) and sold with the home. These amounts are eliminated on consolidation.

As noted earlier, Genesis experienced a slowdown in sales activity in all areas in YE 2018 from YE 2017. Overall Revenues for YE 2018 were $81,437 down $69,496 (46%) from $150,933 in YE 2017. The largest contributors to this decline were from development land sales of $15,126 being realized in YE 2018 which compares to $55,234 in YE 2017, with the most significant change being that in YE 2017 an undeveloped land parcel ("Fowler") was sold for proceeds of $41,000; a reduction in residential lots sales to third party builders to 55 lots ($12,132) in YE 2018 from 132 lots ($27,815) in YE 2017, a decline of $15,683 or 56%; and home sales being lower by 18% with 121 units sold ($54,113) vs 148 ($67,707) in YE 2017.

The $44,709 lower revenues in Q4 2018 compared to Q4 2017 relate to volumes with land development sales in Q4 2018 of $4,628 (3.6 acres) compared to $41,000 (319 acres) in Q4 2017, with the latter being a much larger acreage. Only one residential lot was sold in Q4 2018 compared to 37 lots in Q4 2017, generating revenues of $272 and $6,194 respectively. Genesis home sales were lower by 27% in Q4 2018 with 32 units sold ($16,033) vs 44 ($18,463) in Q4 2017.

Gross margins were negatively impacted as the gross margin in YE 2018 was 25% compared to 35% in YE 2017. Gross margins were 32% in Q4 2018 compared to 44% in Q4 2017. These are analyzed in detail in the Land Development and Home Building sections of this MD&A.

The reduced sales activity resulted in net earnings attributable to equity shareholders for YE 2018 of $4,124 ($0.10 per share - basic and diluted) compared to $16,998 ($0.39 per share - basic and diluted) in YE 2017. Net earnings attributable to equity shareholders for Q4 2018 of $2,358 ($0.06 per share - basic and diluted) compared to $8,713 ($0.20 per share - basic and diluted) in Q4 2017. Nonetheless, Genesis generated positive cash flows from operating activities of $14,747 ($0.34 per share - basic and diluted) in YE 2018, compared to cash flows from operating activities of $46,908 ($1.08 per share - basic and diluted) for YE 2017. Cash flows from operating activities were $7,192 ($0.16 per share - basic and diluted) in Q4 2018, compared to cash flows from operating activities of $27,298 ($0.62 per share - basic and diluted) in Q4 2017.

Investment in the development of its properties in 2018 was increased with capital expenditures in 2018 of $28,307 which included the development of four new phases. Taking advantage of market conditions and good weather, Genesis was able to realize savings of over 6% as compared to budget, for these projects. During the year Genesis also purchased $5,124 of land and housing assets in a Genesis community.

Genesis maintained a strong financial position and had $24,042 in cash and cash equivalents at December 31, 2018 compared to $23,585 as at December 31, 2017. Total loans and credit facilities as at December 31, 2018 were $31,696, 5% higher than at December 31, 2017. Loans and credit facilities outstanding at December 31, 2018 were 11% of total book value of assets, compared to $30,135 or 10% of the total book value of assets at December 31, 2017.

In August 2018 a dividend aggregating $10.3 million ($0.24 per share) was declared, which was paid to shareholders in September 2018. During 2018 Genesis repurchased and cancelled 1,069,100 shares under its NCIB at a cost of $3,501 ($3.27 per share).

Factors Affecting Results of Operations

When reviewing the results year over year there are a number of factors that affect the results of operations, including:

- the cyclicality of the oil and gas industry which impacts the Calgary area real estate market and economy;
- the development and servicing of land and the sale of residential lots and other land parcels occurs over a substantial period of time which creates volatility in the revenues, earnings and cash flows from operating activities;
- land and lot prices and gross margins vary by community and lot type, the nature of the development work required to be undertaken before the land and lots are ready for sale, and the original cost of the land and servicing;
- seasonality which has historically resulted in higher revenues in the summer and fall months when home building sales often peak; and
- changes to the regulatory environment both direct and indirect, for example land development approvals and mortgage rules and interest rates.

Land Development

	Three months ended December 31,			Year ended December 31,		
	2018	**2017**	**% change**	**2018**	**2017**	**% change**
Key Financial Data						
Residential lot revenues[1]	**6,603**	12,203	(45.9%)	**31,769**	49,206	(35.4%)
Development land revenues	**4,628**	41,000	(88.7%)	**15,126**	55,234	(72.6%)
Direct cost of sales	**(6,158)**	(27,048)	(77.2%)	**(32,719)**	(61,373)	(46.7%)
Gross margin	**5,073**	26,155	(80.6%)	**14,176**	43,067	(67.1%)
Gross margin (%)[2]	**45.2%**	49.2%		**30.2%**	41.2%	
Write-down of land held for development	**(900)**	-	N/R[4]	**(1,820)**	(1,095)	66.2%
Other expenses[3]	**(1,308)**	(2,642)	(50.5%)	**(5,546)**	(9,374)	(40.8%)
Earnings before taxes	**2,865**	23,513	(87.8%)	**6,810**	32,598	(79.1%)
Key Operating Data						
Residential lots sold to third-parties	**1**	37	(97.3%)	**55**	132	(58.3%)
Residential lots sold through GBG – home building	**32**	41	(22.0%)	**121**	134	(9.7%)
Total residential lots sold	**33**	78	(57.7%)	**176**	266	(33.8%)
Average revenue per lot sold	**200**	156	28.2%	**181**	185	(2.2%)

[1] Includes residential lot sales to third-parties and to GBG
[2] Gross margin amount divided by the sum of residential lot sales and development land sales
[3] Other expenses includes general and administrative, selling and marketing, income or (expense) from joint venture and net finance expense
[4] Not reflective due to percentage change

Gross margin by source of revenue

	Three months ended December 31,		Year ended December 31,	
	2018	**2017**	**2018**	**2017**
Residential lot sales[1]	**6,603**	12,203	**31,769**	49,206
Direct cost of sales	**(3,064)**	(5,771)	**(19,043)**	(26,424)
Gross margin	**3,539**	6,432	**12,726**	22,782
Gross margin (%)[2]	**53.6%**	52.7%	**40.1%**	46.3%
Development land sales	**4,628**	41,000	**15,126**	55,234
Direct cost of sales	**(3,094)**	(21,277)	**(13,676)**	(34,949)
Gross margin	**1,534**	19,723	**1,450**	20,285
Gross margin (%)	**33.1%**	48.1%	**9.6%**	36.7%
Residential lot and development land gross margin	**5,073**	26,155	**14,176**	43,067

[1] Includes residential lot sales to third-parties and to GBG
[2] Gross margin amount divided by residential lot sales

Revenues and Unit Volumes

Total lot sales revenues for the YE 2018 were $31,769 (176 lots), a 35% decrease from the $49,206 (266 lots) sold in YE 2017. This was due, in large part, to 77 fewer lot sales to third-party builders in YE 2018 than in YE 2017 resulting in a decrease in revenue of $15,683. In YE 2018, 55 lots were sold to third-party builders, down 58% from 132 lots sold to third-party builders in YE 2017. In YE 2017, Genesis added a new third-party builder in its Bayview community in Airdrie and, as a result, had higher lot sales revenues due to contracting a large number of residential lots (54 lots) to this builder as it established an inventory of lots. This builder did not purchase any lots in 2018.

GBG sold 121 homes on Genesis lots in YE 2018, down 10% from 134 homes sold on Genesis lots in YE 2017.

Total residential lot sales revenues in Q4 2018 were $6,603 (33 lots), down 46% from $12,203 (78 lots) in Q4 2017. During Q4 2018, one lot was sold to a third-party builder, down 97% from the 37 lots sold to third-party builders in Q4 2017. In Q4 2018, GBG sold 32 homes on Genesis' lots, down 22% from 41 homes sold on Genesis' lots by GBG in Q4 2017.

In YE 2018, the Corporation completed the sale of three parcels of multi-family and commercial land (13.2 acres) in Calgary for gross proceeds of $15,126. In YE 2017, three parcels of development land (2,412 acres) were sold for $55,234. One parcel of development land was sold in Q4 2018 for $4,628, compared to one parcel sold for $41,000 in Q4 2017 by a limited partnership. 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

In YE 2018, the margin realized on residential lot sales was 40% compared to 46% in YE 2017. Residential lot sales in Q4 2018 had a gross margin of 54%, compared to 53% in Q4 2017. Gross margins realized on the sale of development lands were 10% in YE 2018 compared to 37% in YE 2017 and 33% in Q4 2018 compared to 48% in Q4 2017. Q4 2017 and YE 2017 were positively impacted by the sale of a 319 acre parcel of land belonging to a limited partnership for $41,000 at a gross margin of $19,723 (48%). Gross margins vary primarily due to the mix of sales by community and product /lot type, the nature of the development work required to ready the lots for sale and the original cost of the land

Write-down of land held for development

In YE 2018, the Corporation recorded a write-down of $1,820 (2017 - $1,095*)* due to: (1) $920 of costs capitalized during the period (mainly property taxes and interest) relating to a parcel of land held for development that is carried at net realizable value; and (2) $900 due to a reduction in the estimated development potential of a non-core parcel of land in British Columbia belonging to a limited partnership. The provision for write-down may be reversed in the future if the net realizable value of the property exceeds its book value.

Other expenses

Other expenses includes general and administrative, selling and marketing and net finance expense. Other expenses were $3,828 (41%) lower in YE 2018 compared to YE 2017, mainly due to lower sales commissions being paid due to lower development land sales ($1,153) and lower net finance expense ($2,525). Net finance expense was lower due to (i) the reduction in the outstanding balance of a vendor-take-back mortgage payable ("VTB") on Genesis' Calgary southeast lands following an $8,000 payment in January 2018; (ii) the repayment of a third-party loan by a limited partnership in December 2017, and (iii) $336 and $1,333 of finance income earned on the vendor-take-back mortgage receivable during Q4 2018 and YE 2018 respectively (2017 - $58 and $58). Please see information provided under the heading *Vendor-take-back Mortgage Receivable* in this MD&A. In Q4 2018, other expenses were 51% lower at $1,308 when compared to Q4 2017 ($2,642).

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,		
	2018	**2017**	**% change**	**2018**	**2017**	**% change**
Key Financial Data						
Revenues[(1)]	**16,033**	18,463	(13.2%)	**54,113**	67,707	(20.1%)
Direct cost of sales	**(13,582)**	(15,807)	(14.1%)	**(46,056)**	(56,450)	(18.4%)
Gross margin	**2,451**	2,656	(7.7%)	**8,057**	11,257	(28.4%)
Gross margin (%)	**15.3%**	14.4%		**14.9%**	16.6%	
Other expenses[(2)]	**(2,667)**	(2,067)	29.0%	**(9,331)**	(8,842)	5.5%
(Loss) Earnings before taxes	**(216)**	589	(136.7%)	**(1,274)**	2,415	(152.8%)
Key Operating Data						
Homes sold (units)	**32**	44	(27.3%)	**121**	148	(18.2%)
Average revenue per home sold	**501**	420	19.3%	**447**	457	(2.2%)
Homes with lots subject to firm sales contracts (units) at the period end				**34**	31	9.7%

(1) Revenues include residential home sales and other revenue
(2) Other expenses includes general and administrative, selling and marketing and net finance expense

Revenues and Unit Volumes

Revenues for single-family homes and townhomes sold by GBG were $54,113 (121 units) in YE 2018, 20% lower than the revenues of $67,707 (148 units) in YE 2017. Revenues in Q4 2018 were lower than in Q4 2017, with revenues of $16,033 (32 units) in Q4 2018, 13% lower than the $18,463 (44 units) in Q4 2017.

Homes sold in YE 2018 had an average price of $447 per home, down 2% compared to $457 in YE 2017. Homes sold in Q4 2018 had an average price of $501 per home, up 19% compared to $420 in Q4 2017. Fluctuations in the average revenue per home sold were due to differences in product mix and in some cases, the reduction of sales prices to reflect weaker market conditions. In YE 2018, 103 single-family homes and 18 townhouses were sold compared to 127 single-family homes and 21 townhouses in YE 2017. In Q4 2018, 27 single-family homes and 5 townhouses were sold compared to 32 single-family homes and 12 townhouses in Q4 2017.

All homes sold by GBG in YE 2018 were built on residential lots or parcels purchased from Genesis, the parent company, with lot or parcel revenues of $19,571, while in YE 2017, 134 of 148 homes were built on residential lots or parcels supplied by Genesis, with lot revenues of $21,214. The remaining 14 homes sold in YE 2017 were on lots previously acquired by GBG from a third-party developer. All homes sold in Q4 2018 and in Q4 2017 were built on residential lots or parcels supplied by Genesis, with revenues of $6,329 and $6,022, respectively.

GBG builds single-family homes either after receiving a firm sale contract (a “pre-construction home”) or on a quick possession (“spec”) basis, and builds townhomes generally on a quick possession basis. The delivery time of a pre-construction home can be determined in advance, with a home typically being delivered within 8 to 10 months of a customer signing a purchase agreement. Construction of quick possession homes is started before GBG receives a firm sale contract in order to have sufficient inventory for buyers seeking possession within a short period of time (often 30-90 days), due to the multi-unit nature of town homes and to obtain construction efficiencies. This requires GBG to build homes on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, with spec home buyers usually being time sensitive, wanting to take possession in a short time frame. Genesis monitors its home building work-in-progress closely to anticipate and react to market conditions in a timely manner. As at YE 2018, GBG had $25,252 of work in progress, of which approximately $16,459 was related to spec homes (YE 2017 - $20,156 and $11,398).

Of the 121 homes sold in YE 2018, 64% or 77 homes were quick possession sales compared to 148 homes sold in YE 2017 of which 65% or 96 homes were quick possession sales. Of the 32 homes sold in Q4 2018, 59% or 19 homes were quick possession sales (i.e., contracted and delivered within 90 days), compared to 44 homes sold in Q4 2017 of which 80% or 35 homes were quick possession sales.

Gross margin

Genesis had a gross margins on home sales of 15% in YE 2018 as compared to 17% in YE 2017. Gross margin on home sales was 15% in Q4 2018 compared to 14% in Q4 2017. The year over year decline was a result of reducing sales prices marginally to reflect weaker and more competitive market conditions and the change in product mix to lower priced and lower margin homes.

Other Expenses

Other expenses includes general and administrative, selling and marketing and net finance expense. Other GBG expenses in YE 2018 were 6% ($489) higher than in YE 2017, mainly due to higher marketing expenses ($537) and net finance expense ($219), offset by lower general and administrative expenses due to lower compensation expenses ($254). Marketing efforts were increased in an effort to increase home sales in the face of the market conditions in 2018. Other GBG expenses in Q4 2018 were 29% higher than in Q4 2017 due to higher marketing expenses ($102), net finance expense ($135), increases in general and administrative expenses ($311), and compensation expenses ($225).

Real Estate Held for Development and Sale

	December 31,		
	2018	**2017**	**% change**
Real estate held for development and sale	**217,191**	213,629	1.7%
Provision for write-downs	**(14,692)**	(12,872)	14.1%
	202,499	200,757	0.9%

Real estate held for development and sale increased by $1,742 as at YE 2018 compared to YE 2017. Refer to note 5 in the consolidated financial statements for the years ended December 31, 2018 and 2017 which details the gross book value and net book value of real estate held for development and sale.

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

	Net Book Value		
Real Estate Held for Development and Sale	**Lots, multi-family & commercial parcels**	**Land held for development[1]**	**Total**
Community			
Airdrie - Bayside, Bayview, Canals	13,831	34,479	48,310
Calgary NW - Sage Meadows	9,191	7,623	16,814
Calgary NW - Sage Hill Crossing	9,457	29,699	39,156
Calgary NE – Saddlestone	8,457	6,708	15,165
Calgary SE - Southeast lands	-	44,806	44,806
Rocky View County - North Conrich[2]	-	4,798	4,798
Sub-total	40,936	128,113	**169,049**
Other assets[3] - non-core	13	1,976	1,989
Total land development	40,949	130,089	**171,038**
Home building work-in-progress			**25,252**
Total land development and home building			**196,290**
Limited Partnerships[2], [4]			6,209
Total real estate held for development and sale			**202,499**

[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 the "Omni" project.
[3] Other assets are non-core and being marketed 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 by community as at December 31, 2018.

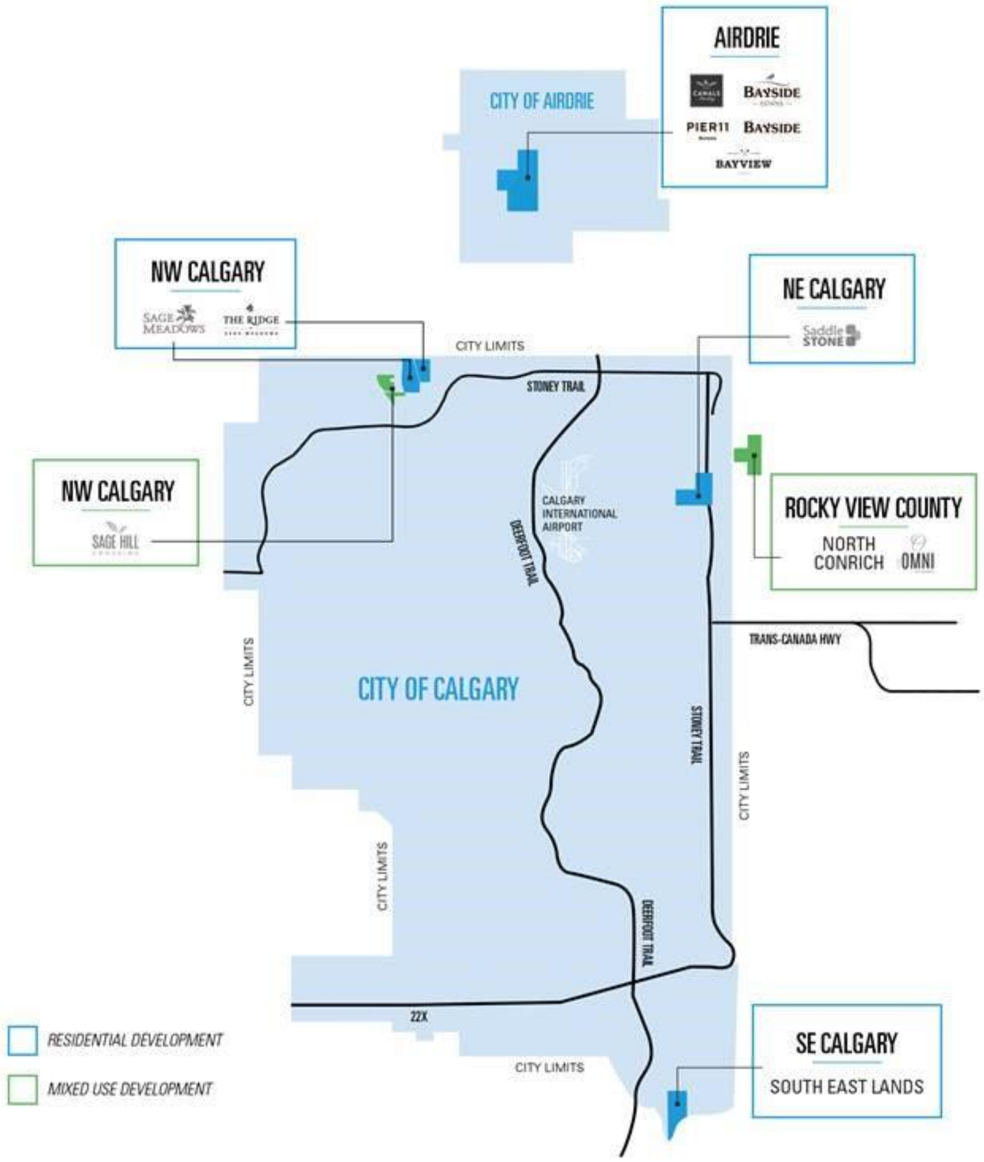
Serviced Lots, Multi-family and Commercial Parcels by Community	**Net Book Value**	**Single-family lots**	**Townhouse units**	**Townhouse/ multi-family parcels**	**Commercial parcels**
Airdrie - Bayside, Bayview, Canals	13,831	102	81	1	-
Calgary NW - Sage Meadows	9,191	26	-	1	-
Calgary NW - Sage Hill Crossing	9,457	-	-	1	1
Calgary NE - Saddlestone	8,457	102	43	-	-
	40,936	**230**	**124**	**3**	**1**
Other assets - non-core	13	14	-	-	-
Total	**40,949**	**244**	**124**	**3**	**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 as at December 31, 2018. There can be no assurance as to if or when any of these lands will be developed.

			Estimated Equivalent if/when Developed		
Land Held For Development by Community	**Net Book Value**	**Land (acres)**[1]	**Single-family** (lots)	**Multi-family** (acres)	**Commercial** (acres)
Airdrie - Bayside, Bayview	34,479	244	1,322	9	2
Calgary NW - Sage Meadows	7,623	17	31	14	-
Calgary NW - Sage Hill Crossing	29,699	49	282	9	4
Calgary NE - Saddlestone	6,708	19	121	2	-
Calgary SE - Southeast lands	44,806	349	1,190	16	-
Rocky View County - North Conrich[2]	4,798	312	-	-	-
	128,113	990	2,946	50	6
Other assets - non-core	1,976	333	-	-	-
	130,089	**1,323**	**2,946**	**50**	**6**
Limited Partnerships[2]	6,209	1,437	-	-	-
Total land held for development	136,298	2,760	2,946	50	6

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

GENESIS' LANDS



Amounts Receivable

	December 31,		
	2018	**2017**	**% change**
Amounts receivable	**14,960**	30,820	(51.5%)

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 decrease of $15,860 in amounts receivable was mainly due to the timing of residential lot sales and closings. As at YE 2018, Genesis had $10,569 in amounts receivable related to the sale of 64 lots to third-party builders and a non-core development land parcel ($15), compared to $28,500 in amounts receivable as at YE 2017 related to the sale of 156 lots to third-party builders and a non-core development land parcel ($1,315).

Individual balances due from third-party builders at YE 2018 that were 10% or more of total amounts receivable were $10,082 from three third-party builders (2017 - $25,752 from five customers).

Vendor-take-back Mortgage Receivable

	December 31,		
	2018	**2017**	**% change**
Vendor-take-back mortgage receivable(1)	**20,558**	20,558	0.0%

(1) Includes accrued interest

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, payable $20,500 in cash and $20,500 in a three year vendor take back first mortgage bearing interest at 6.5% per annum payable annually in arrears. The first interest instalment of $1,333 was received in December 2018 (2017 - nil).

Cash Flows from Operating Activities

Cash flow from the operating activities of Genesis varies from quarter to quarter due to the nature of land sales and the timing of the receipt of sale proceeds. Genesis typically receives 15% of the purchase price in cash as a non-refundable deposit from a third-party builder at the time it recognizes all of the sales revenue. The balance of the purchase price is generally received in cash at the time of closing of the sale by the third-party builder to a home buyer, which can be many months later, resulting in a timing difference between sales revenue recognition and the actual receipt of cash. The sale of a lot by GBG to an end buyer is recognized on receipt of the full sale proceeds and the transfer of title to the lot. Cash outflow on land servicing and home building activity can vary from quarter to quarter. These expenditures are seasonal, can be impacted by weather and may be dependent on expected demand and this is considered when planning and incurring expenditures for both home building and land development activities.

	Three months ended December 31,		Year ended December 31,	
	2018	**2017**	**2018**	**2017**
Cash flows from operating activities	**7,192**	27,298	**14,747**	46,908
Cash flows from operating activities per share - basic and diluted	**0.16**	0.62	**0.34**	1.08

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

	Year ended December 31, 2018	2017	Change
Cash inflows from sale of residential lots	**26,520**	19,444	7,076
Cash inflows from sale of development land	**14,877**	33,311	(18,434)
Cash inflows from sale of residential homes by GBG	**54,353**	67,367	(13,014)
Other cash receipts	**1,744**	118	1,626
Cash outflows for home building activity	**(35,385)**	(36,384)	999
Cash paid to other suppliers and employees and other	**(14,252)**	(14,900)	648
Cash outflows for land servicing	**(19,387)**	(17,993)	(1,394)
Cash outflows on land acquisition	**(5,124)**	-	(5,124)
Income taxes paid	**(8,599)**	(4,055)	(4,544)
Total	**14,747**	46,908	(32,161)

Cash inflows from the sale and closing of residential lots and development land varies quarter to quarter due to the nature of land sales and the timing of the receipt of sale proceeds. Cash inflows from the sale and closing of residential lots to third-parties for 2018 was $26,520 (55 sold and 123 closed) compared to $19,444 in 2017 (132 sold and 86 closed). The increase is mainly due to the collection of amounts receivable in 2018 ($24,340 vs $15,335 in 2017) for residential lot sales that occurred in 2017. Cash inflows from development land sales in 2018 were $14,877 compared to $33,311 in 2017.

Lower cash inflows from the sale of residential homes was due to the fewer homes sold in 2018 (121 homes) compared to 2017 (148 homes), differences in product mix of lower priced single-family homes and townhouses, and the reduction of sales prices to reflect weaker market conditions.

Other cash receipts mainly consisted of finance income and the receipts of cash from cash-secured letters of credit which was slightly higher in 2018 compared to 2017. The interest received mainly relates to the $1,333 interest installment on the VTB mortgage receivable from the sale of a 319 acre parcel of land in December 2017. The requirement to obtain letters of credit varies as development activities are commenced and completed.

Cash outflows for home building activity vary due to the product mix and managing the pace of construction and work-in-progress to meet anticipated demand. Despite the lower cash inflows from the sale of residential homes, cash outflows for home building activity were only slightly lower than in 2017. This was mainly due to the construction of: townhomes, which are built in blocks; additional show homes; and single-family inventory.

Cash outflows for other suppliers and employees decreased in 2018 mainly due to the reduction in office lease payments and lower cash outflows on selling and marketing, partially offset by higher cash outflows on compensation and benefits and professional services.

Cash outflows for land servicing can vary from quarter to quarter as these expenditures are seasonal, impacted by weather and are generally incurred based on expected demand. Genesis began the servicing of four new phases in 2018 and continued development activities in phases started in previous years.

Cash outflows on land acquisition for $5,124 mainly relates to the purchase of land (31 lots) and housing assets in a Genesis community from the receiver of a third-party builder. Refer to note 5 in the consolidated financial statements for the years ended December 31, 2018 and 2017 for additional information.

In 2018, higher cash outflows for income taxes were due to higher 2018 installments, triggered by higher 2017 taxes payable on which the next year's installments are based. At December 31, 2018, $2,283 was in income taxes receivable.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at YE 2018 and YE 2017:

	December 31,		December 31,	
	2018	**% of Total**	**2017**	**% of Total**
Loans and credit facilities	**31,696**	**11%**	30,135	10%
Dividend payable	**-**	**-**	10,813	4%
Customer deposits	**3,111**	**1%**	4,629	2%
Accounts payable and accrued liabilities	**12,679**	**5%**	8,938	3%
Income tax payable	**-**	**-**	2,785	1%
Provision for future development costs	**20,901**	**8%**	24,584	8%
Total liabilities	**68,387**	**25%**	81,884	28%
Non-controlling interest	**17,799**	**6%**	18,144	6%
Shareholders' equity	**191,970**	**69%**	201,397	66%
Total liabilities and equity	**278,156**	**100%**	301,425	100%

Total liabilities to equity is as follows:

	December 31,	
	2018	**2017**
Total liabilities	**68,387**	81,884
Total equity	**209,769**	219,541
Total liabilities to equity[(1)]	**33%**	37%

(1) Calculated as total liabilities divided by total equity

Loans and Credit Facilities

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

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Land development servicing loans	7,914	2,312	-	2,955	6,164
Demand operating line for single-family homes	1,509	2,129	-	-	-
Project specific townhouse construction loans	7,177	7,402	6,519	4,482	1,896
Vendor-take-back mortgage payable	15,387	15,092	14,797	14,503	22,208
	31,987	26,935	21,316	21,940	30,268
Unamortized deferred financing fees	(291)	(330)	(226)	(168)	(133)
Balance, end of period	31,696	26,605	21,090	21,772	30,135

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

	Year ended December 31, 2018			
	Vendor-take-back mortgage payable	Land development servicing loans	**Total**	**Year ended December 31, 2017**
Balance, beginning of period	22,208	6,164	**28,372**	34,072
Advances	-	22,974	**22,974**	30,574
Repayments	(8,000)	(21,224)	**(29,224)**	(37,976)
Interest expense	1,179	-	**1,179**	1,702
Balance, end of period	15,387	7,914	**23,301**	28,372

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

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

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

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

Land development servicing loans

As at December 31, 2018, Genesis had four land project loan facilities with the ability to fund up to $53,270 of future development and servicing costs. Interest on these facilities is charged at prime +0.75% per annum. Draws on these facilities can be made as land development activities progress. As at YE 2018, $7,914 was drawn under these facilities (YE 2017 - four loans and $6,164).

Home building loans

GBG has a demand operating line of $6,500 bearing interest at prime +0.75% per annum. As at YE 2018, the amount drawn on this facility was $1,509 (YE 2017 - Nil).

GBG has a townhouse project loan facility with the ability to fund up to $9,970 of construction costs. This facility bears interest at prime +0.90% per annum and is due on August 31, 2020. As at YE 2018, $3,943 was drawn under this facility (YE 2017 - $1,896).

GBG has a second townhouse project loan facility with the ability to fund up to $4,715 of construction costs. This facility bears interest at prime +0.90% per annum and is due on March 28, 2020. As at YE 2018, $3,234 was drawn under this facility (YE 2017 - nil).

Demand operating line

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

Vendor-take-back mortgage payable

Genesis granted the VTB on the purchase of the Calgary southeast lands in January 2015. As at YE 2018, the VTB had an outstanding balance of $16,000 with an unamortized discount of $613 (YE 2017 - $24,000 and $1,792 respectively). The outstanding balance is payable in two equal installments of $8,000 each in January 2019 and 2020. The January 2019 instalment was paid subsequent to December 31, 2018.

Provision for Future Development Costs

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

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

The cost-to-complete estimates 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.

The provision for future development costs as at December 31, 2018 was $20,033 for the land division (YE 2017 - $23,809) and $868 (YE 2017 - $775) for GBG. For additional details, please see information provided under the heading *Critical Accounting Estimates* in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Genesis increased its debt from $30,135 at YE 2017 to $31,696 at YE 2018, primarily due to a net increase of $8,382 in land servicing and home building project loans offset by the $8,000 installment paid in early January 2018 on the VTB relating to Genesis' southeast Calgary lands. For additional details, please see information provided under the heading *Loans and Credit Facilities.*

	December 31,		
	2018	**2017**	**% change**
VTB payable	**15,387**	22,208	(30.7%)
Land development servicing and home building loans	**16,309**	7,927	105.7%
Total loans and credit facilities	**31,696**	30,135	5.2%

	December 31,		
Loans and credit facilities as a percentage of total assets	**2018**	**2017**	**% change**
VTB payable	**5.5%**	7.4%	(24.9%)
Land development servicing and home building loans	**5.9%**	2.6%	123.0%
Loans and credit facilities (debt) to total assets(1)	**11.4%**	10.0%	
Total liabilities to equity(2)	**33%**	37%	14.0%

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

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2018	**2017**	**% change**	**2018**	**2017**	**% change**
Interest incurred	**177**	166	6.6%	**437**	770	(43.2%)
Finance expense relating to VTB[1]	**295**	426	(30.8%)	**1,179**	1,702	(30.7%)
Financing fees amortized	**39**	65	(40.0%)	**171**	361	(52.6%)
Interest and financing fees capitalized	**(65)**	(101)	(35.6%)	**(256)**	(383)	(33.2%)
	446	556	(19.8%)	**1,531**	2,450	(37.5%)

[1] VTB related to Calgary southeast lands

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

The weighted average interest rate of loan agreements with various financial institutions was 4.76% (YE 2017 - 3.99%) based on December 31, 2018 balances.

Income Tax (Recoverable) Payable

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

	For the year ended December 31,	
	2018	**2017**
Balance, beginning of period	**2,785**	(42)
Provision for current income tax	**3,531**	6,882
Net payments	**(8,599)**	(4,055)
Balance, end of period	**(2,283)**	2,785

Net payments in a period are a combination of installments and final payments on the prior year's taxable income, both of which can vary significantly from period to period. Genesis is current with installments and the payment of final taxes.

Shareholders' Equity

As at March 14, 2019, the Corporation had 42,183,621 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

In addition, as of the date of this MD&A, stock options to acquire 2,805,000 common shares of Genesis were issued and outstanding. Stock options were granted pursuant to the long-term incentive plan which was adopted by the Board on September 20, 2018. Under the terms of the long-term incentive plan, the Board sets the vesting provisions and exercise prices for the stock options at the time of their issuance. The stock options vest over a number of years on various anniversary dates from the date of original grant. The Corporation's long-term incentive plan is conditional upon and subject to the approval by the Toronto Stock Exchange and Genesis' shareholders. Genesis plans to present the long-term incentive plan to its shareholders for their approval at the Corporation's next annual general meeting which is currently expected to be in May 2019.

Genesis commenced a normal course issuer bid ("NCIB") in 2015 and has renewed it annually. Genesis' current NCIB commenced on October 10, 2018 and terminates on the earlier of (i) October 9, 2019; 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 2,147,636 common shares under this NCIB.

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

	Three months ended December 31,		Year ended December 31,	
	2018	**2017**	**2018**	**2017**
Number of shares purchased and cancelled	**769,100**	-	**1,069,100**	493,085
Total cost	**2,400**	-	**3,501**	1,456
Average price per share purchased	**3.12**	-	**3.27**	2.95
Shares cancelled as a % of common shares outstanding at beginning of period	**1.79%**	-	**2.47%**	1.13%

The Corporation did not repurchase any common shares between January 1, 2019 and March 14, 2019 for cancellation. As of the date of this MD&A, 1,378,536 common shares may be purchased for cancellation under the currently authorized NCIB.

During YE 2018, The Corporation purchased and cancelled 1,069,100 common shares for $3,501 at an average cost of $3.27 per share (representing 2.47% of issued and outstanding shares at the beginning of the year), compared to 493,085 common shares for $1,456 at an average cost of $2.95 in 2017 (representing 1.13% of issued and outstanding shares at the beginning of 2017). During Q4 2018, the Corporation purchased and cancelled 769,100 common shares for $2,400 at an average cost of $3.12 per share (representing 1.79% of issued and outstanding shares at the beginning of period), compared to no purchases made in Q4 2017.

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 2018 were as follows:

	Loans and Credit Facilities(1)	Naming Rights	Lease Obligations	Total
Current	9,498	500	481	**10,479**
January 2020 to December 2020	17,485	500	422	**18,407**
January 2021 to December 2021	5,004	500	14	**5,518**
January 2022 and thereafter	-	-	10	**10**
Total	31,987	1,500	927	**34,414**

(1) Excludes deferred financing fees

In 2012, Genesis entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to the “Genesis Centre for Community Wellness”, a recreation complex in northeast Calgary ($500 each year, ending in 2021). The first seven installments totaling $3,500 were paid up to and through to the end of December 2018. Genesis paid the eighth installment of $500 in January 2019.

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

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in note 16 of the consolidated financial statements for the years ended December 31, 2018 and 2017.

Current Contractual Obligations, Commitments and Provision

	December 31	
	2018	**2017**
Loans and credit facilities, excluding deferred financing fees	**9,498**	12,007
Accounts payable and accrued liabilities	**12,679**	8,938
Dividend payable	**-**	10,813
Total short-term liabilities	**22,177**	31,758
Commitments(1)	**981**	1,074
	23,158	32,832

(1) Commitments comprises naming rights and lease obligations

At YE 2018, Genesis had obligations due within the next 12 months of $23,158, of which $9,498 related to loans and credit facilities. Repayment is either linked directly to the collection of lot receivables and sales proceeds or due at maturity. Management is confident that Genesis has the ability to continue to renew or to repay its financial obligations as they become due.

Provision for Litigation

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim was approximately $1,600 and the Corporation recorded this amount as a provision as at December 31, 2017. In 2017, the former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017, which was heard in August 2018 and judgement was reserved. On February 25, 2019, the Court granted the Corporation's appeal, directing that the claims of the former employees go to trial.

As of March 14, 2019, the two former employees are in the process of amending their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. The Corporation has not made any provision for this claim as at December 31, 2018.

The Corporation's view is that these claims are without merit and is actively contesting them.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

Genesis has an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the sub-division plan registration process. These letters of credit indemnify the municipalities by enabling them to draw upon the letters of credit in the event that Genesis does not perform its contractual obligations. At YE 2018, these letters of credit totalled approximately $6,358 (YE 2017 - $5,491).

Lease Agreements

Genesis has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases and lease payments are included in general and administrative expenses. No asset value or liability has been assigned to these leases on the balance sheet as at YE 2018 and YE 2017. In the event the lease for the office building is terminated early, Genesis is liable to pay the landlord for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by the landlord, if any. For additional details, please see information provided under the heading *Contractual Obligations and Debt Repayment*.

SELECTED ANNUAL INFORMATION

	2018	2017	2016	2015	2014
Total revenues	**81,437**	150,933	115,957	119,088	134,245
Gross margin	**20,413**	53,229	26,618	22,509	39,001
Net earnings attributable to equity shareholders	**4,124**	16,998	5,906	11,014	17,395
Net earnings per share - basic and diluted	**0.10**	0.39	0.13	0.25	0.39
Total assets	**278,156**	301,425	288,995	331,045	309,742
Loans and credit facilities	**31,696**	30,135	43,295	63,819	23,892
Cash dividends per share, declared(1)	**0.24**	0.46	0.25	0.12	$0.12

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

	2018	2017	2016	2015	2014
Return on shareholders' equity ("ROE")(1)	**2.1%**	8.3%	2.8%	5.2%	8.6%
Average shareholders' equity(2)	**196,684**	203,574	208,938	210,113	201,792

(1) Calculated as Net earnings attributable to equity shareholders' divided by average shareholders' equity
(2) Calculated as the sum of shareholders' equity at the beginning and end of each year divided by two

Please refer to information provided under the heading *Factors Affecting Results of Operations* which discusses the factors that affect Genesis' results and seasonality further.

Summary analysis for last 3 years

Total revenues comprise residential lot sales, development land sales, residential home sales and other revenues. Residential lot sales volumes were 176, 266 and 204 units in 2018, 2017 and 2016 respectively, reflecting the market conditions. In addition, development land sales were $15,126, $55,234 and $21,237 for 2018, 2017 and 2016 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 121, 148 and 166 in 2018, 2017 and 2016 respectively. 2018 and 2017 included sales of townhouse units (2018 - 18, 2017 - 21) while there were no townhouse sales in 2016.

Gross margins in 2017 significantly improved due to stronger development land margins while gross margins in 2018 and 2016 were impacted by a write-down of real estate held for development and sale which were $1,820, $1,095, $8,665 in 2018, 2017 and 2016 respectively. Net earnings and net earnings per share - basic and diluted were affected as a result of the above.

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 assets increased by $12,430 in 2017 compared to 2016. This was mainly due to an increase in cash and cash equivalents by $9,267 and the $20,558 vendor-take-back mortgage relating to a limited partnership, partially offset by a reduction in real estate held for development and sale during 2017, as a result of sales of residential lots, development lands and residential homes.

Total loans and credit facilities are 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. Total loans and credit facilities decreased in 2017 compared to 2016 mainly due to the repayment of loans and credit facilities, including $8,000 annual payments on the VTB in January 2017.

ROE is calculated as net earnings attributable to equity shareholders' divided by average shareholders' equity. Factors that affect net earnings have been explained above. In addition, retained earnings, a component of shareholders' equity, was affected by dividends of $10,309, $19,896 and $10,936 in 2018, 2017 and 2016 respectively. In addition, Genesis' NCIB reduced shareholders' equity by $3,501, $1,456 and $1,420 in 2018, 2017 and 2016 respectively.

SUMMARY OF QUARTERLY RESULTS

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenues	**20,935**	27,178	18,955	14,369	65,644	31,128	38,497	15,664
Net earnings(1)	**2,358**	539	540	687	8,713	3,372	4,209	704
EPS(2)	**0.06**	0.01	0.01	0.02	0.20	0.08	0.09	0.02

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

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Dividends declared	**-**	10,309	-	-	10,813	9,083	-	-
Dividends paid	**-**	10,309	-	10,813	-	9,083	-	-
Dividends declared - per share	**-**	0.24	-	-	0.25	0.21	-	-
Dividends paid - per share	**-**	0.24	-	0.25	-	0.21	-	-

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Residential lots sold to third-parties (units)	**1**	10	40	4	37	13	45	37
Homes sold (units)	**32**	32	24	33	44	49	36	19

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Development land revenues	**4,628**	10,498	-	-	41,000	5,234	9,000	-

Cash flows from (used in) operating activities	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Amount	**7,192**	7,694	(1,336)	1,197	27,298	8,888	12,251	(1,529)
Per share - basic and diluted	**0.16**	0.18	(0.03)	0.03	0.62	0.21	0.28	(0.03)

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* which discusses the factors that affect Genesis' results and seasonality further.

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

During Q3 2018, Genesis sold 10 residential lots to third-parties, 32 homes and two development land parcels resulting in higher revenues in Q3 2018 compared to Q2 2018. Gross margins in Q3 2018 were only marginally higher than in Q2 2018 mainly due to no gross margin being made on the development land parcel sales during the quarter. Higher selling and marketing expenses in Q3 2018 were partially offset by lower general and administrative expenses and lower income tax expense compared to Q2 2018. Genesis had higher net finance expense in Q3 2018 compared to Q2 2018 mainly due to higher loan balances. On an overall basis, this resulted in net earnings in Q3 2018 being comparable to Q2 2018.

During Q2 2018, Genesis sold 40 residential lots to third-parties, 24 homes and no development land parcels resulting in higher revenues in Q2 2018 compared to Q1 2018. Gross margins in Q2 2018 were higher than in Q1 2018 despite a write-down of $920 in Q2 2018. Higher selling and marketing expenses in Q2 2018 were partially offset by lower general and administrative expenses compared to Q1 2018. Genesis had lower net finance income and higher income tax expense in Q2 2018 compared to Q1 2018. On an overall basis, this resulted in lower net earnings in Q2 2018 compared to Q1 2018.

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

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

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

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

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

RELATED PARTY TRANSACTIONS

Transactions occurred with the following related party:

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

	Three months ended December 31,		Year ended December 31,	
	2018	**2017**	**2018**	**2017**
Paid to Underwood for the services of Stephen J. Griggs as CEO	**-**	86	**251**	334

Underwood no longer provides CEO services to Genesis following the appointment of Iain Stewart as President and Chief Executive Officer ("CEO") in September 2018. From February 2016 to September 2018, the executive services of Stephen J. Griggs as interim and permanent CEO were provided to the Corporation through Underwood, a private corporation controlled by him, in accordance with an agreement dated as of February 16, 2016 and revised effective May 11, 2017. Under this agreement, Underwood was paid a monthly retainer fee until June 15, 2016, at which time the fee was changed to a fee based on days spent, plus travel and related expenses. No incentive or severance fees (share or cash based) were payable to Underwood under this agreement.

SUBSEQUENT EVENTS

Subsequent to YE 2018, the following occurred:

- Genesis paid the fourth installment of $8,000 on the VTB in January 2019. The balance on the VTB after this payment, excluding the unamortized portion, is $8,000.

- The Corporation granted 780,000 stock options and 70,941 DSUs. Refer to note 12a and 12b in the consolidated financial statements for the years ended December 31, 2018 and 2017 for additional information.
- The Court granted the Corporation's appeal directing that the claims of the former employees go to trial. As of March 14, 2019, the two former employees are in the process of amending their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. For additional details, please see information provided under the heading *Provision for Litigation*.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments effective January 1, 2018.

IFRS 15 requires that the Corporation recognize a development land sale when the land parcel has been delivered to the customer and related services that have been contractually agreed to between the Corporation and the customer have been substantially performed, without reference to receipt of a minimum 15% non-refundable deposit, which was an additional criterion under the prior standard. There were no development land transactions made during the year ended December 31, 2017 that would be impacted by the transition to IFRS 15.

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model. The Corporation completed an assessment of the impact of IFRS 9 on its financial statements and determined that there was no material effect on the carrying value of its financial instruments related to this new requirement and no reclassification was required in the transition to IFRS 9.

For additional information, refer to note 3 of the consolidated financial statements for the year ended December 31, 2018 and 2017.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16, "Leases"

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

The Corporation does not intend to early adopt IFRS 16. The Corporation has completed the assessment of the impact of IFRS 16 on its financial statements and there is no material impact. Refer to note 4 in the consolidated financial statements for the years ended December 31, 2018 and 2017 for further details.

CRITICAL ACCOUNTING ESTIMATES

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

Provision for Future Development Costs

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

Impairment of Real Estate Held for Development and Sale

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

Valuation of amounts receivable

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

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, 2018. 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, 2018 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, Genesis is exposed to certain risks and uncertainties inherent in the real estate development and home building industries. Real estate development and home building are cyclical businesses. As a result, the profitability 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 risk, mortgage rates and financing risk, general uninsured losses, cyber-security and business continuity risk, environmental risk and government regulations.

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.

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 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 and manages 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 particular 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 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 unauthorised 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. 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, 2018 available on SEDAR at www.sedar.com.

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2018 and 2017 are provided below.

	2018	2017
Average daily trading volume	**7,592**	7,639
Share price ($/share)		
High	**4.01**	3.95
Low	**3.10**	2.78
Close	**3.16**	3.73
Market capitalization at December 31,	**133,300**	161,333
Shares outstanding	**42,183,621**	43,252,721

OTHER

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

ADVISORIES

Forward-Looking Statements

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

Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulations.

Forward-looking statements in this MD&A include, but are not limited to, the availability of excess cash on hand and its proposed use, the future payment of dividends and/or common share buybacks, the timing and approval of the Sage Hill Crossing Outline Plan and Land Use applications, the timing and approval of the Southeast Lands ASP, the timing and approval of the Conceptual Scheme for the OMNI ASP, the expected completion dates of various projects that GBG is currently engaged in 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 these phases and expected increased leverage, anticipated general economic and business conditions, the Alberta real estate cycle, expectations for lot and home prices, construction starts and completions, anticipated expenditures on land development activities, GBG's sales process and construction margins, timing of the annual general meeting of the shareholders, the approval by the shareholders of Genesis' long-term incentive plan and its adoption by Genesis thereof, 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.

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

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

Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

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 14, 2019

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 "Company"), which comprise the consolidated balance sheets as at December 31, 2018 and December 31, 2017, and the consolidated statements of comprehensive income, 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 Company as at December 31, 2018 and December 31, 2017, 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 Company 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.

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 this 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

MNP LLP

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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.

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

MNP LLP

Chartered Professional Accountants

Calgary, Alberta
March 14, 2019

MNP LLP

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	Notes	December 31, 2018	December 31, 2017
Assets			
Real estate held for development and sale	5	**202,499**	200,757
Amounts receivable	6	**14,960**	30,820
Vendor-take-back mortgage receivable	7	**20,558**	20,558
Other operating assets	8	**4,416**	18,083
Deferred tax assets	9	**9,398**	7,622
Income tax recoverable		**2,283**	-
Cash and cash equivalents		**24,042**	23,585
Total assets		**278,156**	301,425
Liabilities			
Loans and credit facilities	10	**31,696**	30,135
Dividend payable	11d	**-**	10,813
Customer deposits		**3,111**	4,629
Accounts payable and accrued liabilities		**12,679**	8,938
Income tax payable		**-**	2,785
Provision for future development costs		**20,901**	24,584
Total liabilities		**68,387**	81,884
Commitments and contingencies	16		
Subsequent events	10b, 10c, 12a, 12b, 16a, 22		
Equity			
Share capital	11	**52,898**	54,260
Contributed surplus	12a	**259**	-
Retained earnings		**138,813**	147,137
Shareholders' equity		**191,970**	201,397
Non-controlling interest	21	**17,799**	18,144
Total equity		**209,769**	219,541
Total liabilities and equity		**278,156**	301,425

See accompanying notes to the consolidated financial statements

ON BEHALF OF THE BOARD:

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

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

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31, 2018	2017
Revenues			
Sales revenue		**81,367**	150,746
Other revenue		**70**	187
		81,437	150,933
Direct cost of sales		**(59,204)**	(96,609)
Write-down of real estate held for development and sale	5	**(1,820)**	(1,095)
		(61,024)	(97,704)
Gross margin		**20,413**	53,229
General and administrative	13	**(10,406)**	(10,970)
Selling and marketing	14	**(4,452)**	(4,921)
		(14,858)	(15,891)
Earnings from operations		**5,555**	37,338
Finance income		**1,512**	125
Finance expense	15	**(1,531)**	(2,450)
Earnings before income taxes		**5,536**	35,013
Income tax expense	9	**(1,757)**	(5,815)
Net earnings being comprehensive earnings		**3,779**	29,198
Attributable to non-controlling interest	21	**(345)**	12,200
Attributable to equity shareholders		**4,124**	16,998
Net earnings per share - basic and diluted	11	**0.10**	0.39

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017

(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders						
	Common shares - Issued						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
At December 31, 2016	43,745,806	54,888	-	150,863	205,751	5,914	211,665
Normal course issuer bid ("NCIB") (Note 11c) and misc.	(493,085)	(628)	-	(828)	(1,456)	30	(1,426)
Dividends declared (Note 11d)	-	-	-	(19,896)	(19,896)	-	(19,896)
Net earnings being comprehensive earnings	-	-	-	16,998	16,998	12,200	29,198
At December 31, 2017	43,252,721	54,260	-	147,137	201,397	18,144	219,541

At December 31, 2017	43,252,721	54,260	-	147,137	201,397	18,144	219,541
Share-based payments (Note 12a)	-	-	259	-	259	-	259
NCIB (Note 11c)	(1,069,100)	(1,362)	-	(2,139)	(3,501)	-	(3,501)
Dividends declared (Note 11d)	-	-	-	(10,309)	(10,309)	-	(10,309)
Net earnings being comprehensive earnings	-	-	-	4,124	4,124	(345)	3,779
At December 31, 2018	**42,183,621**	**52,898**	**259**	**138,813**	**191,970**	**17,799**	**209,769**

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(In thousands of Canadian dollars)

	Notes	Year ended December 31, 2018	2017
Operating activities			
Receipts from residential lot and development land sales		**41,397**	52,755
Receipts from residential home sales		**54,353**	67,367
Other receipts (payments)		**232**	(7)
Paid for land development		**(19,387)**	(17,993)
Paid for land acquisition		**(5,124)**	-
Paid for residential home construction		**(35,385)**	(36,384)
Paid to suppliers and employees		**(14,252)**	(14,900)
Interest received		**1,512**	125
Income taxes paid		**(8,599)**	(4,055)
Cash flows from operating activities		**14,747**	46,908
Investing activities			
Acquisition of equipment		**(274)**	(223)
Proceeds on disposal of property and equipment		**5**	-
Cash flows (used in) investing activities		**(269)**	(223)
Financing activities			
Advances from loans and credit facilities		**33,975**	32,471
Repayments of loans and credit facilities		**(25,436)**	(40,004)
Payment on vendor-take-back mortgage payable	10b	**(8,000)**	(8,000)
Interest and fees paid on loans and credit facilities		**(750)**	(533)
Repurchase and cancellation of shares under NCIB	11c	**(3,501)**	(1,456)
Dividends paid	11d	**(10,309)**	(19,896)
Cash flows (used in) financing activities		**(14,021)**	(37,418)
Change in cash and cash equivalents		**457**	9,267
Cash and cash equivalents, beginning of period		**23,585**	14,318
Cash and cash equivalents, end of period		**24,042**	23,585

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated as Genesis Capital Corp. 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 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

The consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 14, 2019.

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 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.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a grade slip 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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 prepare 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 equipment — 3 years
- Computer software — 3 years
- Showhome furniture — 3 years
- Leasehold improvements — Lesser of 5 years or remaining term of the lease

h) Income taxes

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 21) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Operating lease payments are recognized as an operating expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

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 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.

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.

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, which has no material impact.

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 obligation are discharged, cancelled or expire.

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
• 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) **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 Recognitio*n

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 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.

p) **Share-based compensation**

On September 20, 2018, the Corporation's Board of Directors adopted a new long-term incentive plan comprised of a stock option plan and a deferred share unit ("DSU") plan. The adoption of the long-term incentive plan and the vesting and exercise of any initial stock option grants made under this plan are conditional upon and subject to the approval by the Toronto Stock Exchange and Genesis' shareholders, which is intended to be sought at the Corporation's next annual general meeting in May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 will be reflected in the computation of earnings per share.

(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, if any, 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.

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2018

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

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

As required, the Corporation adopted IFRS 15 as of January 1, 2018. IFRS 15 replaces existing standards and interpretations on revenue recognition. The standard outlines a single comprehensive model for revenue recognition arising from contracts with customers.

IFRS 15 requires that revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Impact of the application of IFRS 15

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

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

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

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

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2018 (continued)

ii) IFRS 9, "Financial instruments"

As required, the Corporation adopted IFRS 9 as of January 1, 2018. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"), the Corporation's current financial assets are measured at amortized cost or FVTPL.

Under IFRS 9, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss model and recorded at the time of initial recognition. Title to lots, land and homes 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 lot, land or home is transferred to the purchaser. As such, there is no material impact of the loss allowance for trade receivables due to the above.

Impact of the application of IFRS 9

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

The following tables show the pre-transition IAS 39 and the post-transition IFRS 9 classification and measurement categories, and reconciles the IAS 39 and IFRS 9 carrying amounts as at January 1, 2018, as a result of adopting IFRS 9.

Financial Assets

As at Jan. 1, 2018	IAS 39 Measurement Basis	IFRS 9 Measurement Basis	IAS 39 Carrying Amount	IFRS 9 Carrying Amount	Reclassification / Remeasurement	Impact on measurement
Cash	FVTPL	FVTPL	23,585	23,585	-	No change
Cash equivalents	FVTPL	Amortized cost	-	-	-	No change as amortized cost approximates fair value for this instrument
Deposits	FVTPL	Amortized cost	2,674	2,674	-	No change as amortized cost approximates fair value for this instrument
Restricted cash	FVTPL	FVTPL	3,773	3,773	-	No change
Amounts receivable	Amortized cost	Amortized cost	30,820	30,820	-	No change
Vendor-take-back mortgage receivable	Amortized cost	Amortized cost	20,558	20,558	-	No change

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

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2018 (continued)

Financial Liabilities

As at Jan. 1, 2018	IAS 39 Measurement Basis	IFRS 9 Measurement Basis	IAS 39 Carrying Amount	IFRS 9 Carrying Amount	Reclassification / Remeasurement	Impact on measurement
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	8,938	8,938	-	No change
Loans and credit facilities, excluding deferred loans and credit facilities fees	Amortized cost	Amortized cost	30,268	30,268	-	No change

4. NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16, "Leases"

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

The Corporation completed the assessment of the impact of IFRS 16 on its financial statements and has opted to use the modified retrospective approach in its adoption of IFRS 16. The modified retrospective method does not require restatement of prior period financial information as it may recognize the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Corporation will recognize lease liabilities at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate as of January 1, 2019. The associated ROU assets will also be measured at an amount equal to the lease liability on January 1, 2019 therefore having no impact on retained earnings. Adoption of the standard will result in the recognition of ROU assets and lease liabilities of approximately $232 as at January 1, 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, 2017	38,530	143,884	20,156	202,570	15,253	(4,194)	213,629
Development activities	2,104	13,559	33,833	49,496	178	-	49,674
Transfer	17,479	(17,479)	-	-	-	-	-
Reclass from amounts receivable	3,710	-	-	3,710	-	-	3,710
Acquisition	5,200	-	-	5,200	-	-	5,200
Sold	(24,628)	(1,657)	(28,737)	(55,022)	-	-	(55,022)
As at December 31, 2018	42,395	138,307	25,252	205,954	15,431	(4,194)	217,191
Provision for write-downs							
As at December 31, 2017	-	8,744	-	8,744	4,128	-	12,872
Transfer	1,446	(1,446)	-	-	-	-	-
Write-down of real estate held for development and sale	-	920	-	920	900	-	1,820
As at December 31, 2018	1,446	8,218	-	9,664	5,028	-	14,692
Net book value							
As at December 31, 2017	38,530	135,140	20,156	193,826	11,125	(4,194)	200,757
As at December 31, 2018	40,949	130,089	25,252	196,290	10,403	(4,194)	202,499

During the year ended December 31, 2018, interest of $256 (2017 - $383) was capitalized as a component of development activities.

During the year ended December 31, 2018, the Corporation recorded a write-down of $1,820 (2017 - $1,095*)* due to: (1) $920 of costs capitalized during the period (mainly property taxes and interest) relating to a parcel of land held for development that is carried at net realizable value; and (2) $900 due to a reduction in the estimated development potential of a parcel of land belonging to a limited partnership.

During the year ended December 31, 2018 Genesis entered into an agreement with the receiver of a third-party builder in a Genesis community, which was approved by the Alberta Court of Queen's Bench. In accordance with this agreement, (1) the agreements to sell 23 lots to the builder, with amounts receivable of $3,710, were cancelled and the lots were returned to Genesis, (2) Genesis re-purchased from the builder 31 lots for $5,200 for which it had received full payment, and (3) Genesis acquired that builder's work in progress on these lots. Genesis acquired all such assets free and clear of any liabilities, including any builders' liens obligations. The transaction closed in May 2018.

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

6. AMOUNTS RECEIVABLE

	2018	2017
Agreements receivable	**10,584**	28,500
Other receivables	**4,376**	2,320
	14,960	30,820

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. 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 TO A LIMITED PARTNERSHIP

	2018	2017
Vendor-take-back mortgage to limited partnership(1)	**20,558**	20,558

(1) Includes accrued interest

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. The limited partnership 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. The first interest instalment of $1,333 was received in December 2018 (2017 - nil).

8. OTHER OPERATING ASSETS

	2018	2017
Deposits – construction projects	**2,648**	2,674
Deposit – dividend payable (note 11d)	**-**	10,813
Prepayments	**309**	286
Restricted cash	**1,029**	3,773
Property and equipment	**430**	537
	4,416	18,083

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 as security to guarantee the completion of certain construction projects (see note 16 for additional information). Restricted cash is held in trust accounts.

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

9. INCOME TAXES

a) Income tax was recognized in the consolidated statements of comprehensive income as follows:

	2018	2017
Current income tax	**3,531**	6,882
Deferred income tax	**(1,774)**	(1,067)
Income tax expense	**1,757**	5,815

b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 27.00% (2017 - 27.00%) to earnings before income taxes. The difference resulted from the following:

	2018	2017
Earnings before income taxes	**5,536**	35,013
Statutory tax rate	**27.00%**	27.00%
Expected income tax expense	**1,495**	9,454
Benefit of (utilization of previous) loss not recognized	**-**	(63)
Share-based compensation transaction	**70**	-
Other	**99**	(282)
Non-controlling interest	**93**	(3,294)
Tax expense for the year	**1,757**	5,815

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

	2018	2017
Deferred tax assets	**10,774**	11,097
Deferred tax liabilities	**(1,376)**	(3,475)
Net deferred tax assets	**9,398**	7,622

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

	2018	2017
Real estate held for development and sale	**7,076**	7,732
Reserves from land sales	**(1,376)**	(3,475)
Unamortized financing costs	**3,111**	2,798
Other temporary differences	**587**	567
Net deferred tax assets	**9,398**	7,622

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

10. LOANS AND CREDIT FACILITIES

	2018	2017
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 $53,980, due between December 30, 2020 and July 4, 2021.	**7,914**	6,164
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage payable ("VTB") at 0% per annum is measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate. The $40,000 VTB was entered into on January 6, 2015 in partial payment for the purchase of southeast Calgary lands and is secured by these lands which have a carrying value of $44,806. The VTB is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020. The fourth installment of $8,000 was paid in January 2019.	**16,000**	24,000
Unamortized portion of the discount on the VTB.	**(613)**	(1,792)
(c) Demand operating line of credit up to $10,000 from a major Canadian chartered bank, bearing interest at prime +1.00% per annum, secured by real estate held for development and sale with a carrying value of $14,150 due on March 31, 2019. Subsequent to December 31, 2018, the facility was renewed till March 31, 2020.	**-**	-
Secured by housing projects under development		
(d) Demand operating line of credit from a major Canadian chartered bank up to $6,500, bearing interest at prime +0.75% per annum, secured by a general security agreement over assets of the home building division.	**1,509**	-
(e) Demand project specific townhouse construction loans from a major Canadian chartered bank, 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 $8,797, due between March 28, 2020 and August 31, 2020.	**7,177**	1,896
	31,987	30,268
Deferred fees on loans and credit facilities	**(291)**	(133)
	31,696	30,135

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 4.76% (December 31, 2017 - 3.99%) based on December 31, 2018 balances.

During the year ended December 31, 2018, the Corporation received advances of $33,975 (2017 - $32,471) relating to various existing loan facilities secured by agreements receivable, real estate held for development and sale and housing projects under development, bearing interest ranging from prime +0.75% to prime +1.00% per annum, with due dates ranging from March 31, 2019 to July 4, 2021.

The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate, resulting in interest expense of $1,179 (2017 - $1,702) for the year ended December 31, 2018.

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

10. LOANS AND CREDIT FACILITIES (continued)

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

January 1, 2019 to December 31, 2019	9,498
January 1, 2020 to December 31, 2020	17,485
January 1, 2021 to December 31, 2021	5,004
	31,987

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 general understandings such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure. As at December 31, 2018 and 2017, the Corporation and its subsidiaries were in compliance with all loan covenants.

11. 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, 2018 and 2017:

	Year ended December 31,	
	2018	**2017**
Basic	**43,076,831**	43,384,450
Effect of dilutive securities - stock options	**135,000**	-
Diluted	**43,211,831**	43,384,450

All 2,025,000 options outstanding at the year ended December 31, 2018 (2017 - nil) were included in calculating diluted earnings per share as their weighted average exercise price was lower than the average market price of the Corporation's shares during the period.

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

11. SHARE CAPITAL (continued)

c) Normal course issuer bid ("NCIB")

On October 5, 2018, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on October 10, 2018 and will terminate on the earlier of: (i) October 9, 2019; 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 2,147,636 common shares under the renewed NCIB. As at December 31, 2018, the Corporation purchased a total of 769,100 common shares at an average price of $3.12 per share under this renewed NCIB.

The prior NCIB, which expired on September 11, 2018, allowed the Corporation to purchase for cancellation up to 2,163,022 common shares. The Corporation purchased a total of 300,000 common shares at an average price of $3.67 per share under this NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the year ended December 31, 2018 and 2017 under the NCIB.

	Year ended December 31,	
	2018	**2017**
Number of shares repurchased and cancelled	**1,069,100**	493,085
Reduction in share capital	**1,362**	628
Reduction in retained earnings	**2,139**	828
Reduction in shareholders' equity	**3,501**	1,456
Average purchase price per share	**3.27**	2.95

d) Dividends

Cash dividends of $10,309 ($0.24 per share) were declared and paid in 2018 (2017- $9,083 and $0.21 per share). During December 2017, an additional cash dividend of $10,813 ($0.25 per share) was declared and deposit paid to the transfer agent for distribution to shareholders on January 5, 2018.

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

12. SHARE-BASED COMPENSATION

On September 20, 2018, the Corporation's Board of Directors adopted a new long-term incentive plan comprised of a stock option plan and a DSU plan. The adoption of the long-term incentive plan and the vesting and exercise of any initial stock option grants made under this plan are conditional upon and subject to the approval by the Toronto Stock Exchange and Genesis' shareholders, which is intended to be sought at the Corporation's next annual general meeting in May 2019.

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 anniversary date of the grant. In the year ended December 31, 2018 share-based compensation of $259 (2017 - nil) was recorded and included as a part of general and administrative expense.

Details of stock options are as follows:

	Year ended December 31,			
	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	-	-	-	-
Options issued	**2,025,000**	**$3.36**	-	-
Outstanding - end of period	**2,025,000**	**$3.36**	-	-
Exercisable - end of period	**-**	**-**	-	-

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2018	Weighted Average Exercise Price	Number at December 31, 2018	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
3.12 - 3.48	2,025,000	$3.36	-	-	6.80

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

	2018	2017
Risk-free interest rate	**2.25 - 2.30%**	-
Estimated term/period prior to exercise (years)	**5.50**	-
Volatility in the price of the Corporation's common shares	**25.6 – 28.1%**	-
Forfeiture rate	**0.00%**	-
Dividend yield rate	**0.00%**	-

Subsequent to December 31, 2018, the Corporation granted 780,000 stock options at an exercise price of $3.11.

b) Deferred Share Unit Plan for Directors and Designated Employees

No DSUs were granted during the year ended December 31, 2018 (2017 - nil).

Subsequent to December 31, 2018, the Corporation granted 70,941 DSUs at $3.11 each.

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

13. GENERAL AND ADMINISTRATIVE

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

	2018	2017
Compensation and benefits	**7,463**	7,671
Share-based compensation	**259**	-
Corporate administration	**1,628**	2,380
Professional services	**1,056**	919
	10,406	10,970

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

	2018	2017
Salaries, wages and benefits	**1,801**	1,788
Share-based compensation	**259**	-
	2,060	1,788

14. SELLING AND MARKETING

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

	2018	2017
Advertising and marketing	**3,068**	2,279
Sales commissions	**1,384**	2,642
	4,452	4,921

15. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2018	2017
Interest incurred	**437**	770
Finance expense relating to VTB (note 10)	**1,179**	1,702
Financing fees amortized	**171**	361
Interest and financing fees capitalized (note 5)	**(256)**	(383)
	1,531	2,450

16. 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 seven installments totaling $3,500 were paid as at December 31, 2018. The eighth payment of $500 was paid in January 2019.

b) The Corporation has issued letters of credit 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, 2018, the letters of credit amounted to $6,358 (2017 - $5,491).

c) The Corporation has office and other operating leases with the following annual payments: not later than one year - $481; later than one year but not later than five years - $446; and later than five years - nil.

d) On September 22, 2017, Limited Partnership Land Pool ("LPLP 2007"), Genesis as manager, the general partner, two limited partners, two affiliated limited partnerships and various third parties were named as co-defendants in a statement of claim initiated in the Province of Alberta by a limited partner of LP RRSP Limited Partnership #1, a limited partner of LP RRSP Limited Partnership #2 and a limited partner of LPLP 2007. The statement of claim seeks to be certified as a class action and is seeking pecuniary and non-pecuniary damages of $60,000, including general and special damages. The Corporation's view is that this claim is without merit and is actively contesting both the certification proceeding and the claim itself. Any potential liability to the Corporation and/or the Partnership is currently indeterminate.

17. PROVISION FOR LITIGATION

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1,600 and the Corporation recorded this amount as a provision as at December 31, 2017. In 2017, the former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017, which was heard in August 2018 and judgement was reserved. On February 25, 2019, the Court granted the Corporation's appeal, directing that the claims of the former employees go to trial.

As of March 14, 2019, the two former employees are in the process of amending their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. The Corporation has not made any provision for this claim as at December 31, 2018.

The Corporation's view is that these claims are without merit and is actively contesting them.

18. FINANCIAL INSTRUMENTS

a) Risks associated with financial instruments

(i) Credit risk

As at December 31, 2018, the Corporation carried nil (2017 - nil) as credit losses.

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.

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, 2018, which comprise greater than 10% of total amounts receivable, totaled $10,082 from three customers (2017 - $25,752 from five customers).

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

18. FINANCIAL INSTRUMENTS (continued)

Aging of amounts receivable was as follows:

	2018	2017
Not past due	**14,960**	29,056
Past due	**-**	1,764
	14,960	30,820

The past due amount of $1,764 in 2017 was from a single third-party builder in receivership. This was resolved in May 2018. Refer to note 5 for additional information.

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2018:

	<1 Year	**>1 Year**	**Total**
Financial liabilities			
Accounts payable and accrued liabilities	12,679	-	12,679
Loans and credit facilities excl. deferred fees (note 10)	9,498	22,489	31,987
	22,177	22,489	44,666
Commitments			
Lease obligations (note 16)	481	446	927
Naming rights (note 16)	500	1,000	1,500
	981	1,446	2,427
	23,158	**23,935**	**47,093**

At December 31, 2018, the Corporation had obligations due within the next 12 months of $23,158 (2017 - $32,832). 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.

(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 $166 annually on floating rate loans.

b) Fair value of financial instruments

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are 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.

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

18. FINANCIAL INSTRUMENTS (continued)

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.

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 as at December 31, 2018 and December 31, 2017 are presented in the following table:

		Carrying Value		Fair Value	
	Measurement Basis	**As at Dec. 31, 2018**	**As at Dec. 31, 2017**	**As at Dec. 31, 2018**	**As at Dec. 31, 2017**
Financial Assets					
Cash	FVTPL	24,042	23,585	24,042	23,585
Cash equivalents	Amortized cost	-	-	-	-
Deposits	Amortized cost	2,648	2,674	2,648	2,674
Restricted cash	FVTPL	1,029	3,773	1,029	3,773
Amounts receivable	Amortized cost	14,960	30,820	14,733	30,192
Vendor-take-back mortgage receivable	Amortized cost	20,558	20,558	20,254	20,558
Financial Liabilities					
Accounts payable and accrued liabilities	Amortized cost	12,679	8,938	12,679	8,938
Loans and credit facilities, excluding deferred loans and credit facilities fees	Amortized cost	31,987	30,268	31,987	30,268

During the year ended December 31, 2018 and 2017, no transfers were made between the levels in the fair value hierarchy.

Cash and cash equivalents, deposits and restricted cash are classified under Level 1 of the hierarchy.

The fair values of the Corporation's amounts receivable, vendor-take-back mortgage receivable, accounts payable and accrued liabilities and loans and credit facilities are classified as Level 2 of the hierarchy.

c) 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:

	2018	2017
Loans and credit facilities (note 10)	**31,696**	30,135
Shareholders' equity	**191,970**	201,397
	223,666	231,532

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

19. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the year ended December 31, 2018 and 2017:

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2018	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues – residential lots[(1)]	31,750	19	-	31,769	54,113	(19,571)	66,311
Revenues – development lands	15,126	-	-	15,126	-	-	15,126
Direct cost of sales	(32,701)	(18)	-	(32,719)	(46,056)	19,571	(59,204)
Write-down of real estate held for development and sale	(920)	(900)	-	(1,820)	-	-	(1,820)
Gross margin	13,255	(899)	-	12,356	8,057	-	20,413
G&A, selling & marketing and net finance expense or income	(5,958)	412	-	(5,546)	(9,331)	-	(14,877)
Earnings (loss) before income taxes and non-controlling interest	7,297	(487)	-	6,810	(1,274)	-	5,536
Segmented assets as at December 31, 2018	237,274	30,972	(17,384)	250,862	31,199	(3,905)	278,156
Segmented liabilities as at December 31, 2018[(1), (2)]	58,216	13,342	(13,332)	58,226	14,066	(3,905)	68,387
Segmented net assets as at December 31, 2018[(1), (2)]	179,058	17,630	(4,052)	192,636	17,133	-	209,769

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2017	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues[(1)]	49,152	54	-	49,206	67,707	(21,214)	95,699
Revenues – development lands	9,000	46,234	-	55,234	-	-	55,234
Direct cost of sales	(35,089)	(26,284)	-	(61,373)	(56,450)	21,214	(96,609)
Write-down of real estate held for development and sale	(1,075)	(20)	-	(1,095)	-	-	(1,095)
Gross margin	21,988	19,984	-	41,972	11,257	-	53,229
G&A, selling & marketing and net finance expense or income	(6,650)	(2,724)	-	(9,374)	(8,842)	-	(18,216)
Earnings before income taxes and non-controlling interest	15,338	17,260	-	32,598	2,415	-	35,013
Segmented assets as at December 31, 2017	264,021	31,743	(17,804)	277,960	26,531	(3,066)	301,425
Segmented liabilities as at December 31, 2017[(1), (2)]	76,638	13,625	(13,610)	76,653	8,297	(3,066)	81,884
Segmented net assets as at December 31, 2017[(1), (2)]	187,383	18,118	(4,194)	201,307	18,234	-	219,541

[(1)] Segmented liabilities under the Genesis home building segment include $2,112 due to the land development segment (December 31, 2017 - $878).

[(2)] Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes $13,332 (December 31, 2017 - $13,610) due to Genesis.

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

20. RELATED PARTY TRANSACTIONS

	Year ended December 31,	
	2018	**2017**
Fees for services provided by a corporation controlled by an officer and director	**251**	334
	251	334

	Dec. 31, 2018	Dec. 31, 2017
Amounts in accounts payable and/or accrued liabilities	**-**	**22**

21. CONSOLIDATED ENTITIES

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. 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.

Limited Partnership Land Pool (2007) has a loan amounting to $11,754 (2017 - $12,272) due to the Corporation, which is secured by a charge on a $20,500 vendor-take-back mortgage receivable (note 7).

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

21. CONSOLIDATED ENTITIES (continued)

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

	% equity interest as at	
Name	**December 31, 2018**	**December 31, 2017**
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%
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	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	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%

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

21. 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, 2018			
	LP 4/5	LP 8/9	LPLP 2007	Total
Assets				
Real estate held for development and sale	8,721	1,683	-	**10,404**
Amounts receivable	-	-	20,558	**20,558**
Cash and cash equivalents	-	1	9	**10**
Total assets	8,721	1,684	20,567	**30,972**
Liabilities				
Accounts payable and accrued liabilities	-	-	10	**10**
Due to related parties	1,049	529	11,754	**13,332**
Total liabilities	1,049	529	11,764	**13,342**
Net assets (liabilities)	7,672	1,155	8,803	**17,630**
Non-controlling interest (%)	100%	100%	100%	

	December 31, 2017			
	LP 4/5	LP 8/9	LPLP 2007	Total
Assets				
Real estate held for development and sale	8,546	2,579	-	**11,125**
Amounts receivable	1	-	20,616	**20,617**
Cash and cash equivalents	-	1	-	**1**
Total assets	8,547	2,580	20,616	**31,743**
Liabilities				
Accounts payable and accrued liabilities	-	-	15	**15**
Due to related parties	827	511	12,272	**13,610**
Total liabilities	827	511	12,287	**13,625**
Net assets (liabilities)	7,720	2,069	8,329	**18,118**
Non-controlling interest (%)	100%	100%	100%	

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

21. CONSOLIDATED ENTITIES (continued)

SUMMARIZED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31, 2018			
	LP 4/5	LP 8/9	LPLP 2007	Total
Revenues	19	-	-	**19**
Net (loss) earnings	(48)	(913)	474	**(487)**
Non-controlling interest (%)	100%	100%	100%	

	Year ended December 31, 2017			
	LP 4/5	LP 8/9	LPLP 2007	Total
Revenues	26	-	46,262	**46,288**
Net (loss) earnings	(39)	(11)	17,310	**17,260**
Non-controlling interest (%)	100%	100%	100%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2018			
	LP 4/5	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	-	1,349	**1,349**
Cash flows (used in) financing activities	-	-	(1,340)	**(1,340)**
Net decrease in cash and cash equivalents	-	-	9	**9**

	Year ended December 31, 2017			
	LP 4/5	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	-	24,356	**24,356**
Cash flows (used in) financing activities	-	-	(24,395)	**(24,395)**
Net decrease in cash and cash equivalents	-	-	(39)	**(39)**

22. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the following occurred:

The Corporation granted 780,000 stock options and 70,941 DSUs. Refer to note 12a and 12b for additional information.

The Court granted the Corporation's appeal directing that the claims of the former employees go to trial. As of March 14, 2019, the two former employees are in the process of amending their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. Refer to note 17 for additional information.

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, Land and Financing

Directors

STEPHEN J. GRIGGS
Executive Chair

STEVEN GLOVER
Lead Director

YAZDI BHARUCHA
Director

MICHAEL BRODSKY
Director

MARK W. MITCHELL
Director

LOUDON OWEN
Director

IAIN STEWART
Director

Transfer Agent

COMPUTERSHARE TRUST
COMPANY OF CANADA
600, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

Stock Exchange

TORONTO STOCK EXCHANGE
Stock Symbol – GDC

Auditors

MNP LLP
1500, 640 - 5th Avenue SW
Calgary, AB T2P 3G4

Corporate Office

Genesis Land Development Corp.
7315 - 8th Street NE
Calgary, AB T2E 8A2

Main 403 265 8079
Email info@genesisland.com

www.genesisland.com

GENESIS

GENESIS

GENESIS LAND DEVELOPMENT CORP.

7315 - 8th Street NE
Calgary, Alberta, Canada T2E 8A2
Main 403 265 8079
Email info@genesisland.com

www.genesisland.com