MANAGEMENT'S DISCUSSION & ANALYSIS 2015

FOR THE THREE MONTHS ENDED MARCH 31, 2015

GENESIS

Highlights

HOME BUILDING REVENUE INCREASED BY **24.6%** COMPARED TO Q1 2014

HOME BUILDING GROSS MARGINS INCREASED TO **16.4%** IN Q1 2015
FROM **12.3%** IN Q1 2014

CASH ON HAND OF **$8.4 MILLION** AT END Q1 2015

DEBT TO TOTAL ASSETS OF **15.5%** AT END Q1 2015

124 HOMES WITH FIRM SALES CONTRACTS AT END Q1 2015

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Genesis Land Development Corp. ("Genesis" or the "Corporation") should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited condensed consolidated interim financial statements and comparative information have been prepared in accordance to IFRS. They have been reviewed by the Corporation's Audit Committee, consisting of three independent directors, and approved by the Board of Directors. Additional information, including the Corporation's Annual Information Form ("AIF") and the Corporation's MD&A for the year ended December 31, 2014 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of May 14, 2015.

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OVERVIEW

Genesis is an integrated, award-winning land developer and residential home builder creating innovative and successful communities in the Calgary Metropolitan Area. Genesis is committed to supporting its communities through partnerships like the Genesis Centre of Community Wellness, and Genesis Place Recreational Centre.

We report our activities as two business segments: land development and home building. Land development involves the acquisition of land held for future development, and the planning, servicing and marketing of residential, commercial, industrial and urban communities. Home building includes the acquisition of lots, and the construction and sale of single- and multi-family homes.

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

MARKET OVERVIEW

Alberta is experiencing a slowdown in general economic activity caused by the sharp drop in oil prices beginning in July 2014. While there continues to be strong overall positive economic fundamentals such as low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans, the general direction of these economic indicators has reversed in the near term.

The drop in oil prices accelerated in late 2014, which caused consumers in Alberta to delay major purchasing decisions during the first two months of 2015. This was particularly marked in the home building sector, as homebuyers waited for signals the market had stabilized before entering the market. The first quarter is generally a less active quarter preceding the Spring buying season. Since the beginning of 2015, the decline in crude oil prices has halted and shown signs of stabilizing. This has bolstered consumer confidence and beginning in March there has been a marked increase in home buyer traffic and a return to near-normal market sales.

The weaker market conditions have resulted in a more competitive and challenging market in 2015, which is expected to constrain margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly into 2016. How long this softening continues and the depth of any potential impact will be highly dependent on changes to the economy, and more specifically to the oil and gas industry in Alberta, in the second half of 2015.

Entering 2015, Genesis had 137 homes with firm sales contracts that we expect to close in 2015. We focus our home building activities on entry level and first-time move-up segments, which we believe tend to be less susceptible to market fluctuations than the higher end segments. Our core businesses are running more efficiently, supported by a large portfolio of entitled residential and mixed-use land, which is well positioned and will benefit significantly from a rebound and strengthening of the Alberta economy. These various factors, along with a positive cash position and significant unutilized debt capacity, provide management with the flexibility to adjust to a variety of changes in the economic environment.

Our current financial strength is a direct result of the execution of our strategic plan which, among other things, has a focus on managing debt to enable Genesis to withstand market disruptions, consider shareholder distributions and pursue opportunistic investments.

CORPORATE HIGHLIGHTS

Key financial results and operating data for the Corporation are as follows:

	Three months ended March 31,	
	2015	**2014**
Key Financial Data		
Total revenues	**15,773**	37,987
Cost of sales	**(11,082)**	(30,149)
Gross margin	**4,691**	7,838
Gross margin (%)	**29.7%**	20.6%
(Loss) earnings before income taxes	**(329)**	3,677
Net earnings[(1)] attributable to equity shareholders	**60**	2,940
Net earnings per share – basic and diluted	**0.00**	0.07
Cash flows (used in) from operating activities	**(18,727)**	21,050
Cash flows (used in) from operating activities per share – basic and diluted	**(0.42)**	0.47
Key Operating Data		
Residential lots sold to third parties (units)	**3**	61
Residential lots sold through the home building business segment (units)	**15**	25
Development land sold (acres)	**-**	121.91
Average revenue per lot sold to third parties	**146**	189
Average revenue per acre	**-**	115
Homes sold (units)	**32**	27
Average revenue per home sold	**478**	455
New home orders (units)	**19**	95
	As at	
	March 31, 2015	**March 31, 2014**
Homes with firm sale contracts (units)	**124**	186

	As at	
Key Balance Sheet Data	**March 31, 2015**	**December 31, 2014**
Cash and cash equivalents	**8,401**	33,048
Total assets	**330,805**	309,742
Loans and credit facilities	**51,164**	23,892
Total liabilities	**99,866**	78,468
Shareholders' equity	**208,259**	208,101
Total equity	**230,939**	231,274
Loans and credit facilities ("Debt") to total assets	**15.5%**	7.7%

(1) Net of income tax expense

STRATEGY AND BUSINESS FOCUS

Highlights

Due to our strong order book of 137 homes with firm sales contracts carried forward from 2014, the three months ended March 31, 2015 ("Q1 2015") were marked by an improved performance in the home building business compared with the three months ended March 31, 2014 ("Q1 2014"). The land segment experienced weaker than normal revenue due to the market turndown, the timing of release for sale of new development phases and, more importantly, and consistent with the Corporation's strategy, to reserve a significant portion of the developed lots for our home building business segment.

We are confident of closing the 137 new home orders we brought in to 2015 from 2014. Buyer traffic and home sales were strong in March, April and to date, up from the slow start at the beginning of the year, which allows us to retain our target of 200 home closings for 2015.

Home building sales volumes and margins continued to improve:

- The home building business segment achieved continued performance improvements with revenues, gross margins, earnings and volumes up in Q1 2015 compared to Q1 2014. Home sales were 32 for Q1 2015 compared to 27 in Q1 2014.
- Improved efficiencies and higher sales values produced increased gross margins of 16.4% for Q1 2015 compared to 12.3% in Q1 2014.
- Loss before income taxes and non-controlling interest ("NCI") improved to $217 at Q1 2015 compared to loss of $784 for Q1 2014.
- New home orders were 19 for Q1 2015 compared to 95 for Q1 2014 due to slower market conditions during Q1 2015 and due to the release of lots in newly developed phases in Q1 2014. Improvement in market conditions was observed from an increase in buyer traffic in March and subsequent to the end of the quarter.

Major land acquisition:

- Genesis closed the $44,265 transaction to acquire 350 acres of land in southeast Calgary ("Southeast Lands") on January 6, 2015 and assumed a vendor-take-back mortgage (a "VTB") of $40,000 at 0% per annum, measured at amortized cost of $32,348 and whose fair value is based on discounted future cash flows, using 8% discount rate, reflecting current market conditions for instruments with similar terms and risks. The VTB was assumed on January 6, 2015 and is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020.

Revenue and earnings:

- Total revenue reduced by 58.5% to $15,773 compared to $37,987 in Q1 2014. Revenue for Q1 2014 included the sale of 61 residential lots (to third-party developers) and the Acheson development land for $14,000 compared to 3 residential lot sales and no development land sales in Q1 2015.
- Earnings of $60 in Q1 2015 compared to $2,940 in Q1 2014, mainly due to lower residential lot sales in Q1 2015.

Cash flows from operations:

- Cash flows used in operating activities were $18,727 or $0.42 per share for Q1 2015 compared to cash flows from operating activities of $21,050 or $0.47 per share for Q1 2014. The primary reason for this was the receipt of $13,784 from the sale of the non-core Acheson development land parcel in Q1 2014 while Q1 2015 included the payment of $10,000 to close the acquisition of the Southeast Lands, the disbursement of $4,270 towards income taxes and the payment of $1,777 to the former mortgage holders of a participating mortgage.

Loans and credit facilities increased:

- Loans and credit facilities increased to $51,164 at Q1 2015 from $23,892 at December 31, 2014 ("YE 2014").
    - Loans and credit facilities at Q1 2015 included $32,348 relating to assumption of the VTB for the purchase of the Southeast Lands.

- Loans and credit facilities, excluding the VTB, decreased by $5.1 million during the quarter.
- Debt to total assets increased to 15.5% at Q1 2015 from 7.7% at YE 2014 mainly due to the assumption of the VTB.

The Highlights section of this MD&A should be read in conjunction with the rest of this MD&A, which contains additional information and analysis. Further information on the Corporation's performance is also presented in the Land Development and Home Building sections of this MD&A. These sections are to be read in conjunction with note 11 (segmented information) in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014. These sections of the MD&A present the business segment revenues and expenses before inter-company eliminations.

RESULTS OF OPERATIONS

Genesis evaluates its land development and home building businesses internally on a segmented basis. The home building business segment is also evaluated against other home builders in the Calgary Metropolitan Area. All costs are segmented, including selling costs, general and administrative costs and finance expense.

Major factors that affect the results of our operations, include:

1. The strategic decision to reserve a significant portion of developed lots for our home building business segment defers the related revenues and earnings from those lots until the sale of the home and lot. When lots are sold to a third party home builder, lot sale revenue is recognized pursuant to the terms of the contract and corporate accounting policies. The impact on reported results will be less pronounced as home building volume growth targets are achieved.
2. The development and sale of land (typically represented by a community with one, or a combination, of multi-family, industrial or commercial zoned components) occurs over a substantial period of time. The sales of such parcels do not occur on a predictable schedule as is the general pattern for residential lots. Consequently, the sale of development land and collection of proceeds can create significant volatility in the revenues, earnings and cash flows from operating activities of Genesis.
3. Seasonality affects the land development and home building industry in Canada, particularly as a result of weather conditions during winter operations. As a result, we typically realize higher lot and home building revenues in the summer and fall months when home building sales peak.
4. Lot prices and gross margin on single family lots varies by community based on the nature of the development work to be undertaken before the lots are ready for sale, and are dependent on how long the Corporation has owned the land.

Land Development

Our strategy is to continue to profitably grow our land development and housing operations in unison, thereby enabling more lots to be sold through our home building business segment. This strategy allows us to earn both the land development margin and the home building margin. In the short-term, and to the extent that lots sold through our home building business segment would otherwise have been sold to third party builders, land development revenue would be deferred as those lots sold through the home building business segment and related profits are not recognized until the home is built and delivered. The impact of the deferral will be reduced as targeted growth in our home building business segment is achieved.

	Three months ended March 31,		
	2015	**2014**	**% change**
Key Financial Data			
Residential lot sales[1]	**3,230**	15,034	(78.5%)
Development land sales	**-**	14,000	N/R[3]
Total revenue	**3,230**	29,034	(88.9%)
Direct cost of sales	**(1,560)**	(22,057)	(92.9%)
Gross margin	**1,670**	6,977	(76.1%)
Gross margin (%)	**51.7%**	24.0%	
Equity income from joint venture	**172**	229	(24.9%)
Finance expense relating to VTB	**(660)**	-	N/R[3]
Other net expenses[2]	**(1,799)**	(2,093)	(14.05%)
(Loss) earnings before taxes	**(617)**	5,113	N/R[3]
Key Operating Data			
Residential lots sold to third parties	**3**	61	(95.1%)
Residential lots sold through the home building business segment	**15**	25	(40.0%)
Total residential lots sold	**18**	86	(79.1%)
Development land sold (acres)	**-**	121.91	N/R[3]
Average revenue per lot sold	**179**	175	2.3%
Average revenue per acre sold	**-**	115	N/R[3]

(1) Includes residential lot sales and other revenue
(2) Other net expenses includes general and administrative, selling and marketing and net finance expense
(3) Not reflective due to percentage increase

Revenues were lower in Q1 2015 than in Q1 2014 due to decreased volumes of residential lot sales, both to third parties and through the home building business segment. The volume of lot sales to third parties are usually higher when new sub-divisions are brought on stream, which was the case in Q1 2014, and are also impacted by the pace at which pool lots are picked up by partner builders. The volume of lot sales to third parties is also impacted by our strategy to profitably grow our land development and housing operations in unison by selling more lots through our home building business segment. Gross margin was higher in Q1 2015 compared to Q1 2014 as Q1 2014 included the sale of the non-core Acheson property for $14,000 at close to its carrying value and thus generated a low gross margin. Gross margin percentage on residential lots was 51.7% in Q1 2015 compared to 44.7% in Q1 2014. This typically varies by community, based on the nature of the development work to be undertaken before the lots are ready for sale and how long the Corporation has owned the land.

Other net expenses were higher in Q1 2015 compared to Q1 2014 mainly due to $660 of non-cash interest expense related to the VTB. This increase was offset by lower selling and marketing expenses. The land development segment and corporate personnel increased to 30 at the end of Q1 2015 from 29 at the end of Q1 2014.

Home Building

	Three months ended March 31,		
	2015	**2014**	**% change**
Key Financial Data			
Revenues[1]	**15,301**	12,285	24.6%
Cost of sales	**(12,785)**	(10,772)	18.7%
Gross margin	**2,516**	1,513	66.3%
Gross margin (%)	**16.4%**	12.3%	
Other net expenses[2]	**(2,733)**	(2,297)	19.0%
(Loss) before taxes	**(217)**	(784)	(72.3%)
Key Operating Data			
Homes sold	**32**	27	18.5%
Average revenue per home sold	**478**	455	5.1%

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

Genesis earned higher revenues as well as higher average revenues per home in Q1 2015 due to a combination of the sales mix and the larger number of homes sold compared to the same period in 2014. Single-family homes typically command higher sale prices than multi-family homes or attached duplexes. All the homes sold in Q1 2015 and in Q1 2014 were single-family homes.

Gross margin percentage in Q1 2015 was higher compared to the same period in 2014 due to a combination of greater operating efficiencies and the delivery of homes that were contracted in early-mid 2014 when the housing market in the Calgary Metropolitan Area was strong and allowed for increases in the selling price. We expect gross margin percentage to decrease slightly during the year reflecting a generally weaker market.

Other expenses increased by 19.0% in Q1 2015 compared to Q1 2014 due to higher general and administrative expenses and finance expenses, but were at a much slower pace of increase than home building revenues The number of employees at the end of Q1 2015 increased to 51 from 37 at the end of Q1 2014 in order to accommodate the increased home building volume and to improve customer service levels. The increase in other expenses was partially offset by lower selling and marketing expenses.

Finance Expense

	Three months ended March 31,		
	2015	**2014**	**% change**
Interest incurred	**393**	675	(41.8%)
Finance expense relating to VTB	**660**	-	-
Financing fees amortised	**404**	311	29.9%
Interest and financing fees capitalized	**(435)**	(693)	(37.2%)
	1,022	293	248.8%

Higher interest incurred in Q1 2015 compared to Q1 2014 was mainly due to $660 of non-cash interest expense on the VTB. The weighted average interest rate of loan agreements with various financial institutions was 5.62% (YE 2014 – 5.57%) based on March 31, 2015 balances. 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. The weighted average interest rate of loan agreements was 4.30% (YE 2014 – 4.65%), based on Q1 2015 balances, after excluding $7,850 relating to a limited partnership.

SEGMENTED BALANCE SHEETS

	March 31, 2015						December 31, 2014
	Land Development						
	Genesis	LPs	Intra-segment eliminations	Home Building	Eliminations	Consolidated	Consolidated
Assets							
Real estate held for development and sale	201,648	55,528	(5,381)	42,189	(2,776)	**291,208**	240,123
Amounts receivable	13,667	4	-	164	-	**13,835**	17,660
Cash and cash equivalents	4,380	472	-	3,549	-	**8,401**	33,048
Other assets	51,743	1,060	(25,650)	4,644	(14,436)	**17,361**	18,911
Total assets	271,438	57,064	(31,031)	50,546	(17,212)	**330,805**	309,742
Liabilities							
Loans and credit facilities	34,670	7,814	-	8,680	-	**51,164**	23,892
Provision for future development costs	17,986	-	-	2,801	-	**20,787**	21,945
Other liabilities[1], [2]	10,760	25,669	(25,650)	31,573	(14,437)	**27,915**	32,631
Total liabilities	63,416	33,483	(25,650)	43,054	(14,437)	**99,866**	78,468
Net assets	**208,022**	**23,581**	**(5,381)**	**7,492**	**(2,775)**	**230,939**	231,274

(1) Other liabilities under the home building business segment includes $11,252 (December 31, 2014 - $14,164) due to the land development segment related to land and lot purchases, overhead costs and general and administrative expenses.
(2) Other liabilities under the LPs segment comprises customer deposits and accounts payable and accrued liabilities and includes $24,590 (December 31, 2014 - $24,091) due to Genesis. Refer to note 13 in the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014.

LIQUIDITY AND CAPITAL RESOURCES

Genesis has significant unutilized debt capacity, homes with firm sales contracts, and a large portfolio of entitled land providing management with the flexibility to adjust to a variety of changes in the economic environment. We are able to meet our operating and capital needs through a number of sources, including cash flows from operations and from our short-term and long-term borrowings under our credit facilities. Genesis is also a 50% partner in a joint venture which provides cash flows on a periodic basis. In Q1 2015 Genesis arranged a revolving loan facility of $10,000 to be used for general corporate purposes. No draw has been made on this facility at the end of Q1 2015. Our outstanding loans and credit facilities, including $32,348 relating to the VTB, was $51,164, total liabilities to equity ratio was 0.43 and debt to total assets was 15.5% at the end of Q1 2015 compared to $23,892, 0.34 and 7.7%, respectively at YE 2014. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. Genesis and its subsidiaries were in compliance with all covenants as at Q1 2015 and at YE 2014.

Real Estate Held for Development and Sale

	March 31, 2015	December 31, 2014	% change
Real estate held for development and sale	**343,098**	292,013	17.5%
Provision for write-downs	**(51,890)**	(51,890)	-
	291,208	240,123	21.3%

Real estate held for development and sale increased by $51,085 at the end of Q1 2015 compared to YE 2014. This was primarily due to the acquisition of the southeast lands with a carrying value of $44,265, in addition to land development and home building development activities. Refer to note 4 in the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014.

The following tables present our real estate held for development and sale, and estimated equivalent of single-family lots, multi-family units and commercial acreages held by Genesis at the end of Q1 2015.

Land development segment	Land under development			Land held for future development		Total		
	Net carrying value	Acres	Lots	Net carrying value	Acres	Net carrying value	Acres	Lots
Residential								
Airdrie[1]	32,384	213	160	7,840	90	40,224	303	160
Calgary NW[2]	18,672	44	27	-	-	18,672	44	27
Calgary NE[3]	16,075	4	172	5,483	46	21,558	50	172
Calgary SE[4]	-	-	-	44,267	349	44,267	349	-
	67,131	261	359	57,590	485	124,721	746	359
Mixed use[5]	51,858	71	-	18,448	1,788	70,306	1,859	-
Other assets[6], [9]	1,673	114	14	4,948	1,990	6,621	2,104	14
Total land development segment[7]	**120,662**	**446**	**373**	**80,986**	**4,263**	**201,648**	**4,709**	**373**
Home building business segment[7]						**39,413**	**-**	**134**
Total land and home building segments						**241,061**	**4,709**	**507**
Limited Partnerships[8]						50,147	2,387	-
Real estate held for development and sale						**291,208**	**7,096**	**507**

	Acres Held	Estimated Equivalent			Developed Lots	Total
		Single-family (lots)	**Multi-family** (units)	**Commercial** (acres)	**Single-family** (units)	**Single- and multi-family** (units)
Residential						
Airdrie[1]	303	1,450	617	-	160	2,227
Calgary NW[2]	44	121	2,127	2	27	2,275
Calgary NE[3]	50	342	78	-	172	592
Calgary SE[4]	349	1,245	834	-	-	2,079
	746	**3,158**	**3,656**	**2**	**359**	**7,173**
Mixed use[5]	**1,859**	**1,476**	**2,450**	**319**	**-**	**3,926**
Other assets[6], [9]	**2,104**	**821**	**-**	**-**	**14**	**835**
Total land development segment	**4,709**	**5,455**	**6,106**	**321**	**373**	**11,934**
Home building business segment					**134**	**134**
Total land and home building segments					**507**	**12,068**
Limited Partnerships:	2,387	2,965	504	298	-	3,469
Real estate held for development and sale	**7,096**	**8,420**	**6,610**	**619**	**507**	**15,537**

[1] Airdrie comprises the communities of Bayside, Bayview and Canals
[2] Calgary NW comprises the community of Sage Meadows
[3] Calgary NE comprises the community of Saddlestone
[4] Calgary SE comprises Southeast Lands
[5] Mixed use comprises Delacour, North Conrich and Sage Hill Crossing
[6] Other assets comprises Brooks, Dawson Creek, Kamloops, Mitford Crossing, Mountain View Village, Prince George and Spur Valley
[7] Lots include 293 lots that have been reserved/contracted for sale to the home building business segment from the land segment
[8] Comprises land held for future development and land under development. Refer to note 4 in the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014.
[9] Other assets comprise non-core assets which represent 3.3% (YE 2014 – 3.7%) of Genesis' Land portfolio with a carrying value of $6,621 (YE 2014 - $5,789). The increase in carrying value is due to the reclassification of Mountain View Village to non-core assets in Q1 2015

The following table presents the home building business segment's lot supply at the end of Q1 2015:

Project	Lots at Jan 1, 2015	Lot purchases in 2015	Homes sold during 2015	Lots at March 31, 2015(1)	Lots with firm sale contracts	Unsold lots at March 31, 2015	Breakdown of unsold lots: Vacant lots	Spec. homes for quick possession(2)	Show-homes	Price range of homes sold
Airdrie										
Bayside	139	-	(7)	132	(4)	128	51	73	4	$364-$612
Canals	7	-	(2)	5	(3)	2	-	1	1	$599-$726
	146	-	(9)	137	(7)	130	51	74	5	$364-$726
Calgary NW										
Evansridge(3)	29	-	(4)	25	(3)	22	22	-	-	$396-$425
Kinwood(4)	75	-	(5)	70	(41)	29	-	28	1	$446-$565
Sage Meadows	27	-	-	27	(27)	-	-	-	-	-
Sherwood	3	-	-	3	(3)	-	-	-	-	-
	134	-	(9)	125	(74)	51	22	28	1	$396-$565
Calgary NE										
Saddlestone	179	-	(14)	165	(43)	122	86	30	6	$393-$708
Total	**459**	-	**(32)**	**427**	**(124)**	**303**	**159**	**132**	**12**	$364-$726

(1) Closing supply of lots at Q1 2015 includes 427 lots, of which 293 have been reserved/contracted for sale to the home building business segment from the land development segment and 134 lots have been purchased from the land development segment and from the joint venture at market prices
(2) Spec homes for quick possession comprises homes at various stages of construction in order to take advantage of short term opportunities
(3) Lots purchased from third parties at market prices and pursuant to purchase rights established in agreements
(4) Lots purchased from joint venture at market prices and pursuant to purchase rights established in agreements

Amounts Receivable

	March 31, 2015	December 31, 2014	% change
Amounts receivable	**13,835**	17,660	(21.7%)

Amounts receivable decreased by $3,825 at the end of Q1 2015 from YE 2014. This was a result of collections of receivables from third parties and our strategy to grow the home building segment, resulting in lower sales to third party builders. Genesis generally retains title to lots and homes until full payment is received in order to mitigate credit exposure.

Operating Cash Flows

	Three months ended March 31, 2015	2014
Cash flows (used in) from operating activities	**(18,727)**	21,050
Cash flows (used in) from operating activities per share – basic and diluted	**(0.42)**	0.47

The change in cash flows from $21,050 in Q1 2014 to $(18,727) in Q1 2015 was mainly due to the payment of $10,000 to acquire the Southeast Lands, the disbursement of $4,270 towards income taxes, the payment of $1,777 to the former mortgage holders of a participating mortgage and a decrease in the number of residential lots sold to third parties. This decrease was partially offset by higher cash receipts from the sale of residential homes. Receipts in Q1 2014 included $13,784 from the sale of the non-core Acheson development land parcel.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q1 2015 and YE 2014.

	March 31,		December 31,	
	2015	**% of Total**	**2014**	**% of Total**
Loans and credit facilities	**51,164**	**15%**	23,892	8%
Customer deposits	**4,910**	**1%**	5,515	2%
Accounts payable and accrued liabilities	**22,258**	**7%**	22,683	7%
Provision for future land development costs	**20,787**	**6%**	21,945	7%
Income taxes payable	**747**	**-**	4,433	1%
Total liabilities	**99,866**	**29%**	78,468	25%
Non-controlling interest	**22,680**	**7%**	23,173	7%
Shareholders' equity	**208,259**	**64%**	208,101	68%
	330,805	**100%**	309,742	100%

Loans and Credit Facilities

Loans and credit facilities are used primarily to finance the costs of developing land, building houses and for land purchases, in certain circumstances.

Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet the above liabilities as they become due. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. In Q1 2015 Genesis arranged a revolving loan facility of $10,000 to be used for general corporate purposes. No draw has been made on this facility at the end of Q1 2015.

The following is a summary of drawn and outstanding loan and credit facility balances as at Q1 2015 and as at the end of the previous four quarters:

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Vendor-take-back mortgage ("VTB")	32,348	-	-	-	-
Land development loans	10,235	16,600	16,788	16,168	23,473
Home building loans	8,706	7,818	457	4,525	10,569
	51,289	24,418	17,245	20,693	34,042
Unamortized deferred financing fees	(125)	(526)	(726)	(820)	(1,074)
Balance, end of period	51,164	23,892	16,519	19,873	32,968

The change in the Corporation's loans and credit facilities were as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of period[(1)]	**23,892**	50,373
VTB	**32,348**	-
Advances	**1,964**	27,484
Repayments	**(7,496)**	(55,347)
Interest and financing fees incurred	**688**	2,693
Interest and financing fees paid	**(232)**	(1,311)
Balance, end of period[(1)]	**51,164**	23,892

[(1)] Includes $7,850 related to a limited partnership which is guaranteed by Genesis

Total liabilities to equity ratio was as follows:

	March 31, 2015	December 31, 2014
Total liabilities	**99,866**	78,468
Total equity	**230,939**	231,274
Total liabilities to equity ratio[1]	**0.43**	0.34

[1] Calculated as total liabilities divided by total equity

The Corporation's debt increased at the end of Q1 2015 due to closing of the Southeast Lands acquisition resulting in the assumption of a VTB amounting to $32,348. Our outstanding loans and credit facilities increased to $51,164 and the total liabilities to equity ratio increased to 0.43 at the end of Q1 2015 compared to $23,892 and 0.34 at YE 2014.

Genesis has various covenants in place with its lenders with respect to certain contracted 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, the home building business segment has a secured revolving operating line repayable on demand to be used for home construction and the acquisition of serviced lots. This line has a financial covenant requiring that Genesis Builders Group Inc. maintain a net worth of at least $11,500 at all times. Net worth, a non-GAAP financial measure, as defined by the lender is "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties". Genesis and its subsidiaries were in compliance with all covenants as at Q1 2015 and at YE 2014.

Provision for Future Land Development Costs

Genesis sells lots and homes for which it is responsible to pay for costs-to-complete. The cost of these remaining services is recognized as a liability when the related revenue is recognized. Provision for future land development costs decreased by $1,158 at the end of Q1 2015 compared to YE 2014, due to lower lot and home sales during the period as well of completion of previously recognized cost-to-complete liabilities.

Income Tax Payable

The changes in income tax payable are as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of period	**4,433**	3,112
Provision for current income tax	**584**	6,953
Net payments	**(4,270)**	(5,632)
Balance, end of period	**747**	4,433

Shareholders' Equity

As at May 14, 2015, the Corporation had 44,931,200 common shares issued and outstanding. In addition, options to acquire 2,667,000 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 7.1% in Q1 2015 (YE 2014 – 8.6%) calculated on a rolling 12 month basis. Return on equity is calculated by dividing net income by average shareholders' equity. Return on equity decreased mainly due to lower net income in Q1 2015. Changes in the Corporation's net asset value are not reflected in the calculation of return on equity mentioned above.

Contractual Obligations and Debt Repayment

Our contractual obligations at the end of Q1 2015 were as follows, excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future land development costs:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	26,471	700	938	**28,109**
April 2016 to March 2017	6,959	700	957	**8,616**
April 2017 to March 2018	6,430	700	351	**7,481**
April 2018 and thereafter	11,429	1,500	45	**12,974**
	51,289	3,600	2,291	**57,180**

[1] Excludes deferred financing fees

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet all obligations.

Investment in naming rights demonstrates our commitment to the communities we are involved in, and helps in the positive recognition of our brand - not only in these communities, but also throughout the cities of Calgary and Airdrie.

Genesis signed a memorandum of understanding in 2012 to contribute $5,000 for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first four installments totaling $2,000 were paid up to and through to the end of March 2015.

Genesis entered into an agreement with the City of Airdrie, to contribute $2,000 for the naming rights to "Genesis Place", a recreation complex in the City of Airdrie ($200 each year, terminating in 2017). The first seven installments totaling $1,400 were paid up to and through to the end of March 2015.

Genesis entered into an agreement with Morguard Real Estate Investment Trust ("Morguard") to lease the Genesis' office building. The basic rent per annum was $349 in the first year, which increases progressively to $426 in the fifth year. The lease with Morguard commenced on August 1, 2012 and terminates on July 31, 2017. The lease includes an option in favor of Genesis to extend the term for an additional five-year period at market rent. Genesis has other minor operating leases as well.

As a normal part of business, we have 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 8 of the consolidated financial statements.

Current Contractual Obligations

	March 31, 2015	December 31, 2014
Loans and credit facilities, excluding deferred financing fees	**26,471**	16,568
Accounts payable and accrued liabilities	**22,258**	22,683
Total short-term liabilities	**48,729**	39,251
Commitments[1]	**1,638**	11,634
	50,367	50,885

[1] Commitments comprise naming rights and lease obligations

At the end of Q1 2015, Genesis had obligations due within the next 12 months of $50,367, of which $26,471 related to loans and credit facilities. Repayment is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

SUMMARY OF QUARTERLY RESULTS

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenues	15,773	28,509	32,984	34,765	37,987	26,331	19,734	22,402
Net earnings(1)	60	2,858	4,366	7,231	2,940	4,980	(4,644)	1,697
EPS(2)	0.00	0.07	0.09	0.16	0.07	0.11	(0.10)	0.04

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

Seasonality affects the land development and home building industry in Canada, particularly as a result of weather conditions during winter operations. As a result, we typically realize higher home building revenues in the summer and fall months when home building sales peak. Revenues can be impacted by the timing of lot sales, which is less weather dependent. The sale of development land is periodic and not predictable.

In Q1 2015, we sold 3 residential lots and 32 single-family homes compared to 3 residential lots and 66 homes (comprising 54 single- and 12 multi-family units) in Q4 2014. As a result, revenues and gross margins for both residential lot sales and home sales were lower. Gross margins were lower as residential lots generally have a higher gross margin percentage than homes, which are a blend of lot and home construction costs. In addition, Q1 2015 had lower income from our joint venture compared to Q4 2014. Q1 2015 also included $660 of non-cash interest expense relating to the VTB. These were the main factors that resulted in lower net earnings and EPS in Q1 2015 compared to Q4 2014.

JOINT VENTURE

Genesis formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The development and sale of the real estate pertaining to the JV is expected to be completed in 2016.

Refer to note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014 for the summarized financial information of the JV and reconciliation of the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the equity method.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

We have an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the subdivision plan registration process. At the end of Q1 2015, these letters of credit totalled approximately $2,261 (YE 2014 - $2,641), and provide a source of funds for the municipalities to complete construction and maintenance improvements to the subdivision should the Corporation be unable to fulfill these obligations. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled. In the event of a letter of credit, provided to a municipality, is cancelled by the issuing bank for any reason, Genesis will be required to secure the cancelled letter of credit with cash.

Lease Agreements

We have 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 in the balance sheet as of Q1 2015 and at YE 2014. In the event the lease for the office building is terminated early, Genesis is liable to pay to Morguard for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by Morguard, if any.

CONSOLIDATED ENTITIES

The Corporation is the general partner in four limited partnership arrangements (refer to note 13 of the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014) and a 50% partner in the joint venture (refer to note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014).

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to note 3 of the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014 for information pertaining to accounting pronouncements, if any, that were adopted during 2015 and for those that will be effective in future periods.

CRITICAL ACCOUNTING 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 for the land development and the home building business segments. 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. There were no material changes made to the critical accounting estimates for Q1 2015 and for Q1 2014. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information on judgments and estimates.

Provision for Future Land Development Costs

Changes in the estimated future development costs 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 as it is based on estimates prepared by independent consultants and management.

Impairment of Real Estate Held for Future Development and Sale

We estimate the net realizable value ('NRV') of real estate held for future 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 valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area, among other factors. Changes in the estimated NRV directly impact the amount recognized as a write-down or recovery of real estate held for development and sale, cost of sales, gross margin and the value of real estate under development and held for sale.

Share-based payments

The Corporation uses an option pricing model to determine the fair value of share-based payments. Inputs to the model such as volatility, interest rates, dividend yields, forfeiture rates and expected life of the units issued are subject to various estimates. Fair value inputs are subject to market factors as well as internal estimates. The Corporation considers historic trends together with any new information to determine the best estimate of fair value at the date of grant. Changes in the estimated inputs to the option pricing model affect the amount recognized against the Corporation's general and administrative expense.

Valuation of amounts receivables

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. Changes in the estimated amounts receivable directly impact the amount recorded as bad debt expenses and affect the Corporation's general and administrative expenses and the amounts receivable.

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 interim 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").

There were no changes in the Corporation's ICFR during the three months March 31, 2015 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, we are 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, our profitability could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis are 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, environmental risk and government regulations. 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 our Annual Information Form for the year ended December 31, 2014 available on SEDAR at www.sedar.com

OTHER

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

ADVISORIES

Forward-Looking Statements

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation, including Canadian Securities Administrators' National Instrument 51-102 'Continuous Disclosure Obligations', concerning the business, operations and financial performance and condition of Genesis.

Forward-looking statements include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated positive general economic and business conditions in 2015 and beyond, including low unemployment and interest rates, low stable inflation rates, positive net migration, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building activities, Genesis' business strategy, including the geographic focus of its activities in 2015 and beyond, the constraint on margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly 2016, the expected capital contribution of future earnings and cash flow from land holdings in the Calgary Metropolitan Area, the ability to close the book of homes with firm sales contracts, the ability to meet the objective to increase the closing of home builds in 2015 as compared to 2014, including the ability to significantly increase home builds per year without substantial addition to costs to our production team or infrastructure so as to increase the effect on net margin, net asset value and profitability and the ability of management to close the gap between net asset value and share price. 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". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking *statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.*

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 or unanticipated impact of general economic conditions in Canada, the United States and globally; 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; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; fluctuations in interest rates; ability to raise capital on favourable terms; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form 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.

Caution should be exercised in the evaluation and use of the appraisal results. The appraisal is an estimate of market value at specific dates and not a precise measure of value, being based on subjective comparison of related activity taking place in the real estate market. The appraisal is based on various assumptions of future expectations and while the appraiser's assumptions are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.