MANAGEMENT'S DISCUSSION & ANALYSIS 2014

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

GENESIS

Highlights

19% INCREASE IN NAV OVER THE PAST SIX MONTHS TO $8.58 FROM $7.18 AT DECEMBER 31, 2013

EARNINGS FOR THE SIX MONTHS INCREASED 89% TO $10,171,000 AT JUNE 30, 2014 FROM $5,377,000 AT JUNE 30, 2013

193% INCREASE IN NEW HOME ORDERS TO 158 FROM 54 AT JUNE 30, 2013

STRONG CASH FLOW FROM OPERATIONS $31,056,000 CASH FLOW PER SHARE $0.69

61% DECREASE IN DEBT TO $19,873,000 FROM $50,373,000 AT DECEMBER 31,2013

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 and six months ended June 30, 2014 and 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited condensed consolidated interim financial statements and comparative information have been prepared in accordance with 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, 2013, 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 August 7, 2014.

NON-GAAP FINANCIAL MEASURES AND ADVISORIES

This MD&A includes references to certain financial measures which do not have standardized meanings prescribed by IFRS. As such, these financial measures are considered additional GAAP or non-GAAP financial measures and therefore are unlikely to be comparable with similar financial measures presented by other reporting issuers. These additional GAAP and non-GAAP financial measures include net asset value, gross margin before recovery or write-down and adjusted earnings per share. For a full description of these non-GAAP financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP Financial Measures" on page 17. Please also refer to page 19 for the "Non-GAAP Financial Measures" advisory and page 20 for the "Forward Looking Statements" advisory.

GENESIS LAND DEVELOPMENT CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended June 30, 2014

CONTENTS

OVERVIEW

Genesis Land Development Corp. ("Genesis" or the "Corporation") 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's general economic conditions continue to be strong, supporting expectations of a vigorous pace of activity in Calgary's home building industry throughout the balance of 2014 and likely well into 2015. Solid economic fundamentals include low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. In addition to the strong economic fundamentals, the policy framework, designed to manage growth in the City of Calgary, is contributing to constraints in the industry's capacity to bring supply of developed building lots to market. Such constraints generally contribute to price increases and challenges for home builders without a stable lot supply to support their operations. We see such challenges and increases in price not only continuing but perhaps escalating. These market dynamics provide a continued healthy environment for development and growth of our core land positions, sale of lots and expansion of our home building activities all of which are expected to contribute to continued strong earnings, and more importantly, potentially substantive increases to our net asset value over the next several years.

We own a large portfolio of entitled residential and mixed-use land, which is well positioned to benefit significantly from the continued robust activity in the Alberta economy. Land values in Calgary are rising for both entitled land and home building lots, reflecting the tightening of entitled land supply and the continuing strong demand for homes in the Calgary Metropolitan Area.

CORPORATE HIGHLIGHTS

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

	Three months ended June 30,		Six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Key Financial Data				
Total revenues	**34,765**	22,402	**72,752**	50,012
Cost of sales[(1)]	**(20,300)**	(17,089)	**(50,449)**	(35,947)
Gross margin	**14,465**	5,313	**22,303**	14,065
Recovery (write-down) of real estate held for development and sale	**4,361**	(986)	**4,361**	(986)
Gross margin before recovery (write-down)[(2)]	**10,104**	6,299	**17,942**	15,051
Gross margin before recovery (write-down) (%)[(2)]	**29.1%**	28.1%	**24.7%**	30.1%
Earnings before income taxes	**11,834**	1,500	**15,511**	6,153
Net earnings[(3)] attributable to equity shareholders	**7,231**	1,697	**10,171**	5,377
Net earnings per share – basic and diluted	**0.16**	0.04	**0.23**	0.12
Adjusted earnings per share – basic and diluted[(2)]	**0.14**	0.05	**0.21**	0.14
Cash flows from operating activities	**9,918**	709	**31,056**	50,939
Cash flows from operating activities per share – basic and diluted	**0.22**	0.02	**0.69**	1.14
Key Operating Data				
Residential lots sold to third parties (units)	**39**	29	**100**	71
Residential lots sold through the home building business segment (units)	**74**	16	**99**	35
Development land sold (acres)	**-**	1.56	**121.91**	11.28
Average revenue per lot sold to third parties	**207**	180	**196**	186
Average revenue per acre	**-**	1,100	**115**	591
Homes sold (units)	**65**	42	**92**	82
Average revenue per home sold	**409**	366	**422**	366
New home orders (units)	**63**	15	**158**	54

	As At	
	June 30, 2014	June 30, 2013
Homes with firm sale contracts (units)	**180**	85

	As at	
Key Balance Sheet Data	**June 30, 2014**	**December 31, 2013**
Cash and cash equivalents	**10,126**	**17,678**
Total assets	**302,236**	**313,846**
Loans and credit facilities	**19,873**	**50,373**
Total liabilities	**77,139**	**95,920**
Shareholders' equity	**200,438**	**195,483**
Total equity	**225,097**	**217,926**
Net asset value per share[(2)]	**8.58**	**7.18**
Debt to total assets	**6.6%**	**16.1%**

(1) Includes recovery (write-down) of real estate held for development and sale
(2) Non-GAAP financial measure. Refer to page 17 for further information
(3) Net of income tax expense

Highlights

We continue to successfully implement our strategic plan with both our land development and home building business segments performing very well. We have experienced a dramatic turnaround in our business prospects and in our financial situation, taking advantage of a strong land and housing market in the Calgary Metropolitan Area. These factors have resulted in rapidly growing home sales, strong cash flow and a balance sheet poised to support potential growth.

Land value turnaround and growth acceleration:

- **Substantial 19.5% increase in net asset value to $8.58 per share, after payment of a $0.12 special dividend, from $7.18 at December 31, 2013.**
  - Our net asset value is supported by Calgary's strong economy, and a housing market and policy framework designed to manage growth in the City of Calgary. This has contributed to constraints on the industry's capacity to bring a sufficient supply of developed building lots to market, leading to price increases in both serviced lots and, to a lesser extent, on home prices. In our view, the increase in our net asset value over the past six months reflects the initial impact on this trend. We expect the influence of the current policy framework to continue for at least the next several years and, in combination with strong demand, cause even further increases in lot and home prices.
  - Management is closely monitoring the demand for and the price of land, lots and homes with the objective of optimizing the price and pace of sales. Our objective is to exceed appraised value on land sales, since these values, which are based on historical transactions, often lag actual market prices in a fast rising market.
  - It is important to note that the value of housing projects under development used in the calculation of net asset value is the value of the work in progress and no additional value is included for the profitable home building business.

Earnings and earnings per share (EPS) reflect improved operations and market conditions:

- Earnings rose 326% and 89.2% for the three and six months ended June 30, 2014 to $7,231 (2013 - $1,697) and $10,171 (2013 - $5,377) respectively, compared to the same periods in 2013.
- A 300% and 91.7% increase in EPS for the three and six months ended June 30, 2014 to $0.16 and $0.23 respectively compared to $0.04 and $0.12 in the same periods in 2013.
- Total revenues grew by 55.2% and 45.5% to $34,765 (2013 - $22,402) and $72,752 (2013 – $50,012) respectively for the three and six months ended June 30, 2014 compared to the same periods in 2013.

Home building breaks through to profitability:

- Dramatic performance improvement in the home building business segment with revenues, gross margins, earnings and volumes up significantly during the three and six months ended June 30, 2014 compared to the same periods in 2013.
- Improved efficiencies and higher sales volumes have produced higher gross margins with these translating into a profitable home building business segment.

Sharply higher increase in new home orders and firm sale contracts:

- New home orders for the three and six months ended June 30, 2014 were 63 and 158 compared to 15 and 54 in the same periods in 2013, an increase of 320% and 193% respectively.
- Homes with firm sale contracts increased to 180 at June 30, 2014 compared to 85 at June 30, 2013, a 112% increase.
- Home sales for the three and six months ended June 30, 2014 were 65 and 92 compared to 42 and 82 in the same periods in 2013.

Land sales experience surge:

- Land development segment's residential lot sales for the three and six months ended June 30, 2014 were 113 and 199 compared to 45 and 106 in the same periods in 2013, an increase of 151% and 87.7% respectively.

- Recovery of write-downs previously made to real estate held for development and sale of $4,361 during the three months ended June 30, 2014 (2013 – write-down of $986). Recovery of $1,030 (2013 – write-down of $986) relates to lands held by the Corporation and recovery of $3,331 (2013 - $Nil) relates to lands held by Limited Partnerships.

Continuing strong cash flows from operations:

- Cash flow from operating activities for the three and six months ended June 30, 2014 was $9,918 ($0.22 per share) and $31,056 ($0.69 per share) compared to $709 ($0.02 per share) and $50,939 ($1.14 per share) in the same periods in 2013.

Balance sheet strength:

- Significantly reduced Loans and Credit Facilities from $50,373 at December 31, 2013 to $19,873 at June 30, 2014.
  - This was largely due to strong cash flows from operating activities and the sale of the non-core Acheson development land parcel.
  - Debt to total assets dropped to 6.6% at June 30, 2014 from 16.1% at December 31, 2013. We have significant unutilized debt capacity to execute our strategic plan and further grow our business.
  - Reduced total interest expense by 45.8% to $1,096 from $2,022 for the six months ended June 30, 2014 compared to the same period in 2013.

Successfully executing program to sell all non-core assets:

- Completed sale of the non-core Acheson development land parcel near Edmonton, the largest non-core asset for gross proceeds of $14,000. This sale was completed at close to the Corporation's book value, which reduces the overall strong margin on land sales.
- Remaining non-core assets represent only 3.7% (December 31, 2013 – 3.3%) of Genesis' real estate portfolio with a carrying value of $5,843 (December 31, 2013 – $5,843)

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 and six months ended June 30, 2014 and 2013. 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 external industry benchmarks for other home builders in the Calgary Metropolitan Area. All costs are segmented, including selling costs, general and administrative costs and finance expense.

There are three major factors that affect the results of our operations:

1. The strategic decision to reserve a significant portion of developed lots for our rapidly growing 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 once home building volumes achieve stable levels.
2. The development and sale of land (typically 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. The seasonality of land development and home building activity in the Calgary Metropolitan Area can impact the timing of when costs are incurred and sales are generated, which creates quarterly volatility.

Land Development

Our strategy is to continue to profitably grow our housing operations thereby enabling more lots to be sold through our home building business segment. The strategy allows us to realize 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 could 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. As growth in our home building business segment moderates the impact of the deferral will be reduced.

	Three months ended June 30,			Six months ended June 30,		
	2014	**2013**	**% change**	**2014**	**2013**	**% change**
Residential lot sales[1]	**17,590**	6,783	159.3%	**32,624**	16,480	98.0%
Development land sales	**-**	1,716	-	**14,000**	6,668	110.0%
Direct cost of sales	**(10,280)**	(4,475)	129.7%	**(32,337)**	(12,910)	150.5%
Gross margin before recovery (write-down)[2]	**7,310**	4,024	81.7%	**14,287**	10,238	39.5%
Gross margin before recovery (write-down)(%)[2]	**41.6%**	47.3%		**30.6%**	44.2%	
Recovery (write-down) of real estate held for development and sale	**4,361**	(986)	N/R[5]	**4,361**	(986)	N/R[5]
Equity income from joint venture	**2,390**	809	195.4%	**2,619**	1,020	156.8%
Other net expenses[3]	**(2,002)**	(2,001)	0.0%	**(4,095)**	(3,828)	7.0%
Land development EBIT[4]	**12,059**	1,846	553.3%	**17,172**	6,444	166.5%
Residential lots sold to third parties	**39**	29	34.5%	**100**	71	40.8%
Residential lots sold through the home building business segment	**74**	16	362.5%	**99**	35	182.9%
Total residential lots sold	**113**	45	151.1%	**199**	106	87.7%
Development land sold (acres)	**-**	1.56	N/R[5]	**121.91**	11.28	N/R[5]
Average revenue per lot sold	**156**	151	3.3%	**164**	155	5.8%
Average revenue per acre sold	**-**	1,100	N/R[5]	**115**	591	(80.5%)

(1) *Includes residential lot sales and other revenue*
(2) *Non-GAAP financial measure. Refer to page 17 for further information*
(3) *Other net expenses includes general and administrative, selling and marketing, finance expense and finance income*
(4) *Segmented earnings (loss) before income taxes ("EBIT")*
(5) *Not reflective due to percentage increase*

Revenues for the three months ended June 30, 2014 were higher than those for the comparative period in 2013 due to higher residential lot sales, both to third party builders as well as to our home building business segment. Gross margin percentage (before recovery or write-downs) decreased for the three months ended June 30, 2014 compared to the same period in 2013. Gross margin on single family lots was 44.8% (2013 – 52.0%) and varies by community, based on the nature of the development work to be undertaken before the lots are ready for sale and for how long the Corporation has owned the land. Other net expenses during the second quarter of 2014 were similar to the same period in 2013.

Revenues for the six months ended June 30, 2014 were also higher than those for the comparative period in 2013 due to higher residential lot sales and the sale of a non-core development land parcel. In the six months ended June 30, 2014, we sold 121.91 acres of non-core development land for $14,000 compared to 11.28 acres of development land for $6,668 in the comparative period in 2013. Gross margin percentage (before recovery or write-downs) decreased for the six months ended June 30, 2014 compared to the same period in 2013, primarily due to the sale of non-core Acheson development land parcel as noted above. Gross margin from the sale of development lands is dependent on a variety of factors such as location, supply of land, zoning regulations, interest rates and how long the Corporation has owned the land.

Gross margin on single family lots was 43.9% (2013 – 59.7%) and 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 remained constant for the three months ended June 30, 2014 compared to the same period in 2013. Notwithstanding the 98%-110% growth in our core land development operations, other expenses increased only 7% during the six months ended June 30, 2014 compared to the same period in 2013. The constraint in the growth in our general and administrative costs when compared to the long-term growth in land division revenue is primarily a function of the implementation of our operating strategy. The increase was mainly due to higher selling and marketing expenses related to the sale of the non-core Acheson development land parcel and increased community marketing activity, offset by lower net finance expenses. In addition, there was an increase in the land development segment and corporate personnel to 32 at June 30, 2014 from 27 at June 30, 2013.

Home Building

	Three months ended June 30,			Six months ended June 30,		
	2014	**2013**	**% change**	**2014**	**2013**	**% change**
Revenues(1)	**26,592**	15,391	72.8%	**38,877**	29,989	29.6%
Cost of sales	**(21,703)**	(13,329)	62.8%	**(32,475)**	(25,820)	25.8%
Gross margin	**4,889**	2,062	137.1%	**6,402**	4,169	53.6%
Gross margin (%)	**18.4%**	13.4%		**16.5%**	13.9%	
Other net expenses(2)	**(3,019)**	(2,408)	25.4%	**(5,316)**	(4,460)	19.2%
Home building EBIT(3)	**1,870**	(346)	N/R(4)	**1,086**	(291)	N/R(4)
Homes sold	**65**	42	54.8%	**92**	82	12.2%
Average revenue per home sold	**409**	366	11.7%	**422**	366	15.3%

(1) Revenues include residential home sales and other revenue
(2) Other net expenses includes general and administrative, selling and marketing and net finance expense
(3) Segmented earnings before income taxes
(4) Not reflective due to percentage increase

The increase in revenues for the three and six months ended June 30, 2014 was due to a combination of the sales mix and the larger number of homes sold compared to the same periods in 2013. Of the 65 homes sold during the three months ended June 30, 2014, all were single-family homes compared to 25 single-family and 17 multi-family homes in the same periods in 2013. Of the 92 homes sold during the six months ended June 30, 2014 all were single-family homes compared to 45 single-family and 37 multi-family homes in the same periods in 2013. Single-family homes typically command higher sale prices than multi-family homes with the result being higher revenues as well as higher average revenues per home for the three and six months ended June 30, 2014 compared to the same periods in 2013.

Gross margin percentage for the three and six months ended June 30, 2014 was higher compared to the same period in 2013 due to a combination of significantly higher volumes, greater operating efficiencies being realized from the implementation of our strategic plan and the overall strength of the home building market in the Calgary Metropolitan Area. The strong housing market in the Calgary Metropolitan Area facilitated increases in the selling price of quick possession homes adding to the improved gross margin percentage.

During the three and six months ended June 30, 2014, other expenses increased by 25.4% and 19.2% due to higher general and administrative expenses and selling and marketing expenses, but were at a much slower pace of increase than home building revenues. These expenses were necessary to achieve aggressive revenue and profitability targets. The number of employees at June 30, 2014 increased to 41 at June 30, 2014 2014 from 31 at June 30, 2013 in order to support increased home building operations. We expect that as volumes continue to grow our operating efficiency will continue to improve. The increase in other expenses was partially offset by lower net finance expenses.

Finance Expense

	Three months ended June 30,			Six months ended June 30,		
	2014	**2013**	**% change**	**2014**	**2013**	**% change**
Interest incurred	**421**	945	(55.4%)	**1,096**	2,022	(45.8%)
Financing fees accretion	**253**	378	(33.1%)	**564**	724	(22.1%)
Interest and financing fees capitalized	**(384)**	(774)	(50.4%)	**(1,077)**	(1,633)	(34.0%)
	290	549	(47.2%)	**583**	1,113	(47.6%)

Interest incurred relates to operating loans secured by land and home building operations. The lower interest incurred during the three and six months ended June 30, 2014 compared to the same periods in 2013 was mainly due to significantly lower average outstanding loan balances. The weighted average interest rate of loan agreements was 5.94% (December 31, 2013 – 5.83%), based on June 30, 2014 balances. The weighted average interest rate of loan agreements, excluding $7,850 relating to a limited partnership, was 4.98% (December 31, 2013 – 5.58%), based on June 30, 2014 balances.

SEGMENTED BALANCE SHEETS

	June 30, 2014					December 31, 2013
	Land Development					
	Genesis	**LPs**	**Home Building(1)**	**Eliminations**	**Consolidated**	**Consolidated**
Assets						
Real estate held for development and sale	153,942	55,957	41,224	(5,985)	245,138	257,420
Amounts receivable	26,473	-	35	-	26,508	23,342
Cash and cash equivalents	2,410	770	6,946	-	10,126	17,678
Other assets	39,211	423	6,346	(25,516)	20,464	15,406
Total assets	222,036	57,150	54,551	(31,501)	302,236	313,846
Liabilities						
Loans and credit facilities	7,575	7,784	4,514	-	19,873	50,373
Provision for future development costs	21,132	-	2,319	-	23,451	20,448
Other liabilities(2)	17,702	720	40,909	(25,516)	33,815	25,099
Total liabilities	46,409	8,504	47,742	(25,516)	77,139	95,920
Net assets	**175,627**	**48,646**	**6,809**	**(5,985)**	**225,097**	**217,926**

(1) Other liabilities under the home building business segment includes $21,981 (December 31, 2013 - $19,187) due to the land development segment

(2) Other liabilities under the LPs segment comprises customer deposits and accounts payable and accrued liabilities and excludes $23,076 (December 31, 2013 - $21,998) due to Genesis. Refer to note 14 in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013.

LIQUIDITY AND CAPITAL RESOURCES

Real Estate Held for Development and Sale

	June 30, 2014	December 31, 2013	% change
Real estate held for development and sale	**296,844**	**317,602**	(6.5%)
Accumulated impairment	**(51,706)**	**(60,182)**	(14.1%)
	245,138	**257,420**	(4.8%)

Real estate held for development and sale decreased by $12,282 at June 30, 2014 compared to the December 31, 2013. This was primarily due to the sale of the non-core Acheson development land parcel, recoveries of shared costs and the sale of residential lots, as compared with the prior period sale of sites 1 and 2 in the Sage Hill Crossing commercial development. This decrease was partially offset by land development activities and recovery of write-downs previously made.

The following table presents our real estate held for development and sale at June 30, 2014:

	Land under development				Land held for future development			Total			
Land Development Segment	**Net book value**	**Appraised value**	**Acres**	**Lots**	**Net book value**	**Appraised value**	**Acres**	**Net book value**	**Appraised value**	**Acres**	**Lots**
Residential											
Airdrie[1]	30,546	98,804	184	203	8,478	31,860	119	39,024	130,664	303	203
Calgary NW[2]	14,457	15,063	24	41	5,911	25,742	20	20,368	40,805	44	41
Calgary NE[3]	14,454	34,554	29	78	7,731	16,000	46	22,185	50,554	75	78
	59,457	148,421	237	322	22,120	73,602	185	81,577	222,023	422	322
Mixed Use[4]	51,753	75,780	71	-	18,133	26,552	1,788	69,886	102,422	1,859	-
Other assets[5]	1,673	2,214	114	14	5,002	7,296	1,990	6,675	9,510	2,104	14
Total Land development segment[6]	**112,883**	**226,505**	**422**	**336**	**45,255**	**107,450**	**3,963**	**158,138**	**333,955**	**4,385**	**336**
Home Building Business Segment[6],[8]								**36,425**	**41,224**	**-**	**175**
Total land and home building segments								**194,563**	**375,179**	**4,385**	**511**
Limited Partnerships[7]								50,575	58,422	2,387	-
Real estate held for development and sale								**245,138**	**433,601**	**6,772**	**511**

(1) Airdrie comprises the communities of Bayside, Bayview and Canals
(2) Calgary NW comprises the communities of Sage Meadows and Sherwood
(3) Calgary NE comprises the community of Saddlestone
(4) Mixed use comprises Delacour, North Conrich and Sage Hill Crossing
(5) Other assets comprises Brooks, Dawson Creek, Kamloops, Mitford Crossing, Mountain View Village, Prince George and Spur Valley
(6) Lots include 133 lots that have been reserved/contracted for sale to the home building business segment from the land segment
(7) Comprises land held for future development and land under development. Refer to note 4 in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014
(8) Housing projects under development. Refer to note 4 in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014

The following table presents home building business segment's lot supply at June 30, 2014:

Project	Lots at Jan 1, 2014	Lot purchases made during 2014	Homes sold during 2014	Lots at June 30, 2014[1]	Lots with firm sale contracts	Unsold lots at June 30, 2014	Breakdown of unsold lots: Vacant lots	Spec. homes for quick possession	Show-homes	Price range of homes sold
Airdrie										
Bayside	13	33	(7)	39	-	39	4	35	-	$277-$479
Canals	50	-	(25)	25	(21)	4	2	1	1	$298-$372
	63	33	(32)	64	(21)	43	6	36	1	$277-$372
Calgary NW										
Evansridge[2]	42	-	(10)	32	(22)	10	-	9	1	$385-$562
Kinwood[3]	82	21	(24)	79	(44)	35	33	1	1	$433-$667
Sage Meadows	35	-	(1)	34	(23)	11	-	9	2	$489
Sherwood	5	-	-	5	(4)	1	1	-	-	-
	164	21	(35)	150	(93)	57	34	19	4	$385-$667
Calgary NE										
Saddlestone	119	-	(25)	94	(66)	28	23	5	-	$321-$552
Total	**346**	**54**	**(92)**	**308**	**(180)**	**128**	**63**	**60**	**5**	$277-$667

[1] Closing supply of lots at June 30, 2014 includes 308 lots, of which 133 have been reserved/contracted for sale to the home building business segment from the land development segment and 175 lots have been purchased

[2] Lots purchased from third parties

[3] Lots purchased from joint venture

Amounts Receivable

	June 30, 2014	December31, 2013	% change
Amounts receivable	**26,508**	23,342	13.6%

Amounts receivable increased by $3,166 in the first six months of 2014 compared to the year ended December 31, 2013 mainly as a result of the sale of lots during the period and miscellaneous receivables. Genesis generally retains title to lots and homes until full payment is received in order to mitigate credit exposure.

Cash Flows from Operating Activities

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Cash flows from operating activities	**9,918**	709	**31,056**	50,939
Cash flows from operating activities per share	**0.22**	0.02	**0.69**	1.14

Cash flows from operating activities per share for the three and six months ended June 30, 2014 were $0.22 and $0.69 compared to $0.02 and $1.14 for the same periods in 2013. Cash flows from operating activities were higher in the three months ended June 30, 2014 compared to the same period in 2013 mainly due to higher receipts from the sale of residential homes.

Cash flows from operating activities were lower in the six months ended June 30, 2014 compared to the same period 2013. Receipts for 2014 included $13,784 from the sale of the non-core Acheson development land parcel while the same period in 2013 included the receipt of $27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development. Receipts from the sale of residential lots were lower in the first six months of 2014 compared to the same period in 2013. These decreases in receipts were partially offset by higher receipts from the sale of residential homes.

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30,		December 31,	
	2014	**% of Total**	**2013**	**% of Total**
Loans and credit facilities	**19,873**	**7%**	50,373	16%
Customer deposits	**6,358**	**2%**	5,228	2%
Accounts payable and accrued liabilities	**23,914**	**8%**	16,759	5%
Land development service costs	**23,451**	**8%**	20,448	7%
Income taxes payable	**3,543**	**1%**	3,112	1%
Non-controlling interest	**24,659**	**8%**	22,443	7%
Shareholders' equity	**200,438**	**66%**	195,483	62%
	302,236	**100%**	313,846	100%

Loans and Credit Facilities

We require funds to meet operating expenses, service debt, complete on-going land development projects, purchase lands and construct single- and multi-family homes. These requirements are met by using project-specific loans and credit facilities and cash generated from operations.

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet the above obligations as they become due. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. Refer to the risks and uncertainties section for additional information.

The following is a summary of drawn and outstanding loan and credit facility balances as at June 30, 2014 and as at the end of the previous four quarters:

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Land development loans	16,168	23,473	40,609	42,658	43,956
Home building loans	4,525	10,569	11,021	7,668	5,575
	20,693	34,042	51,630	50,326	49,531
Deferred financing fees	(820)	(1,074)	(1,257)	(1,420)	(1,589)
Balance, end of period	19,873	32,968	50,373	48,906	47,942

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

	For the six months ended June 30, 2014	For the year ended December 31, 2013
Balance, beginning of period	**50,373**	**97,224**
Advances	**8,394**	**46,511**
Repayments	**(39,702)**	**(94,214)**
Interest and financing fees incurred	**1,627**	**3,835**
Interest and financing fees paid	**(819)**	**(2,983)**
Balance, end of period	**19,873**	**50,373**

During the six months ended June 30, 2014, Genesis received $8,394 (year ended December 31, 2013 - $46,511) in advances and made repayments of $39,702 (year ended December 31, 2013 - $94,214) on loans and credit facilities (see 'Related Party Transactions' on page 15).

Total liabilities to equity ratio was as follows:

	June 30, 2014	December 31, 2013
Total liabilities	**77,139**	**95,920**
Total equity	**225,097**	**217,926**
Total liabilities to equity ratio(1)	**0.34**	**0.44**

(1)Calculated as total liabilities divided by total equity

The Corporation's debt decreased substantially in the first six months of 2014 as funds received from the sale of the non-core Acheson development land parcel, from lot payouts and residential home sales were used to pay down related project debt. These activities reduced loans and credits facilities outstanding to $19,873 and the total liabilities to equity ratio to 0.34 at June 30, 2014 compared to $50,373 and 0.44 at December 31, 2013, improving our financial strength.

Provision for Future Land Development Costs

Genesis sells lots where all the associated costs to service such lands have not been incurred. We recognize these obligations on completion of sales. Provision for future land development costs increased by $3,003 as at June 30, 2014 compared to December 31, 2013 mainly due to the sale of lots in the communities of Canals, Bayside and Saddlestone net of recoveries from Sage Hill Crossing active phases.

Income Tax Payable

Income tax payable increased by $431 (December 31, 2013 – decreased by $1,505) to $3,543 at June 30, 2014 (December 31, 2013 - $3,112). We paid $2,969 of tax liability (2013 - $1,000), which was offset by a current tax provision of $3,400 (2013 - $1,135) and a tax refund of $Nil (2013 - $39).

Non-Controlling Interest

Non-controlling interest ("NCI") increased for the three and six months ended June 30, 2014 due to recovery of write-downs on real estate held for development and sale, offset, in part, by expenses incurred by the limited partnerships and paid by Genesis.

Refer to note 14 in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013 for additional information on the limited partnerships.

Shareholders' Equity

As at August 7, 2014, the Corporation had 44,881,200 common shares issued and outstanding. In addition, options to acquire 2,255,250 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 5.3% at June 30, 2014 (December 31, 2013 – 3.0%) calculated on a rolling 12 month basis. Return on equity is calculated by dividing net income by average shareholders' equity. Return on equity increased at June 30, 2014 as the net income calculated on a rolling 12 month basis was significantly higher than that at December 31, 2013. Average shareholders' equity as at June 30, 2014 was higher than that at December 31, 2013 even after payment of a special cash dividend of $5,386. Changes in the Corporations' net asset value are not reflected in the calculation of return of equity mentioned above.

Net asset value

Net Asset Value ("NAV") per share at June 30, 2014 was $8.58 (December 31, 2013 - $7.18. Our net asset value is supported by Calgary's strong economy, and a housing market and policy framework designed to manage growth in the City of Calgary. This has contributed to constraints on the industry's capacity to bring a sufficient supply of developed building lots to market, leading to price increases in both serviced lots and, to a lesser extent, on home prices. In our view, the increase in our net asset value over the past six months reflects the initial impact on this trend. We expect the influence of the current policy framework to continue for least the next several years and, in combination with strong demand, cause even further increases in lot and home prices. Management continues to make a determined effort to close the gap between net asset value and share value.

NAV, including net asset value per share is a non-GAAP financial measure and therefore may not be comparable to similar measures presented by other companies. Refer to the "Non-GAAP measures" section of this MD&A.

Contractual Obligations and Debt Repayment

Our contractual obligations as at June 30, 2014 were as follows, excluding accounts payable, income taxes payable, customer deposits and land development service costs:

	Loans and Credit Facilities[1]	**Naming Rights**	**Lease Obligations**	**Total**
Current	12,843	700	924	**14,467**
July 2015 to June 2016	7,850	700	943	**9,493**
July 2016 to June 2017	-	700	945	**1,645**
July 2017 and thereafter	-	2,000	172	**2,172**
	20,693	4,100	2,984	**27,777**

[1] *Excludes deferred financing fees*

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to pay for operating expenses, incur development and construction costs, pay principal and interest on loans and credit facilities, and purchase lands.

Genesis has entered into a memorandum of understanding with the Northeast Community Society, whereby we will contribute $5,000 for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first three installments totaling $1,500 were made through 2014.

Genesis entered into an agreement with the City of Airdrie, whereby we will contribute $2,000 for the naming rights to "Genesis Place", a recreation complex in the City of Airdrie ($200 each year, terminating June 1, 2017). The first seven installments totaling $1,400 were made through 2014.

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 entered into an agreement with Morguard Real Estate Investment Trust ("Morguard") to lease Genesis' current head office building. The basic rent per annum was $349 in the first year and increasing progressively to $426 in the fifth year. The lease with Morguard commenced on August 1, 2012 and terminates on July 31, 2017. Genesis has other 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 the unaudited condensed consolidated interim financial statements.

Participating Mortgage

Pursuant to the terms of a participating mortgage, the principal of which was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. A liability for the estimated payment has been recorded. Genesis is selling lots in the last phase covered under this development. The payout will be made subsequent to completion of the sale of lots in the last phase and collection of all related proceeds, return of all letters of credit, completion of all warranty related obligations, recording and payment of all cost along with a final accounting of all related costs.

Current Contractual Obligations

	June 30, 2014	December 31, 2013
Loans and credit facilities, excluding deferred financing fees	**12,843**	**36,159**
Accounts payable and accrued liabilities	**23,914**	**16,759**
Total short-term liabilities	**36,757**	**52,918**
Commitments[1]	**1,624**	**1,570**
	38,381	**54,488**

[1] Commitments comprise naming rights and lease obligations

As at June 30, 2014, we had obligations due within the next 12 months of $38,381, of which $12,843 relates 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

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012[1]	Q3 2012[1]
Revenues [1]	34,765	37,987	26,331	19,734	22,402	27,610	57,377	23,395
Net earnings[2]	7,231	2,940	4,980	(4,644)	1,697	3,680	(7,126)	4,956
EPS[3]	0.16	0.07	0.11	(0.10)	0.04	0.08	(0.16)	0.11

[1] The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
[2] Net earnings (loss) attributable to equity shareholders
[3] 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 will typically realize higher home building revenues in the summer and fall months when home building activity is at its peak. Revenues can be impacted by the timing of lot sales, which is less weather dependent.

In the second quarter of 2014, we sold 39 residential lots, 65 homes compared to 61 residential lots and 27 homes and 121.91 acres of development land in the first quarter of 2014. In the second quarter of 2014, lower revenues and gross margins from residential lot sales was offset by higher revenues and gross margins from residential home sales and the recovery of write-downs made to real estate in previous periods. This has resulted in higher net earnings and EPS in the second quarter of 2014 compared to the first quarter of 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 by 2016.

Refer to note 10 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013 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. As at June 30, 2014, these letters of credit totalled approximately $6,209, and provide a source of funds to the municipalities for completion of 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.

Lease Agreements

We have certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses, depending on the nature of the lease. No asset value or liability has been assigned to these leases in the balance sheet as of June 30, 2014.

RELATED PARTY TRANSACTIONS

There were no related party transactions for the three and six months ended June 30, 2014 (2013 - $312 and $796).

Genesis is the general partner in four limited partnership arrangements (refer to note 14 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013) and a 50% partner in the JV, as described above (refer to note 10 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013).

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at June 30, 2014 that were not yet effective as of that date. We continue to analyze these standards to determine the impact on our financial statements. Refer to note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013 for a description of changes in accounting policy 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. 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.

General Litigation

We are subject to various legal proceedings and claims that arise in the ordinary course of business operations. We periodically review these claims to determine if amounts should be accrued in the financial statements or if specific disclosure is warranted.

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.

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.

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 taxable income and expense already recorded.

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.

There were no changes in the Corporation's ICFR during the three months ended June 30, 2014 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. These risks are disclosed in the Corporation's AIF for the year ended December 31, 2013. 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 the AIF available on SEDAR at www.sedar.com

NON-GAAP MEASURES

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

Net Asset Value ("NAV") including net asset value per share is a non-GAAP financial measure and therefore may not be comparable to similar measures presented by other companies. NAV is calculated using independent appraisers total land value plus additional balance sheet assets less balance sheet liabilities. It is important to note that the value of housing projects under development used in the calculation of net asset value is the book value of the work in progress and no additional value is included for the profitable home building business. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation has been added to calculate NAV.

There is no comparable IFRS financial measure presented in the Corporation's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial performance measure has been provided. Management believes this measure provides information useful to its shareholders in understanding the Corporation's value, and may assist in the evaluation of the Corporation's business relative to that of its peers.

	June 30, 2014	December 31, 2013
Independent appraised value of land[1]	**333,955**	**301,312**
Housing projects under development	**41,224**	**30,895**
	375,179	**332,207**
Other balance sheet assets	**57,098**	**56,426**
Balance sheet liabilities	**(77,139)**	**(95,920)**
Add amount due from related entities	**30,106**	**29,039**
NAV	**385,244**	**321,752**
NAV per share	**8.58**	**7.18**
Total shares outstanding	**44,881**	**44,861**

[1] *Appraised value represents 100% Genesis owned lands. Limited partnership lands owned by other limited partnership investors (and the corresponding NCI liability) are excluded from the calculation. Appraised values of lands represents market value based on comparative figures of similar market transactions or on the basis of the sub-division approach.*

NAV per share at June 30, 2014 was $8.58 compared to $7.18 at December 31, 2013. The increase in the NAV in 2014 can be mainly attributed to increases in the appraised value of the Corporation's land in throughout the Calgary Metropolitan Area.

Other items used in the calculation of net asset value

	June 30, 2014	December 31, 2013
Other balance sheet assets[1]		
Accounts receivable	**26,508**	**23,342**
Investment in joint venture	**10,291**	**7,894**
Deferred tax assets	**673**	**397**
Other operations assets	**9,500**	**7,115**
Cash	**10,126**	**17,678**
Total	**57,098**	**56,426**

Balance sheet liabilities[1]		
Loans and credit facilities	**19,873**	**50,373**
Customer deposits	**6,358**	**5,228**
Accounts payable and accrued liabilities	**23,914**	**16,759**
Income taxes payable	**3,543**	**3,112**
Provision for future land developments costs	**23,451**	**20,448**
Total	**77,139**	**95,920**

[1] *Book value per financial statements*

Gross margin before recovery or write-down is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Gross margin before recovery or write-down is calculated by adjusting for recovery or write-down of real estate held for development and sale to the gross margin. Gross margin before recovery or write-down of real estate held for development and sale is used to assess the performance of the business without the effects of recovery or write-down of real estate held for development and sale. Management believes it is useful to exclude recovery or write-down from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable GAAP financial measure is gross margin.

The table below shows the calculation of gross margin before recovery or write-down, which is derived from gross margin.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Total revenues	**34,765**	22,402	**72,752**	50,012
Gross margin	**14,465**	5,313	**22,303**	14,065
Adjust for (recovery) write-down[1]	**(4,361)**	986	**(4,361)**	986
Gross margin before (recovery) write-down	**10,104**	6,299	**17,942**	15,051
Gross margin before (recovery) write-down (%)	**29.1%**	28.1%	**24.7%**	30.1%

[1] *Recovery or write-down of real estate held for development and sale*

Adjusted earnings per share is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Adjusted earnings per share is calculated as net earnings attributable to shareholders before recovery or write-down of real estate held for development and sale attributable to shareholders and net of income taxes relating to the recovery or write-down of real estate held for development and sale, divided by the weighted average number of common shares (basic or diluted) outstanding at a specific date. Adjusted earnings per share is used to assess the performance of the business without the effects of recovery or write-down of real estate held for development and sale. Management believes it is useful to exclude recovery or write-down of real estate held for development and sale from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply that it is non-recurring. The most comparable GAAP financial measure is earnings per share.

The following table shows the calculation of adjusted earnings per share which is derived from net earnings attributable to equity shareholders.

	Three months ended June 30,		Six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Net earnings attributable to equity shareholders	**7,231**	1,697	**10,171**	5,377
Adjust for (recovery) impairment[(1), (2)]	**(1,030)**	986	**(1,030)**	986
Tax effect of additions @ 25%	**258**	(247)	**258**	(247)
Adjusted earnings	**6,459**	2,436	**9,399**	6,116
Weighted average number of shares - basic	**44,864,277**	44,839,875	**44,862,747**	44,815,224
Weighted average number of shares – diluted	**45,304,765**	44,907,217	**45,132,658**	44,871,038
Adjusted earnings per share – basic and diluted[(3)]	**0.14**	0.05	**0.21**	0.14

[(1)] *Recovery or write-down of real estate held for development and sale*
[(2)] *Excludes recovery or write-down related to properties held by limited partnerships*
[(3)] *Adjusted earnings per share – basic and diluted after adjusting for after-tax recovery or write-down*

OTHER

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

ADVISORIES

Non-GAAP Financial Measures

Net asset value, gross margin before recovery or write-down and adjusted earnings per share are non-GAAP measures that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. Refer to pages 17-19 for an explanation on calculation of the net asset value, gross margin before recoveries or impairment and adjusted earnings per share. Net asset value has no comparable IFRS measure presented in the Corporation's financial statements and therefore no applicable quantitative reconciliation for such non-GAAP measure exists. These non-GAAP measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's performance, liquidity and value. Management is of the view that after-tax net asset value is not commonly reported in the industry and therefore the presentation of after-tax net asset value in this MD&A has been discontinued. After-tax net asset value was calculated by deducting estimated taxes payable if all properties had been sold at their market values.

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 general economic and business conditions in 2014 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, the positive trend in the general economic conditions and the industry through 2014 and beyond; Genesis' business strategy, including the geographic focus of its activities in 2014 and beyond, the expected capital contribution of future earnings and cash flow from land holdings in the Calgary Metropolitan Area, the ability to meet the objective to increase the closing of home builds in 2014 as compared to 2013, 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 and profitability, the timing and operation of new accounting and operating software, anticipated areas of focus for Genesis in 2014 and beyond; and the ability of Genesis to develop projects (and the nature of such projects). 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.