



GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2011

November 2, 2011

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GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2011

(All dollar amounts are in thousands except per share amounts and as noted in %)

Dated November 2, 2011

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 consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2011 prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010 prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). These financial statements have been reviewed by the Corporation's Audit Committee, consisting of three independent directors and adopted by the Board of Directors. Additional information, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

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 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 estimated corporate tax rate and the number of dwelling sites that Genesis will actually develop and sell. 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 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, general economic conditions; 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; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; economic conditions in Western Canada, not realizing on the anticipated benefits from the transaction 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.

NON-IFRS MEASURES

This MD&A refers to funds from operations (“FFO”) that does not have any standardized meaning within IFRS and therefore may not be comparable to similar measures provided by other companies. FFO is provided as it is considered informative for management, shareholders and analysts.

THE CORPORATION

Genesis is a Calgary-based real estate development corporation focusing primarily on the development and sale of residential, commercial and light industrial properties. The Corporation’s vertically integrated operations include:

- the acquisition of raw land held for future development, including the planning, servicing and marketing of urban communities and resort destinations in Western Canada;
- the construction and sale of single- and multi-family homes through Genesis Builders Group (“GBG”), a wholly-owned subsidiary of the Corporation; and
- the development of commercial, industrial and office properties.

The Corporation owns development lands primarily in and around the cities of Calgary and Airdrie. The Corporation also has lands in the city of Edmonton and the town of Cochrane in Alberta; and in and around the cities of Prince George, Kamloops and the town of Radium in British Columbia.

The Corporation is listed for trading on the Toronto Stock Exchange (the “Exchange” or “TSX”) under the symbol “GDC”.

EXECUTIVE SUMMARY

On January 1, 2011, Genesis transitioned from Canadian GAAP to IFRS with the first quarter of 2010 being the first comparative period under IFRS.

The Corporation achieved net earnings of \$0.04 and \$0.20 per share for the three and nine months ended September 30, 2011 compared to \$0.02 and \$0.52 per share for the three and nine months ended September 30, 2010. The decrease is attributable to the sale of a large development land parcel in 2010, a drop in the number of homes sold due to adverse weather conditions in the first and second quarters thus also impacting the third quarter as the show home openings were delayed effecting the sales traffic, while partially offset by an increase in the residential lot revenues. The multi-family project, The Breeze, is nearly sold out, with only 1 unit remaining in inventory as at September 30, 2011.

The Corporation’s debt decreased by \$7,193 during the nine months ended September 30, 2011. During the quarter, the Corporation completed refinancing of \$54,185 of loans to more favourable terms improving the Corporation’s cash flows and decreasing interest costs.

OUTLOOK

After more than two years of economic uncertainty, Calgary is now projected to be a relatively stable market for the next few years, with modest growth expected in the 2% range. Most tellingly however, net immigration to the city is expected to be approximately 30,000 people per annum. Notionally, this creates demand for approximately 7,500 to 10,000 additional housing units per year in a stable cost and pricing environment.

Genesis is well positioned to participate in this growth demand. All of its lands within the cities of Calgary and Airdrie have land use approvals. Phases 3 and 4 of Saddlestone are currently being serviced. Substantial completion of these 132 lots is expected no later than

Q1 2012. The community of Kinwood, in which Genesis participates as a 50% joint venture, is also nearing substantial completion of its first two phases, and it is anticipated that 188 lots will be available to the market in Q4 2011. Genesis currently has 111 completed lots in the NW Community of Sage Meadows. In Airdrie, Genesis has substantially completed 130 lots in Bayside 7 and has sold 48 lots to third party builders and retains an inventory of 82 lots. Bayside 9 has sales, or contracts for 36 of its 107 lots.

Given the stable market and the normalization of Genesis' core development operations we expect to see improved liquidity from lot sales. The expected improvements in liquidity allow Genesis to manage its working capital more effectively. The recent reduction in borrowing costs and extended term of recent financings means more of Genesis' outstanding debt is due beyond a single operating cycle, reducing the need to seek renewals or working capital loans.

GBG also now has a total of 6 completed show-homes in four communities, with two additional show homes under construction in Bayside 7. With show homes fully operational in four communities, it is expected that home sales will rebound in 2012.

Genesis continues to refine its plans on a +/-190 unit multi-family rental project called the Montura in the community of Saddlestone. The project focuses on two-bedroom units that are less than 1,000 square feet with average target rental revenues of one-thousand-dollars per unit. Designs are being finalized with construction now expected to commence in 2012. Development is anticipated to take place in three phases. Once completed, the Corporation intends to retain it as a revenue producing property.

Genesis currently has one multi-family parcel conditionally sold to a multi-family builder for approximately \$4,600. This site, located in Kincora, is expected to go unconditional in the fourth quarter of 2011.

Recently completed and pending asset sales partially substantiate the appraised values in the Cushman Wakefield report used to estimate Net Asset Value ("NAV") of approximately \$8 per share at December 31, 2010. While appraised values are not necessarily indicative of the fair market value for the company, which would include additional factors, management is encouraged by the value realized in these transactions.

RioCan Real Estate Investment Trust ("RioCan") has now waived their conditions on the purchase and sale agreement of +/- 33.45 acres for \$31,700 in Sage Hill Crossing in NW Calgary. The deal will close on the completion of servicing. Genesis will likely complete the servicing in 2012.

The Corporation established a Special Committee of independent members of Genesis' Board of Directors to assess a range of strategic alternatives that may include capital markets opportunities, restructuring the current credit facilities, asset divestitures, and/or a corporate sale, merger or other business combination. The ultimate objective of carrying out this review is to determine which alternative(s) might result in superior value for the shareholders. Desjardins Securities Inc. has been engaged as exclusive financial advisor to assist in this process.

KEY FINANCIAL PERFORMANCE INDICATORS

The Key Financial Performance Indicators (“KPIs”) that the management of Genesis use to measure the performance of the Corporation are as follows:

1. Funds From Operations is an earnings measure.
2. Funds From Operations per share is an earnings measure.
3. Earnings Per Share is an earnings measure.
4. Debt to Gross Book Value is a leverage measure.
5. Debt to Equity ratio is a leverage measure.
6. Return on Equity is a measure of return on shareholders’ capital at risk.
7. Return on Assets is a measure of return on asset value.

Some of the Key Performance Indicators calculated are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Funds From Operations	3,140	5,079	16,578	38,383
Funds From Operations per share	0.07	0.11	0.37	0.87
Earnings Per Share	0.04	0.02	0.20	0.52

	For the twelve months ended	
	September 30, 2011	December 31, 2010
Return on Equity	11.6%	23.9%
Return on Assets	5.7%	10.3%

	September 30, 2011	December 31, 2010
Debt to Equity ratio	0.53	0.54
Debt to Gross Book Value	20.9%	23.5%

For the calculation of debt to equity ratio, refer to the ‘Liquidity and Capital Resources’ section.

Funds from operations were calculated as follows:

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Cash provided (used) by operating activities (IFRS)	13,589	25,766	(12,177)	(47%)	22,132	67,272	(45,140)	(67%)
Changes in non-cash working capital	(10,449)	(20,687)	(10,238)	(49%)	(5,554)	(28,889)	(23,335)	(81%)
Funds from operations	3,140	5,079	(1,939)	(38%)	16,578	38,383	(21,805)	(57%)

The decrease in FFO is mainly due to the sale of a large development land parcel in 2010, and a drop in the number of homes sold due to seasonal factors, offset by an increase in the sale of residential lots.

Debt to Gross book value is calculated as follows:

(\$'s)	September 30, 2011	December 31, 2010
Debt		
Financings excluding deferred financing fees	75,956	82,963
Gross Book Value		
Real estate held for development and sale	298,761	304,634
Property and equipment	2,050	2,004
Other assets	61,638	45,288
Deferred financing fees	1,829	1,643
Gross Book Value	364,278	353,569
Debt to Gross Book Value	20.9%	23.5%

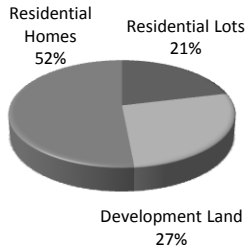
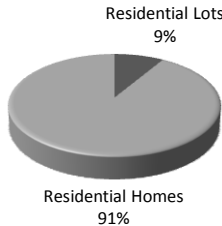
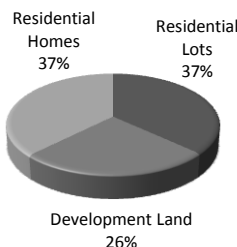
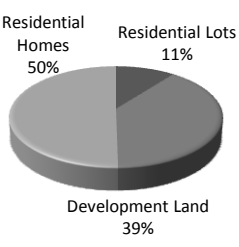
Gross book value means the book value of the assets of the Corporation and its consolidated subsidiaries plus accumulated depreciation in respect of property and equipment, and deferred financing fees. Other assets include amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.

RESULTS OF OPERATIONS

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Net earnings attributable to equity holders of the parent	1,877	917	960	105%	9,003	23,060	(14,057)	(61%)
Basic and diluted net earnings per share	0.04	0.02	0.02	100%	0.20	0.52	(0.32)	(62%)

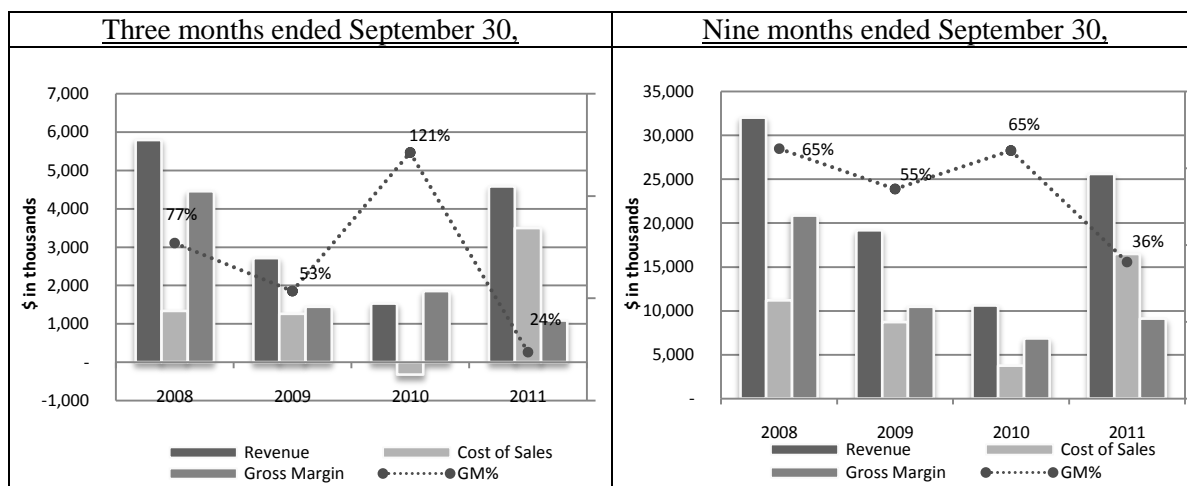
Revenue, Cost of Sales and Gross Margin

The revenue mix for the three and nine months ended September 30, 2011 and 2010 is as follows:

Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
 <p>Residential Homes 52% Residential Lots 21% Development Land 27%</p>	 <p>Residential Homes 91% Residential Lots 9%</p>	 <p>Residential Homes 37% Residential Lots 37% Development Land 26%</p>	 <p>Residential Homes 50% Residential Lots 11% Development Land 39%</p>

Residential Lots

Revenue, Cost of Sales and Gross Margin



(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Residential lot revenue	4,581	1,527	3,054	200%	25,601	10,615	14,986	141%
Cost of sales	(3,498)	323	3,821	1183%	(16,497)	(3,759)	12,738	339%
Gross margin	1,083	1,850	(767)	(41%)	9,104	6,856	2,248	33%
Gross margin %	24%	121%			36%	65%		
Number of lots sold	48	9	39	433%	162	56	106	189%
Average revenue per lot	95	170	(75)	(44%)	158	190	(32)	(17%)
Average cost of sales per lot	73	(36)	109	303%	102	67	35	52%

Residential lot revenue increased during the three and nine months ended September 30, 2011 compared to the same periods in 2010 mainly due to a higher number of lots sold in the phases 1 and 2 of the Calgary community of Sage Meadows, and in the phases 4, 7 and 9 of the Airdrie community of Bayside driven by completion of development work in those phases and release of the related lots to the builders.

The revenue per lot was higher for three and nine months ended September 30, 2010 compared to the same periods in 2011 due to sales of higher priced amenity lots in the Calgary community of Sherwood averaging from \$215 to \$223 per lot. An additional contributing factor was lower pricing on lots in phase 7 of the Airdrie community of Bayside as significant number of such lots are for duplex houses. Additionally, the average selling price was lower as these lots were sold in bulk to a single buyer. The cost of sales per lot was higher for the three and nine months ended September 30, 2011 compared to the same periods in 2010 and consequently the gross margin has also decreased, mainly due to the sales mix of lots in 2011, which was primarily comprised of lots sold in the Calgary community of Sage Meadows. The Sage Meadows community has a higher cost base per saleable square foot due to the infrastructure requirements as follows:

- The Sage Meadows community has a lower saleable area as a large portion of the lands are considered environmentally significant by the City of Calgary and there is a further requirement to allocate more land to school sites and a neighborhood park, thus increasing the cost for each saleable square foot;
- The Corporation also incurred additional costs due to the location of the Sage Meadows lands by providing incremental resources for storm water management, thus increasing the land cost base.

Additionally, the third quarter of 2011 was mainly comprised of lots sold in Bayside phase 7. This phase was developed during 2008 when the labour and other development costs were comparatively higher while the lots are being sold in the current market with real estate prices still recovering.

The cost of sales for the three months ended September 30, 2010 is a recovery due to reversal of write-down on certain lands amounting to \$645.

Development Land

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Development land revenue	5,890	-	5,890	-	18,048	39,712	(21,664)	(55%)
Cost of sales	(2,039)	(963)	1,076	112%	(9,646)	(14,763)	(5,117)	(35%)
Gross margin	3,851	(963)	4,814	500%	8,402	24,949	(16,547)	(66%)
Gross margin %	65%	-			47%	63%		

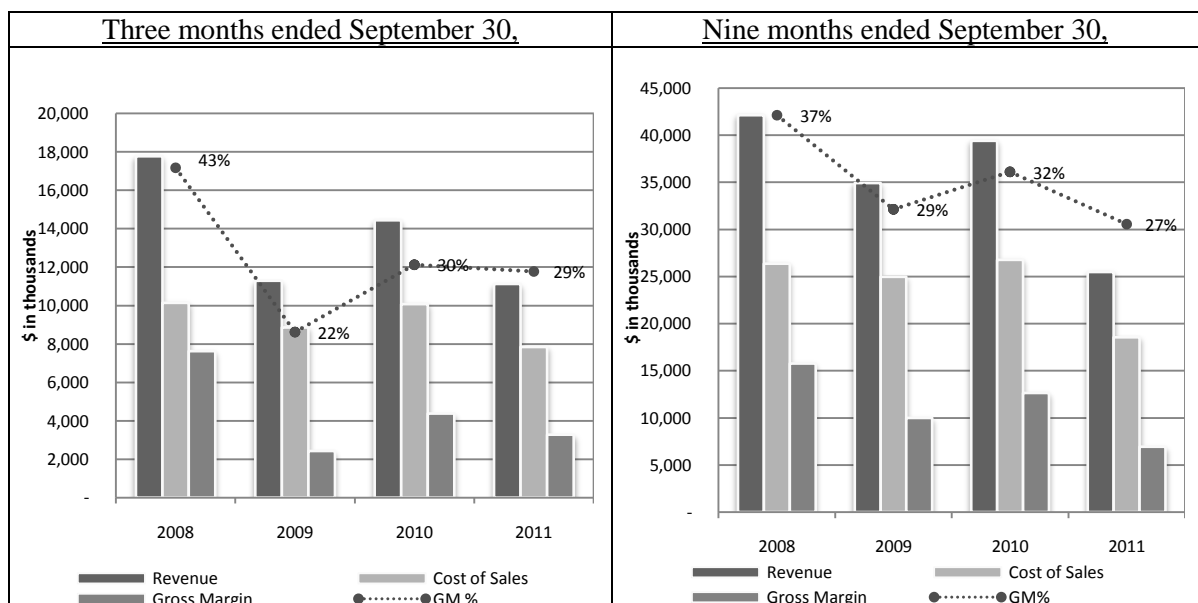
The decrease in development land sales for the nine months ended September 30, 2011 compared to the same period in 2010 was primarily driven by the sale of a residential land parcel for \$35,000 during the nine months ended September 30, 2010 in the city of Calgary, Alberta. The decrease in margin for the nine months ended September 30, 2011 compared to the same period in 2010 is due to the sales mix. The development land sold in 2010 was mainly comprised of single-family land parcels, which generally carry higher margins as compared to the commercial and multi-family land parcels sold in 2011.

During the three months ended September 30, 2010, certain lands were written down as the carrying value was higher than appraised value based on the appraisal carried out by an independent valuation and advisory services firm. The amount of the write-down was \$963.

Residential Home Building

Single-family

Revenue, Cost of Sales and Gross Margin



(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Single-family revenue	11,119	14,448	(3,329)	(23%)	25,475	39,400	(13,925)	(35%)
Cost of sales	(7,847)	(10,068)	(2,221)	(22%)	(18,555)	(26,758)	(8,203)	(31%)
Gross margin	3,272	4,380	(1,108)	(25%)	6,920	12,642	(5,722)	(45%)
Gross margin %	29%	30%			27%	32%		
Number of homes sold	24	29	(5)	(17%)	54	86	(32)	(37%)
Average revenue per home	463	498	(35)	(7%)	472	458	14	3%
Average cost of sales per home	327	347	(20)	(6%)	344	311	33	11%

The decrease in the number of single-family homes sold during the three and nine months ended September 30, 2011 compared to the same periods in 2010 was a result of wet weather conditions, which delayed the availability of lots to commence construction work. Although the volume decreased, the average selling price of homes increased during the nine months ended September 30, 2011 compared to same period last year in line with current home prices in Calgary, which is showing a slow but consistent recovery. The sales mix also played a part in increasing the average selling price, as the Corporation closed one custom home with higher pricing.

The increase in cost of sales per home during the nine months ended September 30, 2011 compared to the same period in 2010 is partly due to one custom home with higher cost of construction and several Sage Meadows homes with a higher average cost. The overall recovery of market conditions is also driving up the cost of labour and materials.

The decrease in overall margin is due to the sale of two show homes, which were priced to sell in the communities of Taralake and Sherwood at lower margins. Additionally, the margin on one custom home was lower, which impacted the overall gross margin. The margins are lower in general as the Corporation is adjusting to the new mortgage qualification rules.

The number of home sales closed by community during the three and nine months ended September 30, 2011 and 2010 in Calgary and Airdrie are as follows:

Community	Three months ended September 30,				Nine months ended September 30,			
	# of single-family homes closed		Average amount per home (\$'s)		# of single-family homes closed		Average amount per home (\$'s)	
	2011	2010	2011	2010	2011	2010	2011	2010
<u>Calgary</u>								
Kincora*	-	8	-	538	-	33	-	441
Sherwood	1	7	632	606	3	19	558	581
Saddlestone	13	-	450	-	23	-	444	-
Sage Meadows	2	-	621	-	9	-	611	-
Taralake	-	-	-	-	1	3	461	519
<u>Airdrie</u>								
Bayside	8	14	424	422	18	31	424	395
Total	24	29	463	498	54	86	472	458

*sold out in 2010

Multi-family

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Multi-family revenue	-	1,573	(1,573)	(100%)	577	11,460	(10,883)	(95%)
Cost of sales	(26)	(1,512)	(1,486)	(98%)	(541)	(11,281)	(10,740)	(95%)
Gross margin	(26)	61	(87)	(143%)	36	179	(143)	(80%)
Gross margin %	-	4%			6%	2%		
Number of homes sold	-	7	(7)	(100%)	3	45	(42)	(93%)
Average revenue per home	-	225	(225)	(100%)	192	255	(63)	(25%)
home	-	216	(216)	(100%)	180	251	(71)	(28%)

The Corporation currently has one multi-family project, The Breeze, a 125-unit condominium project in Airdrie, which is a joint venture with Genesis Limited Partnership #6 ("LP6"). The project is nearly sold out with 1 unit remaining in inventory as at September 30, 2011.

During the nine months ended September 30, 2011, Genesis commenced design work on a multi-family project with approximately 160 units in the Calgary community of Saddlestone. The Corporation is further evaluating the feasibility of converting this project to a rental property.

The Corporation currently has an additional six multi-family projects, which have undergone planning and approvals but have not commenced construction. Management is currently evaluating the opportunities to develop or divest itself of certain of these project sites.

General and Administrative Expense

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Corporate administration	1,584	697	887	127%	3,315	2,432	883	36%
Compensation and benefits	1,047	1,196	(149)	(12%)	3,599	3,391	208	6%
Professional services	1,260	975	285	29%	2,496	2,407	89	4%
Advertising and marketing	191	114	77	68%	928	813	115	14%
	4,082	2,982	1,100	37%	10,338	9,043	1,295	14%

The overall general and administrative expense for the three and nine months ended September 30, 2011 compared to the same periods last year increased mainly due to an accrual for a potential liability.

Finance Expense

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Interest expensed	1,649	1,588	61	4%	5,133	6,594	(1,461)	(22%)
Financing fees accretion	423	986	(563)	(57%)	1,163	2,496	(1,333)	(53%)
Interest and financing fees capitalized	(736)	(981)	(245)	(25%)	(2,112)	(2,384)	(272)	(11%)
	1,336	1,593	(257)	(16%)	4,184	6,706	(2,522)	(38%)

Interest expense relates to certain operating loans secured by land and single-family home building operations.

The decrease in interest expense for the three and nine months ended September 30, 2011 compared to the same periods last year was mainly due to lower average outstanding loan balances and

financing fees paid on new and renewed loans. The Corporation also repaid certain financings bearing interest higher than the Corporation's average during 2010, which contributed to a decrease in interest expense.

During the three months ended September 30, 2011, the Corporation refinanced five of its existing loans amounting to \$54,185 into three loans. As a result, the Corporation reduced the interest rate by approximately 3 percentage points and the term was increased to 30 months.

Income Tax Expense

(\$'s)	Three months ended September 30,				Nine months ended September 30,			
	2011	2010	Change	%	2011	2010	Change	%
Income tax expense	558	599	(41)	(7%)	3,307	8,783	(5,476)	(62%)

Income tax expense decreased for the three and nine months ended September 30, 2011 compared to the same periods last year primarily due to lower taxable income.

FINANCIAL POSITION

ASSETS

(\$'s)	September 30,		December 31,	
	2011	%	2010	%
Real estate held for development and sale	298,761	83%	304,634	86%
Property and equipment	478	-	544	-
Amounts receivable	35,517	10%	27,021	8%
Other operating assets	18,946	5%	15,812	5%
Deferred income taxes	3,477	1%	-	-
Cash and cash equivalents	3,698	1%	2,455	1%
	<u>360,877</u>	<u>100%</u>	<u>350,466</u>	<u>100%</u>

Real Estate Held for Development and Sale

(\$'s)	September 30,	December 31,		
	2011	2010	Change	%
Real estate held for development and sale	305,964	315,006	(9,042)	(3%)
Provision for write-down	(7,203)	(10,372)	(3,169)	31%
	<u>298,761</u>	<u>304,634</u>	<u>(5,873)</u>	<u>(2%)</u>

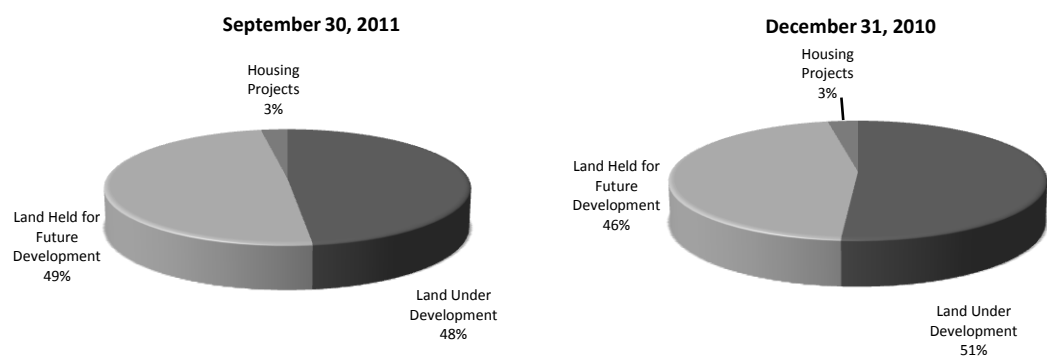
During the nine months ended September 30, 2011, carrying value of real estate held for development and sale decreased primarily as a result of sales of residential lots, development land parcels and housing inventory. The decrease is offset by on-going residential land development and home construction expenditures relating to the Calgary communities of Sage Meadows, Saddlestone and Sage Hill Crossing, and Airdrie community of Bayside.

Real estate held for development and sale changed during the nine months ended September 30, 2011 as follows:

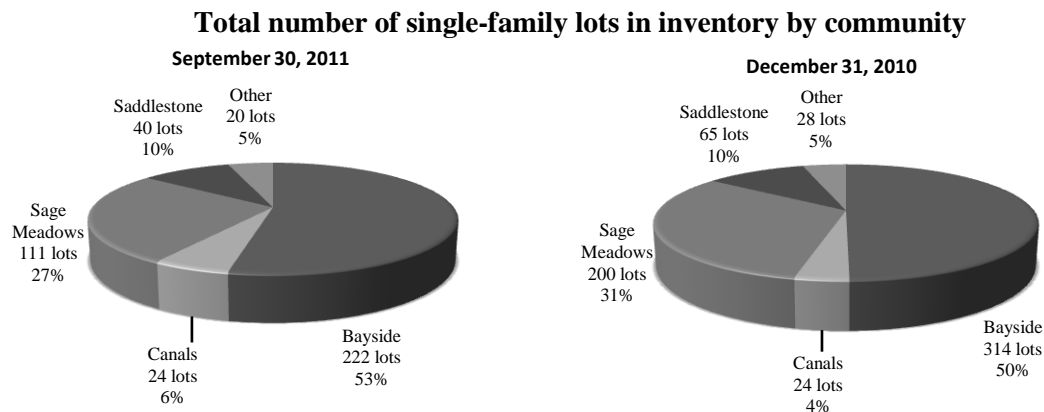
(\$'s)	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment elimination	Total
December 30, 2010	156,149	139,486	8,999	-	304,634
Acquisitions & Transfers	379	1,313	9,407	(11,099)	-
Development	16,581	5,143	12,394	11,099	45,217
Sold	(29,480)	-	(24,779)	-	(54,259)
Recovery of write-down	-	1,153	-	-	1,153
Adjustment to provision	-	-	2,016	-	2,016
September 30, 2011	143,629	147,095	8,037	-	298,761

The Corporation holds more than 7,000 acres of land including land held under limited partnerships. The inventory mix based on the book value was as follows:

Inventory Mix - Book Value



The Corporation had 417 single-family lots in inventory as at September 30, 2011 (December 31, 2010 – 631). The lot inventory by community was as follows:



Amounts Receivable

(\$'s)	September 30,	December 31,	Change	%
	2011	2010		
Amounts receivable	35,517	27,021	8,496	31%

Amounts receivable increased at September 30, 2011 compared to December 31, 2010 mainly due to an increase in lot sales achieved for phases 1 and 2 of the Calgary community of Sage Meadows and the Airdrie community of Bayside phases 7 and 9, and two vendor take back mortgages issued for sales of commercial and multi-family parcels in the Calgary community of Taralake. There are no receivables for which an allowance for doubtful accounts is required.

The Corporation generally retains title to lots and homes until full payment is received in order to mitigate credit exposure.

LIABILITIES AND EQUITY

(\$'s)	September 30,	%	December 31,	%
	2011		2010	
Financings	74,127	21%	81,320	23%
Customer deposits	7,474	2%	8,388	2%
Accounts payable and accrued liabilities	17,296	5%	13,025	4%
Income taxes payable	12,767	4%	6,988	2%
Deferred income taxes	-	-	3,387	1%
Land development service costs	13,177	3%	10,347	3%
Non-controlling interest	58,301	16%	58,922	17%
Shareholders' equity	177,735	49%	168,089	48%
	360,877	100%	350,466	100%

Financings from lending institutions, gross of deferred financing fees of \$1,829, at September 30, 2011 totaled \$75,956 of which \$22,191 or 29% relates to short-term project financing, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. During the three and nine months ended September 30, 2011, Genesis received \$31,945 and \$64,266 of financing proceeds and made repayments of \$42,841 and \$71,194.

Land Development Service Costs

(\$'s)	September 30,	December 31,	Change	%
	2011	2010		
Land development service costs	13,177	10,347	2,830	27%

Accrued land development service costs increased at September 30, 2011 compared to December 31, 2010 mainly due to lot sales in the Calgary community of Sage Meadows and the Airdrie community of Bayside, and sales of development lands in the City of Calgary. The increase is also attributable to increases in the development levies and surface maintenance costs for certain properties. The overall increase was partially off-set by performance of planned service work, thus incurring previously accrued completion costs.

Shareholders' Equity

As at November 2, 2011, the Corporation had 44,484,287 common shares issued and outstanding. In addition, there were options to acquire 1,838,221 common shares of the Corporation issued under the Corporation's stock option plan.

LIQUIDITY AND CAPITAL RESOURCES

During the three and nine months ended September 30, 2011, the Corporation generated net earnings of \$1,877 and \$9,003 for funding its operating activities. At September 30, 2011, the consolidated cash balance was \$3,698 as compared to \$2,455 as at December 31, 2010.

The short-term liabilities and commitments include:

(\$'s)	September 30, 2011	December 31, 2010
Financings, excluding deferred financing fees	22,191	45,006
Customer deposits	7,474	8,388
Accounts payable and accrued liabilities	17,296	13,025
Total short-term liabilities	46,961	66,419
Commitments	5,833	4,977
	52,794	71,396

At September 30, 2011, Genesis has obligations due within the next 12 months of \$52,794. If Genesis is unable to generate sufficient sales and renew existing credit facilities or secure additional financing, it will impact the Corporation's ability to meet its obligations as they become due. Based on Genesis' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

The following is a summary of the Corporation's divisional financings balances as at September 30, 2011 and as at the end of the previous four quarters:

Financings	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010
(\$'s)					
Land & land project loans	75,275	86,192	86,686	81,862	65,169
Home building operations	-	-	-	442	-
Other	681	673	667	659	714
	75,956	86,865	87,353	82,963	65,883
Deferred financing fees	(1,829)	(1,428)	(1,422)	(1,643)	(1,445)
	74,127	85,437	85,931	81,320	64,438

The movement in the Corporation's financings was as follows:

	Three months ended September 30, 2011	Nine months ended September 30, 2011	Twelve months ended December 31, 2010
(\$'s)			
Balance, beginning of period	85,437	81,320	115,210
Advances	31,945	64,266	125,850
Repayments	(42,841)	(71,194)	(162,057)
Finance expense	1,336	4,184	7,631
Interest and financing fees paid and capitalized	(1,750)	(4,449)	(5,314)
Balance, end of period	<u>74,127</u>	<u>74,127</u>	<u>81,320</u>

The financings decreased mainly due to pay down of project loans by lot closings achieved in the Calgary communities of Saddlestone and Sage Meadows. The Corporation obtained \$Nil and \$25,000 of new loans during the three and nine months ended September 30, 2011. The following table shows the debt to equity ratio calculated as total liabilities divided by total equity.

	September 30, 2011	December 31, 2010
(\$'s)		
Total Liabilities	124,841	123,455
Total Equity	236,036	227,011
Debt to Equity ratio	<u>0.53</u>	<u>0.54</u>

The Corporation uses a combination of project-specific credit facilities, limited partnership capital and cash generated from operations to fund its capital requirements. The management believes that the Corporation has sufficient liquidity to pay for operating expenses, incurring development costs, and payment of principal and interest on financings. The Corporation regularly reviews the credit facilities and manages the requirements in accordance with project development plans and operating requirements.

Contractual Obligations

The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, stated as of September 30, 2011, are as follows:

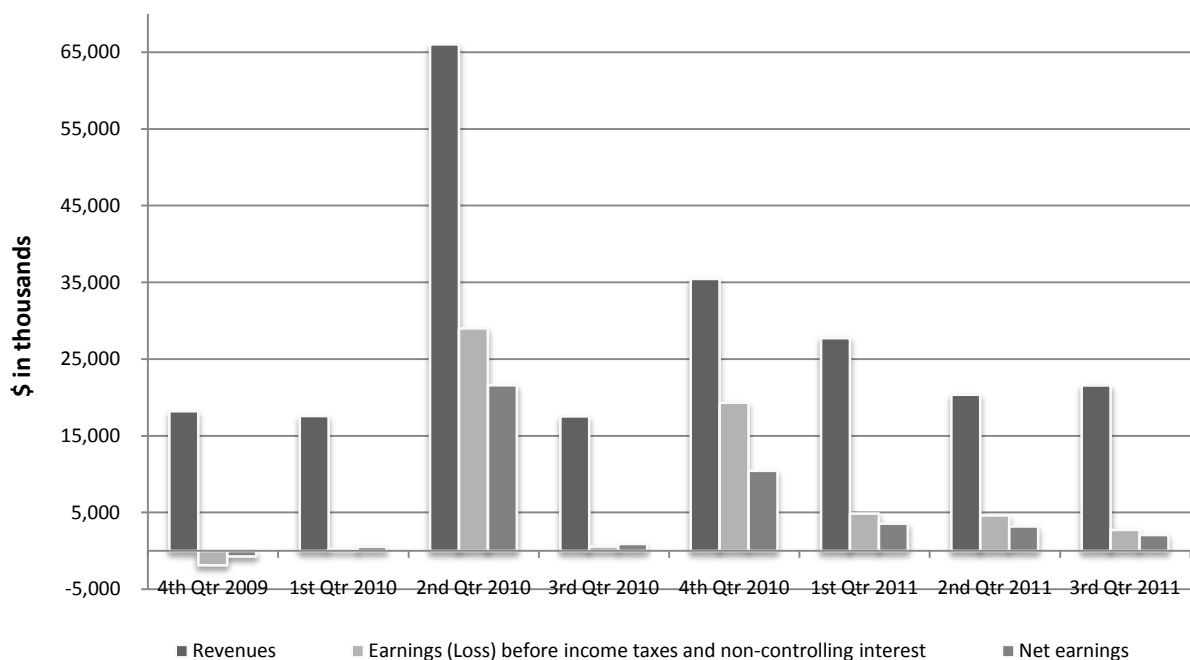
	Financings (excl. deferred financing fees)	Purchase of Land and other	Naming Rights	Lease Obligations	Total
(\$'s)					
Current	22,191	5,068	200	565	28,024
Years 2 and 3	53,765	7,955	400	80	62,200
Years 4 and 5	-	-	400	28	428
Thereafter	-	-	200	-	200
	<u>75,956</u>	<u>13,023</u>	<u>1,200</u>	<u>673</u>	<u>90,852</u>

Genesis has entered into a memorandum of understanding with a community society in North East Calgary, whereby Genesis will contribute \$5,000 over the next ten years for the naming rights to a

recreation complex. Negotiations are underway to determine when payments will commence; therefore, this obligation is not reflected in the table above.

Genesis has entered into an agreement with the City of Airdrie, whereby Genesis will contribute \$200 per year for ten years, commencing June 1, 2008, for the naming rights to a recreation complex. The first four payments have been remitted as scheduled and recorded as part of general and administrative expense.

SUMMARY OF QUARTERLY RESULTS



(\$'s)	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009 <i>Canadian GAAP</i>
Revenues	21,590	20,368	27,743	35,464	17,548	66,042	17,596	18,219
Earnings (loss) before income taxes and non- controlling interest	2,462	4,637	4,877	19,326	579	29,014	282	(1,868)
Net earnings (loss) being comprehensive income	1,877	3,604	3,523	10,454	917	21,606	537	(714)
Net earnings (loss) per share: Basic and diluted	0.04	0.08	0.08	0.24	0.02	0.49	0.01	(0.02)

JOINT VENTURE

On April 30, 2010, Genesis entered into a joint venture agreement with another real estate development corporation to form a joint venture corporation ("JV") with a purpose of conducting residential development of certain real estate holdings. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in the JV. Development servicing has commenced on this project. A deferred gain of \$2,201 (December 31, 2010 - \$2,201) recognized on initial contribution into the JV has been recognized in the statement of comprehensive income as a result of maturity of the underlying vendor take-back mortgage on April 30, 2011, for which the Corporation received payment in full.

On July 15, 2011, the JV obtained a credit facility in the amount of \$17,000. The Corporation and the JV partner have provided guarantee for this facility.

On September 8, 2011, the Corporation entered into an agreement to purchase lots from the JV for \$4,673 with a deposit of \$234. A further \$701 is due on closing and remaining amount of \$3,738 is due 12 months after the closing date.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

The Corporation has an ongoing requirement to provide letters of credit to municipalities as part of the subdivision plan registration process. As at September 30, 2011, these letters of credit totaling approximately \$13,630, would provide a source of funds to the municipalities that would allow them to complete the construction and maintenance of improvements to the subdivision should the Corporation not be able to. 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

The Corporation has 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 or liability value has been assigned to these leases in the balance sheet as of September 30, 2011.

RELATED PARTY TRANSACTIONS

On August 29, 2011, the Corporation's then Chief Executive Officer ("former CEO") resigned as an officer and director of Genesis. During the three months ended September 30, 2011, the former CEO entered into a contract with the Corporation for the purchase of a single-family home for \$1,114.

The Corporation engaged a former officer ("Former CFO") of the Corporation as a Senior Financial Advisor. The amount of payments made to the Former CFO for the three and nine months ended September 30, 2011 were \$36 and \$116 (2010 - \$29 and \$134). In 2009, the Former CFO entered into a contract to purchase a single-family home for \$970 representing terms offered to employees and measured at the exchange amount. The transaction closed on March 16, 2011. At September 30, 2011, amounts receivable from the Former CFO was \$36 (December 31, 2010 - \$21). The Corporation also engaged an entity under the control of the Former CFO's spouse to provide interior design services and supply of materials for its home building division.

CRITICAL ACCOUNTING ESTIMATES

Certain estimates are necessary until amounts are finalized pursuant to transactional or legal proceedings. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates.

General Litigation

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

Valuation of Land

Land under development, land held for future development and housing projects under development are recorded at the lower of cost and estimated net realizable value on a project-specific basis. An impairment loss is recognized to the extent that the carrying value of a project exceeds the fair value of that project. Cost includes land acquisition costs, other direct costs of development and construction, interest on debt used to finance specific projects, property taxes and legal costs. Land acquisition costs are prorated to a phase of a project on an acreage basis.

Costs to Complete

Genesis' most significant estimates relate to future development costs for lot sales which are recognized prior to all costs being committed or known. The future development costs liability represents the construction costs remaining to be incurred for each project phase currently under development to the extent that revenue has been recognized. The liability to complete lots sold is recognized when the first revenue is recognized in the phase. The liability includes all direct construction costs and indirect costs including interest and property taxes expected to be incurred during the remainder of the construction period.

Changes in the estimated future development cost 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 significant measurement uncertainty as it is based on estimated budgeted numbers prepared by independent consultants. Recent market conditions in Alberta have been volatile thereby increasing the risk of estimation errors.

TRANSITION TO IFRS

This MD&A reflects the adoption of IFRS effective January 1, 2010, with information for 2010 being restated from what was previously issued under Canadian GAAP. Periods prior to January 1, 2010 have not been restated.

Note 3 of the consolidated financial statements for the three and nine months ended September 30, 2011 provides a description of the Corporation's transition to IFRS and the detailed impact on the previously reported Canadian GAAP financial information for 2010.

The most significant impacts of the change in accounting standards on the quarterly information are:

Borrowing Costs

On transition to IFRS, in accordance with IAS 23, "Borrowing Costs", the Corporation recognized the borrowing costs related to projects that were not considered in the development stage to the statement

of comprehensive income. The costs were capitalized only to those properties relating to which the Corporation incurred expenditures, incurred borrowing costs and carried out development work to prepare an underlying asset for its intended use or sale. In the case of extended delays in development, borrowing costs were not capitalized to a project. The general funds used for obtaining qualifying assets were capitalized using a rate that was calculated as the weighted average of the borrowing costs applicable to the borrowings that were outstanding for the period.

In 2010, certain properties stated at net realizable value (“NRV”) were reduced to an amount below NRV after borrowing costs capitalized under Canadian GAAP were charged to the statement of comprehensive income on transition to IFRS. An adjustment was made to reverse the write-down taken on the real estate inventory in previous years in order to state the value of the inventory at NRV.

Share Based Payments

The Corporation elected to use the exemption provided by IFRS 1, First-time adoption of IFRS, and accordingly IFRS 2 Share-based Payments was not applied to equity settled transactions to equity instruments granted after November 7, 2002 that have been vested before January 1, 2010.

RISKS AND UNCERTAINTIES

In the normal course of business, the Corporation is exposed to certain risks and uncertainties inherent in the real estate development industry. Real estate development is a cyclical business; as a result, the profitability of the Corporation could be adversely affected by external factors beyond the control of management. The markets started to gradually stabilize in 2010 from the general downturn of 2008 and 2009 in the national and local economies, and the modest, but positive, trend continued into 2011. However, concerns still exist as to the sustainability of the recovery, as government and consumer debt levels continue to rise. Genesis continues to pursue a strategy of using this economic correction to strongly position itself when the market turns around. With a diversified land base, the Corporation is well positioned to focus on the real estate projects offering the best return in the market place going forward.

The risks identified below are not an exhaustive listing of all possible risks faced by the Corporation. There may be additional risks that management may need to consider as circumstances require.

Genesis is exposed to a number of risks including:

General Economic Risks:

Real Estate Industry Risk: Real estate investments are generally subject to varying degrees of risk, depending on the nature of the property. These risks include: (i) changes in general economic conditions, (ii) changes in local conditions (such as an oversupply of land or a reduction in demand for real estate in the area), (iii) changes to government regulations (such as new or revised building codes) and (iv) competition from other developers or builders. Raw land is relatively illiquid. Such illiquidity will tend to limit Genesis’ ability to rebalance its portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other developers and landowners, resulting in distress sales, may depress real estate values in the markets in which the Corporation operates.

Environmental Risk: As an owner of real estate, Genesis is subject to federal, provincial and municipal environmental regulations. These regulations may require the Corporation to fund the costs of removal and remediation of certain hazardous substances on its properties or releases from its properties. The failure to remediate such properties, if any, could adversely affect the Corporation’s ability to borrow using the property as collateral or sell the real estate. Genesis is not aware of any

material noncompliance with environmental laws at any of its properties. The Corporation has made, and will continue to make, the necessary capital expenditures to comply with environmental laws and regulations. Environmental laws and regulations can change rapidly, and the Corporation may become subject to more stringent environmental laws and regulations in the future.

Competition Risk: Each segment of the real estate business is competitive. Numerous other residential developers and builders compete for potential customers. Although it is Genesis' strategy to be the premier land developer or builder in the marketplaces in which it operates, some of the Corporation's competitors may provide a better product or may be better located or better capitalized. The existence of alternative lots, housing or commercial properties could have a material adverse effect on Genesis' ability to sell lots, single and multi-family homes or commercial properties and thus could adversely affect Genesis' revenues and ability to meet its obligations.

General Uninsured Losses: Genesis carries comprehensive insurance with policy specifications, limits and deductibles customarily carried for similar companies. There are, however, certain types of risks (generally of a catastrophic nature) that are either uninsurable or not economically insurable.

Specific Risks:

Credit Risk: This arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. The corporation does sell to a variety of builders to alleviate this risk. As well, thorough credit assessments are conducted with respect to all new builders and the Corporation also obtains a non-refundable deposit and maintains title to lots that are sold until payment is received in full.

Interest Risk: This is the combined risk that the Corporation would experience a loss as the result of its exposure to a higher interest rate environment (Interest Rate Risk) and the possibility that at the time of maturity of a mortgage the Corporation would be unable to renew the maturing debt either with the existing lender or with a new lender (Renewal Risk). The Corporation structures its debt so as to stagger the maturity dates, thus reducing exposure to any short-term fluctuations in rates. To mitigate against renewal risk, the Corporation has established relationships with a number of different lenders. The Corporation has historically been successful in obtaining refinancing on maturing debt where it has sought it. In addition, Genesis has been able to finance at loan-to-fair values of 50% to 60%, as applicable.

Management Risk: Relates to the continuity of management. The success of Corporation is largely dependent on the quality of its management and personnel. Loss of such personnel or the inability to attract personnel of equivalent ability could materially affect the operations and prospects of the Corporation. The Corporation continuously provides coaching, training and educational opportunities to its employees, as well as periodically evaluates a need to attract human resources of high professional quality and appropriate experience.

Other factors which effect Genesis' ability to operate successfully include:

- Shifts in population patterns;
- Delays in regulatory approvals;
- Availability of land; and
- Availability of labour;

To generally mitigate risks, Genesis has taken the following steps:

- Constant monitoring of market trends and conditions.
- Substantial pre-sales are in place before commencing a project where prudent to do so.

- Raw land acquisitions are generally financed with equity and development costs are funded with short-term financing. All regulatory requirements are met on time.
- Adequate financing is established prior to commencement of project development.
- Strategic planning of current and future land development projects.

DISCLOSURE CONTROLS AND PROCEDURES

The Interim Chief Executive Officer and the Chief Financial Officer (collectively “Officers”) have designed, or caused to be designed under their direct supervision, Genesis’ disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that:

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

In conformance with National Instrument 52-109 (“52-109”), the Corporation has filed certificates signed by the Officers that deal with the matter of disclosure controls and procedures and have concluded that as of September 30, 2011, the design and operating effectiveness of these disclosure controls and procedures are effective in providing reasonable assurance that material information required to be disclosed by the Corporation in reports filed with Canadian securities regulators is accurate and complete and filed within the periods required.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Officers have also designed, or caused to be designed under their direct supervision, Genesis’ internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Genesis’ internal controls over financial reporting as of September 30, 2011 and concluded that the design and operating effectiveness of these internal controls over financial reporting are effective.

There were no changes in the Corporation’s internal controls over financial reporting during the three months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect the Corporation’s internal controls over financial reporting. The conversion to IFRS from Canadian GAAP impacts the presentation of financial results and accompanying disclosures. The Corporation evaluated the impact of the conversion on financial reporting systems, processes, and controls and determined that no material changes were required to its internal control and disclosure control environment.

While Genesis’ Officers believe that the Corporation’s internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management’s belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure framework and may make modifications from time to time as considered necessary or desirable.

The Officers oversee all material transactions and related accounting records. In addition, the Audit Committee reviews the financial statements and key risks of the Corporation on a quarterly basis and queries management about significant transactions, and there is daily oversight by the senior management of the Corporation.

OTHER

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