GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and year ended December 31, 2011

March 5, 2012

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GENESIS LAND DEVELOPMENT CORP.

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

For the three months and year ended December 31, 2011

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

Dated March 5, 2012

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 audited consolidated financial statements and the notes thereto for the years ended December 31, 2011 and 2010 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 $0.05 and $0.25 per share – basic for the three months and year ended December 31, 2011, respectively, compared to $0.24 and $0.76 per share – basic for the same periods in 2010. The decrease is attributable to the sale of a large development land parcel in 2010, a drop in the number of homes sold, while partially offset by an increase in residential lot revenues. The home division was affected by weather conditions in the first and second quarters of 2011, thus also impacting the rest of the year as the show home openings were delayed affecting the sales traffic. The multi-family project, The Breeze, had only 1 unit remaining in inventory as at December 31, 2011, and that was sold subsequent to the year end.

The Corporation's debt increased by $6,911 during the year ended December 31, 2011. During the year, the Corporation completed refinancing of $54,185 of loans to more favourable terms improving the Corporation's cash flows and decreasing interest costs.

OUTLOOK

The Western Canadian real estate market appears to be weathering the global economic storm and may even be poised for a period of stable modest growth. Investment in Alberta's energy sector is robust and Calgary's downtown office vacancies have dropped significantly. Net in-migration to the Calgary area is expected to approach 30,000 people per year, resulting in an increased housing demand. Canada Mortgage and Housing forecasts new housing starts for the Calgary metropolitan area of 10,300 in 2012 and 10,700 in 2013 after reporting starts of 9,263 in 2010 and 9,292 in 2011.

Genesis is well positioned to capitalize on this market environment. Our home building division, GBG, will have 9 completed and professionally-staged show-homes in 6 communities to support its sales objectives and is expected to significantly increase its home sales in 2012. GBG will also launch three row housing projects in 2012; 23 units at The Brownstones in Sage Meadows, 29 units at Saffron in Saddlestone and 15 units at The Gardens in Saddlestone. The existing show-homes will be used to sell into these projects.

The Corporation's land development division has completed servicing of 132 lots in the community of Saddlestone that will be available to the market in the first quarter of 2012. The 2012 development program calls for the servicing of an additional 153 lots in Saddlestone and 148 lots at the Canals in Airdrie. In addition to the single family lot production Genesis is seeing growing interest in our commercial and multifamily assets.

While Genesis is generally bullish on the Calgary market, to mitigate its risks, Genesis will limit the number of spec homes it will produce in GBG, and it will also seek pre-sales on its 2012 development projects.

Genesis is seeking to sell additional parcels of land within Sage Hill Crossing ("SHC") development before commencing servicing of the North half of SHC, and is also advancing engineering and planning approvals on its mid to long term lands to provide a future inventory of residential, commercial and industrial projects.

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.

Key Performance Indicators are calculated as follows:

	Three months ended December 31,		**Year ended December 31,**	
	2011	**2010**	**2011**	**2010**
Funds From Operations	7,290	17,803	23,579	56,186
Funds From Operations per share	0.16	0.40	0.53	1.27
Earnings Per Share - Basic	0.05	0.24	0.25	0.76
Earnings Per Share - Diluted	0.05	0.23	0.25	0.75

	For the twelve months ended	
	December 31, 2011	**December 31, 2010**
Return on Equity	6.4%	23.9%
Return on Assets	3.0%	10.3%

	December 31, 2011	December 31, 2010
Debt to Equity ratio	0.60	0.54
Debt to Gross Book Value	23.6%	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:

	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Cash provided (used) by operating activities (IFRS)	(4,579)	(9,021)	(4,442)	(49%)	17,553	58,251	(40,698)	(70%)
Changes in non-cash working capital	11,869	26,824	(14,955)	(56%)	6,026	(2,065)	8,091	392%
Funds from operations	7,290	17,803	(10,513)	(59%)	23,579	56,186	(32,607)	(58%)

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 and income from a joint venture.

Debt to Gross book value is calculated as follows:

($'s)	December 31, 2011	December 31, 2010
Debt		
Financings excluding deferred financing fees	89,989	82,963
Gross Book Value		
Real estate held for development and sale	299,916	304,634
Property and equipment	2,062	2,004
Other assets	77,654	45,288
Deferred financing fees	1,758	1,643
Gross Book Value	381,390	353,569
Debt to Gross Book Value	23.6%	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.

SELECTED ANNUAL INFORMATION

The following table sets out audited consolidated financial information of the Corporation for the last three fiscal years ended December 31:

($'s)	2011	2010	2009
			Canadian GAAP
Total revenues	95,760	137,383	86,562
Net earnings attributable to equity holder's	11,060	33,514	6,756
Total assets	378,018	350,466	344,770
Total financings	88,231	81,320	117,639
Net earnings attributable to equity holder's			
- Basis	0.25	0.76	0.15
- Diluted	0.25	0.75	0.15

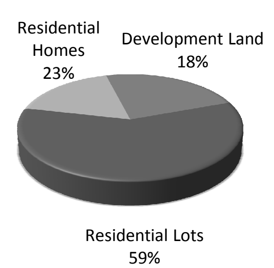
RESULTS OF OPERATIONS

	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Net earnings attributable to equity holders of the parent	2,057	10,454	(8,397)	(80%)	11,060	33,514	(22,454)	(67%)
Net earnings per share - Basic	0.05	0.24	(0.19)	(79%)	0.25	0.76	(0.51)	(67%)
Net earnings per share - Diluted	0.05	0.23	(0.18)	(78%)	0.25	0.75	(0.50)	(67%)

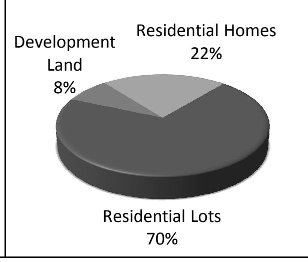
Revenue, Cost of Sales and Gross Margin

The revenue mix for the three months and year ended December 31, 2011 and 2010 is as follows:

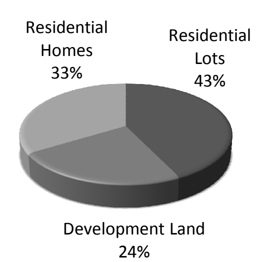
Three months ended December 31, 2011



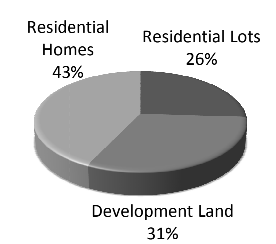
Three months ended December 31, 2010



Year ended December 31, 2011

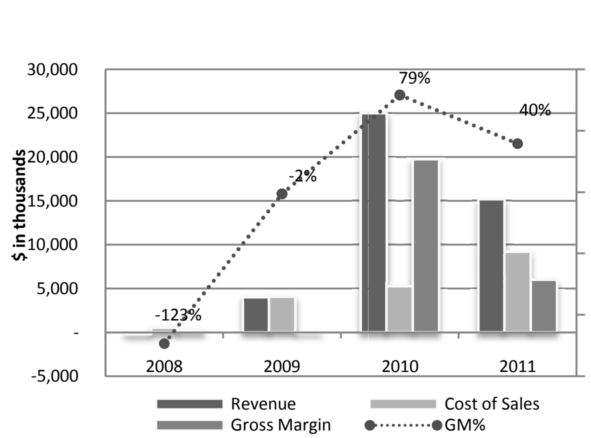
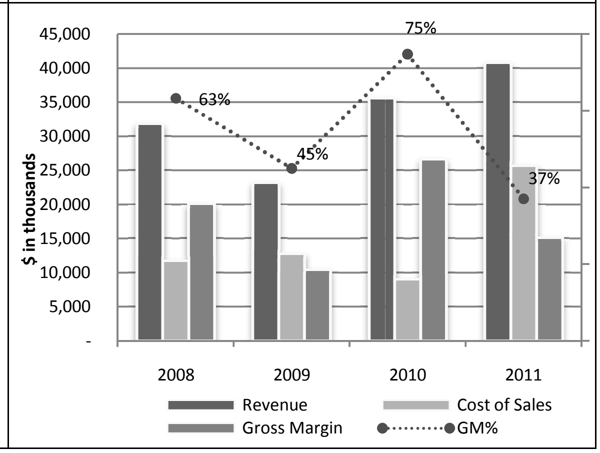


Year ended December 30, 2010



Residential Lots

Revenue, Cost of Sales and Gross Margin

Three months ended December 31,	Year ended December 31,
	

	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Residential lot revenue	15,138	24,955	(9,817)	(39%)	40,739	35,570	5,169	15%
Cost of sales	(9,158)	(5,226)	3,932	75%	(25,655)	(8,985)	16,670	186%
Gross margin	5,980	19,729	(13,749)	(70%)	15,084	26,585	(11,501)	(43%)
Gross margin %	40%	79%			37%	75%		
Number of lots sold	93	128	(35)	(27%)	255	184	71	39%
Average revenue per lot	163	195	(32)	(16%)	160	193	(33)	(17%)
Average cost of sales per lot	98	41	57	139%	101	49	52	106%

Residential lot revenue decreased during three months ended December 31, 2011 compared to the same period in 2010 as the three months ended December 31, 2010 included the newly released phases 1 and 2 of the Calgary community of Saddlestone. The lot revenue for the year ended December 31, 2011 is higher due primarily to the completion and sale of lots in phases 1 and 2 of the Calgary community of Sage Meadows, and the release of phases, 7 and 9 of Bayside in Airdrie. The 15% year over year lot revenue increase reflects the Calgary housing market's improvements in 2011, establishing a positive trend for 2012.

The revenue per lot for the three months and year ended December 31, 2010 was higher than 2011 due to sales of higher priced amenity lots in the Calgary community of Sherwood averaging $215 per lot.

The cost of sales per lot was higher for the three months and year ended December 31, 2011 compared to 2010 resulting in decreased gross margins. The increased cost of sales is largely associated with the community of Sage Meadows. Sage Meadows has a higher cost base per saleable square foot due to the infrastructure requirements as follows:

- The Sage Meadows community has a lower net saleable area as a large portion of the lands were required to be dedicated to the City of Calgary as environmental reserve in addition to the land normally required for school sites and a neighborhood parks. This resulted in the land and development cost being allocated to a smaller net saleable area. The Corporation also incurred additional costs due to the City requirement that the Sage Meadows lands provide storm water management facilities to service adjacent land not controlled by Genesis, thus increasing the land cost base.

Development Land

	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Development land revenue	4,475	2,800	1,675	60%	22,523	42,512	(19,989)	(47%)
Cost of sales	(8,239)	(1,059)	7,180	678%	(17,885)	(15,822)	2,063	13%
Gross margin	(3,764)	1,741	(5,505)	(316%)	4,638	26,690	(22,052)	(83%)
Gross margin %	(84%)	62%			21%	63%		

The decrease in development land sales for the year ended December 31, 2011 compared to the same period in 2010 is a result of a large, one-time, residential land parcel sale of $35,000 included in 2010.

The decrease in margin for the year ended December 31, 2011 compared to 2010 is due to the sales mix and partial write-downs of the book value of one development land parcel in Acheson (Parkland County of Alberta) and two land parcels (Duhn and Worthington) in Delacour (east of Calgary). The Worthington parcel is under the LPLP 2007 ownership.

The development land sold in 2011 was mainly comprised of commercial and multi-family land parcels which generally have lower margins than the single-family land parcels sold in 2010.

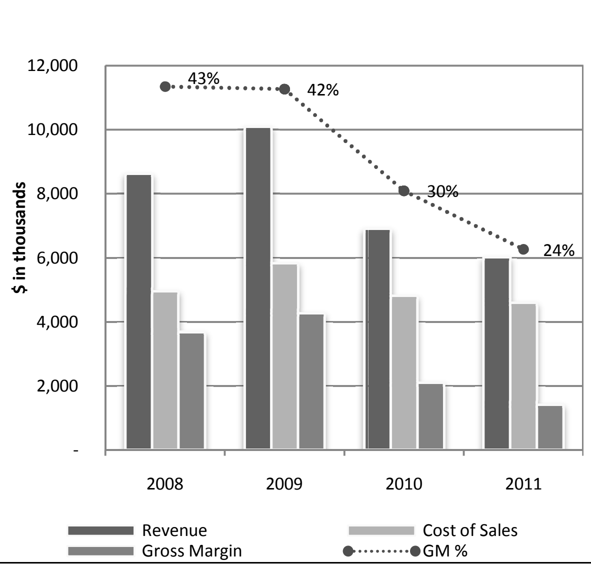
The negative gross margin for three months ended December 31, 2011 is due to the write-down of the land parcels and a cost to complete adjustment for a development land parcel sold during three months ended September 30, 2011. The gross margin before the adjustment and the write-down is $401 or 9%. The decrease in gross margin for the three months ended December 31, 2011 is due to a multi-family site sale in 2011 with a 9% gross margin versus a more favorable sale of a land parcel in 2010 which generated a 62% margin. The multi-family parcel sold in 2011 had unique characteristics that required additional on-site development costs which affected its selling price.

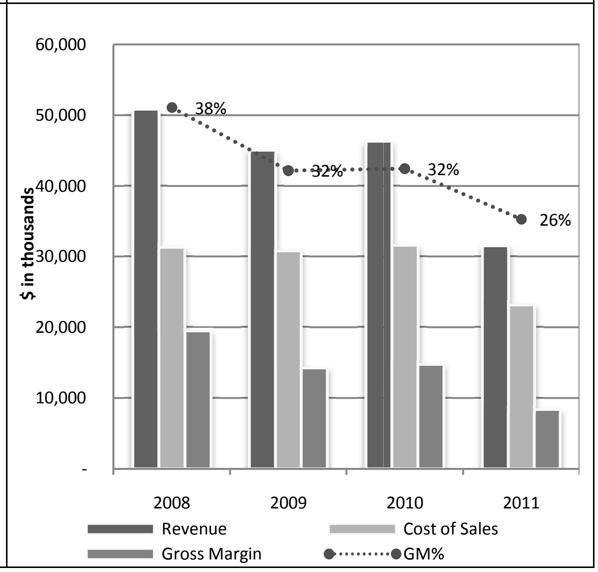
Residential Home Building

Single-family

Revenue, Cost of Sales and Gross Margin

Three months ended December 31,	Year ended December 31,





	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Single-family revenue	6,002	6,897	(895)	(13%)	31,477	46,297	(14,820)	(32%)
Cost of sales	(4,591)	(4,803)	(212)	(4%)	(23,146)	(31,561)	(8,415)	(27%)
Gross margin	1,411	2,094	(683)	(33%)	8,331	14,736	(6,405)	(43%)
Gross margin %	24%	30%			26%	32%		
Number of homes sold	11	15	(4)	(27%)	65	101	(36)	(36%)
Average revenue per home	546	460	86	19%	484	458	26	6%
Average cost of sales per home	417	320	97	30%	356	312	44	14%

The decrease in the number of single family homes sold during the year ended December 31, 2011 compared to the same period in 2010 was a result of multiple factors. Wet weather in the spring of 2011 delayed the completion of services and the start of construction of four showhomes in three communities for the spring selling season. These showhomes didn't open until May. The closings of a majority of the sales generated through these showhomes were carried forward into 2012.

The market for move-up homes also became extremely competitive due to the availability of both new and resale product. The corporation chose to reduce its blended margins to generate sales in the initial phases of certain new communities. In the three months ended December 31, margins started to improve, suggesting a trend towards a balanced market.

The number of home sales closed by community during the three months and year ended December 31, 2011 and 2010 in Calgary and Airdrie are as follows:

	Three months ended December 31,				Year ended December 31,			
	# of single-family homes closed		Average amount per home ($'s)		# of single-family homes closed		Average amount per home ($'s)	
Community	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Calgary								
Kincora*	-	-	-	-	-	33	-	441
Sherwood	1	6	959	617	4	25	659	590
Saddlestone	2	-	401	-	25	-	440	-
Sage Meadows	3	-	759	-	12	-	648	-
Taralake	-	-	-	-	1	3	461	519
Airdrie								
Bayside	5	9	397	355	23	40	417	386
Total	11	15	484	460	65	101	484	458

*sold out in 2010

Multi-family

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	**2010**	**Change**	**%**	**2011**	**2010**	**Change**	**%**
Multi-family revenue	-	812	(812)	(100%)	577	12,272	(11,695)	(95%)
Cost of sales	(30)	(762)	(732)	(96%)	(571)	(12,043)	(11,472)	(95%)
Gross margin	(30)	50	(80)	(160%)	6	229	(223)	(97%)
Gross margin %	-	6%			1%	2%		
Number of homes sold	-	4	(4)	(100%)	3	49	(46)	(94%)
Average revenue per home	-	203	(203)	(100%)	192	250	(58)	(23%)
Average cost of sales per home	-	191	(191)	(100%)	190	246	(56)	(23%)

The last unit in The Breeze multi-family project sold subsequent to the year end.

During the year ended December 31, 2011, Genesis commenced design work on the Montura project, a multi-family rental project with approximately 160 units in the Calgary community of Saddlestone.

The Corporation currently has additional serviced multi-family sites. However, management is currently investigating the opportunities to develop or divest itself of these sites.

General and Administrative Expense

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	**2010**	**Change**	**%**	**2011**	**2010**	**Change**	**%**
Corporate administration	571	606	(35)	(6%)	2,886	3,038	(152)	(5%)
Compensation and benefits	1,574	1,610	(36)	(2%)	5,173	5,001	172	3%
Professional services	980	765	215	28%	4,476	3,172	1,304	41%
Advertising and marketing	136	243	(107)	(44%)	1,064	1,056	8	1%
	3,261	3,224	37	1%	13,599	12,267	1,332	11%

The overall general and administrative expense for the year ended December 31, 2011 compared to the same period last year increased mainly due to costs associated with settlements of some legal disputes and fees paid for professional services.

Finance Expense

($'s)	Three months ended December 31, 2011	2010	Change	%	Year ended December 31, 2011	2010	Change	%
Interest expensed	1,416	1,379	37	3%	6,549	7,973	(1,424)	(18%)
Financing fees accretion	394	499	(105)	(21%)	1,557	2,995	(1,438)	(48%)
Interest and financing fees capitalized	(825)	(953)	(128)	(13%)	(2,937)	(3,337)	(400)	(12%)
	985	925	60	6%	5,169	7,631	(2,462)	(32%)

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

During the year ended December 31, 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.

The decrease in interest expense for the year ended December 31, 2011 compared to 2010 was mainly due to lower average outstanding loan balances and lower interest rates and fees paid on new and renewed loans.

Income Tax Expense

($'s)	Three months ended December 31, 2011	2010	Change	%	Year ended December 31, 2011	2010	Change	%
Income tax expense	957	4,062	(3,105)	(76%)	4,264	12,845	(8,581)	(67%)

Income tax expense decreased for the year ended December 31, 2011 compared to 2010 primarily due to lower taxable income.

FINANCIAL POSITION

ASSETS

($'s)	December 31, 2011	%	December 31, 2010	%
Real estate held for development and sale	299,916	80%	304,634	86%
Property and equipment	448	-	544	-
Amounts receivable	43,451	11%	27,021	8%
Other operating assets	20,494	5%	15,812	5%
Deferred income taxes	2,859	1%	-	-
Cash and cash equivalents	10,850	3%	2,455	1%
	378,018	100%	350,466	100%

Real Estate Held for Development and Sale

($'s)	December 31, 2011	December 31, 2010	Change	%
Real estate held for development and sale	310,670	315,006	(4,336)	(1%)
Provision for write-down	(10,754)	(10,372)	382	4%
	299,916	304,634	(4,718)	(2%)

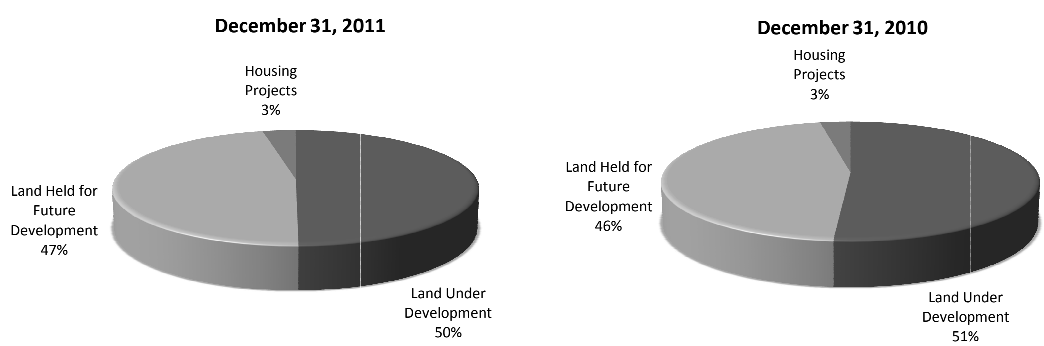
During the year ended December 31, 2011, carrying value of real estate held for development and sale decreased primarily as a result of sales of residential lots, development land parcels and housing inventory and the write-down of a development land parcel. The decrease is offset by on-going residential land development and home construction expenditures relating to the Calgary communities of Sage Meadows, Saddlestone and Sage Hill Crossing, and the Airdrie community of Bayside. During 2011, the Corporation recognized partial write-downs of the book value of Acheson ($1,941), Duhn ($620) and Worthington ($990) lands. The Corporation also recognized a recovery of previously recognized write-downs in the amount of $1,153 relating to Fowler property in Airdrie driven by a higher valuation at December 31, 2011.

Real estate held for development and sale changed during the year ended December 31, 2011 as follows:

($'s)	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment elimination	Total
December 31, 2010	156,149	139,486	8,999	-	304,634
Acquisitions & Transfers	5,243	(3,551)	15,410	(17,102)	-
Development	29,220	5,121	13,967	17,102	65,410
Sold	(39,483)	-	(30,263)	-	(69,746)
Impairment adjustments	(1,941)	(457)	2,016	-	(382)
December 31, 2011	149,188	140,599	10,129	-	299,916

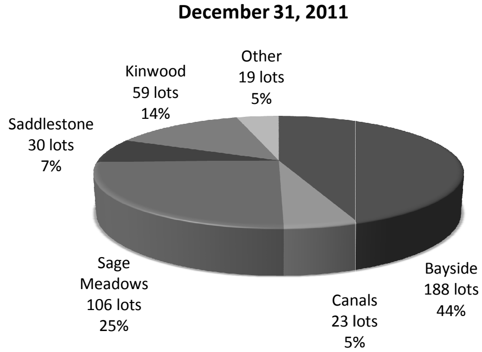
The Corporation holds more than 7,000 acres of land including land held under limited partnerships. The inventory mix based on the book value was as follows:

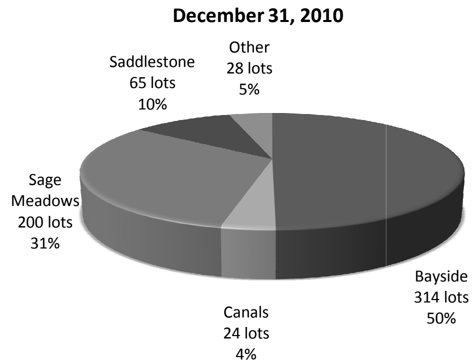
Inventory Mix - Book Value



The Corporation had 425 single-family lots in inventory as at December 31, 2011 (December 31, 2010 – 631). The lot inventory by community was as follows:

Total number of single-family lots in inventory by community





Amounts Receivable

($'s)	December 31, 2011	December 31, 2010	Change	%
Amounts receivable	43,451	27,021	16,430	61%

Amounts receivable increased at December 31, 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 phases 7 and 9 of the Airdrie community of Bayside, sales of lots achieved by the joint venture in the Calgary community of Kinwood, and two vendor take back mortgages issued for sales of commercial and multi-family parcels. 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)	December 31, 2011	%	December 31, 2010	%
Financings	88,231	23%	81,320	23%
Customer deposits	7,582	2%	8,388	2%
Accounts payable and accrued liabilities	16,415	4%	13,025	4%
Income taxes payable	12,970	3%	6,988	2%
Deferred income taxes	-	-	3,387	1%
Land development service costs	16,201	4%	10,347	3%
Non-controlling interest	56,771	15%	58,922	17%
Shareholders' equity	179,848	49%	168,089	48%
	378,018	100%	350,466	100%

Financings from lending institutions, gross of deferred financing fees of $1,758, at December 31, 2011 totaled $89,989 of which $16,807 or 19% relates to balances due in 1 year or less, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. During the year ended December 31, 2011, Genesis received $91,023 of financing proceeds and made repayments of $83,613.

Land Development Service Costs

($'s)	December 31, 2011	December 31, 2010	Change	%
Land development service costs	16,201	10,347	5,854	57%

Accrued land development service costs increased at December 31, 2011 compared to December 31, 2010 mainly due to lot sales by the joint venture (See 'Joint Venture' below) in the Calgary community of Kinwood. 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 March 5, 2012, the Corporation had 44,486,162 common shares issued and outstanding. In addition, there were options to acquire 1,665,096 common shares of the Corporation issued under the Corporation's stock option plan.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2011, the Corporation generated net earnings of $11,060 for funding its operating activities. At December 31, 2011, the consolidated cash balance was $10,850 as compared to $2,455 as at December 31, 2010.

The short-term liabilities and commitments include:

($'s)	December 31, 2011	December 31, 2010
Financings, excluding deferred financing fees	16,807	45,006
Accounts payable and accrued liabilities	16,415	13,025
Total short-term liabilities	33,222	58,031
Commitments	10,035	4,977
	43,257	63,008

At December 31, 2011, Genesis has obligations due within the next 12 months of $43,257. 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 December 31, 2011 and as at the end of the previous four quarters:

Financings ($'s)	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010
Land & land project loans	88,047	75,275	86,192	86,686	81,862
Home building operations	1,254	-	-	-	442
Other	688	681	673	667	659
	89,989	75,956	86,865	87,353	82,963
Deferred financing fees	(1,758)	(1,829)	(1,428)	(1,422)	(1,643)
	88,231	74,127	85,437	85,931	81,320

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

($'s)	Year ended December 31, 2011	Year ended December 31, 2010
Balance, beginning of year	81,320	115,210
Advances	91,023	125,850
Repayments	(83,613)	(162,057)
Finance expense	5,169	7,631
Interest and financing fees paid and capitalized	(5,668)	(5,314)
Balance, end of year	88,231	81,320

The financings decreased mainly due to the pay down of project loans by lot closings achieved in the Calgary communities of Saddlestone and Sage Meadows. The Corporation obtained $13,020 and $38,020 of new loans during the three months and year ended December 31, 2011.

The following table shows the debt to equity ratio calculated as total liabilities divided by total equity.

($'s)	December 31, 2011	December 31, 2010
Total Liabilities	141,399	123,455
Total Equity	236,619	227,011
Debt to Equity ratio	0.60	0.54

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

Contractual Obligations

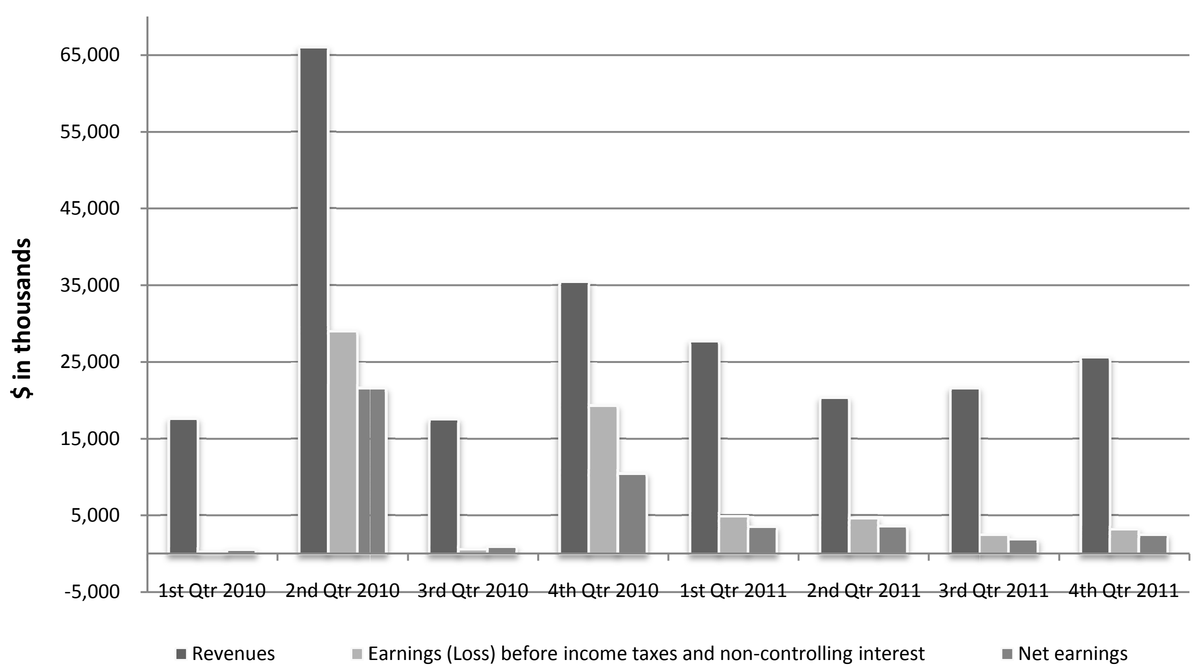
The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, stated as of December 31, 2011, are as follows:

($'s)	Financings (excl. deferred financing fees)	Purchase of Land and other	Naming Rights	Lease Obligations	Total
Current	16,807	8,433	1,200	402	26,842
Years 2 and 3	73,182	-	1,400	80	74,662
Years 4 and 5	-	-	1,400	18	1,418
Thereafter	-	-	2,200	-	2,200
	89,989	8,433	6,200	500	105,122

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 the "Genesis Centre for Community Wellness", a recreation complex in north east Calgary.

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 "Genesis Place", a recreation complex in the city of Airdrie. The first four payments have been remitted as scheduled and recorded as part of general and administrative expense.

SUMMARY OF QUARTERLY RESULTS



($'s)	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010
Revenues	25,615	21,590	20,368	27,743	35,464	17,548	66,042	17,596
Earnings before income taxes and non-controlling interest	1,666	2,462	4,637	4,877	19,326	579	29,014	282
Net earnings being comprehensive income	2,057	1,877	3,604	3,523	10,454	917	21,606	537
Net earnings per share:								
- Basic	0.05	0.04	0.08	0.08	0.24	0.02	0.49	0.01
- Diluted	0.05	0.04	0.08	0.08	0.23	0.02	0.49	0.01

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. The development is comprised of 4 phases. The first phase has been serviced and is comprised of 194 lots and two multi-family sites. The JV sold 135 lots in 2011, including 30 lots sold to the home building division of the Corporation.

On July 15, 2011, the JV obtained a credit facility in the amount of $17,000. The Corporation and the JV partner have provided a guarantee for this facility. At December 31, 2011, the balance of the facility was $4,330, 50% of which the Corporation recognized in its 2011 financial statements.

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 December 31, 2011, these letters of credit totaling approximately $13,738, 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 December 31, 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 pursuant to a settlement agreement with Alberta Securities Commission. On November 30, 2011, the Corporation entered into an Advisory Services Agreement with the former CEO to provide support and advisory services on an as-needed basis during the strategic alternatives evaluation process. The terms and scope of the agreement extend to March 31, 2012. The amount of payments made to the former CEO for the year ended December 31, 2011 were $67 (2010 - $Nil). On December 7, 2011, the former CEO completed the purchase of a single-family home for $1,114 representing terms offered to employees and measured at the exchange amount.

The Corporation engaged a former officer ("former CFO") of the Corporation as a Senior Financial Advisor, the term for which expired December 31, 2011. The amount of payments made to the former CFO for the year ended December 31, 2011 were $148 (2010 - $178). On March 26, 2011, the former CFO also completed the purchase of a single-family home for $947 representing terms offered to employees and measured at the exchange amount. At December 31, 2011, amounts receivable from the former CFO were $Nil (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.

During the year ended December 31, 2011, the Corporation's Corporate Controller entered into a contract with the Corporation for the purchase of a single-family home for $693 representing terms offered to employees. At December 31, 2011, the home was still under construction.

SUBSEQUENT EVENTS

On February 21, 2012, the Corporation announced the conclusion of strategic review process that was commenced on June 20, 2011. A Special Committee of independent members of Genesis' Board of Directors conducted a thorough review of the strategic alternatives available to the Corporation including consideration of corporate transactions. The process did not result in a transaction adequately reflecting value. The Special Committee determined that it is in the best interest of Genesis' shareholders to terminate the process.

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 sold lots 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 year ended December 31, 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.

<u>Specific Risks</u>:

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 retains 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 Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") 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.

The Company is required to perform an evaluation of disclosure controls and procedures and internal control over financial reporting annually and to disclose Management's conclusions about the effectiveness & design of these disclosure controls and procedures and internal controls over financial reporting in its Annual MD&A.

Genesis' management, including the CEO and the CFO, has reviewed and evaluated the effectiveness of the Corporation's disclosure controls and procedures and internal controls over financial reporting as of December 31, 2011. In conformance with National Instrument 52-109 ("52-109"), the Corporation has filed certificates signed by the CEO and CFO that deal with the matter of disclosure controls and procedures and internal controls over financial reporting.

Based on that evaluation, senior management determined that the disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under 52-109) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO 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 December 31, 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 December 31, 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' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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 CEO and CFO 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.

The CEO and CFO have limited the scope of the design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of Kinwood Communities Inc., a joint venture in which the Corporation has 50% interest. The design was excluded from evaluation as the Corporation does not have the ability to design and evaluate controls policies and procedures carried out by that entity. Our assessment is limited to the internal controls over the inclusion of our share of the joint venture and its results in our consolidated financial statements. To help mitigate the impact and to ensure quality financial reporting, the Corporation had specified procedures performed by an independent accounting firm on certain balance sheet and income statement items.

OTHER

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