

MANAGEMENT'S DISCUSSION & ANALYSIS 2013

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2013

GENESIS

Highlights

CASH FLOW 2013 **\$53,473,000** CASH FLOW PER SHARE 2013 **\$1.19**

61% INCREASE IN HOMEBUILDING REVENUE FROM 2012 TO **\$63,570,000**

80% INCREASE IN HOMES SOLD FROM 2012: **164** (2013) **91** (2012)

DEBT HAS DECREASED TO **\$50,373,000** (2013) FROM **\$97,224,000** (2012)

PRE-TAX NAV **\$7.18** VS. AVERAGE TRADE PRICE **\$3.51**

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 consolidated financial statements and the notes thereto for the year ended December 31, 2013 and 2012 prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements and comparative information have been prepared in accordance with IFRS. They have been reviewed by the Corporation's Audit Committee, consisting of three independent directors, and adopted by the Board of Directors. Additional information, including the Corporation's Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of March 28, 2014.

NON-GAAP FINANCIAL MEASURES AND ADVISORIES

This MD&A includes references to certain financial measures which do not have standardized meanings prescribed by IFRS. As such, these financial measures are considered additional GAAP or non-GAAP financial measures and therefore are unlikely to be comparable with similar financial measures presented by other issuers. These additional GAAP and non-GAAP financial measures include, Net Asset Value, Gross Margin before impairment and Adjusted earnings per share. For a full description of these and other non-GAAP financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP Financial Measures" and "Forward Looking Statements" advisories contained at the end of this MD&A.

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OVERVIEW

Genesis Land Development Corp. ("Genesis" or the "Corporation") is an integrated, award-winning land developer and residential homebuilder creating innovative and successful communities in the Calgary Metropolitan Area. Genesis is committed to supporting its communities through partnerships like the Genesis Centre of Community Wellness, and Genesis Place Recreational Centre.

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

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

MARKET OVERVIEW

Alberta's general economic conditions continue to be strong, supporting expectations of a robust pace of activity in Calgary's home building industry throughout the balance of 2014. Solid economic fundamentals include low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. These market dynamics provide a continued healthy environment for development and growth of our core land positions, sale of lots and expansion of our home building activities.

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

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CORPORATE HIGHLIGHTS

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

	Three months ended December 31,		Year ended December 31,	
	2013	2012 ⁽¹⁾	2013	2012 ⁽¹⁾
Key Financial Data				
Total revenues ⁽²⁾	26,331	57,377	96,077	129,460
Cost of sales ⁽³⁾	(23,978)	(76,768)	(86,230)	(120,409)
Gross margin	2,353	(19,391)	9,847	9,051
Impairment	(4,155)	(34,215)	(16,282)	(33,146)
Gross margin before impairment ⁽⁴⁾	6,508	14,824	26,129	42,197
Gross margin before impairment (%) ⁽⁴⁾	24.7%	25.8%	27.2%	32.6%
Earnings (loss) before income taxes	2,485	(24,529)	(1,850)	(2,661)
Net earnings (loss) ⁽⁵⁾ attributable to equity shareholders	4,980	(7,126)	5,713	8,861
Net earnings (loss) ⁽⁵⁾ per share - basic and diluted	0.11	(0.16)	0.13	0.20
Adjusted earnings per share - basic ^{(4),(6)}	0.12	0.15	0.31	0.51
Adjusted earnings per share - diluted ^{(4),(6)}	0.12	0.15	0.31	0.50
Cash flows from (used in) operating activities	94	(17,245)	53,473	(2,794)
Cash flows from (used in) operating activities per share ⁽⁷⁾	-	(0.39)	1.19	(0.06)
Key Operating Data				
Residential lots sold to third parties (units)	62	46	150	238
Residential lots sold through the home building business segment (units)	36	25	110	56
Development land sold (acres)	-	37.59	11.28	49.37
Average revenue per lot sold to third parties	154	184	171	184
Average revenue per acre	-	929	591	921
Homes sold (units)	42	34	164	91
Average revenue per home sold	396	409	387	433
Net new home orders (units)	54	37	189	152
Key Balance Sheet Data				
			As at December 31	
			2013	2012 ⁽¹⁾
Cash and cash equivalents			17,678	10,005
Total assets			313,846	374,341
Loans and credit facilities			50,373	97,224
Total liabilities			95,920	148,032
Shareholders' equity			195,483	189,590
Total equity			217,926	226,309
Pre-tax net asset value per share ⁽⁴⁾			7.18	7.23
After-tax net asset value per share ⁽⁴⁾			6.67	6.70
Debt to total assets			16.1%	26.0%

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Includes other revenues

⁽³⁾ Includes impairment of real estate held for development and sale

⁽⁴⁾ Non-GAAP financial measure. Refer to page 24

⁽⁵⁾ Net of income tax expense

⁽⁶⁾ Before impairment related to equity shareholders and before proxy contest costs

⁽⁷⁾ Basic and diluted amounts per share

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Improved cash flows from operations:

- Cash flows from (used in) operating activities for year ended December 31, 2013 were \$53,473 or \$1.19 per share compared to (\$2,794) or (\$0.06) per share in 2012.
- Accounts receivable decreased to \$23,342 at December 31, 2013 from \$73,239 at December 31, 2012 primarily due to the Sage Hill Crossing proceeds (\$27,713) received in January 2013

Improved management of balance sheet:

- Significantly reduced Loans and Credit Facilities from \$97,224 at December 31, 2012 to \$50,373 at December 31, 2013
 - This was largely due to the proceeds from the sale of development land at Sage Hill Crossing and other cash flow from operating activities
 - Debt to equity ratio decreased to 0.44 at December 31, 2013 from 0.65 at December 31, 2012
 - Debt to total assets dropped by 10% to 16% for 2013 from 26% in 2012
- Total interest expense reduced by 34% to \$3,771 in 2013 from \$5,686 in 2012

Achieved turnaround in the home building business segment:

- This business segment achieved essentially a breakeven outcome for 2013
- Sales volume increased by 80% to 164 units in 2013 from 91 units in 2012
- Revenues increased to \$63,570 from \$39,497 for the year ended December 31, 2013 compared to 2012

Implemented comprehensive planning and control:

- The new management team and renewed board have led the establishment of sophisticated planning and control policies, systems and procedures that affect all aspects of the organization from accounting, administration, compensation to governance
 - All aspects of the administrative infrastructure and systems have been reviewed and necessary changes made or pending
 - Home building sales and administrative infrastructure and systems are substantially in place to support our continued turnaround
- A comprehensive and focused strategic plan is in place and we are executing related business plans with careful attention to economy, efficiency and effectiveness
- The interests of the new CEO and CFO are aligned with those of shareholders through a new compensation structure that includes an equity based incentive plan
 - Performance targets cover all aspects of operations, with a determined effort to close the gap between our net asset value and share value

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Substantially completed asset rationalization:

- Identified non-core assets and appraised such assets accordingly, resulting in the majority of the impairment write-down of \$26,453 on lands directly owned by Genesis over the last two years (plus \$22,975 applicable to lands owned by the limited partnerships)
- Established a process to sell all non-core assets:
 - Completed the sale of the largest portion for proceeds of \$14,000 in February 2014
 - Remaining non-core assets represent only 3.3% (2012 – 7.9%) of Genesis' land portfolio with an appraised value of \$7,210 (2012 – \$17,490) and carrying value of \$5,843 (2012 – \$14,015)
- Made significant progress on design and planning for the development of the Sage Hill Crossing mixed use development

Further information on the Corporation's performance is presented in the land development and home building sections of this MD&A. These sections are to be read in conjunction with note 19 (segmented information) in the consolidated financial statements for the year ended December 31, 2013 and 2012. These sections of the MD&A present the business segment revenues and expenses before inter-company eliminations.

STRATEGY AND BUSINESS FOCUS

We will continue to focus on our two core businesses of land development and home building in the Calgary Metropolitan Area, where our three primary residential communities continue to generate attractive earnings and cash flows. In addition to our residential strength, we own several major mixed-use land holdings in the greater Calgary area, which are expected to contribute future earnings and cash flows as the projects mature and sites are sold or developed.

Over the course of 2013, management and the Board of Directors ("Board") developed a comprehensive strategic plan focused towards building our existing land development and home building businesses to maximize shareholder value and position the platform for future growth. This plan will drive our focus and activities in 2014 and beyond. We made substantial progress on the plan's strategies in 2013, which are outlined as follows:

1. Build a Sustainable and Highly Profitable Home Building Business

Home building unit volume grew 80% from 91 homes sold in 2012 to 164 in 2013, and we are well-advanced in meeting our objective of growing this by a further 41% to 231 home closings in 2014 and beyond. We have assembled a strong production team and sufficient infrastructure capable of building 300 homes per year, improving net margin and profitability of our home building business segment as volume rises.

As volume in the home building business segment rises, we expect improvements in both gross and net margins as a result of more efficient use of our home building platform. The land business generates regular revenue from the sale of home building lots, which is a relatively predictable business in normal market conditions. As mixed-use sites mature and are sold, Genesis will generate large, but irregular, increases in earnings and cash flow. The timing of these sales depends on the progress of development for these large, mixed-use land positions.

Part of our strategy to increase growth and profitability is to use our developed lot supply primarily in our own home building business segment. This provides a reliable long-term supply of land to grow the home building business segment and enables us to capture additional margin from the sale of homes.

2. Grow Land Development Operations

We hold a valuable bank of residential land in our three primary communities in Airdrie, Calgary NE and Calgary NW in Alberta, which continues to fuel growth in our lot sales and home building business segment. Residential lot sales are expected to grow by 7% from 260 lots in 2013 to 277 lots in 2014. In addition, we are aggressively securing approvals and advancing development for our prime mixed-use land holdings at Sage Hill Crossing and North Conrich. These development lands represent some of the best located and developable mixed-use land in the Calgary Metropolitan Area.

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3. Sell Non-core Assets

We have identified seven properties that are either outside the Calgary Metropolitan Area or do not have development characteristics that fit within our core business. The appraised value of these properties is \$21,150. In order to more efficiently deploy our capital, we have decided to pursue the sale of these properties. We have largely met our short-term sale objectives with the sale of the first and largest of these properties for \$14,000 in February 2014, and now have 98% of our real estate assets within the Calgary Metropolitan Area. The balance of the non-core properties is expected to be sold over the next 12 to 24 months. We continue to evaluate several other ancillary parcels to determine whether they fit into our long-term development and building program.

4. Simplify and Streamline the Organization

To provide cost savings and operating efficiencies, we are in the process of eliminating redundant and inefficient software systems. The implementation of a new accounting and operations software system is underway and planned to be fully operational in the third quarter of 2014. We will continue to examine our operations to identify future opportunities to improve efficiencies.

We are committed to improving communication with our shareholders and the market. In 2014, our shareholders can expect management to further increase its focus on investor communication through a variety of investor relations activities. We believe that better explaining our assets, business and potential to the market will help gain understanding, trust and, eventually, improved market valuation.

5. Focus on Financing Strategies

Genesis strengthened its balance sheet by reducing debt by \$46,851 in 2013 (2012 - \$8,993). Subsequent to the year end, Genesis' highest interest loan (excluding limited partnerships) was prime +2.5%. A comprehensive financing focus is being applied to ensure the optimal allocation and use of our capital resources, and achieve a prudent capital structure and long-term returns. Going forward, our objective is to better match the term of financing with the underlying land asset as follows:

- Obtain the maximum amount of financing available for land servicing and home building, which is generally at a lower rate due to the nature of the assets' short-term earnings potential and lower risk; and
- Finance long term land with equity, except in certain cases when acquisition financing is obtained from a vendor or other advantageous sources.

6. Create Liquidity for Shareholders

In management's opinion, Genesis' share price does not currently reflect the underlying net asset value of the Corporation. In an effort to help reduce this significant gap and improve trading liquidity of our common shares, we will be considering various alternatives for the return of capital to shareholders. Any strategy would be implemented if, and when, appropriate with sufficient retained cash flow to sustain and grow earnings over the long-term.

7. Capitalize on New Opportunities

We actively identify and evaluate potential, and appropriate, land acquisitions to sustain and grow the land development and home building businesses in the Calgary Metropolitan Area. We plan to create a strategy to enter the multi-family home building business in order to benefit from our large land base, which equates to a multi-year supply. In addition, our multi-use development projects present potentially significant opportunities to extend our development capabilities and enter joint venture arrangements to capitalize on potential profitable commercial opportunities.

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RESULTS OF OPERATIONS

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

There three factors that affect the results of our operations:

1. The strategic decision to reserve a significant portion of developed lots for home building defers the related revenues and earnings from those lots until the house and lot are sold. When lots are sold to a third party home builder, lot sale revenue is recognized pursuant to the terms of the contract and corporate accounting policies. The impact on reported results will be less pronounced once housing volumes achieve optimal levels.
2. The development and sale of development land (typically multi-family, industrial or commercial developments) is a lengthy business cycle. The sales of such parcels do not occur on a predictable or regular schedule as is the general pattern for residential lots. Consequently, the sale of development land creates significant volatility in the revenues, earnings and cash flows from operating activities of Genesis.
3. The seasonal implications to land development and home construction in the Calgary Metropolitan Area impacts when costs are incurred and sales are generated, which again creates quarterly volatility.

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Land Development

Our strategy is to profitably grow housing operations and sell more lots through our home building segment, thus realizing both the land development margin and the home building margin. In the short-term, land development revenue is expected to decline as those lots sold through the home building business segment, and related profits, are not recognized until the home is built and sold. Future quarters will benefit once the homes are built, and the home and lot sold to a third party.

	Three months ended December 31			Year ended December 31		
	2013	2012 ⁽¹⁾	%	2013	2012 ⁽¹⁾	%
Residential lot sales ⁽²⁾	14,421	13,705	5.2%	40,817	55,360	(26.3%)
Development land sales	-	34,910	-	6,668	45,460	(85.3%)
Cost of sales	(8,698)	(32,551)	(73.3%)	(27,912)	(60,832)	(54.1%)
Gross margin before impairment ⁽³⁾	5,723	16,064	(64.4%)	19,573	39,988	(51.1%)
Gross margin before impairment(%) ⁽³⁾	39.7%	33.0%		41.2%	39.7%	
Impairment ⁽⁴⁾	(4,155)	(34,215)	(87.9%)	(16,282)	(33,146)	(50.9%)
Equity income from joint venture	3,213	(277)	N/R ⁽⁵⁾	6,038	4,505	34.0%
Proxy contest costs	(64)	-	N/R ⁽⁵⁾	(2,889)	-	N/R ⁽⁵⁾
Other net expenses ⁽⁶⁾	(2,369)	(4,810)	(50.7%)	(8,544)	(12,318)	(30.6%)
Segmented EBIT ⁽⁷⁾	2,348	(23,238)	N/R ⁽⁵⁾	(2,104)	(971)	116.7%
Residential lots sold to third parties	62	46	34.8%	150	238	(37.0%)
Residential lots sold through the home building business segment	36	25	44.0%	110	56	96.4%
Total residential lots sold	98	71	38.0%	260	294	(11.6%)
Development land sold (acres)	-	37.59	-	11.28	49.37	(77.2%)
Average revenue per lot sold	154	193	(20.2%)	155	188	(17.6%)
Average revenue per acre sold	-	929	-	591	921	(35.8%)

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Includes residential lot sales and other revenue

⁽³⁾ Non-GAAP financial measure. Refer to page 24

⁽⁴⁾ Impairment of real estate held for development and sale

⁽⁵⁾ Not reflective due to percentage increase

⁽⁶⁾ Other expenses includes general and administrative, selling and marketing, finance expense and finance income

⁽⁷⁾ Segmented earnings (loss) before income taxes ("EBIT")

Revenues for the three months and year ended December 31, 2013 were lower than those compared to 2012 due to our strategy of selling more lots through our home building business segment, thus realizing both the land development margin and the home building margin. In addition, the fourth quarter of 2012 included development land revenues from the sale of phases 1 and 2 in Sage Hill Crossing phases while there were lower development land sales in 2013.

The gross margin percentage before impairment increased for the three months and year ended December 31, 2013 compared to 2012. Gross margin on single family lots varies by community based on the nature of the development work to be undertaken before the lots are ready for sale. Gross margins from the sale of development lands also vary and are dependent on a variety of factors such as supply of land, zoning regulations and interest rates.

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On July 26, 2013, Smoothwater Capital Corporation ("Smoothwater") announced that it would propose a slate of seven nominees for election to the Board of the Corporation, and would file and mail a dissident proxy circular in response to the Management Information Circular dated July 17, 2013, previously sent to shareholders of the Corporation. Subsequently, Smoothwater filed its dissident proxy circular on July 29, 2013, and a proxy contest ensued between Genesis and Smoothwater. On August 19, 2013, the Corporation and Smoothwater announced that they arrived at a settlement in respect of Smoothwater's proposal to nominate an alternate slate of directors at the 2013 annual general and special meeting of shareholders. Pursuant to a settlement agreement (the "Settlement Agreement"), the Corporation and Smoothwater entered into a standstill agreement on August 28, 2013, whereby we agreed, subject to certain assumptions and the coverage of reasonable costs related to the proxy contest, to certain standstill provisions and to the support of Board nominees for election to the Board through to the close of the 2015 annual meeting of shareholders. A copy of the Settlement Agreement and the standstill agreement are available under the Corporation's profile at www.sedar.com.

As a result of the proxy contest, Genesis incurred \$64 and \$2,889 towards proxy contest costs for the three months and year ended December 31, 2013, respectively. This included an amount of \$996 paid to cover the costs incurred by Smoothwater as part of the Settlement Agreement. The impact on basic and diluted earnings per share due to proxy contest costs for the three months and year ended December 31, 2013 were \$Nil and \$0.05 per share, respectively. Refer to the table on page 26 for the calculation of adjusted earnings per share.

Other expenses decreased during the three months and year ended December 31, 2013 as compared to the same periods in 2012. The decrease was due to the higher allocation of costs to the home building business segment and the decrease in selling and marketing costs, and finance expense. The selling and marketing costs decreased as we achieved greater efficiencies due to integration of the selling and marketing operations, which resulted in a decrease in combined costs for both segments. This decrease in costs was partially offset by an increase in the land development segment and corporate personnel to 27 at the end of 2013 from 25 in 2012, and severance paid to the former Chief Executive Officer.

Home Building

	Three months ended December 31			Year ended December 31		
	2013	2012 ⁽¹⁾	%	2013	2012 ⁽¹⁾	%
Revenues ⁽²⁾	16,668	13,904	19.9%	63,570	39,497	60.9%
Cost of sales	(14,700)	(12,525)	17.4%	(55,831)	(34,817)	60.4%
Gross margin	1,968	1,379	42.7%	7,739	4,680	65.4%
Gross margin (%)	11.8%	9.9%		12.2%	11.8%	
Other expenses ⁽³⁾	(1,831)	(2,670)	31.4%	(7,485)	(6,370)	17.5%
Segmented EBIT ⁽⁴⁾	137	(1,291)	N/R ⁽⁵⁾	254	(1,690)	N/R ⁽⁵⁾
Homes sold	42	34	23.5%	164	91	80.2%
Average revenue per home sold	396	409	(3.2%)	387	433	(10.6%)

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Revenues include residential home sales and other revenue

⁽³⁾ Other expenses includes general and administrative, selling and marketing and net finance expense

⁽⁴⁾ Segmented earnings before income taxes

⁽⁵⁾ Not reflective due to percentage increase

The increased revenues was due to a higher number of homes sold for the three months and year ended December 31, 2013 and reflected the growth that was achieved in the home building business segment during 2012 and early 2013. Revenues and volumes have increased to date, and more growth is expected in the future as the strategic plan is implemented and benefits are gradually realized.

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Gross margin percentage for the three months and year ended December 31, 2013 increased compared to the same periods in 2012. Margins are expected to increase gradually as higher volumes and greater efficiencies are realized as part of the new operational strategy.

Average revenue per home sold was lower in 2013 compared to 2012 for both the year and three month period due to the sales mix of homes sold during the period. During the three months ended December 31, 2013, we sold 29 single-family and 13 multi-family homes compared to 34 single-family homes and no multi-family homes in 2012. In 2013, a larger number of multi-family homes were sold as compared to 2012. We sold 113 single-family and 51 multi-family homes during 2013 compared to 90 single-family and one multi-family home during 2012.

During the fourth quarter of 2013, other expenses decreased due to a lower allocation of costs from the land development segment, which were offset by severance costs and increased personnel costs. On an annual basis, other expenses increased during 2013 compared to the same period in 2012 due to severance costs, higher personnel costs and higher finance expense from increased home building activity. The number of employees increased to 36 in 2013 from 25 in the previous year in order to support increased home building operations. The increase in other expenses was partially offset by lower selling and marketing costs due to integration of selling and marketing operations, resulting in a decrease in combined costs for both segments.

Impairment of Real Estate Held for Development and Sale

	Three months ended December 31			Year ended December 31		
	2013	2012	%	2013	2012	%
Impairment related to Genesis	(314)	(18,561)	98.3%	(8,185)	(18,268)	55.2%
Impairment related to limited partnerships	(3,841)	(15,654)	75.5%	(8,097)	(14,878)	45.6%
	(4,155)	(34,215)	87.9%	(16,282)	(33,146)	50.9%

During 2013, we completed the appraisal of our portfolio of properties. As a result, a provision for impairment of \$4,155 and \$16,282 was made for the three months and year ended December 31, 2013 compared to \$34,215 and \$33,146 in the comparative periods in 2012, respectively. The impairment in value related to Genesis assets relates to properties that have been identified by management for disposal in the near term.

The pre-tax impact due to impairment on basic and diluted earnings per share for the three months and year ended December 31, 2013 is \$0.01 and \$0.18 per share (2012 - \$0.41 and \$0.41 per share). Refer to the table on page 26 for the calculation of adjusted earnings per share.

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2013	2012 ⁽¹⁾	%	2013	2012 ⁽¹⁾	%
Interest incurred	896	1,589	(43.6%)	3,771	5,686	(33.7%)
Financing fees accretion	378	508	(25.6%)	1,518	1,438	5.6%
Interest and financing fees capitalized	(1,042)	(1,036)	0.6%	(3,763)	(4,464)	(15.7%)
	232	1,061	(78.1%)	1,526	2,660	(42.6%)

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

Interest incurred relates to operating loans secured by land and single-family home building operations. The lower interest incurred during 2013 compared to 2012 was due to lower average outstanding loan balances, lower weighted average interest rates and lower fees paid on new and renewed loans. In January 2013, we repaid outstanding loan balances with the \$31,411

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proceeds received from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development and from lot payouts received.

SEGMENTED BALANCE SHEETS

	2013					2012
	Land Development		Home			Consolidated
	Genesis	LPs	Building*	Eliminations	Consolidated	
Assets						
Real estate held for development and sale	175,086	52,625	33,170	(3,461)	257,420	264,184
Amounts receivable	23,305	-	37	-	23,342	73,239
Cash and cash equivalents	9,013	552	8,113	-	17,678	10,005
Other assets	13,886	419	6,018	(4,917)	15,406	26,913
Total assets	221,290	53,596	47,338	(8,378)	313,846	374,341
Liabilities						
Loans and credit facilities	31,543	7,843	10,987	-	50,373	97,224
Provision for future development costs	18,829	-	1,619	-	20,448	18,220
Other liabilities	(322)	590	29,748	(4,917)	25,099	32,588
Total liabilities	50,050	8,433	42,354	(4,917)	95,920	148,032
Net assets	171,240	45,163	4,984	(3,461)	217,926	226,309

*Other liabilities under the home building business segment includes \$19,187 due to the land segment

LIQUIDITY AND CAPITAL RESOURCES

Real Estate Held for Development and Sale

	December 31,		%
	2013	2012 ⁽¹⁾	
Real estate held for development and sale	317,602	308,084	3.1%
Accumulated impairment	(60,182)	(43,900)	37.1%
	257,420	264,184	(2.6%)

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

Real estate held for development and sale decreased by \$6,764 during the year ended December 31, 2013. This was due to the sale of real estate and a provision for impairment, which were partially offset by the development of lands.

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The following table presents our real estate held for development and sale at December 31, 2013:

Land Development Segment	Land under development				Land held for future development			Total			
	Net book value	Appraised value	Acres	Lots	Net book value	Appraised value	Acres	Net book value	Appraised value	Acres	Lots
Residential											
Airdrie ⁽¹⁾	36,134	91,974	207	192	8,055	24,799	119	44,189	116,773	326	192
Calgary NW ⁽²⁾	14,247	14,596	24	42	5,868	7,804	20	20,115	22,400	44	42
Calgary NE ⁽³⁾	16,922	33,797	27	138	7,717	13,080	46	24,639	46,877	73	138
	67,303	140,367	258	372	21,640	45,683	185	88,943	186,050	443	372
Mixed Use⁽⁴⁾	51,856	65,400	71	-	18,268	26,552	1,788	70,124	91,952	1,859	-
Other assets⁽⁵⁾	15,212	16,334	236	14	5,002	6,976	1,990	20,214	23,310	2,226	14
Total Land development segment⁽⁶⁾	134,371	222,101	565	386	44,910	79,211	3,963	179,281	301,312	4,528	386
Home Building Business Segment⁽⁶⁾⁽⁸⁾								30,895	30,895	-	147
Total land and home building segments								210,176	332,207	4,528	533
Limited Partnerships ⁽⁷⁾								47,244	55,136	2,387	-
Real estate held for development and sale								257,420	387,343	6,915	533

⁽¹⁾ Airdrie comprises the communities of Bayside, Bayview and Canals

⁽²⁾ Calgary NW comprises the communities of Sherwood, Sage Meadows and Evansridge

⁽³⁾ Calgary NE comprises the community of Saddlestone

⁽⁴⁾ Mixed use comprises Sage Hill Crossing, Delacour and North Conrich

⁽⁵⁾ Other assets comprises Acheson, Kamloops, Brooks, Dawson Creek, Mitford Crossing, Mountain View Village, Prince George and Spur Valley

⁽⁶⁾ Lots include 199 lots that have been reserved/contracted for sale to the home building business segment from the land segment

⁽⁷⁾ Comprises Land held for future development and land under development. Refer to note 5 in the consolidated financial statements for the year ended December 31, 2013

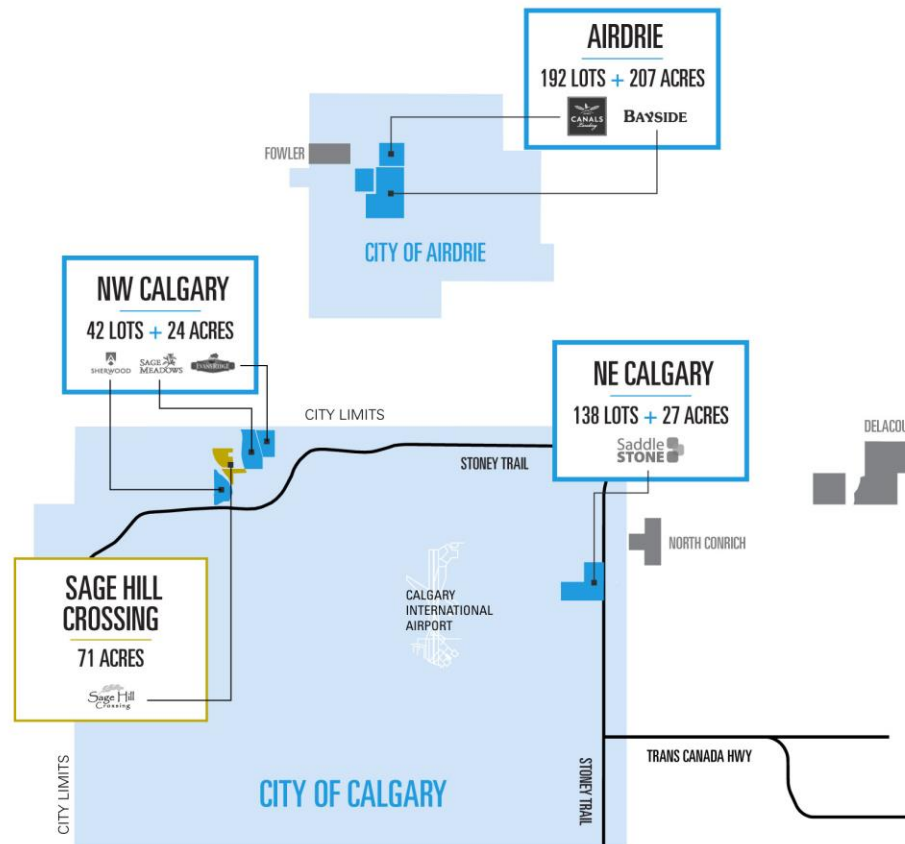
⁽⁸⁾ Housing projects under development. Refer to note 5 in the consolidated financial statements for the year ended December 31, 2013

The following table presents home building business segment's lot supply at December 31, 2103:

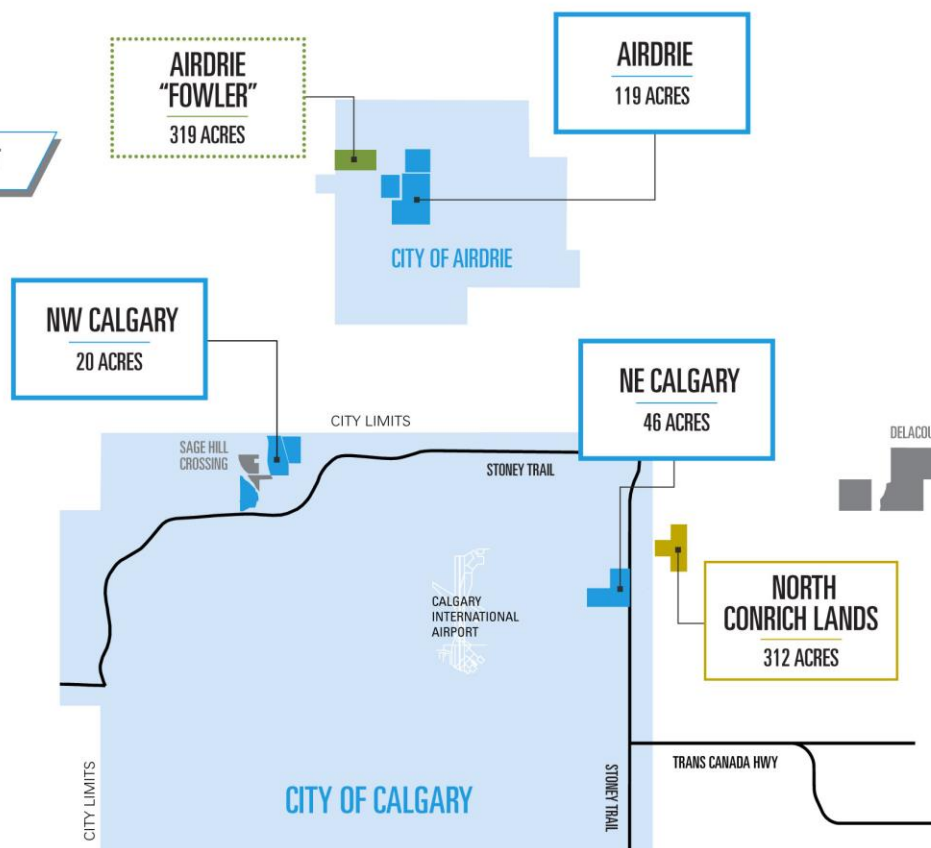
Project							Breakdown of unsold lots			Price range of homes sold
	Lots at Jan. 1, 2013	Lot purchases made during 2013	Homes sold during 2013	Lots at Dec. 31, 2013 ⁽¹⁾	Lots with firm sale contracts	Unsold lots at Dec. 31, 2013	Vacant lots	Spec. homes for quick possession	Showhomes	
Airdrie										
Bayside	66	-	(53)	13	(4)	9	5	4	-	\$267-\$742
Canals	-	51	(1)	50	(11)	39	3	33	3	\$552-\$552
	66	51	(54)	63	(15)	48	8	37	3	\$267-\$742
Calgary NW										
Evansridge	67	-	(25)	42	(12)	30	10	18	2	\$301-\$514
Kinwood	49	44	(11)	82	(39)	43	41	1	1	\$418-\$569
Sage Meadows	57	8	(30)	35	(8)	27	25	-	2	\$452-\$661
Sherwood	-	5	-	5	(3)	2	2	-	-	
	173	57	(66)	164	(62)	102	78	19	5	\$301-\$661
Calgary NE										
Saddlestone	85	78	(44)	119	(41)	78	63	13	2	\$235-\$561
Total	324	186	(164)	346	(118)	228	149	69	10	\$235-\$742

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LANDS UNDER DEVELOPMENT



LANDS HELD FOR FUTURE DEVELOPMENT



- RESIDENTIAL DEVELOPMENT
- MIXED USE DEVELOPMENT
- FOWLER (AIRDRIE): Genesis has a right of first refusal to acquire these lands from a limited partnership

GENESIS LAND DEVELOPMENT CORP.
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Amounts Receivable

	December 31,		%
	2013	2012 ⁽¹⁾	
Amounts receivable	23,342	73,239	(68.1%)

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

Amounts receivable decreased by \$49,897 in 2013 compared to 2012 mainly due to the receipt of payment of \$27,713 for the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development. In addition, the lower number of lots sold during the period and repayment of certain vendor take-back mortgages contributed to the reduction.

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

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31,			
	2013	% of Total	2012 ⁽¹⁾	% of Total
Loans and credit facilities	50,373	16%	97,224	26%
Customer deposits	5,228	2%	4,352	1%
Accounts payable and accrued liabilities	16,759	5%	23,559	6%
Land development service costs	20,448	7%	18,220	5%
Income taxes payable	3,112	1%	4,617	1%
Deferred tax liabilities	-	0%	60	0%
Non-controlling interest	22,443	7%	36,719	10%
Shareholders' equity	195,483	62%	189,590	51%
	313,846	100%	374,341	100%

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

Loans and Credit Facilities

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

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

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The following is a summary of drawn and outstanding loan and credit facility balances as at December 31, 2013 and as at this time period and as at the end of the previous four quarters:

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012⁽¹⁾
Land development loans	40,609	42,658	43,956	48,062	90,767
Home building loans	11,021	7,668	5,575	4,039	8,769
	51,630	50,326	49,531	52,101	99,536
Deferred financing fees	(1,257)	(1,420)	(1,589)	(1,967)	(2,312)
Balance, end of period	50,373	48,906	47,942	50,134	97,224

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.

The change in the Corporation's loans and credit facilities was are follows:

	December 31,	
	2013	2012⁽¹⁾
Balance, beginning of period	97,224	86,066
Advances	46,511	89,941
Repayments	(94,214)	(77,906)
Finance expense	1,143	2,540
Interest and financing fees paid and capitalized	(291)	(3,417)
Balance, end of period	50,373	97,224

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

During the year ended December 31, 2013, Genesis received \$46,511 (2012 - \$89,941) in advances and made repayments of \$94,214 (\$77,906) on loans and credit facilities (see 'Related Party Transactions' on page 21).

The debt to equity ratio was as follows:

	December 31,	
	2013	2012⁽¹⁾
Total liabilities	95,920	148,032
Total equity	217,926	226,309
Debt to equity ratio ⁽²⁾	0.44	0.65

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Calculated as total liabilities divided by total equity

The Corporation's debt decreased substantially in 2013 as funds received from the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development and from lot payouts were used to pay down related project debt. This reduced loans and credits facilities outstanding to \$50,373 (2012 – 97,224) and the debt to equity ratio to 0.44 (2012 – 0.65) at December 31, 2013, substantially improving our financial strength.

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Provision for Future Land Development Costs

Genesis sells lots where all the associated costs to service such lands have not been incurred. We recognize these obligations on completion of sales. Provision for future land development costs increased by \$2,228 at December 31, 2013 over those at December 31, 2012 mainly due to the sale of lots in the communities of Saddlestone, Sage Meadows and Bayside. The overall increase in the provision for future land development costs was partially offset by the completion of previously accrued land development service costs, mainly in Sage Hill Crossing.

Income Tax Payable

Income tax payable decreased by \$1,505 (2012 - \$8,353) to \$3,112 at December 31, 2013 (2012 - \$4,617) . We paid \$3,925 of tax liability (2012 - \$9,520), which was offset by a current tax provision of \$2,420 (2012 - \$1,167).

Non-Controlling Interest

Non-controlling interest decreased for the three months and year ended December 31, 2013 due to impairment, distributions made by a limited partnership and expenses incurred by the limited partnerships and paid by Genesis.

Refer to note 22 in the consolidated financial statements for the year ended December 31, 2013 and 2012 for additional information on the limited partnerships.

Shareholders' Equity

As at March 28, 2014, the Corporation had 44,861,200 common shares issued and outstanding. In addition, options to acquire 2,332,500 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 3.0% at December 31, 2013 compared to 4.8% at December 31, 2012, calculated on a rolling 12 month basis. Return on equity is calculated by dividing net income by average shareholders' equity. Return on equity decreased in 2013 due to lower sales revenues and impairment booked on real estate held for development and sale, resulting in lower net income.

Cash Flows from Operating Activities

	Three months ended December 31,		Year ended December 31,	
	2013	2012	2013	2012
Cash flows from operating activities	94	(17,245)	53,473	(2,794)
Cash flows from operating activities per share	-	(0.39)	1.19	(0.06)

Cash flows from (used in) operating activities per share for the three months and year ended December 31, 2013 were \$Nil and \$1.19 compared to (\$0.39) and (\$0.06) for the same periods in 2012. The increase was mainly due to the receipt \$ 27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development and receipt of payments from purchasers of residential lots and homes for the three months and year ended December 31, 2013.

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Contractual Obligations and Debt Repayment

Our contractual obligations as at December 31, 2013 were as follows, excluding accounts payable, income taxes payable, customer deposits and land development service costs:

	Loans and Credit Facilities ⁽¹⁾	Naming Rights	Lease Obligations	Total
Current	36,159	700	870	37,729
Years 2015 and 2016	15,471	1,400	1,738	18,609
Years 2017 and 2018	-	1,200	484	1,684
Thereafter	-	1,500	-	1,500
	51,630	4,800	3,092	59,522

⁽¹⁾ Excludes deferred financing fees

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

Genesis has entered into a memorandum of understanding with the Northeast Community Society, whereby we will contribute \$5,000 for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary (\$500 each year, terminating October 31, 2021). The first two installments totaling \$1,000 were made through 2013.

Genesis entered into an agreement with the City of Airdrie, whereby we will contribute \$2,000 for the naming rights to "Genesis Place", a recreation complex in the city of Airdrie (\$200 each year, terminating June 1, 2017). The first six installments totaling \$1,200 were made through 2013.

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

Pursuant to the terms of a participating mortgage, the principal of which was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. At December 31, 2013, a liability of approximately \$3,298 was recorded (December 31, 2012 - \$3,051). Genesis is selling lots in the last phase covered under this development. The payout of the 20% participation to the participants will be made on completion of the sale of lots in the last phase and collection of related proceeds along with an accounting of all related costs.

As a normal part of business, we have entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in the consolidated financial statements.

Current Contractual Obligations

	December 31,	
	2013	2012 ⁽¹⁾
Loans and credit facilities, excluding deferred financing fees	36,159	19,091
Accounts payable and accrued liabilities	16,759	23,559
Total short-term liabilities	52,918	42,650
Commitments ⁽²⁾	1,570	1,406
	54,488	44,056

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangement.

⁽²⁾ Commitments are composed of naming rights and lease obligations

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At December 31, 2013, we had obligations due within the next 12 months of \$54,488, of which \$36,159 relates to loans and credit facilities. Repayment is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

SELECTED ANNUAL INFORMATION

	2013	2012⁽¹⁾	2011
Total revenues	96,077	129,460	95,760
Gross margin	9,847	9,051	29,792
Net earnings attributable to equity shareholders	5,713	8,861	11,060
Net earnings per share - basic and diluted	0.13	0.20	0.25
Total assets	313,846	374,341	378,018
Loans and credit facilities	50,373	97,224	88,231

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements. The figures for 2011 are not affected as that year is prior to the effects of adoption of IFRS 11

Revenues were lower in 2013 compared to 2012 and similar to those in 2011 due to lower residential lot and development land sales. These lower sales were offset by higher residential home sales in 2013 compared to 2012 and 2011. Development land sales in 2012 were higher than those in 2013 and 2011 mainly due to the sale of sites 1 and 2 in the Sage Hill Crossing commercial development. Gross margins in 2013 and 2012 were affected by higher impairment of real estate held for development and sale compared to 2011. Total assets decreased in 2013 when compared to the previous years due to the sale of real estate and due to impairment of real estate held for development and sale. Loans and credit facilities decreased in 2013 as the sale proceeds from Sage Hill Crossing were used to pay down debt.

SUMMARY OF QUARTERLY RESULTS

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012⁽¹⁾	Q3 2012⁽¹⁾	Q2 2012⁽¹⁾	Q1 2012⁽¹⁾
Revenues ^{(1), (2)}	26,223	19,678	22,327	27,560	57,281	23,281	29,708	18,378
EBIT ⁽³⁾	2,485	(10,488)	1,500	4,653	(24,529)	7,788	6,240	7,840
Net earnings ⁽⁴⁾	4,980	(4,644)	1,697	3,680	(7,126)	4,956	4,839	6,192
EPS ⁽⁵⁾	0.11	(0.10)	0.04	0.08	(0.16)	0.11	0.11	0.14

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Revenues exclude other revenue

⁽³⁾ Earnings (loss) before income taxes and non-controlling interest

⁽⁴⁾ Net earnings (loss) attributable to equity shareholders

⁽⁵⁾ Net earnings (loss) per share - basic and diluted

Seasonality affects the land development and home building industry in Canada particularly as a result of weather conditions during winter operations. As a result, we will typically realize higher home building revenues in the summer and fall months when home building activity is at its peak. Revenues can be impacted by the timing of lot sales, which is less weather dependent.

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In the fourth quarter of 2013, we sold 62 residential lots and 42 homes compared to 17 residential lots and 40 homes in the third quarter. Lower impairment of real estate, higher gross margins on residential lots, lower general and administrative costs and proxy contest costs in the fourth quarter contributed to improved EBIT, net earnings and EPS.

JOINT VENTURE

Genesis formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The development and sale of the real estate pertaining to the JV is expected to be completed by 2015.

Refer to note 3 of the consolidated financial statements dated December 31, 2013 and 2012 for the effects of change in accounting policy. Refer to note 18 of the consolidated financial statements dated December 31, 2013 and 2012 for the summarized financial information of the JV and reconciliation of the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the equity method.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

We have an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the subdivision plan registration process. As at December 31, 2013, these letters of credit totalled approximately \$6,279, and provide a source of funds to the municipalities for completion of construction and maintenance improvements to the subdivision should the Corporation be unable to fulfill these obligations. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

Lease Agreements

We have certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses, depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of December 31, 2013.

RELATED PARTY TRANSACTIONS

Mr. Sandy Poklar, an officer of a lender, Firm Capital Corporation, served as a director from July 12, 2012 until September 4, 2013. The lender and the Corporation were consequently considered related parties for this period during which \$4,748 of interest and fees were paid to the lender. Of this amount, \$1,244, relates to 2013 and \$3,504 relates to 2012. The related debt was in place prior to the director assuming office on July 12, 2012, and no new financing or refinancing occurred subsequent to July 12, 2012. All transactions were agreed to under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements (refer to note 22 of the consolidated financial statements for the years ended December 31, 2013 and 2012) and a 50% partner in the JV, as described above (refer to note 18 of the consolidated financial statements for the years ended December 31, 2013 and 2012).

SUBSEQUENT EVENTS

The Corporation was named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario for \$10,700 plus punitive damages (the "Action"). The Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. Refer to note 16 (a) in the consolidated financial statements for the year ended December 31, 2013 and 2012 for further details.

The Corporation closed the sale of a 121.91 acre industrial site (Acheson) located in Parkland County, west of Edmonton, Alberta for \$14,000 on February 28, 2014. The proceeds from the sale were used to retire approximately \$6.5 million of related property debt and the balance was used for general corporate purposes.

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SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted IFRS 11 Joint Arrangements effective January 1, 2013. Under IFRS 11, the Corporation's joint arrangements that are classified as joint ventures are now accounted for under the equity method of accounting, whereas they were previously proportionately consolidated. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings or earnings per share. Comparative data for 2012 has been restated and the effects of these changes on the Corporation's consolidated results for the three months and year ended December 31, 2012 are summarized in note 3 of the consolidated financial statements for the year ended December 31, 2013 and 2012. For additional information, refer to note 3, note 4, note 18 and note 23 of the consolidated financial statements for the year ended December 31, 2013 and 2012.

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at December 31, 2013 that were not yet effective as of that date. We continue to analyze these standards to determine the impact on our financial statements. Refer to note 3 of the consolidated financial statements for the year ended December 31, 2013 and 2012 for a description of changes in accounting policy effective in future periods.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

General Litigation

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

Impairment of real estate held for future development and sale

We estimate the net realizable value ('NRV') of real estate held for future development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

Provision for future land development costs

Changes in the estimated future development costs directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty as it is based on estimates prepared by independent consultants and management.

Income taxes

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

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DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The CEO and CFO have designed, or caused to be designed under their direct supervision, Genesis' DC&P to provide reasonable assurance that:

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

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Genesis' ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework (1992) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In May 2013, the COSO released an updated Internal Control – Integrated Framework: 2013. The Corporation currently uses the COSO 1992 original framework and will transition to the updated framework during the transition period which extends to December 15, 2014. Management is currently assessing the impact of this transition and will report any significant changes to the Corporation's internal control over financial reporting that may result.

The CEO and CFO have evaluated the design and operating effectiveness of Genesis' DC&P and ICFR and concluded that Genesis' DC&P and ICFR were effective as at December 31, 2013. While Genesis' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in the Corporation's ICFR during the three months and year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, we are exposed to certain risks and uncertainties inherent in the real estate development industry. Risks and uncertainties faced by Genesis are disclosed in the Corporation's AIF for the year ended December 31, 2013. There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to the AIF available on SEDAR at www.sedar.com

TRADING AND SHARE STATISTICS

Trading and share statistics for the Corporation for 2013 and 2012 are provided below.

	2013	2012
Average daily trading volume	35,436	42,147
Share price (\$/share)		
High	3.85	3.70
Low	3.26	2.87
Close	3.41	3.26
Market capitalization at December 31	152,977	145,936
Shares outstanding	44,861,200	44,765,728

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NON-GAAP MEASURES

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

Net Asset Value ("NAV") including pre-tax net asset value per share and after-tax net asset value per share is a non-GAAP financial measure and therefore may not be comparable to similar measures presented by other companies. The estimated NAV is calculated using independent appraisers total pre-tax land value plus additional balance sheet assets less balance sheet liabilities and corporate income tax as at December 31, 2013 and 2012. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation for the year ended December 31, 2013 and 2012 has been added to calculate the pre-tax NAV. Estimated taxes have been deducted as if all properties were sold at their market values to determine NAV.

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

	2013	2012⁽¹⁾
Independent appraised value of land ⁽²⁾	301,312	303,071
Housing projects under development	30,895	30,630
	332,207	333,701
Other balance sheet assets	56,426	110,157
Balance sheet liabilities	(95,920)	(148,032)
Add amount due from related entities	29,039	26,834
Estimated pre-tax NAV	321,752	322,660
Estimated pre-tax NAV per share	7.18	7.23
Estimated tax ⁽³⁾	(22,784)	(23,532)
Estimated after-tax NAV	298,968	299,128
Estimated after-tax NAV per share	6.67	6.70
Total shares outstanding as at December 31	44,861	44,766

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Appraised value represents 100% Genesis owned lands. Limited partnership lands owned by other limited partnership investors (and the corresponding NCI liability) are excluded from the calculation. Appraised values of lands represents market value based on comparative figures of similar market transactions

⁽³⁾ Genesis has used corporate income tax rate of 25% for 2013 and 2012 to calculate taxes

Estimated pre-tax and after-tax NAV at December 31, 2013 were \$7.18 and \$6.67, respectively, compared to \$7.23 and \$6.70 at December 31, 2012. The slight decrease in the NAV in 2013 can be attributed to a small decrease in the appraised value of lands.

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Details of other balance sheet assets and balance sheet liabilities used in the calculation of NAV are given below.

	2013	2012 ⁽¹⁾
Other balance sheet assets		
Accounts receivable	23,342	73,239
Investment in joint venture	7,894	10,680
Deferred tax assets	397	-
Other operations assets	7,115	16,233
Cash	17,678	10,005
Total	56,426	110,157
Balance sheet liabilities		
Loans and credit facilities	50,373	97,224
Customer deposits	5,228	4,352
Accounts payable and accrued liabilities	16,759	23,559
Income taxes payable	3,112	4,617
Deferred tax liabilities	-	60
Land development service costs	20,448	18,220
Total	95,920	148,032

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

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

The table below shows the calculation of gross margin before impairment, which is derived from gross margin.

	Three months ended December 31,		Year ended December 31,	
	2013	2012 ⁽¹⁾	2013	2012 ⁽¹⁾
Total revenues	26,331	57,377	96,077	129,460
Gross margin	2,353	(19,391)	9,847	9,051
Add back impairment ⁽²⁾	4,155	34,215	16,282	33,146
Gross margin, before impairment	6,508	14,824	26,129	42,197
Gross margin, before impairment (%)	24.7%	25.8%	27.2%	32.6%

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Impairment of real estate held for development and sale

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Adjusted earnings per share is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other companies. Adjusted earnings per share is calculated as net earnings attributable to shareholders before impairment attributable to shareholders and proxy contest costs and net of income taxes relating to the impairment and proxy contest costs, divided by the weighted average number of common shares (basic or diluted) outstanding at a specific date. Adjusted earnings per share is used to assess the performance of the business without the effects of impairment and proxy contest costs. Management believes it is useful to exclude impairment and proxy contest costs from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. The most comparable IFRS financial measure is earnings per share.

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

	Three months ended December 31,		Year ended December 31,	
	2013	2012 ⁽¹⁾	2013	2012 ⁽¹⁾
Net earnings (loss) ⁽²⁾	4,980	(7,126)	5,713	8,861
Add back impairment ⁽³⁾	314	18,561	8,185	18,268
Proxy contest costs	64	-	2,889	-
Tax effect of additions @ 25%	(95)	(4,640)	(2,769)	(4,567)
Adjusted earnings	5,263	6,795	14,018	22,562
Basic number of shares ⁽⁴⁾	44,861,200	44,763,214	44,838,401	44,664,086
Diluted number of shares ⁽⁴⁾	44,917,233	44,890,662	44,900,321	44,774,623
Adjusted earnings per share - basic ⁽⁵⁾	0.12	0.15	0.31	0.51
Adjusted earnings per share - diluted ⁽⁵⁾	0.12	0.15	0.31	0.50

⁽¹⁾ The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements

⁽²⁾ Net earnings (loss) attributable to equity shareholders

⁽³⁾ Excludes impairment (recovery) related to properties held by limited partnerships

⁽⁴⁾ Weighted average number of shares

⁽⁵⁾ Adjusted earnings per share – basic and diluted after adding back after-tax impairment and proxy contest costs

OTHER

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

ADVISORIES

Non-GAAP Financial Measures

Net asset value, gross margin before impairment and adjusted earnings per share are non-GAAP measures that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. Refer to pages 24-26 for an explanation on calculation of the net asset value, gross margin before impairment and adjusted earnings per share. Net asset value has no comparable IFRS measure presented in the Corporation's financial statements and therefore no applicable quantitative reconciliation for such non-GAAP measure exists. These non-GAAP measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's performance, liquidity and value. Management is of the view that funds from operations ("FFO"), return on assets and debt to gross book value are not good performance indicators of a land development company and therefore the presentation of FFO, return on assets and debt to gross book value in the MD&A has been discontinued. Debt to gross book value has been replaced by debt to total assets.

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Forward-Looking Statements

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

Forward-looking statements include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated general economic and business conditions in 2014 including low unemployment and interest rates, low stable inflation rates, positive net migration, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building activities, the positive trend in the general economic conditions and the industry through 2014; the future development of raw lands held by LPLP 2007 which were annexed by the City of Airdrie in 2012; Genesis' business strategy, including the geographic focus of its activities in 2014, the expected capital contribution of future earnings and cash flow from land holdings in the Greater Calgary area, the ability to meet the objective to increase the closing of home builds in 2014 as compared to 2013, including the ability to significantly increase home builds per year without substantial addition to costs to our production team or infrastructure so as to increase the effect on net margin and profitability, the timing and operation of new accounting and operating software, anticipated areas of focus for Genesis in 2014; and the ability of Genesis to develop projects (and the nature of such projects). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic conditions in Canada, the United States and globally; the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; fluctuations in interest rates; ability to raise capital on favourable terms; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

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