MANAGEMENT'S DISCUSSION & ANALYSIS 2015

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

GENESIS

Highlights

GROSS MARGIN % BEFORE WRITE-DOWN OR RECOVERY INCREASED TO **31.1%** FOR YTD 2015 FROM 24.7% FOR YTD 2014

HOME BUILDING GROSS MARGIN % INCREASED TO **17.8%** FOR YTD 2015 FROM 16.5% FOR YTD 2014

DEBT TO TOTAL ASSETS OF **15.2%** AT END Q2 2015 COMPARED TO 7.7% AT YEAR END 2014

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Genesis Land Development Corp. ("Genesis", "the Corporation", "we", "us", or "our") should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited condensed consolidated interim financial statements have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's annual information form ("AIF") and the Corporation's MD&A for the year ended December 31, 2014 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of August 13, 2015.

OVERVIEW

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

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

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

MARKET OVERVIEW

Alberta is continuing to experience a slowdown in general economic activity caused by the sharp drop in oil prices beginning in July 2014. However, overall positive economic fundamentals remain, such as low unemployment, decreasing interest rates, low and stable inflation rates and positive net migration.

This economic instability has caused some consumers in Alberta to delay major purchasing decisions, particularly in the home building sector. In response to the decline in oil prices, new home orders continue at a markedly lower level than 2014.

The weaker overall market conditions are expected to constrain margins, growth in volumes and profit, and the pace of activity in Calgary's home building industry, which will be affected throughout 2015 and into 2016. How long this softening continues and the depth of any potential impact will be dependent on changes to the economy, and more specifically to the oil and gas industry in Alberta, in the remainder of 2015 and 2016. This weakness is offset by the policy framework designed to manage growth in the City of Calgary, contributing to constraints on the industry's capacity to supply developed building lots to market.

Despite lower sales, there is good home buyer traffic which is an indication of ongoing buying interest. The impact of the recent decrease in interest rates and how this may translate into home sales is yet to be determined.

We focus our community development and home building activities primarily on entry level and first-time move-up segments, which we believe are relatively less susceptible to market fluctuations than the higher end and custom segments. Our core businesses are running more efficiently, supported by a large portfolio of entitled residential and mixed-use land, which is well positioned and will benefit significantly from a rebound and strengthening of the Alberta economy. These various factors, along with a positive cash position and significant unutilized debt capacity, provide management with the flexibility to adjust to this challenging economic environment.

CORPORATE HIGHLIGHTS

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

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Key Financial Data				
Total revenues	**31,822**	34,765	**47,595**	72,752
Cost of sales[(1)]	**(32,969)**	(20,300)	**(44,051)**	(50,449)
Gross margin	**(1,147)**	14,465	**3,544**	22,303
Gross margin (%)	**(3.6%)**	41.6%	**7.4%**	30.7%
(Write-down) recovery of real estate held for development and sale	**(11,261)**	4,361	**(11,261)**	4,361
Gross margin before (write-down) recovery [(2)]	**10,114**	10,104	**14,805**	17,942
Gross margin before (write-down) recovery (%)[(2)]	**31.8%**	29.1%	**31.1%**	24.7%
(Loss) earnings before income taxes	**(6,163)**	11,834	**(6,492)**	15,511
Net earnings[(3)] attributable to equity shareholders	**1,333**	7,231	**1,393**	10,171
Adjusted earnings[(2), (3)] attributable to equity shareholders	**4,212**	6,459	**4,272**	9,399
Net earnings per share – basic and diluted	**0.03**	0.16	**0.03**	0.23
Adjusted earnings per share – basic and diluted[(2), (3)]	**0.09**	0.14	**0.10**	0.21
Cash flows (used in) from operating activities	**(1,324)**	9,312	**(20,051)**	30,362
Cash flows (used in) from operating activities per share – basic and diluted	**(0.03)**	0.21	**(0.45)**	0.68
Key Operating Data				
Residential lots sold to third parties (units)	**3**	39	**6**	100
Residential lots sold through the home building business segment (units)	**27**	74	**42**	99
Development land sold (acres)	**4.34**	-	**4.34**	121.91
Average revenue per lot sold to third parties	**183**	207	**165**	196
Average revenue per acre	**23**	-	**23**	115
Homes sold (units)	**59**	65	**91**	92
Average revenue per home sold	**526**	409	**509**	422
New home orders (units)	**42**	63	**61**	158

	As at	
	June 30, 2015	**June 30, 2014**
Homes with firm sale contracts (units)	**107**	180

	As at	
Key Balance Sheet Data	**June 30, 2015**	**December 31, 2014**
Cash and cash equivalents	**3,975**	33,048
Total assets	**324,951**	309,742
Loans and credit facilities	**49,387**	23,892
Total liabilities	**100,592**	78,468
Shareholders' equity	**209,601**	208,101
Total equity	**224,359**	231,274
Loans and credit facilities ("Debt") to total assets	**15.2%**	7.7%

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

STRATEGY AND BUSINESS FOCUS

Our operating strategy is to continue to profitably grow both our land development and home building operations, thereby enabling more lots to be sold through our home building business segment. This strategy allows us to earn both the land development margin and the home building margin.

Highlights

We began the year 2015 with an opening order book of 137 homes with firm sales contracts. Our financial results in the home building business during the three and six months ended June 30, 2015 ("Q2 2015" and "YTD 2015") were stronger than those of the three and six months ended June 30, 2014 ("Q2 2014" and "YTD 2014").

In 2015 we expect to close the 137 new home orders we brought in to 2015 from 2014. Buyer traffic was steady during Q2 2015, up from the slow start at the beginning of the year. However, new home orders continued to be slow during Q2 2015 and YTD 2015 when compared to the same periods in 2014, reflecting a softer housing market. We have 107 homes with firm sales contracts at the end of Q2 2015. We have delivered 91 homes in YTD 2015 and continue to retain our target of 200 home closings for 2015.

The land development segment experienced lower than normal revenue during Q2 2015 and YTD 2015 due to the market turndown, the timing of release for sale of new development phases and, consistent with the Corporation's strategy, to reserve a significant portion of the developed lots for our home building business segment.

Revenue:

- Due to lower lot sales in 2015 revenues were lower in the quarter. They were $31,822 for Q2 2015 compared to $34,765 for Q2 2014. Revenues for YTD 2015 were $47,595 compared to $72,752 for YTD 2014.

Gross margin and write-downs:

- Gross margin percentage before write-down or recovery increased to 31.8% and 31.1% for Q2 2015 and YTD 2015 compared to 29.1% and 24.7% in Q2 2014 and YTD 2014, respectively.
- We obtained independent appraisals for all our real estate at the end of Q2 2015 with the exception of non-core properties that are actively being marketed for sale. Our core properties have retained or increased their appraised value since December 31, 2014 ("YE 2014") and NAV has increased to $9.00 per share (YE 2014 - $8.69).
- The projected development time line of certain non-core parcels of agricultural land, held by Genesis and by a limited partnership, is expected to be significantly extended, resulting in a write-down to Genesis of $3,839 (2014 – recovery of $1,030). The limited partnership incurred a write-down of $7,422 (2014 – recovery of $3,331).

Net earnings:

- Adjusted net earnings, after adjusting for after-tax write-down or recovery of real estate, was $4,212 for Q2 2015 and $4,272 for YTD 2015 compared to $6,459 and $9,399 in Q2 2014 and YTD 2014, respectively.

Cash flows from operations:

- Cash used in operations was $1,324 or $0.03 per share for Q2 2015 compared cash flows from operations of $9,312 or $0.21 per share for Q2 2014. Cash used in operations was $20,051 or $0.45 per share for YTD 2015 compared to cash flows from operations of $30,362 or $0.68 per share for YTD 2014.

Financing:

- Genesis reduced its loans and credit facilities by $7,511, excluding the vendor-take-back mortgage ("VTB") of $33,006 which was assumed for the purchase of lands in southeast Calgary.
- Non-cash interest on the VTB amounted to $658 and $1,318 for Q2 2015 and YTD 2015, respectively.

Home building segment (refer to page 6):

- The home building business performance was in line with expectations, with home building revenues, gross margins and earnings increasing in Q2 2015 and YTD 2015 compared to the same periods in 2014.
- Genesis sold 59 homes in Q2 2015 with revenues of $31,029 (Q2 2014 – 65 and $26,592) and 91 homes in YTD 2015 with revenues of $46,330 (YTD 2014 - 92 and $38,877).

Land development segment (refer to page 5):

- Residential lot sales were slower during 2015 as no new phases were yet completed. Lot sales are anticipated to increase once development of new phases is complete and lots are available for sale.
- Genesis sold 30 residential lots in Q2 2015 with revenues of $5,834 (Q2 2014 – 113 and $17,590) and 48 residential lots in YTD 2015 with revenues of $9,064 (YTD 2014 – 199 and $32,624).

RESULTS OF OPERATIONS

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

Major factors that affect the results of our operations include:

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

Land Development

	Three months ended June 30,			Six months ended June 30,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Key Financial Data						
Residential lot sales[1]	**5,834**	17,590	(66.8%)	**9,064**	32,624	(72.2%)
Development land sales	**100**	-	-	**100**	14,000	(99.3%)
Direct cost of sales	**(2,311)**	(10,280)	(77.5%)	**(3,871)**	(32,337)	(88.0%)
Gross margin before recovery (write-down)[2]	**3,623**	7,310	(50.4%)	**5,293**	14,287	(63.0%)
Gross margin before recovery (write-down)(%)[2]	**61.1%**	41.6%		**57.8%**	30.6%	
(Write-down) recovery of real estate held for development and sale	**(11,261)**	4,361	N/R[4]	**(11,261)**	4,361	N/R[4]
Equity income from joint venture	**600**	2,390	(74.9%)	**772**	2,619	(70.5%)
Other net expenses[3]	**(2,635)**	(2,002)	31.6%	**(5,094)**	(4,095)	24.4%
(Loss) earnings before taxes	**(9,673)**	12,059	(180.2%)	**(10,290)**	17,172	(159.9%)
Key Operating Data						
Residential lots sold to third parties	**3**	39	(92.3%)	**6**	100	(94.0%)
Residential lots sold through the home building business segment	**27**	74	(63.5%)	**42**	99	(57.6%)
Total residential lots sold	**30**	113	(73.5%)	**48**	199	(75.9%)
Development land sold (acres)	**4.34**	-	N/R[4]	**4.34**	121.91	N/R[4]
Average revenue per lot sold	**194**	156	24.4%	**189**	164	15.2%
Average revenue per acre sold	**23**	-	N/R[4]	**23**	115	(80.0%)

(1) Includes residential lot sales and other revenue
(2) Non-GAAP financial measure. Refer to Non-GAAP measures section for further information
(3) Other net expenses includes general and administrative, selling and marketing, finance expense and finance income
(4) Not reflective due to percentage increase

Revenues were lower in Q2 2015 and YTD 2015 than in 2014 periods due to lower volumes of residential lot sales, both to third parties and through the home building business segment. The volume of lot sales to third parties is usually higher when new sub-divisions are brought on stream and lot inventory is available, which was the case in Q2 2014. Lot sales are also impacted by the pace at which lots are picked up by partner builders, which has been slower during Q2 2015.

Gross margin percentage on residential lots was 66.3% in Q2 2015 compared to 44.8% in Q2 2014. Q2 2015 also included the sale of a small non-core development land parcel at a negative gross margin.

Other net expenses were higher in Q2 2015 compared to Q2 2014 mainly due to $658 of non-cash interest expense related to the VTB.

The write-down of $11,261 relates to non-core land parcels (2014 – recovery of $4,361). Genesis' portion of this write-down was $3,839 (2014 – recovery of $1,030). The write-down relates to issues specific to certain non-core parcels of agricultural land. The primary factor for such write-down was an increase in the projected time line to develop these lands.

YTD 2015 included the sale of a small non-core land parcel for $100 while YTD 2014 included the sale of a larger non-core land parcel for $14,000.

The value of gross margin was lower in YTD 2015 compared to YTD 2014 due to lower residential lot sales and the sale of a small non-core development land parcel at a negative gross margin value. Gross margin percentage on residential lots was

64.7% in YTD 2015 compared to 43.9% in YTD 2014. Gross margin percentage typically varies by community, based on the nature of the development work to be undertaken before the lots are ready for sale and how long the Corporation has owned the land.

Other net expenses were higher in YTD 2015 compared to YTD 2014 mainly due to $1,318 of non-cash interest expense related to the VTB. Excluding this non-cash item, other net expenses decreased by $319 or 7.8%. The increase in interest expenses was offset by lower selling and marketing expenses and professional services expense. The land development segment and corporate personnel increased to 33 at the end of Q2 2015 from 32 at the end of Q2 2014.

Home Building

	Three months ended June 30,			Six months ended June 30,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Key Financial Data						
Revenues[(1)]	**31,029**	26,592	16.7%	**46,330**	38,877	19.2%
Cost of sales	**(25,316)**	(21,703)	16.6%	**(38,101)**	(32,475)	17.3%
Gross margin	**5,713**	4,889	16.9%	**8,229**	6,402	28.5%
Gross margin (%)	18.4%	18.4%		17.8%	16.5%	
Other net expenses[(2)]	**(2,981)**	(3,019)	(1.3%)	**(5,714)**	(5,316)	7.5%
Earnings before taxes	**2,732**	1,870	46.1%	**2,515**	1,086	131.6%
Key Operating Data						
Homes sold (units)	**59**	65	(9.2%)	**91**	92	(1.1%)
Average revenue per home sold	**526**	409	28.6%	**509**	422	20.6%
New home orders (units)	**42**	63	(33.3%)	**61**	158	(61.4%)

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

Genesis earned higher revenues as well as higher average revenues per home in Q2 2015 and YTD 2015 mainly due to the sales mix of homes sold. These higher revenues are a result of delivering homes for which orders were mainly contracted for in 2014. Sales mix affects revenues, cost of sales and margins and is influenced by the community in which the home is built, the type of home and factors specific to the home and the lot on which the home is built. Single-family homes typically command higher sale prices than multi-family homes or attached duplexes. All the homes sold in Q2 2015 and YTD 2015 and in the comparative periods in 2014 were single-family homes.

Gross margin percentage in Q2 2015 was identical to the same period in 2014 and was higher in YTD 2015 compared to YTD 2014.

Other expenses increased in Q2 2015 and YTD 2015 compared to Q2 2014 and YTD 2014. This was due to higher compensation expenses, interest expenses and depreciation expenses. Compensation expense was higher as a result of increased head count in the home building business. The increases were offset by lower professional services expense and lower selling and marketing expenses. Selling and marketing expenses were lower as some advertising was replaced by focusing on using real estate agents and referrals to sell homes and are dependent on the volume of firm sales contracts signed.

The number of employees at the end of Q2 2015 increased to 49 from 41 at the end of Q2 2014 in order to better match home building activity and to improve customer service levels.

New home orders declined to 42 in Q2 2015 from 63 in Q2 2014 and to 61 in YTD 2015 from 158 in YTD 2014 reflecting a weaker housing market.

Finance Expense

	Three months ended June 30,			Six months ended June 30,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Interest incurred	**284**	421	(32.5%)	**677**	1,096	(38.2%)
Finance expense relating to VTB	**658**	-	-	**1,318**	-	-
Financing fees amortised	**57**	253	(77.5%)	**461**	564	(18.3%)
Interest and financing fees capitalized	**(47)**	(384)	(87.8%)	**(482)**	(1,077)	(55.2%)
	952	290	228.3%	**1,974**	583	238.6%

Higher interest incurred in Q2 2015 and YTD 2015 compared to the same periods in 2014 was mainly due to $658 and $1,318 of non-cash interest expense on the VTB. The weighted average interest rate of loan agreements with various financial institutions was 5.84% (YE 2014 – 5.57%) based on June 30, 2015 balances. The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate. The weighted average interest rate of loan agreements was 4.33% (YE 2014 – 4.65%), based on Q2 2015 balances after excluding $7,850 relating to a limited partnership.

SEGMENTED BALANCE SHEETS

	June 30, 2015						December 31, 2014
	Land Development						
	Genesis	LPs	Intra-segment eliminations	Home Building	Inter-segment Eliminations	Consolidated	Consolidated
Assets							
Real estate held for development and sale	203,605	48,106	(5,381)	41,436	(1,607)	**286,159**	240,123
Amounts receivable	10,874	2	-	96	-	**10,972**	17,660
Cash and cash equivalents	2,963	478	-	534	-	**3,975**	33,048
Other assets	52,901	1,066	(26,154)	4,258	(8,226)	**23,845**	18,911
Total assets	270,343	49,652	(31,535)	46,324	(9,833)	**324,951**	309,742
Liabilities							
Loans and credit facilities	33,546	7,824	-	8,017	-	**49,387**	23,892
Provision for future development costs	15,830	-	-	3,343	-	**19,173**	21,945
Other liabilities(1), (2)	13,959	26,167	(26,154)	26,291	(8,231)	**32,032**	32,631
Total liabilities	63,335	33,991	(26,154)	37,651	(8,231)	**100,592**	78,468
Net assets	**207,008**	**15,661**	**(5,381)**	**8,673**	**(1,602)**	**224,359**	231,274

(1) *Other liabilities under the home building business segment includes $5,668 (December 31, 2014 - $14,164) due to the land development segment related to land and lot purchases, overhead costs and general and administrative expenses.*

(2) *Other liabilities under the LPs segment comprises customer deposits and accounts payable and accrued liabilities and includes $25,094 (December 31, 2014 - $24,091) due to Genesis.*

LIQUIDITY AND CAPITAL RESOURCES

Genesis has significant unutilized debt capacity, 107 homes with firm sales contracts at June 30, 2015, and a large portfolio of entitled land providing management with the flexibility to adjust to changes in the economic environment. We are able to meet our operating and capital needs through a number of sources, including cash flows from operations and from our short-term and long-term borrowings under our credit facilities. Genesis is also a 50% partner in a joint venture which provides cash flows on a periodic basis. Our outstanding loans and credit facilities, including $33,006 relating to the VTB, was $49,387, total liabilities to equity ratio was 0.45 and debt to total assets was 15.2% at the end of Q2 2015 compared to $23,892, 0.34 and 7.7%, respectively at YE 2014. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. Genesis and its subsidiaries were in compliance with all covenants currently and at all period ends.

Real Estate Held for Development and Sale

	June 30, 2015	December 31, 2014	% change
Real estate held for development and sale	**349,302**	292,013	19.6%
Provision for write-downs	**(63,143)**	(51,890)	21.7%
	286,159	240,123	19.2%

Real estate held for development and sale increased by $46,036 at the end of Q2 2015 compared to YE 2014. This was primarily due to the acquisition of the southeast lands with a carrying value of $44,265, in addition to land development and home building development activities. Genesis' portion of the provision for write-downs relates only to non-core lands. Refer to note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2015 and 2014.

The following tables present our real estate held for development and sale, and estimated equivalent of single-family lots, multi-family units and commercial acreages held by Genesis at the end of Q2 2015.

	Land under development				Land held for future development			Total			
Land Development Segment	**Net carrying value**	**Appraised Value**	**Acres** [1]	**Lots**	**Net carrying value**	**Appraised Value**	**Acres** [1]	**Net carrying value**	**Appraised Value**	**Acres** [1]	**Lots**
Residential											
Airdrie[2]	36,562	99,742	213	155	7,878	31,860	90	44,440	131,602	303	155
Calgary NW[3]	20,720	44,960	44	24	-	-	-	20,720	44,960	44	24
Calgary NE[4]	15,158	40,645	4	150	5,617	12,550	42	20,775	53,195	46	150
Calgary SE[5]	-	-	-	-	44,267	52,500	349	44,267	52,500	349	-
	72,440	185,347	261	329	57,762	96,910	481	130,202	282,257	742	329
Mixed Use[6]	52,404	80,356	71	-	3,983	10,312	312	56,387	90,668	383	-
Other assets[7], [11]	1,676	2,380	114	14	15,340	17,590	3,463	17,016	19,970	3,577	14
Total Land development segment[10]	**126,520**	**268,083**	**446**	**343**	**77,085**	**124,812**	**4,256**	**203,605**	**392,895**	**4,702**	**343**
Home Building Business Segment[8], [9]								**39,829**	**41,436**	**-**	**102**
Total land and home building segments								**243,434**	**434,331**	**4,702**	**445**
Limited Partnerships[10]								42,725	54,765	2,387	-
Real estate held for development and sale								**286,159**	**489,096**	**7,089**	**445**

Genesis obtained independent appraisals for all land under development and land held for future development as at June 30, 2015, with the exception of non-core properties that are actively being marketed for sale.

	Acres(1)	Developed Lots Single-family (units)	To be Developed - Estimated Equivalent Single-family (lots)	Multi-family (units)	Commercial (acres)	Total Single- and multi-family (units)
Residential						
Airdrie(2)	303	155	1,445	570	-	2,170
Calgary NW(3)	44	24	124	1,869	2	2,017
Calgary NE(4)	46	150	340	78	-	568
Calgary SE(5)	349	-	1,245	834	-	2,079
	742	**329**	**3,154**	**3,351**	**2**	**6,834**
Mixed use(6)	**383**	**-**	**-**	**2,450**	**319**	**2,450**
Other assets(7), (11)	**3,577**	**14**	**2,297**	**-**	**-**	**2,311**
Total land development segment	**4,702**	**343**	**5,451**	**5,801**	**321**	**11,595**
Home building business segment	-	**102**	-	-	-	**102**
Total land and home building segments	**4,702**	**445**	**5,451**	**5,801**	**321**	**11,697**
Limited Partnerships(10)	2,387	-	2,965	504	298	3,469
Real estate held for development and sale	**7,089**	**445**	**8,416**	**6,305**	**619**	**15,166**

(1) Acres comprises multi-family and commercial acres and land not yet subdivided into single-family lots
(2) Airdrie comprises the communities of Bayside, Bayview and Canals
(3) Calgary NW comprises the community of Sage Meadows
(4) Calgary NE comprises the community of Saddlestone
(5) Calgary SE comprises southeast lands
(6) Mixed use comprises North Conrich and Sage Hill Crossing
(7) Other assets comprises Brooks, Kamloops, Mitford Crossing, Mountain View Village, Delacour, Prince George and Spur Valley
(8) Lots include 266 lots that have been reserved/contracted for sale to the home building business segment from the land segment
(9) Housing projects under development. Refer to note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2015 and 2014.
(10) Comprises land held for future development and land under development. Refer to note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2015 and 2014.
(11) Other assets comprise non-core assets which represent 8.4% (YE 2014 – 3.7%) of Genesis' Land portfolio with a carrying value of $17,016 (YE 2014 - $5,789). The increase in carrying value is due to the reclassification of Mountain View Village and Delacour to non-core assets. This was partially offset by the sale of Dawson Creek in Q2 2015.

The following table presents the home building business segment's lot supply at the end of Q2 2015:

Project	Lots at Jan 1, 2015	Lot purchases in 2015	Homes sold during 2015	Lots at June 30, 2015(1)	Lots with firm sale contracts	Unsold lots at June 30, 2015	Breakdown of unsold lots: Vacant lots	Spec. homes for quick possession(2)	Show-homes	Price range of homes sold
Airdrie										
Bayside	139	-	(14)	125	(3)	122	51	68	3	$340-$612
Canals	7	-	(3)	4	(2)	2	-	1	1	$580-$726
	146	-	(17)	129	(5)	124	51	69	4	$340-$726
Calgary NW										
Evansridge(3)	29	-	(7)	22	-	22	21	-	1	$386-$415
Kinwood(4)	75	-	(26)	49	(38)	11	-	10	1	$446-$602
Sage Meadows	27	-	(3)	24	(24)	-	-	-	-	$421-$476
Sherwood	3	-	(2)	1	(1)	-	-	-	-	$747-$849
	134	-	(38)	96	(63)	33	21	10	2	$386-$849
Calgary NE										
Saddlestone	179	-	(36)	143	(39)	104	68	30	6	$393-$708
Total	**459**	-	**(91)**	**368**	**(107)**	**261**	**140**	**109**	**12**	$340-$849

(1) Closing supply of lots at Q2 2015 includes 368 lots, of which 266 have been reserved/contracted for sale to the home building business segment from the land development segment. Lots purchased from the land development segment and from the joint venture are at market prices
(2) Spec homes for quick possession comprises homes at various stages of construction in order to take advantage of short term opportunities
(3) Lots purchased from third parties at market prices and pursuant to purchase rights established in agreements
(4) Lots purchased from joint venture at market prices and pursuant to purchase rights established in agreements

Amounts Receivable

	June 30,	December 31,	
	2015	**2014**	**% change**
Amounts receivable	**10,972**	17,660	(37.9%)

Amounts receivable decreased by $6,688 at the end of Q2 2015 from YE 2014. This was a result of collections of receivables from third parties and our strategy to grow the home building segment, resulting in lower lot sales to third party builders. Genesis generally retains title to lots and homes until full payment is received in order to mitigate credit exposure.

Operating Cash Flows

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Cash flows (used in) from operating activities	**(1,324)**	9,312	**(20,051)**	30,362
Cash flows (used in) from operating activities per share – basic and diluted	**(0.03)**	0.21	**(0.45)**	0.68

The change in cash flows from $9,312 in Q2 2014 to $(1,324) in Q2 2015 was due to an increase in payments made to suppliers and towards residential home construction and a decrease in the number of residential lots sold to third parties.

The change in cash flows from $30,362 in YTD 2014 to $(20,051) in YTD 2015 was due to the payment of $10,000 to acquire the southeast lands, the disbursement of $5,875 towards income taxes, increase in payments made to suppliers and towards residential home construction, and a decrease in the number of residential lots sold to third parties. This decrease was partially offset by higher cash receipts from the sale of residential homes. Receipts in YTD 2014 included $13,784 from the sale of the non-core Acheson development land parcel.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q2 2015 and YE 2014.

	June 30,		December 31,	
	2015	**% of Total**	**2014**	**% of Total**
Loans and credit facilities	**49,387**	**15%**	23,892	8%
Customer deposits	**5,287**	**2%**	5,515	2%
Accounts payable and accrued liabilities	**25,380**	**8%**	22,683	7%
Provision for future land development costs	**19,173**	**6%**	21,945	7%
Income taxes payable	**1,365**	**-**	4,433	1%
Total liabilities	**100,592**	**31%**	78,468	25%
Non-controlling interest	**14,758**	**5%**	23,173	7%
Shareholders' equity	**209,601**	**64%**	208,101	68%
	324,951	**100%**	309,742	100%

Loans and Credit Facilities

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

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

The following is a summary of drawn and outstanding loan and credit facility balances as at Q2 2015 and as at the end of the previous four quarters:

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Vendor-take-back mortgage	33,006	32,348	-	-	-
Land development loans	8,427	10,235	16,600	16,788	16,168
Home building loans	8,028	8,706	7,818	457	4,525
	49,461	51,289	24,418	17,245	20,693
Unamortized deferred financing fees	(74)	(125)	(526)	(726)	(820)
Balance, end of period	49,387	51,164	23,892	16,519	19,873

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

	June 30, 2015	**December 31, 2014**
Balance, beginning of period[(1)]	**23,892**	50,373
Vendor-take-back mortgage – land acquisition	**33,006**	-
Advances	**8,299**	27,484
Repayments	**(16,330)**	(55,347)
Interest and financing fees incurred	**1,009**	2,693
Interest and financing fees paid	**(489)**	(1,311)
Balance, end of period[(1)]	**49,387**	23,892

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

Total liabilities to equity ratio was as follows:

	June 30, 2015	**December 31, 2014**
Total liabilities	**100,592**	78,468
Total equity	**224,359**	231,274
Total liabilities to equity ratio[(1)]	**0.45**	0.34

[(1)] Calculated as total liabilities divided by total equity

The Corporation's debt increased at the end of Q2 2015 due to closing of the southeast lands acquisition resulting in the assumption of a VTB amounting to $33,006. Our outstanding loans and credit facilities increased to $49,387 and the total liabilities to equity ratio increased to 0.45 at the end of Q2 2015 compared to $23,892 and 0.34 at YE 2014.

Genesis has various covenants in place with its lenders with respect to certain contracted credit facilities. Such covenants include credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other general understandings such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure. In addition, the home building business segment has a secured revolving operating line repayable on demand to be used for home construction and the acquisition of serviced lots. This line has a financial covenant requiring that Genesis Builders Group Inc. maintain a net worth of at least $11,500 at all times. Net worth, a non-GAAP financial measure, as defined by the lender is "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties". Genesis and its subsidiaries were in compliance with all covenants as at Q2 2015 and at YE 2014.

Provision for Future Land Development Costs

Genesis sells lots and homes for which it is responsible to pay for costs-to-complete. The cost of these remaining services is recognized as a liability when the related revenue is recognized. Provision for future land development costs decreased by $2,772 at the end of Q2 2015 compared to YE 2014, due to lower lot sales during the period as well of completion of previously recognized cost-to-complete liabilities.

Income Tax Payable

The changes in income tax payable are as follows:

	June 30, 2015	December 31, 2014
Balance, beginning of period	**4,433**	3,112
Provision for current income tax	**2,807**	6,953
Net payments	**(5,875)**	(5,632)
Balance, end of period	**1,365**	4,433

Shareholders' Equity

As at August 13, 2015, the Corporation had 44,926,200 common shares issued and outstanding. In addition, options to acquire 2,537,000 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 4.2% in Q2 2015 (YE 2014 – 8.6%) calculated on a rolling 12 month basis. Return on equity is calculated by dividing net earnings by average shareholders' equity. Return on equity decreased mainly due to lower net earnings in YTD 2015. Net earnings for YTD 2015 were largely impacted by lower residential lot sales, lower development land sales and due to the write-down of $11,261 of real estate held for development and sale. Genesis portion of this write-down was $3,839 and the remaining amount of $7,422 attributable to a limited partnership. Other factors affecting net earnings were lower income from the joint venture which has close to nil inventory, higher interest expenses due to the VTB and higher income tax expense. Changes in the Corporation's net asset value ("NAV") are not reflected in the calculation of return on equity mentioned above. Refer to the Non-GAAP measures section of this MD&A for further information on NAV.

Contractual Obligations and Debt Repayment

Our contractual obligations at the end of Q2 2015 were as follows, excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future land development costs:

	Loans and Credit Facilities[(1)]	Naming Rights	Lease Obligations	Total
Current	24,133	700	943	**25,776**
July 2016 to June 2017	7,095	700	945	**8,740**
July 2017 to June 2018	6,556	700	138	**7,394**
July 2018 and thereafter	11,677	1,500	34	**13,211**
	49,461	3,600	2,060	**55,121**

(1) Excludes deferred financing fees

Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to meet its obligations as they come due.

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

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

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

As a normal part of business, we have entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in note 7 of the consolidated financial statements.

Current Contractual Obligations

	June 30, 2015	December 31, 2014
Loans and credit facilities, excluding deferred financing fees	**24,133**	16,568
Accounts payable and accrued liabilities	**25,380**	22,683
Total short-term liabilities	**49,513**	39,251
Commitments(1)	**1,643**	11,634
	51,156	50,885

(1) Commitments comprise naming rights and lease obligations

At the end of Q2 2015, Genesis had obligations due within the next 12 months of $51,156, of which $24,133 related to loans and credit facilities. Repayment is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

We have an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the subdivision plan registration process. At the end of Q2 2015, these letters of credit totalled approximately $5,861 (YE 2014 - $2,641).

Lease Agreements

We have certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases and lease payments are included in general and administrative expenses. No asset value or liability has been assigned to these leases in the balance sheet as of Q2 2015 and at YE 2014. In the event the lease for the office building is terminated early, Genesis is liable to pay to Morguard for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by Morguard, if any.

SUMMARY OF QUARTERLY RESULTS

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenues	31,822	15,773	28,509	32,984	34,765	37,987	26,331	19,734
Net earnings(1)	1,333	60	2,858	4,366	7,231	2,940	4,980	(4,644)
EPS(2)	0.03	0.00	0.07	0.09	0.16	0.07	0.11	(0.10)

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

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

In Q2 2015, we sold 3 residential lots, a small non-core development land parcel and 59 single-family homes compared to 3 residential lots and 32 single-family homes in Q1 2015. The increase in revenues in Q2 2015 due to higher home sales was impacted by a $11,261 write-down of real estate held for development and sale. These were the main factors that resulted in higher net earnings and EPS in Q2 2015 compared to Q1 2015.

CONSOLIDATED ENTITIES

The Corporation is the general partner in four limited partnership arrangements and a 50% partner in the joint venture (refer to note 9 of the condensed consolidated interim financial statements for the three and six months ended June 30, 2015 and 2014).

SUBSEQUENT EVENTS

On July 16, 2015, the limited partners of Genesis Limited Partnership #6 ("LP#6")and Genesis Limited Partnership #7 waived all conditions for the sale of the partnerships' final parcel of land located in the Canals community in Airdrie. The 13.64 acre multi-family site was contracted for sale for gross proceeds of $10.0 million. Genesis owns 11.75% of LP#6 and a 10% direct undivided interest in this parcel of land. The closing is contracted to be in March 2016.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date for the land development and the home building business segments. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no material changes made to the critical accounting estimates for Q2 2015 and for Q2 2014. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information on judgments and estimates.

Provision for Future Land Development Costs

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

Impairment of Real Estate Held for Future Development and Sale

We estimate the net realizable value ('NRV') of real estate held for future development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area, among other factors. Changes in the estimated NRV directly impact the amount recognized as a write-down or recovery of real estate held for development and sale, cost of sales, gross margin and the value of real estate under development and held for sale.

Share-based payments

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

Valuation of amounts receivables

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Any amounts becoming overdue and any known issues about the financial condition of debtors are taken into account when estimating recoverability. Changes in the estimated amounts receivable directly impact the amount recorded as bad debt expenses and affect the Corporation's general and administrative expenses and the amounts receivable.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

(i) material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Genesis' ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

There were no changes in the Corporation's ICFR during the three months ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, we are exposed to certain risks and uncertainties inherent in the real estate development and home building industries. Real estate development and home building are cyclical businesses; as a result, our profitability could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis are industry risk, competition, supply and demand, geographic risk, development and construction costs, credit and liquidity risks, finance risk, interest risk, management risk, mortgage rates and financing risk, general uninsured losses, environmental risk and government regulations.

Development and Construction Costs

Genesis may experience loss due to inflation causing higher prices of labor and consulting fees, and costs of materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the customer through higher pricing. Any significant increase that Genesis cannot pass on to the customer may have a negative material impact on profits.

Credit and Liquidity Risk

Credit risk arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. Liquidity risk is the risk that Genesis will not be able to meet its financial obligations as they fall due. 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 the Corporation's operating history, relationship with lenders and committed sales contracts, Management believes that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

Finance Risk

Genesis uses debt and other forms of financing in its business to execute the corporate strategy. Genesis uses project specific credit facilities to fund land development costs and a construction operating line for home construction purposes. It is Management's intention to avoid the use of debt to finance acquisitions of raw lands. Should Genesis be unable to obtain required capital, its ability to achieve these goals could be impacted. In order to reduce finance risk, Genesis endeavors to match the term of financing with the underlying land asset. Management regularly reviews the Corporation's credit facilities and manages the requirements in accordance with project development plans and operating requirements.

There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to our AIF for the year ended December 31, 2014 available on SEDAR at www.sedar.com

NON-GAAP MEASURES

Non-GAAP measures do not have any standardized meaning according to IFRS, and therefore may not be comparable to similar measures presented by other reporting issuers. Refer to the Advisories section of this MD&A for additional information.

NAV, and NAV per share are non-GAAP financial measures and therefore may not be comparable to similar measures presented by other companies. 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. There are risks and uncertainties associated with appraisals and valuations and the NAV provided may not be realizable.

NAV is calculated on a before tax basis, using total land value (prepared by independent certified real estate appraisers) plus additional balance sheet assets less balance sheet liabilities. The value of housing projects under development used in the calculation of NAV is the book value of the work in progress and the appraised value of lots of the home building business. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation has been added to calculate NAV.

The appraised value of lands is the sum of the estimated market value of each property or phase. No discount, if any, has been taken for potential en-bloc sale of assets. Genesis obtains appraisals at least annually for all of its properties. Appraisals for all real estate held for development and sale with the exception of non-core properties that are actively being marketed for sales were obtained by Genesis as of June 30, 2015. It should be noted that Genesis' real estate appraisals primarily rely on comparable sale transactions for their valuations. In rising markets, valuations tend to lag current values since comparable transactions are often negotiated months in advance of the recorded closing date. In falling markets, valuations also tend to lag due to the absence of comparable sales transactions as buyers and sellers adjust to new market conditions. Management acknowledges that market conditions have softened since YE 2014, however, the independent appraisals are the best estimates of value.

The following table shows the calculation of NAV:

	June 30, 2015	December 31, 2014
Appraised value of land[(1)]	392,895	332,531
Housing projects under development	41,436	35,557
	434,331	368,088
Other balance sheet assets	38,792	69,619
Balance sheet liabilities	(100,592)	(78,468)
Add amount due from related entities	32,008	31,033
NAV	404,539	390,272
Total shares outstanding	44,931	44,931
NAV per share	9.00	8.69

[(1)] *Appraised value relates to lands owned by Genesis and excludes lands that are owned by limited partnerships. Other balance sheet assets and balance sheet liabilities are at book value per financial statements.*

NAV per share at Q2 2015 was $9.00 compared to $8.69 at YE 2014. The increase in the NAV in 2015 can be mainly attributed to increases in the appraised value of the Corporation's land throughout the Calgary Metropolitan Area and profits from the operation of the homebuilding business segment. Refer to the Market Overview section of this MD&A.

Other Items Used in the Calculation of Net Asset Value

	June 30, 2015	December 31, 2014
Other balance sheet assets[(1)]		
Accounts receivable	10,972	17,660
Investment in joint venture	3,831	3,560
Deferred tax assets	3,635	1,358
Other operating assets	16,379	13,993
Cash	3,975	33,048
Total	38,792	69,619
Balance sheet liabilities[(1)]		
Loans and credit facilities	49,387	23,892
Customer deposits	5,287	5,515
Accounts payable and accrued liabilities	25,380	22,683
Income taxes payable	1,365	4,433
Provision for future land developments costs	19,173	21,945
Total	100,592	78,468

[(1)] *Book value per financial statements*

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Total revenues	**31,822**	34,765	**47,595**	72,752
Gross margin	**(1,147)**	14,465	**3,544**	22,303
Adjust for write-down (recovery)(1)	**11,261**	(4,361)	**11,261**	(4,361)
Gross margin before write-down (recovery)	**10,114**	10,104	**14,805**	17,942
Gross margin before write-down (recovery) (%)	**31.8%**	29.1%	**31.1%**	24.7%

(1) Write-down or recovery of real estate held for development and sale

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Net earnings attributable to equity shareholders	**1,333**	7,231	**1,393**	10,171
Adjust for write-down (recovery)(1), (2)	**3,839**	(1,030)	**3,839**	(1,030)
Tax effect of adjustments @ 25%	**(960)**	258	**(960)**	258
Adjusted earnings	**4,212**	6,459	**4,272**	9,399
Weighted average number of shares - basic	**44,931,200**	44,864,277	**44,931,200**	44,862,747
Weighted average number of shares – diluted	**44,933,502**	45,304,765	**44,932,273**	45,132,658
Adjusted earnings per share – basic and diluted(3)	**0.09**	0.14	**0.10**	0.21

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

OTHER

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

ADVISORIES

Non-GAAP Financial Measures

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

Forward-Looking Statements

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

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated positive general economic and business conditions in 2015 and beyond, including low unemployment and interest rates, low stable inflation rates, positive net migration, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building activities, Genesis' business strategy, including the geographic focus of its activities in 2015 and beyond, the constraint on margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly 2016, the expected capital contribution of future earnings and cash flow from land holdings in the Calgary Metropolitan Area, the ability to close the book of homes with firm sales contracts, the ability to meet the objective to increase the closing of home builds in 2015 as compared to 2014, including the ability to significantly increase home builds per year without substantial addition to costs to our production team or infrastructure so as to increase the effect on net margin, net asset value and profitability and the ability of management to close the gap between net asset value and share price. 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 access and 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; labour matters, governmental regulations, stock market volatility 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 AIF 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.