GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017

The 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 unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2017 and 2016, prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited condensed consolidated interim financial statements and comparative information 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, 2016 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 11, 2017.

STRATEGY AND BUSINESS PLAN

Strategy

Genesis Land Development Corp. ("Genesis" or the "Corporation") is a land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA"), holding a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands as well as serviced lots in the CMA.

As a land developer, Genesis plans, rezones, subdivides, services and sells residential communities and commercial and industrial lands to third parties, and sells lots and completed homes through its home building business. The land portfolio is planned, developed, serviced and sold with the objective of maximizing the risk adjusted net present value of the land and to maximize the cash flow available for distribution to shareholders. Genesis has no immediate plan or need to acquire additional land at this time and all excess cash on hand is expected to be used to issue dividends to shareholders, buy back common shares, or a combination of both.

The home building business is operated through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"). GBG designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building business is to deliver a significant return and cash flow from the capital invested in it and to sell incremental Genesis single family lots and townhouse land parcels.

Genesis is continuing its focus on minimizing overhead costs, which significantly reduce the return on long terms assets. Long term commitments are avoided where possible to preserve flexibility.

2017 Business Plan

The business plan for 2017 includes:

1) maximizing the return of capital to shareholders through dividends and/or buying back shares;
2) obtaining additional land servicing and zoning entitlements which are expected to materially increase the value and marketability of these lands;
3) developing detailed plans for the development and ultimate disposition of all core lands to maximize the net present value of each project;
4) adding one or more third-party builders acquiring lots in Genesis communities, in addition to the seven third-party builders already working with Genesis at the end of 2016;
5) increasing the number of units sold by GBG, including constructing townhouse complexes, at reasonable construction margins while optimizing the amount of required capital;
6) servicing a phase of the "Saddlestone" community in Calgary (expected to yield 102 residential lots) and an additional phase in Airdrie (expected to yield 73 residential lots); and
7) selling the remaining non-core land.

OVERVIEW OF ALBERTA REAL ESTATE MARKET

The Alberta economy continues to be impacted by low oil and natural gas prices over the last several years and is generally expected to continue to be weak and possibly flat for a prolonged period of time. However the overall economy shows signs of stabilizing as the market adjusts to the current situation. The Alberta economy significantly relies on the oil and gas industry, and in particular the levels of capital investment in the industry. This investment is generally driven by the price of oil and gas and expectations of future prices. In 2016, real gross domestic product of the province declined by 3.8%, following a decline of 3.7% in 2015. For the first six months of 2017, GDP growth has been slightly positive. The economic impact in Alberta from the decline in oil and gas prices has included lower levels of employment and weaker consumer confidence, leading to significantly lower revenues for governments, resulting in limiting their ability to fund the infrastructure required to develop new communities. This has led to reduced levels of home purchases in the CMA, although during the second quarter overall detached home sales were up year over year with prices stabilizing, with average prices increasing in both May and June 2017 increasing over the prior year for the first time in almost two years. At the same time, low mortgage rates continue to support the affordability of homes for many buyers, although interest rates have recently increased and mortgage lending rules have been tightened.

Prices for lower and mid-market homes in the CMA have continued to be stable and less impacted by the Alberta economy than higher valued homes, in part because the CMA has a relatively low level of serviced lot inventory available to builders. Genesis expects to be able to maintain lot and home prices as the level of new serviced lots remains low. In addition, Genesis has made design, finishing and supplier contractual changes to reduce the construction cost of its homes while maintaining quality and construction margins.

There has been a significant shift over the last several years in the timing of the buying of new CMA homes, and the vast majority of homes are now sold at or close to completion on a quick possession basis, rather than being contracted before construction commences. Given the capital strength of the Corporation, Genesis is well positioned to build an inventory of homes and to sell units on a quick possession basis and has developed a sales program tailored to current market conditions.

SUMMARY

The second quarter of 2017 ("Q2 2017") was strong with net earnings of $4,209 ($0.09 per share), an increase of 49% from $2,828 from the second quarter of 2016 ("Q2 2016") ($0.06 per share). Net earnings for the first half of 2017 ("H1 2017") were $4,913 ($0.11 per share), a 1% decrease compared to $4,938 ($0.11 per share) in the first half of 2016 ("H1 2016").

Cash flows from operating activities were $12,251 ($0.28 per share) in Q2 2017 compared to $14,394 ($0.33 per share) in Q2 2016, down $2,143 ($0.05 per share). Cash flows from operating activities for H1 2017 were $10,722 ($0.25 per share), down significantly compared to $26,663 ($0.60 per share) in H1 2016. Cash flows from operating activities were lower in H1 2017 primarily due to (1) lower home closings by GBG in Q1 2017, resulting in revenues from residential homes sales of $9,020 in Q1 2017 compared to $22,209 in Q1 2016, and (2) in H1 2017 Genesis completed the sale of non-core lands realizing $9,000, which was $2,800 less than the $11,800 of non-core land sales in H1 2016.

$0.21 PER SHARE SPECIAL DIVIDEND DECLARED

The Board of Directors has declared a special cash dividend of $0.21 per common share for a total of approximately $9,085 payable to shareholders of record on August 31, 2017, and will be paid on September 15, 2017.

CORPORATE HIGHLIGHTS

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

	Three months ended June 30, (1)		Six months ended June 30,(2)	
	2017	**2016**	**2017**	**2016**
Key Financial Data				
Total revenues	**38,497**	26,148	**54,161**	58,572
Direct cost of sales	**(28,392)**	(18,545)	**(38,644)**	(42,735)
Gross margin	**10,105**	7,603	**15,517**	15,837
Gross margin (%)	**26.2%**	29.1%	**28.6%**	27.0%
Net earnings attributable to equity shareholders	**4,209**	2,828	**4,913**	4,938
Net earnings per share – basic and diluted	**0.09**	0.06	**0.11**	0.11
Cash flows from operating activities	**12,251**	14,394	**10,722**	26,663
Cash flows from operating activities per share – basic and diluted	**0.28**	0.33	**0.25**	0.60
Key Operating Data				
Total Residential lots sold (units)	**78**	57	**129**	93
Residential lot sales	**17,930**	10,017	**26,742**	16,986
Gross margin on residential lot sales	**7,825**	4,621	**11,571**	7,986
Gross margin (%) on residential lot sales	**43.6%**	46.1%	**43.3%**	47.0%
Average revenue per lot sold	**230**	176	**207**	183
Homes sold (units)	**36**	40	**55**	82
Revenues	**17,474**	21,533	**26,494**	43,742
Gross margin on homes sold	**3,018**	2,965	**4,684**	6,733
Gross margin (%) on homes sold	**17.3%**	13.8%	**17.7%**	15.4%
Average revenue per home sold	**485**	538	**482**	533
New home orders (units)	**40**	46	**66**	74
Development and non-core land sold	**9,000**	1,550	**9,000**	11,800

Homes (with lots) subject to firm sale contracts (units)	**50**	55

(1) Three months ended June 30, 2017 and 2016 ("Q2 2017" and "Q2 2016")
(2) Six months ended June 30, 2017 and 2016 ("H1 2017" and "H1 2016")

Revenues

Revenues for Q2 2017 were $38,497, a 47% increase compared to $26,148 in Q2 2016 primarily due to an increase in sales of residential lots to third party builders (many of them being premium lots), the $9,000 sale of a non-core property and partially offset by lower sales by GBG in Q2 2017 than Q2 2016. Revenues for H1 2017 were $54,161 an 8% decrease over $58,572 in H1 2016, primarily due to lower revenues in GBG and from lower non-core sales. Revenues in the periods included:

- In Q2 2017, Genesis had total lot sales revenue of $17,930 (78 lots) compared to $10,017 (57 lots) in Q2 2016. In H1 2017, Genesis had $26,742 of total lot sales revenue (129 lots), compared to $16,986 (93 lots) in H1 2016.
    - Genesis sold 45 residential lots to third-parties in Q2 2017 for revenues of $11,970 (22 in Q2 2016 with revenues of $2,943). 82 lots were sold to third parties in H1 2017 with revenues of $18,535 (22 for H1 2016 with revenues of $2,943)
    - GBG sold 33 homes in Q2 2017 (35 in Q2 2016) on residential lots owned by Genesis generating associated residential lot revenues of $5,907 ($6,952 in Q2 2016). In H1 2017, GBG sold 47 homes on lots owned by Genesis (71 in H1 2016) generating lot revenues of $8,075 ($13,956 for H1 2016).

- GBG had revenues of $17,474 (36 homes) in Q2 2017 compared to revenues of $21,533 (40 homes) in Q2 2016, a decrease of $4,059 or 19%. Of the 36 homes, 20 homes were sold on a quick possession basis (i.e. contracted and delivered within 90 days) compared to 19 in Q2 2016. 3 homes were built on lots purchased previously from a third party developer. In H1 2017, GBG had revenues of $26,494 (55 homes), a decrease of 39% from the revenues of $43,742 (82 homes) in H1 2016.

- In Q2, 2017 Genesis completed the sale of a non-core land parcel located in Delacour, Alberta for $9,000, the only sale for the year to date. This compares to $1,550 of non-core land sales in Q2 2016 and $11,800 in H1 2016. Overall this is a $2,800 reduction for the first half of 2017 as compared to 2016.

Expenses

Expenses for Q2 2017, comprised primarily of general and administrative, selling and marketing and net finance expenses, were $4,518, compared to $4,488 for Q2 2016. Expenses for H1 2017 were $9,262, down $535 from $9,797 in H1 2016. The reduction in expenses was primarily due to reduced selling and marketing expenses at GBG as a result of lower home sales and lower net finance expenses due to the $8,000 payment made on a vendor-take-back mortgage in January 2017.

Gross Margins

Gross margins for Q2 2017 were 26% compared to 29% for Q2 2016. Overall gross margins were slightly higher for H1 2017 at 29% vs 27% in H1 2016. This is a result of residential lot sales that realized lower gross margins of 43% compared to 47% in 2016 while home building margins for H1 2017 improved to 18% vs 15% in the same period last year.

Key Balance Sheet Data	**As at Jun.30, 2017**	**As at Dec. 31, 2016**(1)
Cash and cash equivalents	**10,900**	14,318
Loans and credit facilities (including a loan to a limited partnership guaranteed by Genesis)	**32,266**	43,295
Total assets	**288,598**	288,995
Total liabilities	**73,407**	77,330
Shareholders' equity	**209,148**	205,628
Total equity	**215,191**	211,665
Loans and credit facilities ("Debt") to total assets	**11%**	15%

(1) Year ended December 31, 2016 ("YE 2016")

Liquidity, Loans and Credit Facilities

Genesis had a strong cash position as at June 30, 2017 of $10,900, and an additional $10,000 available in its operating line from a major Canadian bank and $1,993 outstanding on several land servicing loans. Loans and credit facilities were reduced by $11,029 to $32,266 at the end of Q2 2017 (including $8,963 owed by a limited partnership), compared to $43,295 at YE 2016 (including $8,531 owed by a limited partnership), primarily due to:

- the $8,000 annual payment in January 2017 of a vendor-take-back mortgage for its southeast Calgary lands, with the balance outstanding being $24,000 as at June 30, 2017 (excluding $2,643 unamortized discount); and

- $3,573 used to pay down land servicing loans from the proceeds of the sales of lots.

During Q2 2017, Genesis put in place a townhouse project loan facility of $14,801, bearing interest at prime +0.90%, due 3 years from the date of the first draw made. No draw was made as of June 30, 2017.

Subsequent to June 30, 2017, the Corporation put in place two land project loans from two major Canadian banks aggregating $18,354 at prime +0.75% to finance the servicing of two new phases in 2017 (refer to page 6). The approximate due dates of these loans are expected to be between August and December 2019.

Genesis had previously guaranteed a loan made by a third party lender to a limited partnership managed by Genesis. As at June 30, 2017 a balance of $8,963 was outstanding on the loan. During Q2 2017, the limited partnership entered into a firm agreement to sell a parcel of land located in Delacour, Alberta for $5,234. Subsequent to June 30, 2017, the loan was renewed until September 1, 2017. The sale transaction (the "sale transaction") is expected to close in late August 2017 and the net proceeds of the sale transaction will be used to repay in part this loan, reducing the outstanding loan balance to approximately $3,800. Upon payment of the net sale proceeds, the due date of the loan will be extended from September 1, 2017 to December 31, 2017 and the outstanding loan balance will be due on December 31, 2017. The interest rate on the renewed loan will be the greater of 7.85% or prime + 4% per annum.

UPDATE – EXECUTION OF THE 2017 BUSINESS PLAN

Genesis continued to implement its 2017 business plan in Q2 2017, as follows:

Dividends and/or Share Buybacks

The Board of Directors has declared a special cash dividend of $0.21 per common share for a total of approximately $9,085 payable to shareholders of record on August 31, 2017, and will be paid on September 15, 2017.

The Corporation has paid several special dividends in prior years:

Date	Dividend per share	Total dividends paid
September 2017	**0.21**	9,085
December 2016	**0.25**	10,936
December 2015	**0.12**	5,331
June 2014	**0.12**	5,386
Total to date	**0.70**	30,738

The Corporation has re-purchased common shares, when possible, under its normal course issuer bid ("NCIB"). In H1 2017, 475,625 common shares (representing 1.09% of outstanding shares at January 1, 2017) were purchased and cancelled under the NCIB at a total cost of $1,393, compared to 363,100 common shares at a total cost of $893 in H1 2016 (0.82% of the issued and outstanding shares at the beginning of 2016).

Obtain Additional Land Servicing and Zoning Entitlements

Genesis has advanced land entitlements for its long-term lands in H1 2017, including in its Calgary southeast and Sage Hill Crossing lands, its Airdrie lands and the large OMNI project in Rocky View County:

- The Council of the City of Calgary requested city staff to proceed with an area structure plan for lands including the southeast lands to commence in 2018.
- In Q2, the Council of the City of Airdrie passed Land Use and Outline Plan amendments on the remaining Bayview lands and a portion of the remaining Bayside lands. These amendments allow Genesis to meet today's community requirements including a full range of residential product mix along with amenities such as comprehensive open spaces, a school site and a neighborhood retail center.
- A Land Use amendment for Sage Hill Crossing was unanimously approved by Calgary Planning Commission in July 2017. This will allow the development to proceed as a medium to low density residential development from the previous big box retail commercial and large high rise residential concept. This amendment is tentatively scheduled for the public hearing of City Council for approval in September 2017.

Plans for the Development and Disposition of Core Lands

Genesis continues to develop detailed plans for each of its core lands, with the objective of developing each so as to maximize the net present value of the land and to sell the land at the most opportune time. The Corporation has entered into conditional agreements to sell several parcels of land which, if completed, are expected to close in late 2017 and 2018. These transactions provide for cash payment of the purchase price on closing, subject to customary adjustments, and/or a portion payable by way of a vendor-take-back mortgage. Genesis does not provide any assurances that these transactions will close in late 2017 and 2018 or at all.

Add Third Party Builders in Genesis Communities

In Q1 2017, Genesis entered into an agreement with a new builder and to date has sold 26 lots to this group in Airdrie. Genesis is pleased that this new builder has become an active member of the Genesis builder partner group in Airdrie which now comprises GBG and four independent builders.

Increase Units Sold by GBG

GBG continues to focus on improving its sales process and product line up to increase new home orders, while striving to maintain construction margins. New home orders improved in Q2 2017 (40 units) relative to Q1 2017 (26 units), and were comparable to 46 units in Q2 2016. GBG ended Q2 2017 with 50 homes with firm sales contracts compared to 55 homes with firm sales contracts at the end of Q2 2016.

Traffic to Genesis' show homes improved substantially in Q2 2017 from the low level in Q1 2017 which negatively impacted the conversion of show home visitors into home buyers. Towards the end of Q1 2017, traffic to Genesis' show homes began to improve, which continued into Q2 2017 to more normal levels. Increased traffic is generally expected to translate into additional firm sales and GBG is seeing continued improvement in its conversion rates of show home traffic into completed sales.

In Q2 2017, GBG continued construction of its "Ashbury" 24-unit townhouse development in Saddlestone in northeast Calgary, which will be completed in Q3 2017. As of August 11, 2017, there are 6 units with firm sales contracts, in addition 3 units were closed and delivered subsequent to June 30, 2017. Genesis began construction of the nearby 54 townhouse unit "The Laurels" of which there are 8 units with firm sales contracts as at August 11, 2017. Construction of the Ashbury and Laurels projects is being funded from internal resources and budgeted at $17,000, of which approximately $5,000 has been spent to date and $7,000 is expected to be spent over the remainder of 2017. Construction commenced in late Q2 2017 in Airdrie on "The Newport", an 85-unit townhouse development in the community of "Bayview", the construction of which will be financed using a credit facility from a major Canadian chartered bank. All these townhouse projects are being built on Genesis' lands.

Service Additional Phases

In Q2 2017, Genesis began the servicing of a new phase of the "Saddlestone" community in Calgary (expected to yield 102 residential lots available for sale in 2018) and a new phase in the "Bayview" community in Airdrie (expected to yield 73 residential lots available for sale in 2018). Both of these projects will be financed using new credit facilities from two major Canadian banks. See page 15 for additional information.

Sell Remaining Non-Core Land

Genesis closed the sale of its last significant parcel of non-core land for $9,000 in Q2 2017.

The Corporation entered into a firm agreement on June 28, 2017 to sell a 617 acre parcel of land belonging to a limited partnership for $5,234 (refer to page 5). The transaction is expected to close in late August 2017.

Land Development

	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Key Financial Data						
Residential lot sales[(1)]	**17,930**	10,017	79.0%	**26,742**	16,986	57.4%
Development land sales	**9,000**	1,550	N/R[(4)]	**9,000**	11,800	(23.7%)
Direct cost of sales	**(18,748)**	(6,929)	170.6%	**(23,814)**	(19,682)	21.0%
Gross margin	**8,182**	4,638	76.4%	**11,928**	9,104	31.0%
Gross margin (%)[(2)]	**30.4%**	40.1%		**33.4%**	31.6%	
Write-down of real estate held for development and sale	**(1,095)**	-	N/R[(4)]	**(1,095)**	-	N/R[(4)]
Equity (expense) income from joint venture	**(3)**	(58)	(94.8%)	**22**	86	(74.4%)
Other expenses[(3)]	**(2,398)**	(2,236)	7.2%	**(4,638)**	(4,571)	1.5%
Earnings before taxes	**4,686**	2,344	99.9%	**6,217**	4,619	34.6%
Key Operating Data						
Residential lots sold to third parties	**45**	22	104.5%	**82**	22	272.7%
Residential lots sold through home building segment	**33**	35	(5.7%)	**47**	71	(33.8%)
Total residential lots sold	**78**	57	36.8%	**129**	93	38.7%
Average revenue per lot sold	**230**	176	30.7%	**207**	183	13.1%
Development land sold (acres)	**1,476**	1,653	(10.7%)	**1,476**	1,667	(11.4%)

(1) Includes residential lot sales to third parties, to GBG and other revenue
(2) Gross margin amount divided by the sum of residential lot sales and development land sales
(3) Other expenses includes general and administrative, selling and marketing and net finance expense
(4) Not reflective due to percentage change

Gross margin by source of revenue

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Residential lot sales[(1)]	**17,930**	10,017	**26,742**	16,986
Direct cost of sales	**(10,105)**	(5,396)	**(15,171)**	(9,000)
Gross margin	**7,825**	4,621	**11,571**	7,986
Gross margin (%)	**43.6%**	46.1%	**43.3%**	47.0%
Development land sales[(2)]	**9,000**	1,550	**9,000**	11,800
Direct cost of sales	**(8,643)**	(1,533)	**(8,643)**	(10,682)
Gross margin	**357**	17	**357**	1,118
Residential lot and development land gross margin	**8,182**	4,638	**11,928**	9,104

(1) Includes other revenue
(2) Includes rebate of $100 on early closing of the 14 acre development land parcel

The change in gross margin percentages for single-family lots is primarily due to the mix of sales by community and product type as the gross margin percentage on residential lots typically varies by community and lot type, 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.

Revenues

Residential lot sales were $17,930 (78 lots), an increase of 79% over the $10,017 (57 lots) sold in Q2 2016. Total lot sales for the H1 2017 were $26,742 (129 lots), a 57% increase over the $16,986 (93 lots) sold in H1 2016. Q2 2017 revenues included the sale of a non-core development land parcel for $9,000 while Q2 2016 revenues included the sale of a development land parcel for $1,550.

Revenues were higher in Q2 2017 compared to Q2 2016 as lot sales were strong in the community of Sage Meadows in northwest Calgary and in Airdrie. Lot sales to third party builders remained strong in 2017, with many of them being premium lots. 45 lots were sold to third parties in Q2 2017 (Q2 2016 – 22) and 82 lots were sold in H1 2017, almost 4 times the 22 lots sold in H1 2016. Of these 82 lots, 26 were sold in Sage Meadows and 56 lots were sold in Airdrie. Residential lot sales through GBG were lower in Q2 2017 with 33 lots being sold compared to 35 lots in Q2 2016. Residential lot sales through GBG were 34% lower in H1 2017 at 47 lots compared to 71 lots in H1 2016. Lower lot sales through GBG was due to lower sales of completed homes that are built on Genesis' lots.

Gross margin

Residential lot sales realized a gross margin of 44% in Q2 2017 compared to 46% in Q2 2016. In H1 2017, the margin realized was 43% compared to 47% in H1 2016.

Write-down of real estate held for development and sale

During the three and six months ended June 30, 2017, the Corporation recorded a write-down of $1,095, mainly related to land under development to reflect the estimated returns realizable from completion of development and sale of this land.

Other expenses

Other expenses were slightly higher in both Q2 2017 and H1 2017 compared to the same periods in 2016. These were due to slight increases in general and administrative and sales and marketing expenses, partially offset by lower finance expense due to the reduction in the outstanding balance in the VTB.

Factors Affecting Results of Operations

A number of factors affect the results of operations, particularly in land development, including:

- the development and sale of residential lots and development land occurs over a substantial period of time which creates volatility in the revenues, earnings and cash flows from operating activities;
- 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 the length of time the corporation has owned the land;
- the sale of developed lots to GBG is recognized on the sale of the home and lot to the end purchaser; and
- seasonality has historically resulted in higher lot and home building revenues in the summer and fall months when home building sales closings peak.

Home Building – Genesis Builders Group Inc.

The homebuilding business of Genesis is operated through its wholly-owned subsidiary, GBG.

	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Key Financial Data						
Revenues[(1)]	**17,474**	21,533	(18.9%)	**26,494**	43,742	(39.4%)
Direct cost of sales	**(14,456)**	(18,568)	(22.1%)	**(21,810)**	(37,009)	(41.1%)
Gross margin	**3,018**	2,965	1.8%	**4,684**	6,733	(30.4%)
Gross margin (%)	**17.3%**	13.8%		**17.7%**	15.4%	
Other expenses[(2)]	**(2,120)**	(2,252)	(5.9%)	**(4,624)**	(5,226)	(11.5%)
Earnings before taxes	**898**	713	25.9%	**60**	1,507	(96.0%)
Key Operating Data						
Homes sold (single-family units)	**36**	40	(10.0%)	**55**	82	(32.9%)
Average revenue per single-family home sold	**485**	538	(9.9%)	**482**	533	(9.6%)
New home orders (units)	**40**	46	(13.0%)	**66**	74	(10.8%)
Homes (with lots) subject to firm sales contracts (units)				**50**	55	(9.1%)

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

Volumes and revenues

The number of homes sold by GBG improved during Q2 2017 over Q1 2017 but remained lower than in Q2 2016. Revenues were $17,474 (36 units) in Q2 2017, 19% lower than $21,533 (40 units) in Q2 2016. $26,494 (55 units) were sold in H1 2017, 39% lower than the $43,742 (82 units) in H1 2016.

Homes sold in Q2 2017 have an average price of $485 per home compared to the homes sold in Q2 2016 with an average price of $538. The lower average price per home in 2017 was primarily due to differences in product mix, with 21 high amenity homes sold in Q2 2016 at prices above $640 compared to the more standard product sold in Q2 2017.

Of the 36 homes sold in Q2 2017, 33 were built on residential lots supplied by Genesis, generating residential lot revenues of $5,907 (Q2 2016 – 35 and $6,952 respectively). The remaining of 3 homes were sold on lots acquired by GBG from a third-party in past years (Q2 2016 – 5).

GBG builds homes either after receiving a firm sale contract (a "pre-construction home") or on a quick possession "spec" basis. The delivery time of a pre-construction home can be determined in advance, with a home typically being delivered within 8 to 10 months of a customer signing a purchase agreement. Quick possession homes are built in advance of receiving a firm sale contract to meet the market demand from those buyers seeking quick possession.

GBG has seen that many buyers are looking for quick possession of their home, rather than being prepared to wait 8 to 10 months for a home to be built. This requires GBG to build homes on a spec basis and to hold them in inventory until sold. The timing of the sale of spec homes is unpredictable, and spec home buyers are usually time sensitive, wanting to take possession in a short time frame. Genesis monitors its home building work-in-progress closely to anticipate and react to market conditions in a timely manner.

GBG had 20 quick possession closings (i.e. contracted and delivered within 90 days) in Q2 2017 compared to 19 in Q2 2016.

New home orders were slightly lower at 40 units compared to 46 units in Q2 2016 and 66 units in H1 2017 compared to 74 units in H1 2016. Homes with firm sales contracts were 50 units at the end of Q2 2017 compared to 55 units at the end of Q2 2016.

Gross margin

GBG realized a gross margin of 17% in Q2 2017 compared to 14% in Q2 2016. During the period Genesis has improved its gross margins on home sales, realizing 18% in H1 2017 as compared to 15% in 2016.

Other expenses

Other expenses of GBG decreased by 5.9% in Q2 2017 compared to Q2 2016 and decreased by 11.5% in H1 2017 compared to H1 2016. These decreases were achieved due to a restructuring by the Corporation in March 2016 as well as other ongoing cost reduction initiatives, with savings in general and administrative expenses, sales and marketing expenses and net finance expenses. The reduction in other expenses was partially offset by a provision for litigation as described on page 17.

Finance Expense

	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Interest incurred	**203**	261	(22.2%)	**436**	597	(27.0%)
Finance expense relating to VTB[(1)]	**426**	546	(22.0%)	**851**	1,092	(22.1%)
Financing fees amortized	**103**	74	39.2%	**176**	149	18.1%
Interest and financing fees capitalized	**(117)**	(125)	(6.4%)	**(223)**	(314)	(29.0%)
	615	756	(18.7%)	**1,240**	1,524	(18.6%)

[(1)] VTB related to Calgary southeast lands acquisition

The imputed rate on the VTB, which has a 0% face rate, is 8%. Interest expense on the VTB in 2017 is less than in 2016 following payment of the second installment of $8,000 in January 2017. Interest incurred during Q2 2017 is less than in Q2 2016 due to lower loan balances in 2017.

The weighted average interest rate of loan agreements with various financial institutions was 6.65% (YE 2016 – 5.77%) based on June 30, 2017 balances.

The weighted average interest rate of loan agreements was 3.95% (YE 2016 - 3.81%), based on Q2 2017 balances after excluding $8,963 of debt relating to a limited partnership. This loan is guaranteed by Genesis and secured by lands held by the limited partnership.

LIQUIDITY AND CAPITAL RESOURCES

Genesis further reduced its debt from $43,295 at YE 2016 to $32,266 at the end of Q2 2017. Refer to “Loans and Credit Facilities” which provides additional information.

	June 30,	December 31,	
	2017	**2016**	**% change**
VTB	**21,357**	28,506	(25.1%)
Other loans and credit facilities	**1,946**	6,258	(68.9%)
	23,303	34,764	(33.0%)
Loan relating to a limited partnership	**8,963**	8,531	5.1%
Total loans and credit facilities	**32,266**	43,295	(25.5%)
Total liabilities to equity[(1)]	**34%**	37%	
Loans and credit facilities (“Debt”) to total assets	**11%**	15%	

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

Genesis has a strong cash position as at June 30, 2017 of $10,900, and an additional $10,000 available in its operating line from a major Canadian bank and $1,993 outstanding on several land servicing loans. Loans and credit facilities were reduced by $11,029 to $32,266 at the end of Q2 2017 (including $8,963 related to a limited partnership) compared to $43,295 at YE 2016 (including $8,531 related to a limited partnership), primarily due to:

- the $8,000 annual payment in January 2017 of a vendor-take-back mortgage for its southeast Calgary lands, with the balance outstanding being $24,000 as at June 30, 2017(excluding $2,643 unamortized discount)
- $3,573 used to pay down land servicing loans from the proceeds of the sales of lots.

Refer to the Loans and Credit Facilities section of this MD&A for additional information on Genesis' loans.

Real Estate Held for Development and Sale

	June 30	December 31,	
	2017	**2016**	**% change**
Real estate held for development and sale	**275,607**	308,824	(10.8%)
Provision for write-downs	**(43,912)**	(66,824)	(34.3%)
	231,695	242,000	(4.3%)

Real estate held for development and sale decreased by $10,305 as at Q2 2017 compared to YE 2016. Refer to note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2017 and 2016 which details gross book value and net book value of real estate held for development and sale. Genesis expects to spend approximately $14,000 on land development activities during the remainder of 2017, in addition to approximately $8,000 that has been spent in H1 2017, for a total of $22,000. These development activities relate to phases already under development, two new phases that commenced in 2017 as per the business plan (refer to page 6), as well as some preliminary costs associated with future phases.

The following tables present Genesis' real estate held for development and sale, and estimated equivalent of single-family lots, townhouse/multi-family units and commercial acreages as at June 30, 2017.

	Land under development			Land held for future development		Total		
Land development segment	**Net carrying value**	**Acres[1]**	**Lots**	**Net carrying value**	**Acres[1]**	**Net carrying value**	**Acres[1]**	**Lots**
Residential								
Airdrie[2]	29,356	169	125	9,190	90	38,546	259	125
Calgary NW[3]	26,980	34	54	-	-	26,980	34	54
Calgary NE[4]	13,463	17	95	3,498	19	16,961	36	95
Calgary SE[5]	-	-	-	44,373	349	44,373	349	-
	69,799	**220**	**274**	**57,061**	**458**	**126,860**	**678**	**274**
Mixed use[6]	43,692	64	-	4,442	312	48,134	376	-
Other assets[7] – non-core	7	-	14	1,974	334	1,981	334	14
Total land development segment	**113,498**	**284**	**288**	**63,477**	**1,104**	**176,975**	**1,388**	**288**
Home building business segment[8]						**21,736**	**-**	**6**
Total land and home building segments						**198,711**	**1,388**	**294**
Limited Partnerships[9]						32,984	2,373	-
Real estate held for development and sale						**231,695**	**3,761**	**294**

See accompanying footnotes on page 12.

	Acres[1]	Developed Lots Single-family (units)	Estimated Equivalent if/when Developed Single-family (lots)	Townhouse/multi-family (units)	Commercial (acres)	Total Single- and townhouse/multi-family (units)
Residential						
Airdrie[2]	259	125	1,517	162	10	1,804
Calgary NW[3]	34	54	31	1,869	1	1,954
Calgary NE[4]	36	95	217	117	-	429
Calgary SE[5]	349	-	1,984	-	-	1,984
	678	**274**	**3,749**	**2,148**	**11**	**6,171**
Mixed use[6]	**376**	**-**	**-**	**2,650**	**336**	**2,650**
Other assets[7] – non-core	**334**	**14**	**69**	**-**	**-**	**83**
Total land development segment	**1,388**	**288**	**3,818**	**4,798**	**347**	**8,904**
Home building business segment	-	**6**	-	-	-	**6**
Total land and home building segments	**1,388**	**294**	**3,818**	**4,798**	**347**	**8,910**
Limited Partnerships[9]	2,373	-	2,495	800	441	3,295
Real estate held for development and sale	**3,761**	**294**	**6,313**	**5,598**	**788**	**12,205**

(1) Acres comprises townhouse/multi-family, commercial acres and land not yet subdivided into single-family and other 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 acquired in 2015
(6) Mixed use comprises North Conrich and Sage Hill Crossing
(7) Other assets are non-core and actively being marketed for disposal. These assets represent 1.1% (YE 2016 -5.6%) of Genesis' land portfolio with a carrying value of $1,981 (YE 2016 - $10,612).
(8) Housing projects under development comprises $913 in lots and $20,823 of work-in-progress.
(9) Comprises land held for future development and land under development. Net of intra-segment eliminations of $4,194.

Amounts Receivable

	June 30, 2017	December 31, 2016	% change
Amounts receivable	**30,157**	21,059	43.2%

Genesis retains title to lots and homes that are contracted for sale until full payment is received in order to mitigate credit exposure to third parties. The increase of $9,098 in amounts receivable is mainly due to the timing of residential lot sales and closings, the timing of which affects the Corporation's amounts receivable. As at June 30, 2017 the Corporation had 154 lots and a non-core development land parcel located in British Columbia ("BC") totaling $28,973 in amounts receivable compared to 110 lots and the non-core parcel located in BC totaling $19,778 as at December 31, 2016, a change of $9,195.

Cash Flows from Operating Activities

Cash flow from the operating activities of Genesis varies quarter to quarter due to the nature of land sales and the timing of the receipt of sale proceeds. The sale of a lot or of a parcel of land to a third party is recognized as sales revenue at the time of entering into a firm sales contract, provided that a deposit is made of at least 15% of the purchase price. The balance of the purchase price is generally received in cash at the time of closing which can be many months later, resulting in a timing difference between sales revenue recognition and the actual receipt of cash. The sale of a lot by GBG to an end buyer is recognized on receipt of the full sale proceeds and the transfer of title to the lot.

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows from operating activities	**12,251**	14,394	**10,722**	26,663
Cash flows from operating activities per share – basic and diluted	**0.28**	0.33	**0.25**	0.60

The $15,941 decrease in cash flows from operating activities between Q2 2017 and Q2 2016 is explained by the following:

Lower cash inflows from sale of residential homes	(16,757)
Higher cash outflows for home building activity	(3,183)
Higher cash inflows from residential lot and development land sales	4,207
Lower cash outflows for other operating costs	2,079
Lower other cash receipts	(3,324)
Lower cash outflows for land servicing	189
Lower cash outflows for income tax installments	848
Total change in cash flows	(15,941)

Lower cash inflows from the sale of residential homes are closely related to the lower volumes of home closings sales during 2017.

Higher cash inflows from residential lot and development land sales was due to a larger number of residential lot sales to third parties. Genesis receives 15% cash deposits on lots sold to third-parties at the time of sale, with the 85% balance being received over a number of months in accordance with a take-down schedule. Revenue recognition of these sales (100% of sale price) occurs at the time of receiving the 15% deposit.

Higher cash outflows for home building activity was partially due to increasing the investment in home building inventory from $19,400 as at December 31, 2016 to $21,736 as at June 30, 2017.

The other differences include lower cash outflows for other operating costs, lower cash outflows for land servicing activity and lower payment of tax installments in Q2 2017.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q2 2017 and YE 2016:

	June 30,		December 31,	
	2017	**% of Total**	**2016**	**% of Total**
Loans and credit facilities	**32,266**	**11%**	43,295	15%
Customer deposits	**2,997**	**1%**	2,587	1%
Accounts payable and accrued liabilities	**14,390**	**5%**	10,195	4%
Provision for future development costs	**23,754**	**8%**	21,253	7%
Total liabilities	**73,407**	**25%**	77,330	27%
Non-controlling interest	**6,043**	**2%**	6,037	2%
Shareholders' equity	**209,148**	**73%**	205,628	71%
Total liabilities and equity	**288,598**	**100%**	288,995	100%

Loans and Credit Facilities

The continuity in the loans and credit facilities of Genesis and a limited partnership were as follows:

	June 30, 2017	December 31, 2016
Balance at the beginning of period, – excluding VTB	**14,789**	29,498
Balance at the beginning of period, - VTB for land acquisition	**28,506**	34,321
Advances for land development and home building	**17,400**	42,462
Repayments from the proceeds of land and home sales	**(29,877)**	(65,800)
Interest and financing fees incurred	**1,565**	3,314
Interest and financing fees paid	**(117)**	(500)
Balance at June 30, 2017 and December 31, 2016, respectively	**32,266**	43,295

The Corporation's loans and credit facilities, net of deferred financing fees, consisted of the following segmented amounts:

	June 30, 2017	December 31, 2016
Land development	**23,303**	33,918
Home building	**-**	863
	23,303	34,781
Limited partnerships	**8,963**	8,514
	32,266	43,295

The following is a summary of drawn and outstanding loan and credit facility balances as at Q2 2017 and as at the end of the previous four quarters:

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Vendor-take-back mortgage	21,357	20,931	28,506	27,959	27,413
Land development loans	1,993	3,090	5,566	1,004	1,410
Land loan relating to a limited partnership	8,963	8,739	8,531	8,531	8,325
Home building loans	-	-	903	1,344	2,148
Demand operating line	-	4,000	-	-	1,580
	32,313	36,760	43,506	38,838	40,876
Unamortized deferred financing fees	(47)	(144)	(211)	(280)	(293)
Balance, end of period	32,266	36,616	43,295	38,558	40,583

Total liabilities to equity follows:

	June 30, 2017	December 31, 2016
Total liabilities	**73,407**	77,330
Total equity	**215,191**	211,665
Total liabilities to equity[(1)]	**34%**	37%

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

As at June 30, 2017, Genesis has three land project loan facilities with the ability to fund up to $27,182 of future development and servicing costs. Interest on these facilities ranges from prime + 0.75% to prime + 1.25% per annum. Draws on these facilities can be made as land development activities progress. As at June 30, 2017, $1,993 was drawn against these facilities (YE 2016 - $5,566).

In addition, Genesis has a demand operating line of credit of up to $10,000 for general corporate purposes at an interest rate of prime + 1% per annum. As at June 30, 2017, the outstanding balance of this facility was Nil (YE 2016 - Nil).

GBG has a demand operating line of $6,500 at an interest rate of prime + 1.5% per annum. As at June 30, 2017, the amount drawn on this facility was Nil (YE 2016 - Nil).

During Q2 2017, GBG put in place a townhouse project loan facility of $14,801, bearing interest at prime +0.90%, due 3 years from the date of the first draw made. No draw was made as of June 30, 2017.

Genesis assumed a VTB on the purchase of the southeast lands in January 2015. As at June 30, 2017, the VTB had an outstanding balance of $24,000 with an unamortized discount of $2,643 (YE 2016 - $32,000 and $3,494 respectively). The outstanding balance is payable in three equal installments of $8,000 in January 2018 through January 2020.

Genesis guarantees an $8,963 loan (YE 2016 - $8,531) relating to a limited partnership bearing interest at the greater of 7.25% or prime + 3% per annum. The loan is secured by lands held by the limited partnership.

Subsequent to June 30, 2017, the $8,963 loan was renewed till September 1, 2017 at the greater of 7.85% or prime +4% per annum. In addition, the Corporation put in place two land project loans aggregating $18,354 at prime +0.75%. The approximate due dates of these loans are expected to be between August and December 2019.

Genesis has various covenants in place with its lenders with respect to its 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, GBG has a secured revolving operating line repayable on demand to be used for home construction. This line has a financial covenant requiring that GBG maintain a net worth of at least $6,500 at all times. Net worth is defined by the lender as "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 at Q2 2017 and at YE 2016. 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 cash flows from operating activities, supplemented by credit facilities, to meet the above liabilities as they become due. Genesis regularly reviews its credit facilities and manages requirements in accordance with project development plans and operating requirements. Genesis is proceeding with its plan to use project financing on new land development phases and a townhouse project which will result in increased use of credit facilities in 2017 and going forward.

Provision for Future Development Costs

When Genesis sells lots and homes, it often remains responsible to pay for future development costs known as "costs-to-complete".

For GBG, costs-to-complete estimates are the costs likely to be incurred on seasonal and other work (such as paving and landscaping) and estimated warranty charges over the one year warranty period.

For the land development segment, the provision for future development costs represents the estimated remaining construction costs related to and/or allocated to sold land. This includes all direct construction costs and indirect costs expected to be incurred during the remainder of the construction period, net of expected recoveries, allocable to the portions of the development that have already been sold. The provision is reviewed periodically and, when the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for future development costs and a corresponding adjustment is made to land under development and/or cost of sales.

Provision for future development costs as at the end of Q2 2017 was $22,714 for the land segment ($20,064 – YE 2016) and $1,040 ($1,189 – YE 2016) for GBG. These changes were due to normal sales activity in land and home building. The increase was partially offset by completion of previously recognized cost-to-complete liabilities on residential lots and residential homes.

Income Tax (Recoverable)

The changes in income tax recoverable are as follows:

	June 30, 2017	December 31, 2016
Balance, beginning of period	**(42)**	270
Provision for current income tax	**1,267**	4,397
Net payments	**(2,147)**	(4,709)
Balance, end of period	**(922)**	(42)

The increase in income tax recoverable is due to the provision for current income tax being lower than the net payments made to date.

Shareholders' Equity

As at August 11, 2017, the Corporation had 43,260,451 common shares issued and outstanding. The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

Genesis commenced a normal course issuer bid ("NCIB") in 2015 and renewed it in 2016. The NCIB is approved until September 2017 and the Corporation is actively re-purchasing and cancelling common shares. The Corporation purchased and cancelled common shares under its NCIB as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Number of shares purchased and cancelled	**28,176**	**104,400**	**475,625**	**363,100**
Total cost	**92**	**285**	**1,393**	**893**
Average price per share purchased	**3.31**	**2.74**	**2.93**	**2.46**
Beginning of period	**April 1, 2017**	**April 1, 2016**	**Jan 1, 2017**	**Jan 1, 2016**
Shares cancelled as a % of common shares outstanding at beginning of period	**0.07%**	**0.24%**	**1.09%**	**0.82%**

The Corporation repurchased for cancellation an additional 17,460 common shares for $62 between July 1, 2017 and August 11, 2017. As of the date of this MD&A, there are 1,645,439 common shares remaining for purchase under the NCIB.

During the six months ended June 30, 2017, The Corporation had purchased and cancelled 475,625 common shares for $1,393 at an average cost of $2.93 per share (representing 1.09% of issued and outstanding shares at the beginning of the year) compared to 363,100 common shares for $893 at an average cost of $2.46 at the end of Q2 2016 (representing 0.82% of issued and outstanding shares).

Contractual Obligations and Debt Repayment

Contractual obligations excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future development costs, at the end of Q2 2017 were as follows:

	Loans and Credit Facilities[(1)]	Naming Rights	Lease Obligations	Total
Current	18,634	700	599	**19,933**
July 2018 to June 2019	7,095	500	525	**8,120**
July 2019 to June 2020	6,584	500	491	**7,575**
July 2020 and thereafter	-	500	171	**671**
Current	32,313	2,200	1,786	**36,299**

[(1)] *Excludes deferred financing fees*

In 2012, Genesis entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first six installments totaling $3,000 were paid as at June 30, 2017.

In 2008, Genesis entered into an agreement with the City of Airdrie to contribute $2,000 over 10 years for 40-year naming rights to "Genesis Place", a recreation complex in the city of Airdrie ($200 each year, terminating in 2017). The first nine installments totaling $1,800 were paid as at June 30, 2017.

In Q1 2017, the Corporation amended its head office lease agreement with Morguard Real Estate Investment Trust ("Morguard") to extend the term by 38 months to September 30, 2020. The total basic rent over the extension period is $364. Genesis also has other minor operating leases.

As a normal part of business, Genesis has 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 6 of the condensed consolidated interim financial statements for the three and six months ended June 30, 2017 and 2016.

Current Contractual Obligations, Commitments and Provision

	June 30, 2017	December 31, 2016
Loans and credit facilities, excluding deferred financing fees	**18,634**	22,990
Accounts payable and accrued liabilities	**14,390**	10,195
Total short-term liabilities	**33,024**	33,185
Commitments[1]	**1,299**	1,371
	34,323	34,556

[1] Commitments comprises naming rights and lease obligations.

At the end of Q2 2017, Genesis had obligations due within the next 12 months of $34,323, of which $18,634 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. Management is confident that Genesis has the ability to continue to renew or to repay its financial obligations as they come due.

Provision for Litigation

Two former employees filed a statement of claim of against the Corporation on May 27, 2016 alleging wrongful dismissal of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The amounts of the claim aggregated approximately $1,600 and the Corporation has recorded this amount as a provision as at March 31, 2017. The former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017 and intends to vigorously defend against the claim. The appeal is set down for a hearing on May 2, 2018.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

Genesis has an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the sub-division plan registration process. At Q2 2017, these letters of credit totalled approximately $2,812 (YE 2016 - $4,429).

Lease Agreements

Genesis has 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 at Q2 2017 and YE 2016. In the event the lease for the office building is terminated early, Genesis is liable to pay the landlord for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by the landlord, if any.

SUMMARY OF QUARTERLY RESULTS

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenues	**38,497**	15,664	28,145	29,240	26,148	32,424	36,575	34,918
Net earnings(1)	**4,209**	704	(1,216)	2,184	2,828	2,110	5,365	4,256
EPS(2)	**0.09**	0.02	(0.03)	0.05	0.06	0.05	0.13	0.09

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

Dividends	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Declared and paid	**-**	-	10,936	-	-	-	5,331	-
Declared and paid – per share	**-**	-	0.25	-	-	-	0.12	-

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Residential lots sold to third parties (units)	**45**	37	12	24	22	-	50	13
Homes sold (units)	**36**	19	56	28	40	42	51	67
Development land revenues	**9,000**	-	-	9,437	1,650	10,250	3,500	-

Cash flows from (used in) operating activities	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Amount	**12,251**	(1,529)	6,229	10,060	14,394	12,269	(7,193)	8,919
per share basic and diluted	**0.28**	(0.03)	0.14	0.23	0.33	0.28	(0.16)	0.20

In general, net earnings are mainly affected by the volume of residential lot and home sales, development land parcel sales, and write-downs or recoveries, if any. Seasonality affects the land development and home building industry in Canada, particularly winter weather conditions. Refer to the Factors Affecting Results of Operations section on page 8 of this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q2 2017, Genesis sold 45 residential lots to third parties and 36 homes compared to 37 residential lots to third parties and 19 homes during the first quarter of 2017 ("Q1 2017"). Genesis also sold a 1,476 non-core development land parcel in Q2 2017 while no development land sold in Q1 2017. On an overall basis, this resulted in higher revenues during Q2 2017 compared to Q1 2017. Genesis incurred lower general and administrative, selling and marketing expenses and net finance expenses during Q2 2017 compared to Q1 2017. In addition, Genesis had a write-down of $1,095 in Q2 2017 with no write-down in Q1 2017.

During Q1 2017, Genesis sold 37 residential lots to third parties and 19 homes compared to 12 residential lots to third parties and 56 homes during the fourth quarter of 2016 ("Q4 2016"). The 37 unit decrease in home closings between Q1 2017 and Q4 2016 was partially offset by a 25 unit increase in residential lot sales to third parties. On an overall basis, this resulted in lower revenues during Q1 2017 compared to Q4 2016. Genesis incurred lower general and administrative, selling and marketing expenses and net finance expenses during Q1 2017 compared to Q4 2016. In addition, Genesis had a write-down of $5,372 in Q4 2016 with no write-down in Q1 2017. These were the main factors resulting in higher net earnings and EPS during Q1 2017 compared to Q4 2016.

During Q4 2016, Genesis sold 12 residential lots to third parties and 56 homes (all single-family) compared to 24 residential lots to third parties, a 7 acre development land parcel for $9,437 and 28 homes (all single-family) during the third quarter of 2016 ("Q3 2016"). This resulted in revenues that were slightly lower than Q3 2016. Genesis also had a write-down of $5,372 in Q4 2016 compared to a write down of $3,293 in Q3 2016, a difference of $2,079 which affected the net earnings in Q4 2016.

During Q3 2016, Genesis sold 24 residential lots to third parties, a 7 acre development land parcel for $9,437 and 28 homes (all single-family). The development land parcel sale and higher residential lot sales resulted in higher revenues in the third quarter of

2016 compared to the second quarter of 2016 ("Q2 2016"), but this was partially offset by the lower residential home revenues. Genesis also had a write-down $3,293 related to of a single parcel of undeveloped non-core land located in Alberta.

During Q2 2016, Genesis sold 22 residential lots to third parties, a 1,653 acre non-core development land parcel for $1,650 and 40 homes (all single-family). The sale of a development land parcel in the first quarter of 2016 resulted in higher revenues in the first quarter of 2016 ("Q1 2016") compared to Q2 2016, but this was partially offset by the higher volume of residential lot sales in Q2 2016. During Q2 2016, Genesis also incurred $992 of cost of sales expense relating to townhouse projects that were not going to proceed. These were the main factors resulting in lower net earnings during Q2 2016 compared to Q1 2016.

During Q1 2016, Genesis sold no residential lots to third parties, sold a development land parcel for $10,250 and 42 homes (all single-family). During the fourth quarter of 2015, the joint venture in which Genesis is a 50% partner, sold a multi-family land parcel for which Genesis realized a deferred gain of $1,184. Genesis also realized deferred gains from the sale of 10 single family lots and its share of net income from the joint venture in the fourth quarter of 2015. There was no corresponding multi-family land sale in Q1 2016, and Genesis realized deferred gains from five single-family lots during Q1 2016. These factors resulted in lower net earnings and EPS during Q1 2016 compared to the fourth quarter of 2015.

During Q4 2015, Genesis sold 50 residential lots to third parties, 51 homes (39 single-family and 12 townhouses) and a non-core development land parcel.

During Q3 2015, Genesis sold 13 residential lots and 67 homes (56 single-family and 11 townhouses).

RELATED PARTY TRANSACTIONS

Transactions occurred with the following related parties:

1. Underwood Capital Partners Inc. ("Underwood") - controlled by an officer and director, Stephen J. Griggs
2. Smoothwater Capital Corporation ("Smoothwater") – a significant shareholder of Genesis and Stephen J. Griggs serves as CEO

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Paid to Underwood for the services of Stephen J. Griggs as CEO	**86**	159	**179**	223
Reimbursement of travel and other costs incurred by Smoothwater	**-**	1	**-**	8
	86	160	**179**	231

CONSOLIDATED ENTITIES

Genesis Limited Partnership #6 and Genesis Limited Partnership #7, part of the LP6/7 group, paid a final distribution of $6,978 to their unit holders during the year ended December 31, 2016. Genesis held 11.75% equity interest in Genesis Limited Partnership #6. The LP6/7 Group entities no longer have any assets or liabilities and are no longer being consolidated effective January 1, 2017.

SUBSEQUENT EVENTS

On August 11, 2017, the Corporation's Board of Directors approved the payment of a special cash dividend of $0.21 per common share for a total of approximately $9,085 payable in September 2017.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs and interpretations during 2017. For recent accounting pronouncements, see the Corporation's Management Discussions and Analysis for the three months and year ended December 31, 2016.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 15, "Revenue from contracts with customers"

On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers.

The Corporation has commenced a preliminary assessment of the impact of IFRS 15. The preliminary assessment indicates that the revenue recognition for the Corporation is expected to remain unchanged, with the exception that revenues from development land sales are expected to be recognized on closing of the transactions rather than at the time of receiving a 15% non-refundable deposit.

IFRS 9, "Financial instruments"

On November 12, 2009, the IASB issued IFRS 9, "Financial instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Corporation will commence a preliminary assessment in the third quarter of 2017 to assess the impact of IFRS 9 on its financial statements. The Corporation will report on this during 2017.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS 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, third-party appraisals and reports 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 2017 and Q2 2016. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2016 and 2015 for additional information on judgments and estimates.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO have designed Genesis' Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and certified that Genesis' DC&P and ICFR were effective as at June 30, 2017.

There were no changes in the Corporation's ICFR during the three months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, Genesis is exposed to certain risks and uncertainties inherent in the real estate development and home building industries. For a more detailed discussion on the Corporation's risk factors, refer to Genesis' AIF for the year ended December 31, 2016 available on SEDAR at www.sedar.com.

OTHER

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

ADVISORIES

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 are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulation.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to Genesis' 2017 business plan, the payment of dividends, the expected closing of the Sale Transaction and the use of net proceeds from such Sale Transaction, plans and strategy surrounding the development and disposition of the Corporation's core lands, the expected completion dates of various projects that GBG is currently engaged in and anticipated yields from the Saddlestone community (Calgary) and the Bayview community (Airdrie), commencing the servicing phase and the construction phase of various communities and projects, respectively, the financing of these phases and expected increased leverage, anticipated general economic and business conditions, the Alberta real estate cycle, expectations for lot and home prices, minimizing overhead costs, construction starts and completions, development plans for Genesis' core lands, closings of a sale of commercial land in the fourth quarter of 2017 and other conditional agreements, continuing participation of a builder in Genesis' builder partner group, anticipated amendments to the area structure plan for the Sage Hill Crossing area, progress of developments North Conrich, expenditures on land development activities in 2017, GBG's sales process and construction margins, the ability to build an inventory of homes and sell units on a quick possession basis, and the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.

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 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; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; 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.