GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 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 the unaudited condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 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 November 9, 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 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 an acceptable 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 term 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 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. During 2017 gross domestic product has been steadily improving and is forecast to finish the year 4.3% higher than 2016. In 2016, real gross domestic product of the province declined by 3.8%, following a decline of 3.7% in 2015. The economic impact in Alberta from the decline in oil and gas prices has included lower levels of employment and weaker consumer confidence. This has led to reduced levels of home purchases in the CMA since late 2014.

Detached home sales were up year over year, with average prices increasing in May, June and September 2017 compared to the prior year for the first time in almost two years. This is offset by recent increase in inventory levels and sales volumes slowing down, potentially placing pressure on pricing. While low mortgage rates support the affordability of homes for many buyers, recent interest rate hikes and the tightening of mortgage lending rules are expected to impact the volume of sales, push buyers into a lower price bracket and may delay a buyer’s decision to purchase.

Prices for lower and mid-market homes in the CMA have continued to be stable and are 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 still expects to be able to maintain lot and home prices under the current conditions. 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

In the third quarter of 2017 (“Q3 2017”), Genesis had net earnings attributable to equity shareholders (“net earnings”) of $3,372 ($0.08 per share), an increase of 54% from $2,184 in the third quarter of 2016 (“Q3 2016”) ($0.05 per share). Net earnings for the nine months ended September 30, 2017 (“YTD 2017”) were $8,285 ($0.19 per share), a 16% increase compared to $7,122 ($0.16 per share) for the same period in 2016.

Cash flows from operating activities were $8,888 ($0.21 per share) in Q3 2017, compared to $10,060 ($0.23 per share) in Q3 2016, down $1,172 ($0.02 per share). Cash flows from operating activities were lower in Q3 2017 primarily due to lower cash receipts from the sale of lots and development land and higher cash payments for land servicing and home building activity partially offset by higher cash receipts from the sale of residential homes. Cash flows from operating activities YTD 2017 were $19,610 ($0.45 per share), down by $17,113 compared to $36,723 ($0.85 per share) in the nine months ended September 30, 2016 (“YTD 2016”). Cash flows from operating activities were lower in YTD 2017 primarily due to lower cash receipts from the sale of residential homes, higher cash payments for home building activity and higher cash payments for land servicing activity.

NEW ZONING ENTITLEMENTS

During Q3 2017, two very important Area Structure Plans ("ASP") were approved: one by the City of Calgary and the other by the County of Rocky View. The City of Calgary unanimously approved an amendment to the Sage Hill ASP where Genesis currently owns 64 acres of land. This approval enables Genesis to proceed with securing land use and outline approval for a low to medium density residential and commercial development, rather than the previous high density high rise residential and big box commercial zoning.

The County of Rocky View approved the Omni ASP, which includes the 610 acres of the "North Conrich" lands owned by Genesis (51.2%), Genesis Limited Partnership #4 (32.5%) and GLP5 NE Calgary Developments Inc. (16.3%). Genesis expects this approval will enable it to proceed with securing land use and outline approval for development. On September 26, 2017, the City of Calgary filed an appeal pursuant to section 690 (Intermunicipal Disputes) of the Municipal Government Act following approval of the OMNI ASP by the County of Rocky View. The Notice of Appeal is currently being reviewed by the Municipal Government Board and a schedule for proceedings is being developed. It is anticipated that a pre-hearing conference will be set up in early December 2017. Genesis, as the funder of the ASP, intends to apply to participate in the proceedings as an affected party. The proceeding schedule may include mediation or a hearing.

The City of Calgary is proceeding with the development of an ASP for "Cell E" lands, which includes Genesis' southeast lands, and is expected to commence in 2018.

LAND SALES

After September 30, 2017, Genesis announced the entering into of firm agreements to sell two large land parcels.

In October 2017, Limited Partnership Land Pool (2007) ("LPLP") entered into an agreement with an arms-length third party national developer for the sale of 319 acres of undeveloped lands located in the City of Airdrie, Alberta commonly referred to as the "Fowler Lands". These lands are 100% beneficially owned by LPLP. The sale price of the lands will be $41,000 and closing is scheduled for December 15, 2017. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and under the terms of the agreement will pay 50% of the sale price in cash on closing and the remainder in three years (subject to certain pre-payment privileges), secured by an interest-bearing vendor-take-back mortgage. The net proceeds of the sale are to be used to repay all loans owed by LPLP with the balance to be retained by the partnership.

Also in October 2017, Genesis announced that it had entered into an agreement with an arms-length third party builder for the sale of undeveloped land located in the North West community of Sage Hill in Calgary, Alberta for $11,270. These lands, which are zoned for medium density multi-family development, will consist of two sites totaling 8.65 acres and are a part of Phase 5 of the Genesis Sage Meadows development. The first 3.91 acre site is expected to close in the second half of 2018. The second 4.74 acre site is expected to close in mid-2020. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and is required under the terms of the agreement to pay the purchase price in cash at each closing.

OPERATING HIGHLIGHTS

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

($000s, except for per share items or unless otherwise noted)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Key Financial Data				
Total revenues	**31,128**	29,240	**85,289**	87,812
Direct cost of sales	**(22,227)**	(22,401)	**(60,871)**	(65,136)
Gross margin	**8,901**	6,839	**24,418**	22,676
Gross margin (%)	**28.6%**	23.4%	**28.6%**	25.8%
Net earnings attributable to equity shareholders	**3,372**	2,184	**8,285**	7,122
Net earnings per share – basic and diluted	**0.08**	0.05	**0.19**	0.16
Cash flows from operating activities	**8,888**	10,060	**19,610**	36,723
Cash flows from operating activities per share – basic and diluted	**0.21**	0.23	**0.45**	0.85
Key Operating Data				
Total Residential lots sold (units)	**59**	46	**188**	139
Residential lot sales	**10,261**	9,019	**37,003**	26,005
Gross margin on residential lot sales	**4,779**	4,164	**16,350**	12,150
Gross margin (%) on residential lot sales	**46.6%**	46.2%	**44.2%**	46.7%
Average revenue per lot sold	**174**	196	**197**	187
Homes sold (units)	**49**	28	**104**	110
Revenues	**22,750**	15,051	**49,244**	58,793
Gross margin on homes sold	**3,917**	2,467	**8,601**	9,200
Gross margin (%) on homes sold	**17.2%**	16.4%	**17.5%**	15.6%
Average revenue per home sold	**464**	537	**473**	534
New home orders (units)	**39**	38	**105**	112
Development and non-core land sold	**5,234**	9,437	**14,234**	21,237

Homes (with lots) subject to firm sale contracts (units)	**40**	65

Revenues

Revenues for Q3 2017 were $31,128, a 6% increase compared to $29,240 in Q3 2016, primarily due to an increase in sales of residential lots to third party builders. Revenues for YTD 2017 were $85,289, a 3% decrease from $87,812 in YTD 2016, primarily due to lower revenues from home sales and lower non-core land sales.

Revenues in the periods included:

- **Lot sales:** In Q3 2017, Genesis had total lot sales revenue of $10,261 (59 lots) compared to $9,019 (46 lots) in Q3 2016. In YTD 2017, Genesis had $37,003 of total lot sales revenue (188 lots), compared to $26,005 (139 lots) in YTD 2016.
    - Genesis sold 13 residential lots to third-parties in Q3 2017 for revenues of $3,144 (Q3 2016 - 24 and $4,753). In YTD 2017, 95 lots were sold to third parties for $21,811 (YTD 2016 - 46 and $7,783)
    - Genesis sold 46 lots through its home building division for revenues of $7,117 (Q3 2016 - $4,266). In YTD 2017, Genesis has sold 93 lots through its home building division for revenues of $15,192 (YTD 2016 - $18,222).

- **Home sales:** Genesis had revenues of $22,750 (49 homes) in Q3 2017 compared to revenues of $15,051 (28 homes) in Q3 2016, an increase of $7,699 or 51%. Of the 49 homes, 26 homes were sold on a quick possession basis (i.e. contracted and delivered within 90 days) compared to 20 homes in Q3 2016. 3 homes were built on lots purchased previously from a third party developer. In YTD 2017, GBG had revenues of $49,244 (104 homes), a decrease of 16% from the revenues of $58,793 (110 homes) in YTD 2016.

- **Development land:** In Q3 2017 Genesis completed the sale of a non-core land parcel located in Delacour, Alberta (100% beneficially owned by a limited partnership managed by Genesis) for $5,234. In YTD 2017, Genesis had 2 non-core land parcel sales totaling $14,234. This compares to $9,437 of core land sales in Q3 2016 (to the City of Calgary) and core and non-core land sales of $21,237 in YTD 2016.

Expenses

Expenses for Q3 2017 were $4,267 compared to $4,093 for Q3 2016. These were higher due to an increase in selling expenses due to higher home sales in the quarter. Expenses in YTD 2017 were $13,507 compared to $13,804 in YTD 2016. The reduction in expenses was primarily due to reduced selling and marketing expenses due to lower home sales and lower net finance expenses due to the $8,000 payment made on a vendor-take-back mortgage ("VTB") in January 2017. Genesis has assumed the VTB on the purchase of the southeast lands in January 2015.

Gross Margins

Gross margins for Q3 2017 improved to 29% compared to 23% for Q3 2016. Overall gross margins were higher for YTD 2017 at 29% versus 26% in YTD 2016. This is a result of stronger home building margins for YTD 2017 which improved to 18% in 2017 vs 16%, offset by lower residential lot sales with lower gross margins of 44% compared to 47% in the same period in 2016.

Key Balance Sheet Data

($000s, except for per share items or unless otherwise noted)	**As at September 30, 2017**	As at December 31, 2016[1]
Cash and cash equivalents	**12,956**	14,318
Loans and credit facilities (including a loan to a limited partnership guaranteed by Genesis)	**35,381**	43,295
Total assets	**282,370**	288,995
Total liabilities	**72,953**	77,330
Shareholders' equity	**203,374**	205,628
Total equity	**209,417**	211,665

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

Liquidity, Loans and Credit Facilities

Overall loans and credit facilities were reduced by $7,914 to $35,381 at the end of Q3 2017 compared to $43,295 at YE 2016. Loans and credit facilities ("Debt") to total assets were 13% at the end of Q3 2017 compared to 15% at YE 2016.

Genesis made an $8,000 annual payment in January 2017 on a vendor-take-back mortgage. It has also a balance of $9,628 on several land servicing loans and a townhouse project loan. In addition, proceeds from the sale of lands in Delacour, Alberta were used to partially pay down the loan owing by a limited partnership.

Genesis had a strong cash position as at September 30, 2017 of $12,956. In addition the Corporation has the entire balance of $10,000 available in its operating line from a major Canadian bank.

UPDATE ON 2017 BUSINESS PLAN

Genesis continued to implement its 2017 business plan in Q3 2017, as follows:

Dividends and/or Share Buybacks

Genesis special dividend history and share buybacks since 2015 are set out below:

Special Dividends *($000s, except for per share items)*	**Dividend per share**	**Total dividends**
September 2017	**0.21**	9,083
December 2016	**0.25**	10,936
December 2015	**0.12**	5,331
June 2014	**0.12**	5,386
Total special dividends to date	**0.70**	$30,736

A summary of the shares repurchased and cancelled is provided below:

Share Buybacks under Normal Course Issuer Bid *($000s, except for number of shares)*	**Shares repurchased and cancelled**	**Cost of Repurchases**
2017 (to September 30, 2017)	493,085	$1,456
2016	551,796	1,420
2015	628,598	1,887
Total to date	**1,673,479**	**$4,763**

Obtain Additional Land Servicing and Zoning Entitlements

Genesis has advanced land entitlements for its long-term lands in 2017, including in its Sage Hill Crossing lands, Airdrie lands, the Omni project in Rocky View County as well as its southeast Calgary lands.

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 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.

Add Third Party Builders in Genesis Communities

In Q1 2017, Genesis entered into an agreement with a new builder and has sold 26 lots to this group in Airdrie. This builder has become an active member of the Genesis builder partner group in Airdrie, comprised of GBG and four independent builders. Subsequent to September 30, 2017, a third-party builder in Airdrie breached its purchase contracts relating to single family lots. On November 2, 2017 the Court of Queen's Bench of Alberta granted a consent order that would allow a receiver to take control of the assets of several companies associated with this builder. Genesis is actively working to find a replacement for this builder. Refer to the Subsequent Events section of this MD&A for more information.

Increase Units Sold by Genesis Builders Group

New home orders in Q3 2017 were for 39 units, compared to 40 units in Q2 2017 and 38 units in Q3 2016. GBG ended Q3 2017 with 40 homes with firm sales contracts, compared to 65 at the end of Q3 2016, reflecting the trend in demand for "quick possession" homes. In Q3 2017, 26 of 39 sales were quick possessions homes, compared to 20 of 38 in Q3 2016. Genesis maintains an active quick possession home inventory to meet the expected demand.

In Q3 2017, GBG completed construction of its “Ashbury” 24-unit townhouse development in Saddlestone in northeast Calgary. As of November 9, 2017, 20 units have been sold. Genesis also began construction of the nearby 54 townhouse unit “The Laurels” and had 8 units with firm sales contracts as at November 9, 2017. Construction also commenced in late Q2 2017 in Airdrie on “The Newport”, an 85-unit townhouse development in the community of “Canals”. A temporary sales center has been set up to commence pre-selling Newport townhouses while a show suite is under construction. The show suite is expected to be ready in the second quarter of 2018.

Service Additional Phases

In Q2 2017, Genesis began the servicing of a new phase of the “Saddlestone” community in Calgary (creating 102 residential lots available for sale in 2018) and a new phase in the “Bayview” community in Airdrie (creating 73 residential lots available for sale in Q4, 2017). Both of these servicing projects have been financed using credit facilities from major Canadian banks.

Land Development

	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Key Financial Data						
Residential lot sales[(1)]	**10,261**	9,019	13.8%	**37,003**	26,005	42.3%
Development land sales	**5,234**	9,437	(44.5%)	**14,234**	21,237	(33.0%)
Direct cost of sales	**(10,511)**	(10,791)	(2.6%)	**(34,325)**	(30,473)	12.6%
Gross margin	**4,984**	7,665	(35.0%)	**16,912**	16,769	0.9%
Gross margin (%)[(2)]	**32.2%**	41.5%		**33.0%**	35.5%	
Write-down of real estate held for development and sale	**-**	(3,293)	N/R[(4)]	**(1,095)**	(3,293)	(66.7%)
Other expenses[(3)]	**(2,116)**	(2,319)	(8.8%)	**(6,732)**	(6,804)	(1.1%)
Earnings before taxes	**2,868**	2,053	39.7%	**9,085**	6,672	36.2%
Key Operating Data						
Residential lots sold to third parties	**13**	24	(45.8%)	**95**	46	106.5%
Residential lots sold through home building segment	**46**	22	109.1%	**93**	93	0.0%
Total residential lots sold	**59**	46	28.3%	**188**	139	35.3%
Average revenue per lot sold	**174**	196	(11.2%)	**197**	187	5.3%
Development land sold (acres)	**617**	7	N/R[(4)]	**2,093**	1,674	25.0%

(1) Includes residential lot sales to third parties and 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, equity (expense) or income from joint venture and net finance expense
(4) Not reflective due to percentage change

Gross margin by source of revenue

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Residential lot sales[(1)]	**10,261**	9,019	**37,003**	26,005
Direct cost of sales	**(5,482)**	(4,855)	**(20,653)**	(13,855)
Gross margin	**4,779**	4,164	**16,350**	12,150
Gross margin (%)	**46.6%**	46.2%	**44.2%**	46.7%
Development land sales	**5,234**	9,437	**14,234**	21,237
Direct cost of sales	**(5,029)**	(5,936)	**(13,672)**	(16,618)
Gross margin	**205**	3,501	**562**	4,619
Residential lot and development land gross margin	**4,984**	7,665	**16,912**	16,769

(1) Includes other revenue

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 $10,261 (59 lots), an increase of 14% over the $9,019 (46 lots) sold in Q3 2016. Total lot sales for the YTD 2017 were $37,003 (188 lots), a 42% increase over the $26,005 (139 lots) sold in YTD 2016. Q3 2017 revenues included the sale of a non-core development land parcel related to a limited partnership for $5,234 while Q3 2016 revenues included the sale of a development land parcel for $9,437 to the City of Calgary.

Revenues were higher in Q3 2017 compared to Q3 2016 mainly due to residential lots sold through the home building segment. Revenues in YTD 2017 were higher than in YTD 2016 mainly due to lot sales to third party builders with many of them being premium lots. 13 lots were sold to third parties in Q3 2017 (Q3 2016 – 24) and 95 lots were sold in YTD 2017, more than twice the 46 lots sold in YTD 2016. Of the 95 lots sold in YTD 2017, 31 were sold in Sage Meadows and 64 lots were sold in Airdrie. Residential lot sales through GBG were higher in Q3 2017 with 46 lots being sold compared to 22 lots in Q3 2016. In YTD 2017 there were 93 residential lot sales through GBG which is the same number of lot sales as in YTD 2016.

Gross margin

Residential lot sales realized a gross margin of 47% in Q3 2017 compared to 46% in Q3 2016. In YTD 2017, the margin realized was 44% compared to 47% in YTD 2016.

Write-down of real estate held for development and sale

During the nine months ended September 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 decreased in both Q3 2017 and YTD 2017 compared to the same periods in 2016. Increases in general and administrative expenses were offset by a lower net finance expense mainly 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 September 30,			Nine months ended September 30,		
	2017	2016	% change	2017	2016	% change
Key Financial Data						
Revenues(1)	**22,750**	15,051	51.2%	**49,244**	58,793	(16.2%)
Direct cost of sales	**(18,833)**	(12,584)	49.7%	**(40,643)**	(49,593)	(18.0%)
Gross margin	**3,917**	2,467	58.8%	**8,601**	9,200	(6.5%)
Gross margin (%)	**17.2%**	16.4%		**17.5%**	15.6%	
Other expenses(2)	**(2,151)**	(1,774)	21.3%	**(6,775)**	(7,000)	(3.2%)
Earnings before taxes	**1,766**	693	154.8%	**1,826**	2,200	(17.0%)
Key Operating Data						
Homes sold (units)	**49**	28	75.0%	**104**	110	(5.5%)
Average revenue per home sold	**464**	537	(13.6%)	**473**	534	(11.4%)
New home orders (units)	**39**	38	2.6%	**105**	112	(6.3%)
Homes (with lots) subject to firm sales contracts (units)				**40**	65	(38.5%)

(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 Q3 2017 over Q3 2016 but YTD 2017 remained lower than in YTD 2016. Revenues were $22,750 (49 units) in Q3 2017, 51% higher than $15,051 (28 units) in Q3 2016. Revenues were $49,244 (104 units) in YTD 2017, 16% lower than the $58,793 (110 units) in YTD 2016.

Homes sold in Q3 2017 have an average price of $464 per home compared to the homes sold in Q3 2016 with an average price of $537. The lower average price per home in 2017 was primarily due to differences in product mix, with 40 single-family homes and 9 townhouses being sold in Q3 2017 compared to 28 single-family homes in Q3 2016.

Of the 49 homes sold in Q3 2017, 46 were built on residential lots supplied by Genesis, generating residential lot revenues of $7,117 (Q3 2016 - 22 and $4,267 respectively). The remaining 3 homes were sold on lots acquired by GBG from a third-party in past years (Q3 2016 - 6).

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 26 quick possession closings (i.e. contracted and delivered within 90 days) in Q3 2017 compared to 20 in Q3 2016.

New home orders were slightly higher at 39 units in Q3 2017 compared to 38 units in Q3 2016 and 105 units in YTD 2017 compared to 112 units in YTD 2016. Homes with firm sales contracts were 40 units at the end of Q3 2017 compared to 65 units at the end of Q3 2016.

Gross margin

GBG realized a gross margin of 17% in Q3 2017 compared to 16% in Q3 2016. Genesis improved its gross margins to 18% in YTD 2017 compared to 16% in YTD 2016.

Other expenses

Other expenses increased by 21% in Q3 2017 compared to Q3 2016 and decreased by 3% in YTD 2017 compared to YTD 2016. The increase in Q3 2017 was mainly due to increased sales and marketing expenses during the quarter. The YTD 2017 decreases were mainly due to lower sales and marketing expenses partially offset by the provision for litigation described on page 19.

Finance Expense

	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Interest incurred	**168**	202	(16.8%)	**604**	799	(24.4%)
Finance expense relating to VTB[1]	**425**	546	(22.2%)	**1,276**	1,638	(22.1%)
Financing fees amortized	**120**	75	60.0%	**296**	224	32.1%
Interest and financing fees capitalized	**(59)**	(88)	(33.0%)	**(282)**	(402)	(29.9%)
	654	735	(11.0%)	**1,894**	2,259	(16.2%)

[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 Q3 2017 is less than in Q3 2016 due to lower loan balances in 2017.

The weighted average interest rate of loan agreements with various financial institutions was 5.13% (YE 2016 – 5.77%) based on September 30, 2017 balances.

The weighted average interest rate of loan agreements was 3.96% (YE 2016 - 3.81%), based on Q3 2017 balances after excluding $4,125 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 $35,381 at the end of Q3 2017.

	September 30,	December 31,	
	2017	**2016**	**% change**
VTB	**21,782**	28,506	(23.6%)
Other loans and credit facilities	**9,474**	6,258	51.4%
	31,256	34,764	(10.1%)
Loan relating to a limited partnership	**4,125**	8,531	(51.6%)
Total loans and credit facilities	**35,381**	43,295	(18.3%)
Total liabilities to equity[1]	**35%**	37%	
Loans and credit facilities (“Debt”) to total assets	**13%**	15%	

[1] Calculated as total liabilities divided by total equity

Refer to “Loans and Credit Facilities” section on page 15 which provides additional information.

Real Estate Held for Development and Sale

	September 30 2017	December 31, 2016	% change
Real estate held for development and sale	**236,957**	308,824	(23.3%)
Provision for write-downs	**(12,872)**	(66,824)	(80.7%)
	224,085	242,000	(7.4%)

Real estate held for development and sale decreased by $17,915 as at Q3 2017 compared to YE 2016. Refer to note 3 in the condensed consolidated interim financial statements for the three and nine months ended September 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 $5,666 on land development activities during the remainder of 2017, in addition to approximately $13,940 that has been spent in YTD 2017, for a total of $19,606. These development activities relate to phases already under development, two new phases that commenced in 2017 as per the business plan (refer to page 7), 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 September 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]	28,334	169	102	9,419	90	37,753	259	102
Calgary NW[3]	26,297	34	49	-	-	26,297	34	49
Calgary NE[4]	12,853	16	88	3,779	19	16,632	35	88
Calgary SE[5]	-	-	-	44,406	349	44,406	349	-
	67,484	**219**	**239**	**57,604**	**458**	**125,088**	**677**	**239**
Mixed use[6]	43,708	64	-	4,470	312	48,178	376	-
Other assets[7] – non-core	7	-	14	1,974	334	1,981	334	14
Total land development segment	**111,199**	**283**	**253**	**64,048**	**1,104**	**175,247**	**1,387**	**253**
Home building business segment[8]						**20,859**	**-**	**3**
Total land and home building segments						**196,106**	**1,387**	**256**
Limited Partnerships[9]						27,979	1,756	-
Real estate held for development and sale						**224,085**	**3,143**	**256**

See accompanying footnotes on page 13.

		Developed Lots	Estimated Equivalent if/when Developed			Total
	Acres[1]	Single-family (units)	Single-family (lots)	Townhouse/multi-family (units)	Commercial (acres)	Single- and townhouse/multi-family (units)
Residential						
Airdrie[2]	259	102	1,517	162	10	1,781
Calgary NW[3]	34	49	31	1,869	1	1,949
Calgary NE[4]	35	88	217	93	-	398
Calgary SE[5]	349	-	1,984	-	-	1,984
	677	**239**	**3,749**	**2,124**	**11**	**6,112**
Mixed use[6]	**376**	**-**	**-**	**2,650**	**336**	**2,650**
Other assets[7] – non-core	**334**	**14**	**69**	**-**	**-**	**83**
Total land development segment	**1,387**	**253**	**3,818**	**4,774**	**347**	**8,845**
Home building business segment	-	**3**	-	-	-	**3**
Total land and home building segments	**1,387**	**256**	**3,818**	**4,774**	**347**	**8,848**
Limited Partnerships[9]	1,756	-	1,878	800	441	2,678
Real estate held for development and sale	**3,143**	**256**	**5,696**	**5,574**	**788**	**11,526**

(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 $244 in lots and $20,615 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

	September 30,	December 31,	
	2017	**2016**	**% change**
Amounts receivable	**31,499**	21,059	49.6%

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 $10,440 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 September 30, 2017 the Corporation had $29,030 in amounts receivable, related to the sale of 153 lots and a non-core development land parcel located in British Columbia compared to $19,778 in amounts receivable, related to the sale of 110 lots and the non-core parcel as at December 31, 2016, a change of $9,252.

Subsequent to September 30, 2017, a third-party builder in Airdrie breached its purchase contracts relating to single family lots. On November 2, 2017 the Court of Queen's Bench of Alberta granted a consent order that would allow a receiver to take control of the assets of several companies associated with this builder. Refer to Subsequent Events section in this MD&A.

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 September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Cash flows from operating activities	**8,888**	10,060	**19,610**	36,723
Cash flows from operating activities per share – basic and diluted	**0.21**	0.23	**0.45**	0.85

The $17,113 decrease in cash flows from operating activities between YTD 2017 and YTD 2016 is explained by the following:

Lower cash inflows from sale of residential homes	(9,973)
Higher cash outflows for home building activity	(4,598)
Higher cash outflows for land servicing	(3,295)
Higher net other cash receipts	753
Total change in cash flows	(17,113)

Lower cash inflows from the sale of residential homes are due to the lower volumes and the product mix.

Higher cash outflows for home building activity was due to keeping sufficient spec inventory in hand. GBG has sold a higher number of spec homes increasing the investment in home building inventory.

Higher cash outflows for land servicing was due to commencing development of two new phases of land in 2017, as compared to in 2016 when no new phases commenced.

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of Q3 2017 and YE 2016:

	September 30,		December 31,	
	2017	**% of Total**	**2016**	**% of Total**
Loans and credit facilities	**35,381**	**13%**	43,295	15%
Customer deposits	**3,069**	**1%**	2,587	1%
Accounts payable and accrued liabilities	**12,227**	**4%**	10,195	4%
Provision for future development costs	**22,276**	**8%**	21,253	7%
Total liabilities	**72,953**	**26%**	77,330	27%
Non-controlling interest	**6,043**	**2%**	6,037	2%
Shareholders' equity	**203,374**	**72%**	205,628	71%
Total liabilities and equity	**282,370**	**100%**	288,995	100%

Loans and Credit Facilities

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

	September 30, 2017	December 31, 2016
Land development	**30,495**	33,918
Home building	**806**	863
	31,301	34,781
Limited partnerships	**4,080**	8,514
	35,381	43,295

The following is a summary of drawn and outstanding loan and credit facility balances as at Q3 2017 and as at the end of the previous four quarters:

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Land development loans	8,757	1,993	3,090	5,566	1,004
Home building loans	871	-	-	903	1,344
Demand operating line	-	-	4,000	-	-
Vendor-take-back mortgage	21,782	21,357	20,931	28,506	27,959
Land loan relating to a limited partnership	4,125	8,963	8,739	8,531	8,531
	35,535	32,313	36,760	43,506	38,838
Unamortized deferred financing fees	(154)	(47)	(144)	(211)	(280)
Balance, end of period	35,381	32,266	36,616	43,295	38,558

Total liabilities to equity follows:

	September 30, 2017	December 31, 2016
Total liabilities	**72,953**	77,330
Total equity	**209,417**	211,665
Total liabilities to equity(1)	**35%**	37%

(1) Calculated as total liabilities divided by total equity

The continuity of Genesis' VTB and land development loans, excluding deferred financing fees is as follows:

	Nine months ended September 30, 2017			
	Vendor take back mortgage	Land development loans	**Total**	**Year ended December 31, 2016**
Balance, beginning of period	28,506	5,566	**34,072**	50,930
Advances	-	27,502	**27,502**	12,512
Repayments	(8,000)	(24,311)	**(32,311)**	(31,559)
Interest expense	1,276	-	**1,276**	2,185
Balance, end of period	21,782	8,757	**30,539**	34,068

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 Q3 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 has resulted in increased use of credit facilities in 2017 and going forward. Project financing facilities are paid down with the sale proceeds of secured lands. Genesis intends to develop new phases by obtaining financing that is specific to each new phase or phases.

Land development loans

As at September 30, 2017, Genesis had four land project loan facilities with the ability to fund up to $25,591 of future development and servicing costs. Interest on these facilities is prime + 0.75% per annum. Draws on these facilities can be made as land development activities progress. As at September 30, 2017, $8,757 was drawn against these facilities (YE 2016 – four loans and $5,566).

Home buildings loans

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

GBG has a townhouse project loan facility of $14,801, bearing interest at prime +0.90%, due on August 31, 2020. As at September 30, 2017, $871 was drawn against this facility.

Demand operating line

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 September 30, 2017, the outstanding balance of this facility was Nil (YE 2016 - Nil).

Vendor-take-back mortgage

Genesis assumed a VTB on the purchase of the southeast lands in January 2015. As at September 30, 2017, the VTB had an outstanding balance of $24,000 with an unamortized discount of $2,218 (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.

Loan related to a limited partnership

Genesis guarantees a $4,125 loan (YE 2016 - $8,531) relating to LPLP bearing interest at the greater of 7.85% or prime + 4% per annum. The loan is secured by lands held by LPLP and is due on December 31, 2017.

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 Q3 2017 was $21,351 for the land segment (YE 2016 - $20,064) and $925 (YE 2016 - $1,189) 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 (Payable)

The continuity in income tax recoverable (payable) is as follows:

	Nine months ended September 30, 2017	Year ended December 31, 2016
Balance, beginning of period	**42**	(270)
Provision for current income tax	**(2,826)**	(4,397)
Net payments	**3,021**	4,709
Balance, end of period	**237**	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 November 9, 2017, the Corporation had 43,252,721 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 2017. The NCIB is approved until September 2018 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 September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Number of shares purchased and cancelled	**17,460**	152,518	**493,085**	515,618
Total cost	**63**	435	**1,456**	1,328
Average price per share purchased	**3.53**	2.84	**2.95**	2.58
Beginning of period	**July 1, 2017**	July 1, 2016	**Jan 1, 2017**	Jan 1, 2016
Shares cancelled as a % of common shares outstanding at beginning of period	**0.04%**	0.35%	**1.13%**	1.16%

The Corporation repurchased no common shares between October 1, 2017 and November 9, 2017 for cancellation. As of the date of this MD&A, there are 2,163,022 common shares remaining for purchase under the NCIB.

During the nine months ended September 30, 2017, The Corporation had purchased and cancelled 493,085 common shares for $1,456 at an average cost of $2.95 per share (representing 1.13% of issued and outstanding shares at the beginning of the year) compared to 515,618 common shares for $1,328 at an average cost of $2.58 at the end of Q3 2016 (representing 1.16% 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 Q3 2017 were as follows:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	18,291	500	577	**19,368**
October 2018 to September 2019	7,837	500	514	**8,851**
October 2019 to September 2020	9,407	500	540	**10,447**
October 2020 and thereafter	-	500	-	**500**
Current	35,535	2,000	1,631	**39,166**

[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 September 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). All ten installments totaling $2,000 were paid as at September 30, 2017.

In Q1 2017, the Corporation amended its head office lease agreement with Morguard Real Estate Investment Trust 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 nine months ended September 30, 2017 and 2016.

Current Contractual Obligations, Commitments and Provision

	September 30, 2017	December 31, 2016
Loans and credit facilities, excluding deferred financing fees	**18,291**	22,990
Accounts payable and accrued liabilities	**12,227**	10,195
Total short-term liabilities	**30,518**	33,185
Commitments[1]	**1,077**	1,371
	31,595	34,556

[1] Commitments comprises naming rights and lease obligations.

At the end of Q3 2017, Genesis had obligations due within the next 12 months of $31,595, of which $18,291 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 Q3 2017, these letters of credit totalled approximately $5,491 (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 on the balance sheet as at Q3 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

	Q3 2017	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**
Revenues	**31,128**	38,497	15,664	28,145	29,240	26,148	32,424	36,575
Net earnings(1)	**3,372**	4,209	704	(1,216)	2,184	2,828	2,110	5,365
EPS(2)	**0.08**	0.09	0.02	(0.03)	0.05	0.06	0.05	0.13

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

Dividends	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**
Declared and paid	**9,083**	-	-	10,936	-	-	-	5,331
Declared and paid – per share	**0.21**	-	-	0.25	-	-	-	0.12

	Q3 2017	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**
Residential lots sold to third parties (units)	**13**	45	37	12	24	22	-	50
Homes sold (units)	**49**	36	19	56	28	40	42	51
Development land revenues	**5,234**	9,000	-	-	9,437	1,650	10,250	3,500

Cash flows from (used in) operating activities	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**
Amount	**8,888**	12,251	(1,529)	6,229	10,060	14,394	12,269	(7,193)
per share basic and diluted	**0.21**	0.28	(0.03)	0.14	0.23	0.33	0.28	(0.16)

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 9 of this MD&A which discusses the factors that affect Genesis' results and seasonality further.

During Q3 2017, Genesis sold 13 residential lots to third parties and 49 homes compared to 45 residential lots to third parties and 36 homes during the second quarter of 2017 ("Q2 2017"). Genesis completed the sale of a 617 acre parcel of land belonging to a limited partnership for $5,234 while a 1,476 non-core development land parcel was sold in Q2 2017 for $9,000. On an overall basis, lower revenues from residential lot sales and development land sales, partially offset by higher revenues from residential home sales resulted in lower revenues during Q3 2017 compared to Q2 2017. Genesis incurred slightly lower general and administrative, and selling and marketing expenses during Q3 2017 compared to Q2 2017. In addition, Genesis had no write-down in Q3 2017 with a $1,095 write-down in Q2 2017.

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 for $9,000 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.

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. Stephen J. Griggs serves as the CEO of Smoothwater.

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Paid to Underwood for the services of Stephen J. Griggs as CEO	**69**	65	**248**	288
Reimbursement of travel and other costs incurred by Smoothwater	**-**	3	**-**	11
	69	68	**248**	299

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

In October 2017, LPLP entered into an agreement with an arms-length third party national developer for the sale of 319 acres of undeveloped lands located in the City of Airdrie, Alberta commonly referred to as the "Fowler Lands". These lands are 100% beneficially owned by LPLP. The sale price of the lands will be $41,000 and closing is scheduled for December 15, 2017. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and under the terms of the agreement will pay 50% of the sale price in cash on closing and the remainder in three years (subject to certain pre-payment privileges), secured by an interest-bearing vendor-take-back mortgage. The net proceeds of the sale are to be used to repay all loans owed by LPLP with the balance to be retained by the partnership.

In October 2017, Genesis announced that it had entered into an agreement with an arms-length third party builder for the sale of undeveloped land located in the North West community of Sage Hill in Calgary, Alberta for $11,270. These lands, which are zoned for medium density multi-family development, will consist of two sites totaling 8.65 acres and are a part of Phase 5 of the Genesis Sage Meadows development. The first 3.91 acre site is expected to close in the second half of 2018. The second 4.74 acre site is expected to close in mid-2020. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and is required under the terms of the agreement to pay the purchase price in cash at each closing.

Subsequent to September 30, 2017, a third-party builder breached its purchase contracts relating to single family lots. On November 2, 2017 the Court of Queen's Bench of Alberta granted a consent order that would allow a receiver to take control of the assets of several companies associated with this builder and granted an order that would allow the receiver to complete pending home sales and finish construction of houses. Total amounts receivable from this builder are $3,710. Genesis has not transferred title to the lots under these purchase contracts and is pursuing all available remedies.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs and interpretations during YTD 2017.

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 revenue recognition arising from contracts with customers.

The Corporation has completed the assessment of the impact of IFRS 15. The assessment indicates that the revenue recognition for the Corporation will remain unchanged, with the exception of revenues from development land sales which are now expected to be recognized when the agreed-to services to the property have been substantially performed and the transaction closes rather than when the agreed-to services to the property have been substantially performed and on the receipt of a minimum 15% non-refundable deposit.

There were no development land transactions made during the nine months ended September 30, 2017 that would be impacted by the transition to IFRS 15.

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 completed the assessment of the impact of IFRS 9 on its financial statements and is not expecting any reclassification to occur during the transition to IFRS 9, or thereafter. The Corporation will assess on a case by case basis, as needed, in the future.

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 Q3 2017 and Q3 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 September 30, 2017.

There were no changes in the Corporation’s ICFR during the three months ended September 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 regulations.

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, plans and strategies surrounding the acquisition of additional land, plans and strategies 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 lot yields for projects under development, commencement of the servicing phase and the construction phase of various communities and projects, 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, Genesis' plan to minimize overhead costs, construction starts and completions, development plans for Genesis' core lands, the expected closing of a sale of commercial land (the "Fowler Lands") in the fourth quarter of 2017 and other conditional agreements, the continued participation of a builder in Genesis' builder partner group, the expected closing dates for the sale of certain lands in the community of Sage Hill, 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, the recovery of accounts receivable from a third-party builder 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.