Genesis Land Development Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and year ended December 31, 2012

March 20, 2013

CONTENTS

The following management's discussion and analysis (MD&A) of the financial condition and results of operations of Genesis Land Development Corp. ("Genesis" or the "Corporation") should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

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

All amounts are in thousands Canadian dollars, except per share amounts or unless otherwise noted. This document is dated as of March 20, 2013.

BUSINESS OF GENESIS

Genesis is a real estate development and home building corporation headquartered in Calgary, Alberta. It is engaged in the acquisition, development and sale of land, residential lots and homes in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and residential home building. Within land development are two areas: development of land and residential lots. Genesis' vertically integrated operations include:

- the acquisition of land held for future development, including the planning, servicing and marketing of commercial, industrial and urban communities, and resort destinations; and
- the construction and sale of single- and multi-family homes through Genesis Builders Group ("GBG"), a wholly-owned subsidiary of the Corporation.

All business activities of Genesis are conducted in Western Canada, with active development primarily in and around the cities of Calgary and Airdrie.

The Corporation is listed for trading on the Toronto Stock Exchange (the "Exchange" or "TSX") under the symbol "GDC".

EXECUTIVE SUMMARY

	2012	2011	2010
Total revenues	141,582	95,760	137,383
Gross margin	14,171	29,792	68,972
Impairment (recovery) of real estate held for development and sale	33,146	2,474	(3,714)
Gross margin, before write-downs (recoveries)	47,317	32,266	65,258
Gross margin, before write-downs (%)	33%	34%	48%
Net earnings[(1)] attributable to shareholders	8,861	11,060	33,514
Net earnings[(1)] per share - basic	0.20	0.25	0.76
Net earnings[(1)] per share - diluted	0.20	0.25	0.75
Adjusted earnings per share (adding back after-tax write-down) - basic and diluted	0.51	0.29	0.75
Total assets	383,317	378,018	350,466
Loans and credit facilities	102,242	88,231	81,320

[(1)]*Net of income tax expense.*

General economic conditions were positive in 2012 in Canada and in the land development/housing industry, resulting in an improved market over 2011. Genesis realized a 48% increase in revenues to $141,582, largely due to a major sale of 34.35 acres in the Sage Hill Crossing property (amounting to $32,526), and higher lot and residential home sales. The Corporation participated in multiple active projects during the year ended December 31, 2012. Approximately 13 phases/sites were under development and 15 phases/sites were in the process of being sold (see table on page 6).

The gross margin percentage before write-downs decreased slightly by 1% due to a different mix of properties sold during 2012, particularly the sales mix of single-family homes that included a higher number of entry level homes. Genesis expects single-family home gross margins to improve as the volume of home sales increases and sites continue development in 2013. Refer to pages 6-10 for detailed analysis of revenue, cost and gross margin.

The Corporation holds some of the best located development lands in the Calgary region that provide many years of inventory and development potential. This is important since it is becoming increasingly difficult to bring new developments on stream in a timely manner. Partially as a result of these conditions, there has been some impairment of real estate held for development and sale, which increased in 2012 for certain properties, primarily: Delacour, Rocky View County; Acheson, Parkland County; and Spur Valley, Regional District of East Kootenay.

The decline in value resulted from specific market conditions, geographical locations and estimated monetization horizons of each of the properties. The Corporation's portion of the impairment (net of joint venture and non-controlling interests) was $18,268 of the $33,146 write-down. The impairment impacted overall results for the Corporation, including gross margin and net earnings. Despite this, net earnings attributable to shareholders, before impairment charges and net of related income tax effects, were $22,562, which is a substantial improvement over 2011 for which the comparable amount was $13,010.

The Corporation achieved net earnings of $0.20 per share for the year and incurred a loss of $0.16 per share for the three months ended December 31, 2012, compared to net earnings of $0.05 and $0.25 per share for the three months and year ended December 31, 2011, respectively. Setting aside these impairment charges, Genesis achieved solid results in 2012 with earnings per share attributable to shareholders (before impairment charges and net of related income tax effects) of $0.51, as compared with $0.29 in 2011.

Loans and credit facilities increased in 2012 due to seven new credit facilities secured for servicing of land in Sage Hill Crossing, Saddlestone Phase 6, Canals phase 6 and for the home building division. The proceeds from the sale of sites 1 and 2 in Sage Hill Crossing were used to repay credit facilities subsequent to year end, reducing the balance of loans and credit facilities by $31,411. This reduced the loans and credits facilities outstanding to $70,831 and the debt to equity ratio to 0.55. Refer to pages 13-15 for detailed analysis of liquidity and capital resources.

The positive trend in general economic conditions and the housing industry is expected through 2013. During this time, Genesis will continue to pursue a strategy of positioning itself for future growth. With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

OUTLOOK

The positive trend in general economic conditions and the industry is expected through 2013 with solid economic fundamentals, including low unemployment and interest rates, low and stable inflation rates, positive net in-migration and above average earnings, among other factors. The combination of these factors provides Genesis with a healthy environment for its core development and homebuilding activities in the coming year. During this time, Genesis will continue to pursue a strategy of positioning itself for future growth, focusing its activities in Alberta and, more particularly, the greater Calgary area.

Subsequent to the end of the year, Genesis announced the appointment of a new President and Chief Executive Officer, Bruce Rudichuk, as well as Executive Vice-President and Chief Financial Officer, Mark Scott. These appointments are intended to build the Corporation's capacity to organically grow its operations in the future as well as drive improved financial results through operational efficiencies and fiscal discipline. In that regard, management will dedicate a substantial amount of its efforts for 2013 in the following areas:

1. Growing the Corporation's approved and well-located core land positions and expand its development activities, primarily within the City of Calgary and Airdrie;

2. Building a stronger and more profitable homebuilding operation that measures its success in terms of brand recognition, customer satisfaction, and volume in addition to improved financial performance;

3. Assessing the Corporation's long-term land holdings, specifically its long term land development and homebuilding requirements, and implementing the appropriate strategic acquisition and /or divestiture plans to increase management's focus on adding shareholder value; and

4. Strengthening the Corporation's relationships within the lending and investment community with a view to maximizing access to competitively priced capital.

With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

KEY FINANCIAL PERFORMANCE INDICATORS

Genesis measures the performance of the Corporation through the following Key Financial Performance Indicators ("KPIs"):

1. ***Cash flows from operating activities***: a measure that represents a company's ability to generate cash through operations in order to finance capital programs and repay debt.
2. ***Cash flows from operating activities per share***: a measure that represents the portion of a company's cash flows allocated to each outstanding share of common stock flows.
3. ***Net earnings per share***: an earnings measure that serves as an indicator of a company's profitability. It represents the portion of a company's profit allocated to the weighted average outstanding shares of common stock.
4. ***Debt to gross book value***: a leverage measure that calculate the percentage that a company's value would cover its debt obligations. A lower percentage indicates a greater ability for the company to repay its debt.
5. ***Debt (total liabilities) to equity ratio***: a leverage measure that indicates what proportion of equity and debt a company is using to finance its assets. A high debt to equity ratio indicates that a company has utilized a higher amount of debt to finance its growth.
6. ***Return on equity***: a measure of return of a company's profitability by indicating how much profit a company generates with shareholders' invested capital. The higher the number, the better return from use of shareholder funds.
7. ***Return on assets:*** a measure of return that indicates how profitable a company is relative to its total assets, and how efficient it is at using assets to generate earnings. This measure can vary substantially between industries. The higher the number, the better the company is at earning more money on less investment.
8. ***Net Asset Value per share ("NAV"):*** a measure that indicates the value of Corporation's assets allocated to each outstanding share of common stock flows..

	Three months ended December 31,		Year ended December 31,	
	2012	**2011**	**2012**	**2011**
Cash flows from operating activities	(18,166)	(4,548)	(1,672)	13,656
Cash flows from operating activities per share	(0.40)	(0.10)	(0.04)	0.31
Net earnings per share - basic and diluted	(0.16)	0.05	0.20	0.25
Net Asset Value per share			6.61	7.44
Return on equity			4.8%	6.4%
Return on assets			2.3%	3.0%
Debt to equity ratio			0.69	0.60
Debt to gross book value			27.1%	23.6%

Cash out flows from operating activities increased for the three months and year ended December 31, 2012 as a result of funding requirements to support the growth in the home building division. The home building division experienced strong growth in sales over 2012 with 156 homes under construction as at December 31, 2012 compared with 70 homes at December 31, 2011. As a result, the revenues from the 2012 sales will be recognized upon home completion, increasing cash flows from operating activities at that time.

Debt to gross book value is calculated as follows:

	December 31, 2012	December 31, 2011
Debt		
Loans and credit facilities excluding deferred financing fees	104,554	89,989
Gross Book Value[1]		
Real estate held for development and sale	271,845	299,916
Property and equipment	688	2,062
Other assets[2]	110,994	77,654
Deferred financing fees	2,312	1,758
Gross book value	385,839	381,390
Debt to gross book value	27.1%	23.6%

(1) *Gross book value is calculated as total assets before depreciation on property and equipment, net of impairment losses. Gross book value is a non-IFRS measure as described in the 'Advisories' section of this document.*
(2) *Other assets consist of amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.*

The debt to equity ratio is calculated as total liabilities divided by total equity as follows:

	December 31, 2012	December 31, 2011
Total liabilities	157,008	141,399
Total equity	226,309	236,619
Debt to equity ratio	0.69	0.60

The Corporation's debt decreased by $31,411 subsequent to year end 2012, when proceeds from sale of sites 1 and 2 in the Sage Hill Crossing commercial development were received on January 10, 2013. This reduced the loans and credits facilities outstanding to $70,831 and the debt to equity ratio to 0.55.

NET ASSET VALUE CALCULATION

	2012	2011
Independent appraised value (see note 2 below)		
Serviced Single-family lot Inventory	51,150	92,963
Serviced Multi-family sites	11,130	24,700
Fully approved Commercial/Industrial Sites	55,600	76,194
Fully approved developable lands - Calgary & Airdrie	145,480	136,568
Other raw and partially approved lands	55,271	82,066
Total pre-tax land value	318,631	412,491
Other balance sheet assets (see page 8 for details)	141,676	88,231
Balance sheet liabilities (see page 8 for details)	(157,008)	(141,399)
Add amount due from related entities	26,834	25,133
estimated pre-tax NAV	330,133	384,456
Estimated tax (see note 3 below)	(34,403)	(53,329)
Estimated after-tax NAV	295,730	331,127
Total shares outstanding as at December 31	44,767	44,484
Estimated after-Tax NAV per share outstanding	6.61	7.44

1. NAV is a non-IFRS measure as described in the ‘Advisories’ section of this document.

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

3. Genesis has used corporate income tax rate of 25% for 2012 and 26.5% for 2011 to calculate taxes in determining its NAV.

The decrease in estimated NAV to $6.61 in 2012 from $7.44 in 2011 is mainly attributable to a decline in value of real estate (primarily raw and partially approved lands outside of the cities of Airdrie and Calgary), net of non-controlling interest. In addition it is attributable to the payments of interest on financings, taxes and other general and administrative expenses during the year ended December 31, 2012.

The estimated NAV was calculated using the independent appraiser’s total pre-tax land value plus additional balance sheet assets less balance sheet liabilities and corporate income tax as at December 31, 2012 and 2011. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation for the year ended December 31, 2012 and 2011 has been added to calculate the pre-tax NAV. Estimated taxes have been deducted as if all properties were sold at their market values to determine NAV.

Other balance sheet assets and liabilities in the NAV Calculation include the following:

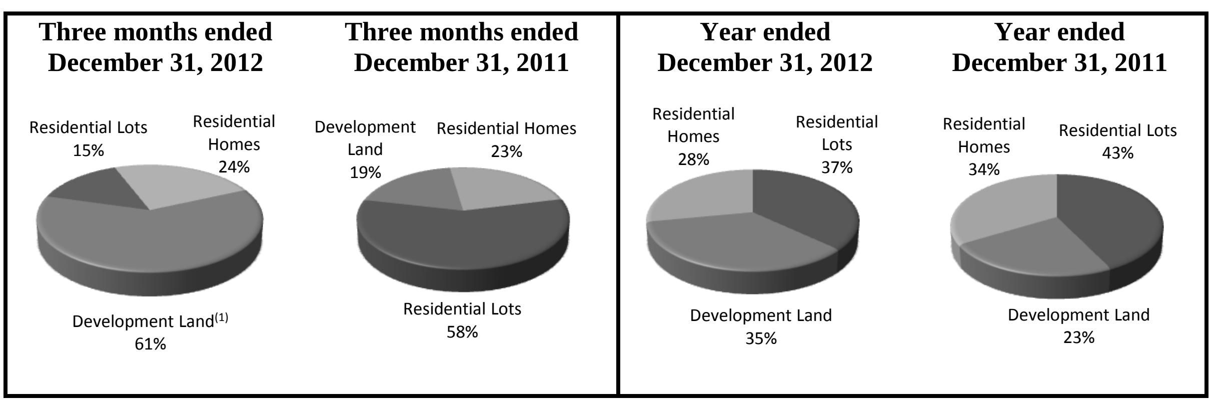
($'s)	2012	2011
Assets		
Housing projects under development	30,204	10,129
Accounts receivable	85,230	43,451
Deferred tax assets	-	2,859
Other operations assets	16,237	20,942
Cash	10,005	10,850
Total	141,676	88,231
Liabilities		
Loans and credit facilities	102,242	88,231
Customer deposits	4,352	7,582
Accounts payable and accrued liabilities	21,309	16,415
Income taxes payable	4,617	12,970
Deferred tax liabilities	60	-
Land development service costs	24,428	16,201
Total	157,008	141,399

RESULTS OF OPERATIONS

REVENUE, COST OF SALES AND GROSS MARGIN

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Revenues	57,706	25,668	125%	141,582	95,760	48%
Cost of sales	(77,308)	(19,712)	292%	(127,411)	(65,968)	93%
Gross margin	(19,602)	5,956	(429%)	14,171	29,792	(52%)
Gross margin, before write-downs	14,614	9,559	53%	47,317	32,266	47%
Gross margin, before write-downs (%)	25%	37%		33%	34%	

The revenue mix for the three months and year ended December 31, 2012 and 2011 were as follows:



(1) *Development land sales increased substantially in the fourth quarter of 2012 due to the sale of commercial land in Sage Hill Crossing.*

Genesis' active projects during 2012 follow:

Community	Location	Phases/Sites under development	Phases/Sites being sold
Bayside	Airdrie	-	7,9
Canals	Airdrie	6	-
Sage Meadows	NW Calgary	4	1,2
Kinwood	NW Calgary	2	2
Sage Hill Crossing	NW Calgary	1,2,3,4,5,6,7	3,4,5,6,7
Saddlestone	NE Calgary	5A,6,12(1)	1,2,3,4,12(1)

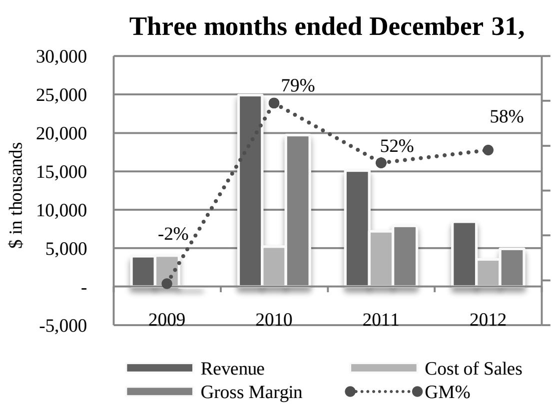
(1) *Multi-family.*

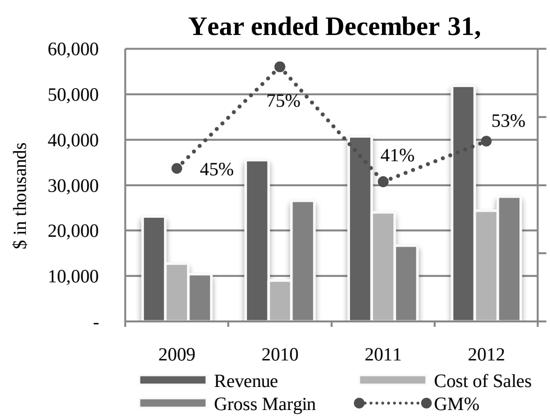
For a complete list of all properties please refer to the AIF for the year ended December 31, 2012.

Land Development

Residential Lots

	Three months ended December 31,			Year ended December 31,		
	2012	**2011**	**%**	**2012**	**2011**	**%**
Residential lot revenue	8,470	15,138	(44%)	51,933	40,739	27%
Cost of sales	(3,542)	(7,206)	(51%)	(24,412)	(24,083)	1%
Gross margin	4,928	7,932	(38%)	27,521	16,656	65%
Gross margin, before write-downs	4,928	7,932	(38%)	27,521	16,721	65%
Gross margin, before write-downs (%)	58%	52%		53%	41%	
Number of lots sold	46	93	(51%)	287	255	13%
Average revenue per lot	184	163	13%	181	160	13%
Average cost of sales per lot	77	77	0%	85	94	(10%)





Residential lot revenues decreased during the three months ended December 31, 2012 compared to the same period in 2011 as revenues for the newly released phase 1 of the Calgary community of Kinwood were included in 2011. Lot revenues for the year ended December 31, 2012 were higher due primarily to strong sales in newly released phases 3 and 4 of the Calgary community of Saddlestone, phase 2 of the Calgary community of Kinwood, and phase 6 of the Airdrie community of Canals, which were completed in 2012. The timely development of such phases and resulting lot sales reflect the improvement of Calgary's housing market in general year over year.

The revenue per lot for the year ended December 31, 2012 was higher than 2011 due to the sales mix of properties in 2011, which contained duplex houses with lower sales price.

The number of lots sold by community during the three months and year ended December 31, 2012 and 2011 in Calgary and Airdrie were as follows:

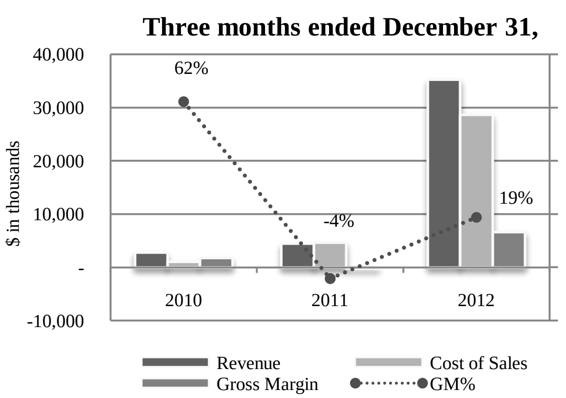
	Three months ended December 31,				Year ended December 31,			
	# of lots sold		Average revenue per lot		# of lots sold		Average revenue per lot	
Community	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Calgary								
Sherwood	-	-	-	-	-	3	-	209
Saddlestone	5	8	226	209	88	10	197	211
Sage Meadows	1	2	163	241	31	82	198	187
Kinwood	-	53	-	167	49	53	167	165
Airdrie								
Bayside	-	29	-	139	56	103	156	128
Canals	40	1	179	226	63	4	183	191
Total	46	93	184	163	287	255	181	160

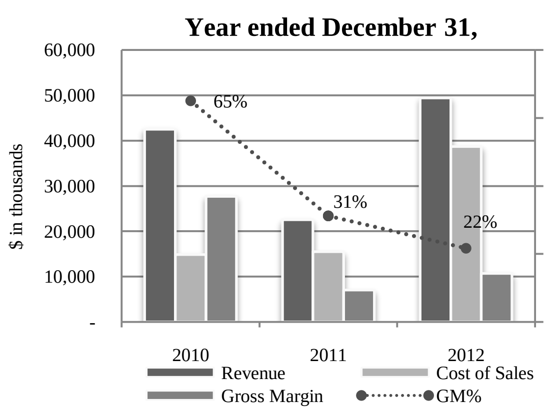
Development Land

	Three months ended December 31,			Year ended December 31,		
	2012	**2011**	**%**	**2012**	**2011**	**%**
Development land revenues	35,239	4,475	687%	49,389	22,523	119%
Cost of sales [1]	(62,831)	(8,239)	663%	(71,840)	(17,885)	302%
Gross margin	(27,592)	(3,764)	633%	(22,451)	4,638	(584%)
Gross margin, before write-downs	6,623	(188)	N/R[2]	10,695	7,020	52%
Gross margin, before write-downs (%)	19%	(4%)		22%	31%	

(1) *Includes impairment losses for the three month ended December 31, 2012 of $34,215 (2011 - $3,576) and for the year ended December 31, 2012 of $33,146 (2011 - $2,382)*

(2) *Not reflective due to percentage increase.*





The increase in development land sales for the three months and year ended December 31, 2012 compared to the same periods in 2011 was a result of the sale of sites 1 and 2 in the commercial development project of Sage Hill Crossing for $32,526 in December 2012.

The decrease in gross margin before write downs from 31% to 22% for the year ended December 31, 2012 compared to 2011 is due to the comparatively lower margin in Sage Hill Crossing sites 1 and 2. The margin on the project is expected to improve with an increase in the value due to development of sites 1 and 2 by the purchaser.

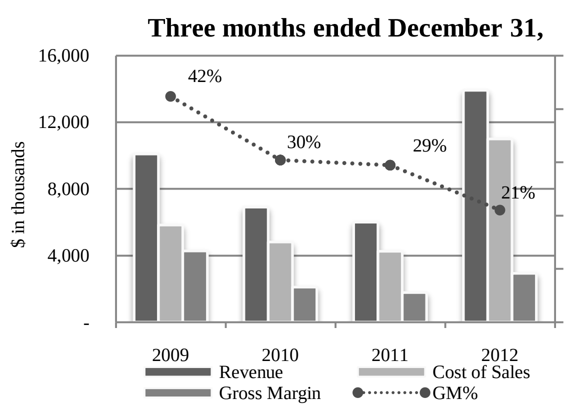
The negative gross margin before write-downs for three months ended December 31, 2011 was due to a cost to complete adjustment for a development land parcel sold during three months ended September 30, 2011. The gross margin before the adjustment was $401 or 9%. The increase in gross margin for the three months ended December

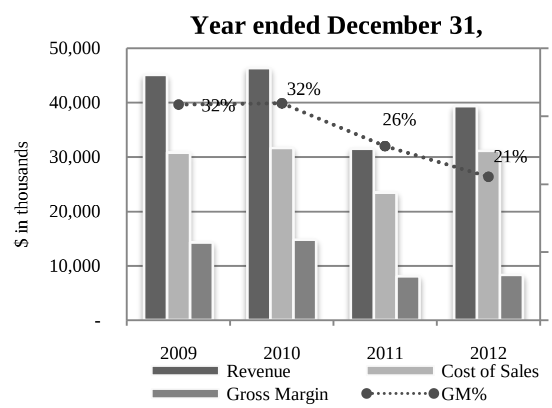
31, 2012 was due to sale of sites 1 and 2 of the Sage Hill Crossing commercial development in 2012, compared to sale of a multi-family site in the Calgary community of Kincora, which had a 10% gross margin. The multi-family parcel sold in 2011 had unique characteristics that required additional on-site development costs, which affected its selling price.

Residential Home Building

Single-family

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Single-family revenues	13,901	6,002	132%	39,312	31,477	25%
Cost of sales	(10,934)	(4,237)	158%	(31,037)	(23,429)	32%
Gross margin	2,967	1,765	68%	8,275	8,048	3%
Gros margin, before write-downs	2,967	1,765	68%	8,275	8,048	3%
Gross margin, before write-downs ($)	21%	29%		21%	26%	
Number of homes sold	34	11	209%	90	65	38%
Average revenue per home	409	546	(25%)	437	484	(10%)
Average cost of sales per home	322	385	(16%)	345	360	(4%)





The increase in the number of single-family homes sales closed during the three months and year ended December 31, 2012 compared to the same period in 2011 was due to a focused effort by the home building division to strengthen sales. Genesis realized a 38% increase in the number of residential home unit sales closed in 2012. The revenue per home declined for the three months and year ended December 31, 2012 due to increase in number of entry level home sales closed. Overall, gross margin percentage decreased by five percentage points in 2012. Genesis expects single-family home gross margins to improve as the volume of home sales increases and sites continue development in 2013.

In addition, the sale of a custom home at a price of $959 and eight other homes with an average selling price of $533 in the communities of Bayside and Sage Meadows in Airdrie and Calgary resulted in a higher average price for the three months ended December 31, 2011.

The number of home sales closed by community during the three months and year ended December 31, 2012 and 2011 in Calgary and Airdrie were as follows:

	Three months ended December 31,				Year ended December 31,			
	# of single-family homes closed		Average amount per home		# of single-family homes closed		Average amount per home	
Community	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Calgary								
Evansridge	9	-	390	-	32	-	377	-
Kinwood	-	-	-	-	2	-	524	-
Sherwood	-	1	-	959	-	4	-	659
Saddlestone	10	2	414	401	17	25	414	440
Sage Meadows	3	3	547	759	9	12	566	648
Taralake	-	-	-	-	-	1	-	461
Airdrie								
Bayside	12	5	385	397	30	23	469	417
Total	34	11	409	547	90	65	437	484

Multi-family

The last unit in The Breeze multi-family project sold in the first quarter of 2012. Currently, Genesis has two row housing projects in development: Saffron in the Calgary community of Saddlestone, and Brownstones in the community of Sage Meadows.

Impairment of real estate held for development and sale

	Three months ended December 31,			Year ended December 31,		
	2012	**2011**	**%**	**2012**	**2011**	**%**
Land	18,562	2,588	617%	18,268	2,653	589%
LP	15,654	1,015	1442%	14,878	(179)	N/R[1]
Total	34,216	3,603	850%	33,146	2,474	1240%

(1) *Not reflective due to percentage increase.*

The impairment of land held for future development for the three months and year ended December 31, 2012 increased as a result of specific market conditions, geographical locations and estimated monetization horizons of those properties. The properties mainly affected were: Delacour, Rocky View County; Acheson, Parkland County; and Spur Valley, Regional District of East Kootenay.

The increase is primarily attributable to Delacour, amounting to $29,561 of which $13,488 is attributable to real estate held in a limited partnership. The main driver for this is the anticipated change in growth strategy of the county under which this property is located. The county may not allow for residential development on the entire site since they would prefer a mixed-use development, resulting in a lower value of the property.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended December 31,			Year ended December 31,		
	2012	**2011**	**%**	**2012**	**2011**	**%**
Corporate administration	493	454	9%	2,054	1,806	14%
Compensation and benefits	1,199	1,574	(24%)	4,982	5,173	(4%)
Professional services	601	980	(39%)	3,028	4,322	(30%)
	2,293	3,008	(24%)	10,064	11,301	(11%)

The general and administrative expense for the three months and year ended December 31, 2012 compared to the same period in 2011 decreased mainly due to costs associated with settlements of certain legal disputes and fees paid for professional services incurred in 2011.

SELLING AND MARKETING

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Advertising and marketing	652	151	332%	2,863	1,178	143%
Commission on sale of development land	976	-	-	1,085	-	-
	1,628	151	978%	3,948	1,178	235%

The increase for the three months and year ended December 31, 2012, was mainly due to the commission on the sale of sites 1 and 2 in Sage Hill Crossing commercial development, the addition of a $500 expense for naming rights to the “Genesis Centre for Community Wellness” which commenced in 2012, and costs for higher marketing efforts by the home building division to strengthen sales.

FINANCE EXPENSE

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Interest incurred	1,590	1,416	12%	5,669	6,549	(13%)
Financing fees accretion	507	394	29%	1,438	1,557	(8%)
Interest and financing fees capitalized	(1,036)	(825)	26%	(4,464)	(2,937)	52%
	1,061	985	8%	2,643	5,169	(49%)

Interest expense relates to certain operating loans secured by land and single-family home building operations. The decrease in interest expense for the year ended December 31, 2012 compared to 2011 was mainly due to lower average outstanding loan balances and lower interest rates and fees paid on new and renewed loans. The increase in interest expense for the three months ended December 31, 2012 reflects new loans secured and drawn on during that period.

ASSETS

During the year ended December 31, 2012, the Corporation generated net earnings of $8,861 for funding its operating activities. At December 31, 2012, the consolidated cash balance was $10,005 as compared to $10,850 as at December 31, 2011.

	December 31, 2012	%	December 31, 2011	%
Real estate held for development and sale	271,845	71%	299,916	79%
Amounts receivable	85,230	22%	43,451	11%
Other operating assets	16,237	4%	20,942	6%
Deferred income taxes	-	-	2,859	1%
Cash and cash equivalents	10,005	3%	10,850	3%
	383,317	100%	378,018	100%

REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	December 31, 2012	December 31, 2011	%
Real estate held for development and sale	315,759	310,670	2%
Provision for write-down	(43,914)	(10,754)	308%
	271,845	299,916	(9%)

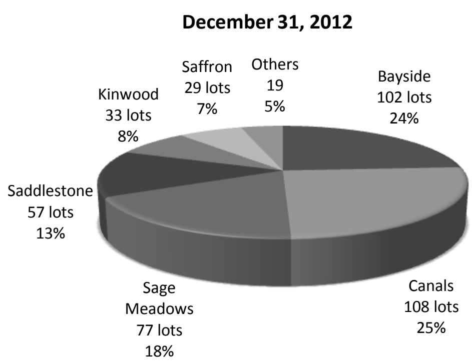
During the year ended December 31, 2012, the carrying value of real estate held for development and sale decreased, primarily as a result of impairment of certain properties resulting from specific market conditions, geographical locations and estimated monetization horizons of each of the properties. In addition, sales of residential lots, development land parcels and housing inventory contributed to the reduction. This was offset by an increase in home division inventory due to ongoing development work and ongoing residential land development relating to the Calgary communities of Sage Meadows, Saddlestone, Kinwood and Sage Hill Crossing, as well as the Airdrie community of Canals.

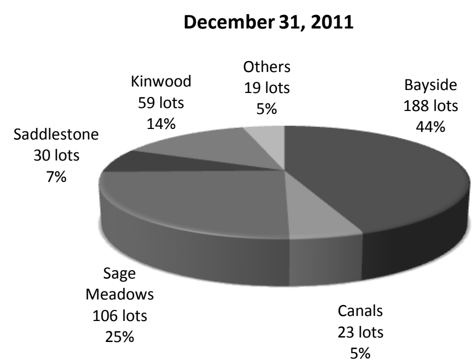
Real estate held for development and sale changed during the year ended December 31, 2012 was as follows:

	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	Total
December 31, 2011	149,188	140,599	10,129	-	299,916
Acquisitions & Transfers	1,938	(1,938)	19,331	(8,447)	10,884
Development	39,137	1,616	34,151	8,447	83,351
Sold	(55,739)	-	(33,407)	-	(89,146)
Impairment adjustments	(1,087)	(32,073)	-	-	(33,160)
December 31, 2012	133,437	108,204	30,204	-	271,845

Genesis held a total of 425 single-family lots in both 2011 and 2012. The Corporation acquires land for new communities as existing land is developed and sold.

The inventory mix of single-family lots by community based on the book value was as follows:





AMOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011	%
Amounts receivable	85,230	43,451	96%

Amounts receivable increased at December 31, 2012 compared to December 31, 2011 mainly due to the receivable for sites 1 and 2 in the Sage Hill Crossing commercial development. In addition, sales achieved in the communities of Bayside, Canals, Saddlestone and Kinwood contributed to the increase. The amount receivable related to Sage Hill Crossing was received subsequent to the year end on January 10, 2013, reducing the balance of loans and credit facilities by $31,411.

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

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2012	%	December 31, 2011	%
Loans and credit facilities	102,242	27%	88,231	24%
Customer deposits	4,352	1%	7,582	2%
Accounts payable and accrued liabilities	21,309	6%	16,415	4%
Land development service costs	24,428	6%	16,201	4%
Non-controlling interest	36,719	10%	56,771	16%
Shareholders' equity	189,590	50%	179,848	50%
	378,640	100%	365,048	100%

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

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities where needed, to pay for operating expenses, incur development and construction costs, pay principal and interest on loans and credit facilities, and purchase lands. The Corporation regularly reviews its credit facilities and manages the requirements in accordance with project development plans and operating requirements.

LOANS AND CREDIT FACILITIES

Loans and credit facilities from lending institutions, gross of deferred financing fees of $2,312, at December 31, 2012 totaled $104,554. The following is a summary of the Corporation's drawn and outstanding loan and credit facility balances as at December 31, 2012 and as at the end of the previous four quarters:

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011
Land and land project loans	95,785	78,138	79,212	82,546	88,047
Home building operations	8,769	338	-	112	1,254
Other	-	216	-	696	688
	104,554	78,692	79,212	83,354	89,989
Deferred financing fees	(2,312)	(1,451)	(1,232)	(1,446)	(1,758)
	102,242	77,241	77,980	81,908	88,231

The loans and credit facilities increased mainly due to the seven new project loans offset by the payment of project loans by lot closings achieved in the Calgary communities of Saddlestone and Sage Meadows. The project loans were obtained to complete servicing of properties including the Sage Hill Crossing commercial development, phase 6 of Canals, phase 5 of Saddlestone, and construction of home building projects.

Loans and credit facilities increased in 2012 due to seven new credit facilities secured for servicing properties including the Sage Hill Crossing commercial development, phase 6 in the community of Canals, phase 5 in the community of Saddlestone and construction of single and multi-family projects. The proceeds from the sale of sites 1 and 2 in Sage Hill Crossing were used to repay credit facilities related to servicing of that property subsequent to year end, reducing the balance of loans and credit facilities by $31,411.

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

	Year ended December 31, 2012	Year ended December 31, 2011
Balance, beginning of year	88,231	81,320
Advances	102,303	91,023
Repayments	(87,396)	(83,613)
Finance expense	2,521	5,169
Interest and financing fees paid and capitalized	(3,417)	(5,668)
Balance, end of year	102,242	88,231

During the year ended December 31, 2012, Genesis received $102,303 in loans and credit facilities and made repayments of $87,396 (see 'Related Party Transactions' on page 17).

CUSTOMER DEPOSITS

Customer deposits are received from third party builders for the sale of lots. On completion of a sale, land service obligations are recognized as per the Corporation's accounting policy. The decrease in customer deposits in 2012 is primarily due to a $4,754 deposit on site 1 and 2 of Sage Hill Crossing commercial development being realized from the completion of a sale.

INCOME TAX PAYABLE

Income tax payable decreased significantly as the Corporation paid its 2011 tax liability of $9,500 in full, which was offset by a current tax provision amounting to $1,166. Refer to note 7 to the consolidated financial statements for further details.

LAND DEVELOPMENT SERVICE COSTS

Accrued land development service costs increased at December 31, 2012 compared to December 31, 2011 mainly due to increased lot and home sales during 2012. The overall increase was partially offset by performance of planned service work, thus incurring previously accrued completion costs.

NON-CONTROLLING INTEREST

Non-controlling interest liability decreased primarily due to impairment of real estate assets owned by the partnerships. In addition, distributions to unit holders of a limited partnership driven by the sale of a commercial parcel in the community of Bayside contributed to this reduction.

The Corporation paid the following cash distributions to unit holders of the limited partnerships:

	2012	2011
Limited Partnership#6 and Limited Partnership#7	4,445	140
Limited Partnership#8	-	328
	4,445	468

Refer note 4 to the consolidated financial statement for further details on non-controlling interest.

CONTRACTUAL OBLIGATIONS AND DEBT REPAYMENT

The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, were as follows as of December 31, 2012:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	24,109	700	706	25,515
Years 2014 and 2015	80,445	1,400	1,450	83,295
Years 2016 and 2017	-	1,400	1,244	2,644
Thereafter	-	2,000	-	2,000
	104,554	5,500	3,400	113,454

(1) *Excludes deferred financing fees.*

Genesis entered into an agreement with a community society in northeast Calgary, whereby the Corporation will contribute $500 per year for ten years commencing January 1, 2012, for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary. The amount for 2012 has been paid.

Genesis has an agreement with the City of Airdrie, whereby Genesis will contribute $200 per year for ten years for the naming rights to "Genesis Place", a recreation complex in the city of Airdrie. Five of ten required payments have been made and recorded as part of general and administrative expense, including the amount for 2012.

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operation and liquidity, some of which are reflected as short-term liabilities and commitments in the consolidated financial statements. Annual current contractual obligations were as follows:

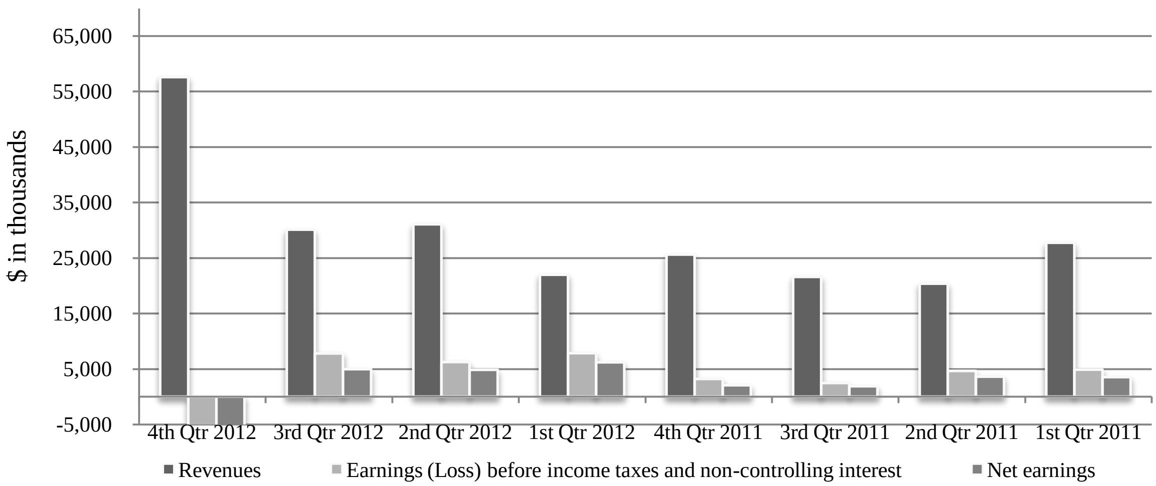
	December 31, 2012	December 31, 2011
Loans and credit facilities, excluding deferred financing fees	24,109	16,807
Accounts payable and accrued liabilities	21,309	16,415
Total short-term liabilities	45,418	33,222
Commitments[1]	1,406	10,035
	46,824	43,257

(1) *Commitments are composed of naming rights and lease obligations.*

At December 31, 2012, Genesis had obligations due within the next 12 months of $46,824 of which $24,109 relates to loans and credit facilities, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

SUMMARY OF QUARTERLY RESULTS

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011
Revenues	57,610	30,108	31,074	21,978	25,615	21,590	20,368	27,743
Earnings (loss) before income taxes and non-controlling interest	(24,529)	7,788	6,240	7,840	1,666	2,462	4,637	4,877
Net (loss) earnings	(7,126)	4,956	4,839	6,192	2,057	1,877	3,604	3,522
Net earnings per share - basic and diluted	(0.16)	0.11	0.11	0.14	0.05	0.04	0.08	0.08



Seasonality affects the land development and residential home building industry in Canada due to weather conditions during winter operations. As a result, Genesis will typically realize higher revenues in the summer and fall months at which time home building is at its maximum. Revenues can be impacted by the timing of land sales, which is less cyclical and weather dependent.

The results of the fourth quarter of 2012 were impacted by two significant items. Revenues were significantly higher due to the sale of sites 1 and 2 in the Sage Hill Crossing property for $32,526 in December 2012. Gross margins and earnings decreased due to an impairment of land held for future development, resulting from specific market conditions, geographical locations and estimated monetization horizons of each of the properties.

TRADING AND SHARE STATISTICS

As at March 20, 2013, the Corporation had 44,798,538 common shares issued and outstanding. In addition, there were options to acquire 1,117,412 common shares of the Corporation issued under Genesis' stock option plan.

	2012	2011	2010
Average daily trading volume	42,147	40,647	53,443
Share price ($/share)			
High	3.70	5.07	5.39
Low	2.87	2.30	1.97
Close	3.26	2.88	3.35
Market capitalization at December 31	145,936	128,115	148,671
Shares outstanding	44,765,728	44,484,287	44,379,448

JOINT VENTURE

On April 30, 2010, Genesis entered into a joint venture ('JV') agreement with another real estate development corporation for the purpose of conducting residential development of certain northwest Calgary lands known as the community of Kinwood. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in the JV. The development is comprised of six phases. The first phase contained 192 lots and two multi-family sites, which were all sold. Phase 2 is comprised of 126 single-family lots and one multi-family site.

During 2012, the JV sold two multi-family sites and 119 single-family lots, including 21 to the Corporation's home building division. The JV sold 135 lots in 2011, including 30 lots sold to the home building division. As part of the joint venture agreement, Genesis has the right to purchase 50% of the lots available for sale in these communities. Genesis purchased these lots for its home building operations. The Corporation's transactions with the JV are limited to the purchase of lots.

On July 15, 2011, the JV obtained a credit facility in the amount of $17,000. The Corporation and the JV partner provided a guarantee for this facility. At December 31, 2012, the balance of the facility was $10,036 (2011 - $4,330). The Corporation recognized its proportionate 50% share in the 2012 financial statements.

The Corporation deferred $13,167 of margin on contribution of land to the JV in 2010. As at December 31, 2012, Genesis realized $5,605 of that amount as a result of sales to third parties (2011 – $2,409). Approximately $3,196 (2011 – $2,409) was recognized during 2012 with the remaining amount of $7,562 to be realized on the future sale and development of lots and lands by the JV.

The amounts in the following table include the Corporation's proportionate share of the assets, liabilities, revenue, earnings and cash flow information of the JV that is proportionately consolidated in these financial statements.

					CASH FLOW FROM (USED IN)		
	Assets	Liabilities	Revenue	Earnings	Operating Activities	Investing Activities	Financing Activities
As at and for the year ended December 31, 2012	30,563	12,321	14,062	1,819	1,147	-	(1,147)
As at and for the year ended December 31, 2011	29,232	8,827	11,575	1,403	(2,290)	-	2,280

OFF BALANCE SHEET ARRANGEMENTS

LETTERS OF CREDIT

The Corporation has an ongoing requirement to provide letters of credit to municipalities as part of the subdivision plan registration process. As at December 31, 2012, these letters of credit totalled approximately $3,801, and provide a source of funds to the municipalities for completion of construction and maintenance improvements to the subdivision should the Corporation be unable to. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

LEASE AGREEMENTS

The Corporation has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses, depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of December 31, 2012.

RELATED PARTY TRANSACTIONS

Sandy Poklar, a director of Genesis appointed on July 12, 2012, is an officer of a lender, Firm Capital Corporation. At December 31, 2012, the Corporation had loans totaling $28,448 (December 31, 2011 – $53,196) outstanding with this lender. During the year ended December 31, 2012, Genesis paid interest and fees to the lender of $3,504 (2011 – $4,523). During the year ended December 31, 2012, the Corporation obtained no new financing or re-financing on existing loans with the lender (2011 – $70,185). All transactions are under normal commercial terms and conditions.

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at December 31, 2012 that were not yet effective as of that date. The Corporation continues to analyze these standards to determine the impact on financial statements. Refer to note 2(v) to the consolidated financial statements for a description of changes in accounting policies effective in future years.

CHANGES IN MANAGEMENT

On February 11, 2013, Genesis appointed a new senior executive team. Bruce Rudichuk joined Genesis as President and Chief Executive Officer and Mark Scott as Executive Vice President and Chief Financial Officer.

The former Chief Financial Officer of the Corporation resigned effective September 18, 2012 and the former Chief Executive Officer resigned effective February 8, 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Certain estimates are necessary due to the timing of transactional or legal proceedings until amounts are finalized. On an ongoing basis, management evaluates its judgments and estimates in relation to revenue, expenses, assets and liabilities. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates.

GENERAL LITIGATION

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

VALUATION OF LAND

Land under development, land held for future development and housing projects under development are recorded at the lower of cost and estimated net realizable value on a project specific basis. An impairment loss is recognized to the extent that the carrying value of a project exceeds the fair value of that project. Cost includes land acquisition costs, other direct costs of development and construction, interest on debt used to finance specific projects, property taxes and legal costs. Land acquisition costs are prorated to a phase of a project on an acreage basis.

COSTS TO COMPLETE

Genesis' most significant estimates relate to future development costs for lot sales which are recognized prior to all costs being committed or known. The future development costs liability represents the construction costs remaining to be incurred for each project phase currently under development to the extent that revenue has been recognized. The liability to complete sold lots is recognized when the first revenue is recognized in the phase. The liability includes all direct construction costs and indirect costs including interest and property taxes expected to be incurred during the remainder of the construction period.

Changes in the estimated future development cost directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to significant measurement uncertainty as it is based on estimated budgeted numbers prepared by independent consultants. Recent market conditions in Alberta have been volatile, thereby increasing the risk of estimation errors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

The CEO and CFO have limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of Kinwood Communities Inc., a joint venture in which the Corporation has 50% interest. The design was excluded from evaluation as the Corporation does not have the ability to design and evaluate controls, policies and procedures carried out by that entity. Genesis' assessment is limited to the internal controls over the inclusion of the Corporation's share of the joint venture and its results in the consolidated financial statements.

The CEO and CFO have evaluated the design and operating effectiveness of Genesis' DC&P and ICFR and concluded that Genesis' DC&P and ICFR were effective as at December 31, 2012. While Genesis' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in Genesis' ICFR during the three months and year ended on December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, the Corporation is exposed to certain risks and uncertainties inherent in the real estate development industry. Risks and uncertainties faced by Genesis are disclosed in the Corporations AIF for the year ended December 31, 2012. There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation' risk factors refer to the AIF, available on www.sedar.com.

ADVISORIES

NON-IFRS FINANCIAL MEASURES

Net Asset Value per share and Gross book value are non-IFRS measure that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. These measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and value.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation concerning the business, operations and financial performance and condition of Genesis. Forward-looking statements include, but are not limited to, statements with respect to the estimated corporate tax rate and the number of dwelling sites that Genesis will actually develop and sell. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: general economic conditions; local real estate conditions, including the development of properties in close proximity to Genesis' properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; economic conditions in Western Canada; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

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