Genesis Land Development Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2013

May 10, 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 unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31,2013 prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also see "Non-IFRS financial measures" and read "Non-IFRS financial measures" and the "Forward-Looking Statements" advisories contained at the end of this MD&A.

The unaudited condensed consolidated interim financial statements and comparative information have been prepared in accordance with IFRS. They have been reviewed by the Corporation's Audit Committee, consisting of three independent directors, and adopted by the Board of Directors. Additional information, including the Corporation's Annual Information Form ("AIF") and the Corporation's MD&A for the year ended December 31, 2012, are available on SEDAR at www.sedar.com.

All amounts are in thousands Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of May 10, 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 business lines: 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.

Genesis conducts its active development primarily in and around the cities of Calgary and Airdrie.

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

SUMMARY OF ACCOUNTING CHANGES

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

EXECUTIVE SUMMARY

	Three months ended March 31,	
	2013	**2012** (2)
Total revenues	27,610	18,538
Gross margin	8,456	10,089
Impairment of real estate held for development and sale	-	399
Gross margin, before write-downs (3)	8,456	10,488
Gross margin, before write-downs (%)	31%	57%
Net earnings(1) attributable to shareholders	3,680	6,192
Net earnings(1) per share - basic	0.08	0.14
Net earnings(1) per share - diluted	0.08	0.14
Adjusted earnings per share (adding back after-tax write-down) - basic and diluted (3)	0.08	0.14

	March 2013	**December 2012** (2)
Total assets	330,089	374,341
Loans and credit facilities	50,134	97,224

(1) *Net of income tax expense.*
(2) *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*
(3) *Non-IFRS financial measure. Refer to page 7.*

The Corporation holds some of the best located development lands in the Calgary region that provide many years of inventory and development potential.

The Corporation's overall revenues in the first quarter of 2013 showed a significant improvement over the comparative quarter of 2012 from $18,538 to $27,610. Residential lot revenues decreased from $14,520 to $8,011. The Corporation's revenues from the sale of development land increased to $4,952 compared to no sales in the comparative quarter. The largest increase in revenue came from the home building segment where the revenue increased from $3,858 to $14,597 or 278% over the comparative quarter. Genesis is focused on increasing the sales of homes through its home building division and over time this may reduce lot sales through the land division to third-party builders.

The Corporation was involved in multiple active projects during the three months ended March 31, 2013. Nine phases/sites were under development and 13 phases/sites were in the process of being sold (see table on page 7).

The Company's gross margin for the sale of residential lots was steady quarter-over-quarter at 65%. Land development margin was 10% primarily due to a loss on the sale of a residual land site. Gross margin for the home building division dropped from 26% to 19%. The sales mix of single-family homes this quarter included an unusually high number of entry level homes. In addition, the Corporation sold units in the newly constructed multi-family projects Saffron and Brownstones which carry a margin of 20%. Genesis expects single-family home gross margins to improve as it obtains improved efficiencies resulting from a focus on cost controls and higher volumes. Marketing strategies are also being evaluated and improved. Refer to pages 8-13 for detailed analysis of revenue, cost and gross margin. Overall the gross margin percentage decreased by 26% resulting from fewer high gross-margin sales in the land division in 2013 combined with more low margin sales in the home building division.

Net earnings attributable to shareholders were $3,680 compared to $6,192 in the comparative quarter.

The Corporation achieved net earnings of $0.08 per share for the three months ended March 31, 2013 compared to $0.14 per share in the comparative quarter.

Loans and credit facilities decreased in the first quarter of 2013 primarily as a result of the proceeds from the sale of sites 1 and 2 in Sage Hill Crossing being used to repay the related credit facilities outstanding. The balance outstanding at the end of the quarter was $50,134 compared to $97,224 at December 31, 2012. The debt to equity ratio was 0.44 at March 31, 2013 compared to 0.65 at December 31, 2012. Refer to pages 16-17 for detailed analysis of liquidity and capital resources.

OUTLOOK

The positive trend in general economic conditions and the industry is expected to continue through 2013 with solid economic fundamentals, including low unemployment and interest rates, low and stable inflation rates, positive net immigration to Alberta and above average earnings by Albertans, among other factors. The combination of these factors provides Genesis with a healthy environment for development of its core land positions and homebuilding activities. 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.

Management is continuing to dedicate a substantial amount of its efforts for 2013 in the following areas:

1. Growing income from 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 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 and strong management team, 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 the Corporation'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 the Corporation's cash flows allocated to each outstanding common share.
3. ***Net earnings per share***: an earnings measure that serves as an indicator of the Corporation's profitability. It represents the portion of the Corporation's profit allocated to the weighted average outstanding common shares.
4. ***Debt to gross book value***: a leverage measure that calculates the percentage that the Corporation's value would cover its debt obligations. A lower percentage indicates a greater ability for the Corporation 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 the Corporation has utilized a higher amount of debt to finance its growth.
6. ***Return on equity***: a measure of return of the Corporation'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 the Corporation's 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 Corporation is at earning more money on less investment.

	Three months ended March 31,	
	2013	2012
Cash flows from operating activities	41,904	4,903
Cash flows from operating activities per share	0.94	0.11
Net earnings per share - basic and diluted	0.08	0.14

	For the twelve months ended	
	March 31, 2013	December 31, 2012
Return on equity	3.5%	4.7%
Return on assets	1.9%	2.4%

	March 31, 2013	December 31, 2012
Debt to equity ratio	0.44	0.65
Debt to gross book value	15.7%	26.4%

Cash flows from operating activities increased for the three months ended March 31, 2013 mainly due to the receipt of payment from the sale of sites 1 and 2 in Sage Hill Crossing. In addition, cash flows from residential home sales contributed to the increase over the comparative quarter due to increased home building activity.

Debt to gross book value is calculated as follows:

	March 31, 2013	December 31, 2012 [3]
Debt		
Loans and credit facilities excluding deferred financing fees	52,101	99,536
Gross Book Value[1], [4]		
Real estate held for development and sale	258,991	264,184
Investment in joint ventures	10,874	10,680
Property and equipment [1]	702	688
Other assets[2]	59,767	98,999
Deferred financing fees	1,967	2,312
Gross book value [4]	332,301	376,863
Debt to gross book value	15.7%	26.4%

[1] *Gross book value is calculated as total assets before depreciation on property and equipment, net of impairment losses.*
[2] *Other assets consist of amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.*
[3] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*
[4] *Non-IFRS financial measure. Refer to page 7*

Debt to equity ratio

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

	March 31, 2013	December 31, 2012 [1]
Total liabilities	100,315	148,032
Total equity	229,774	226,309
Debt to equity ratio	0.44	0.65

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

The Corporation's debt decreased substantially in the first quarter of 2013 as funds received from the sale of sites 1 and 2 in the Sage Hill Crossing were used to pay down related project debt. This reduced the loans and credits facilities outstanding to $50,134 and the debt to equity ratio to 0.44 at March 31, 2013.

NON-IFRS MEASURES

Gross margin before write-downs does not have any standardized meaning according to IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. Gross margin before write-downs is calculated by adding back impairment of real estate held for development and sale to the gross margin. Gross margin before write-downs is used to assess the performance of the businesses without the effects of impairment. Management believes it is useful to exclude impairment from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable IFRS financial measure is gross margin. The table on page 3 shows the calculation of gross margin before write-downs which is derived from gross margin.

Adjusted earnings per share does not have any standardized meaning according to IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. Adjusted earnings per share is calculated as net earnings attributable to shareholders before any impairment and net of income taxes relating to the impairment, divided by the weighted average number of common shares (basic or diluted) outstanding at a specific date. Adjusted earnings per share is used to assess the performance of the businesses without the effects of impairment. Management believes it is useful to exclude impairment from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable IFRS financial measures is earnings per share. The following table shows the calculation of adjusted earnings per share which is derived from net earnings attributable to common shareholders.

	Three months ended March 31,	
	2013	2012 [2]
Net earnings attributable to shareholders	3,680	6,192
Impairment of real estate held for development and sale [1]	-	18
Tax effect of write-downs @25%	-	(5)
Adjusted earnings after adding back after-tax writedown	3,680	6,206
Basic weighted average number of shares	44,790,299	44,526,148
Diluted weighted average number of shares	44,909,507	44,690,566
Adjusted earnings per share - basic	0.08	0.14
Adjusted earnings per share - diluted	0.08	0.14

[1]*Attributable to share holders*

Gross book value does not have any standardized meaning according to IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in the Corporation's financial statements and therefore no applicable quantitative reconciliation for such non-IFRS measure exists. Refer to table on page 6 which shows the calculation of gross book value. Gross book value is used in the calculation of the debt to gross book value ratio. Debt to gross book value is a leverage measure that calculates the percentage that the Corporation's value would cover its debt obligations. Management believes that it is useful as a lower percentage indicates a greater ability for the Corporation to repay its debt.

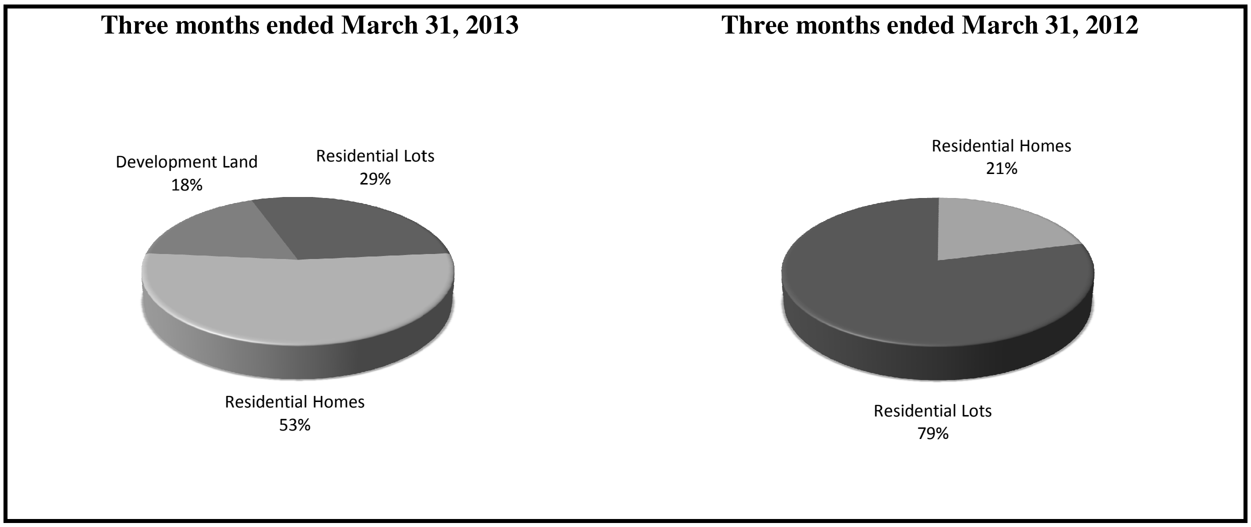
RESULTS OF OPERATIONS

REVENUE, COST OF SALES AND GROSS MARGIN

	Three months ended March 31,		
	2013	2012 (1)	%
Revenues	27,610	18,538	49%
Cost of sales	(19,154)	(8,449)	127%
Gross margin	8,456	10,089	(16%)
Gross margin (%)	31%	54%	(23%)

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

The revenue mix for the three months ended March 31, 2013 and 2012 were as follows:



Genesis' active projects at March 31, 2013 were as follows:

Community	Location	Phases/Sites under development	Phases/Sites being sold
Bayside	Airdrie	5, 11	7, 9
Canals	Airdrie	-	6
Sage Meadows	NW Calgary	3, 4	1,2
Sage Hill Crossing	NW Calgary	5, 6, 7	3, 4
Saddlestone	NE Calgary	5A, 7	1, 2, 3, 5, 6

For a complete list of all the Corporation's properties please refer to pages 11-15 of the AIF for the year ended December 31, 2012.

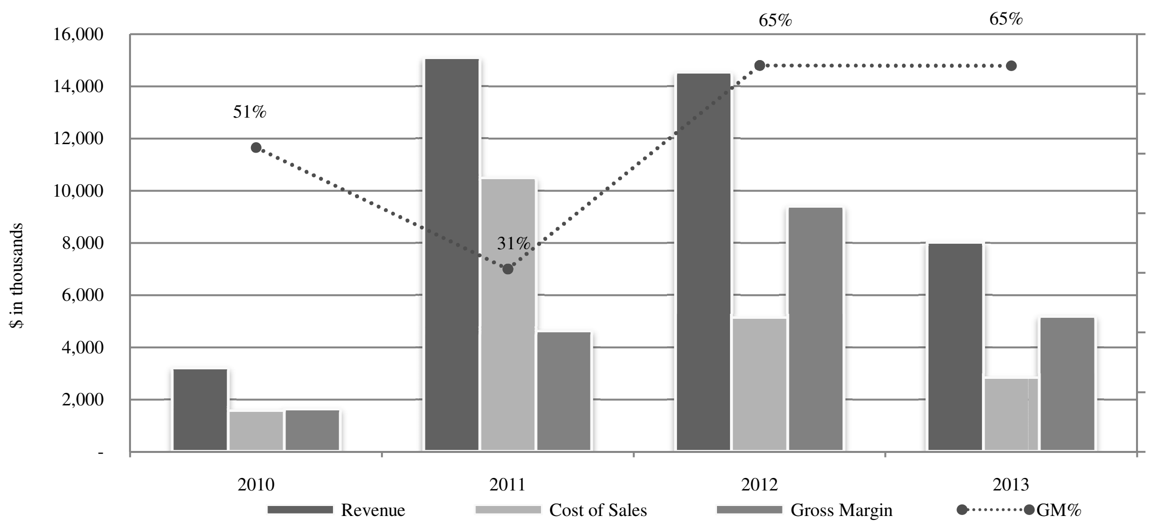
Land Development

Residential Lots

	Three months ended March 31,		
	2013	**2012**	**%**
Residential lot revenue	8,011	14,520	(45%)
Cost of sales	(2,831)	(5,132)	(45%)
Gross margin	5,180	9,388	(45%)
Gross margin (%)	65%	65%	
Number of lots sold	42	75	(44%)
Average revenue per lot	191	194	(2%)
Average cost of sales per lot	67	68	(1%)

Residential Lots
Revenue, Cost of Sales and Gross Margin

Three months ended March 31,



2013 residential lot revenues decreased from 2012 by 45%. This is reflective of the Corporation's strategy to hold more lots with the intention of greater future sales through its home-building division. The Corporation's margin on residential lots was consistent compared to previous quarter at 65%.

The number of lots sold by community during the three months ended March 31, 2013 and 2012 in Calgary and Airdrie were as follows:

	Three months ended March 31,			
	# of lots sold		Average revenue per lot	
Community	**2013**	**2012**	**2013**	**2012**
Calgary				
Saddlestone	41	71	192	194
Sage Meadows	-	1	-	241
Airdrie				
Bayside	1	1	159	157
Canals	-	2	-	181
Total	**42**	**75**	**191**	**194**

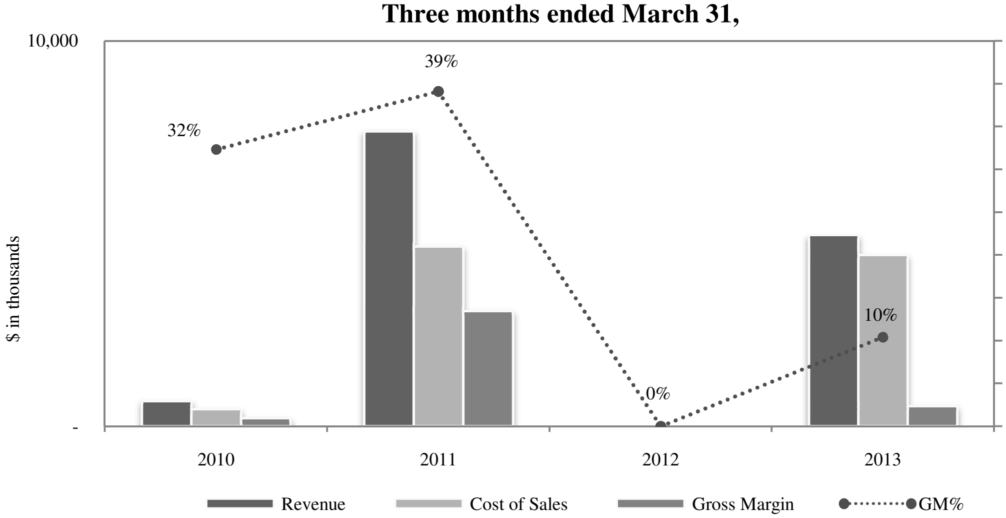
Development Land

	Three months ended March 31,		
	2013	**2012 (1), (3)**	**%**
Development land revenues	4,952	-	N/R (2)
Cost of sales	(4,436)	(48)	N/R (2)
Gross margin	516	(48)	N/R (2)
Gross margin %	10%	-	

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Not reflective due to percentage increase
(3)A cost to complete adjustment for $48 was made in the three months ended March 31, 2012

Development Land
Revenue, Cost of Sales and Gross Margin

Three months ended March 31,



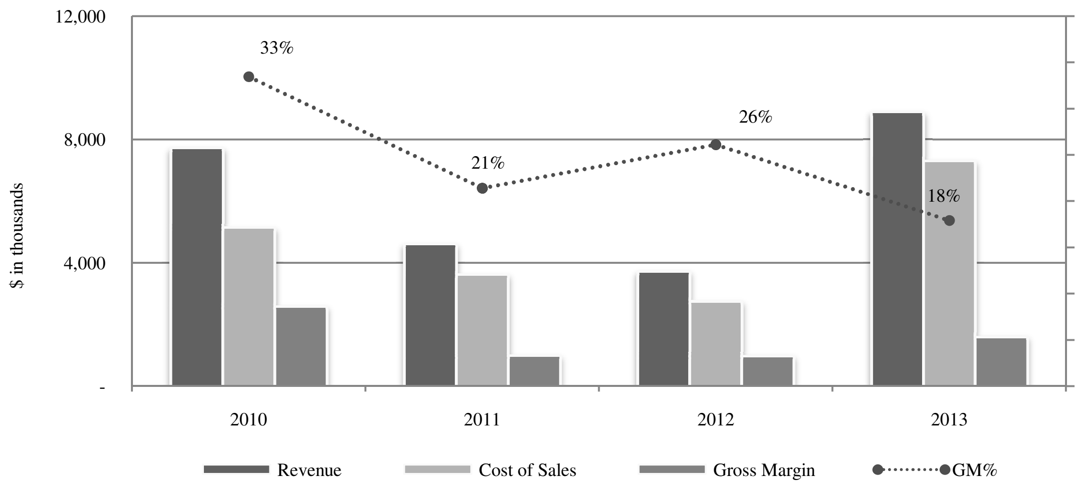
The development land revenue for the three months ended March 31, 2013 was a result of the sale of sites in Phase 6 in Bayside, Airdrie and Site 8 in Sage Hill Crossing. There were no sales during the three months ended March 31, 2012. The lower margin in the first quarter of 2013 over the comparable period in 2011 is because 2013 includes a small land parcel sold at a loss resulting in decline in the gross margin percentage.

Residential Home Building

Single-family

	Three months ended March 31,		
	2013	**2012**	**%**
Single-family revenues	8,900	3,722	139%
Cost of sales	(7,303)	(2,748)	166%
Gross margin	1,597	974	64%
Gross margin (%)	18%	26%	
Number of homes sold	20	7	186%
Average revenue per home	445	532	(16%)
Average cost of sales per home	365	393	(7%)

Single-family homes
Revenue, Cost of Sales and Gross Margin
Three months ended March 31,



The increase in the number of single-family homes sold during the three months ended March 31, 2013 compared to the same period in 2012 was due to a focused effort by the home building division to strengthen sales. Genesis sold almost three times the number of homes in the three months ended March 31, 2013 compared to March 31, 2012. The gross margin was lower as the sales mix for the homes sold during the three months ended March 31, 2013 included homes in the Calgary community of Evansridge and the Airdrie community of Bayside. In comparison, the homes sold in 2012 were in the communities of Saddlestone and Sage Meadows where the margins were higher. Genesis expects single-family home gross margins to improve as it obtains improved efficiencies resulting from a focus on cost controls and higher volumes and as more sites are brought under development in 2013 and beyond.

The number of home sales closed by community during the three months ended March 31, 2013 and 2012 in Calgary and Airdrie were as follows:

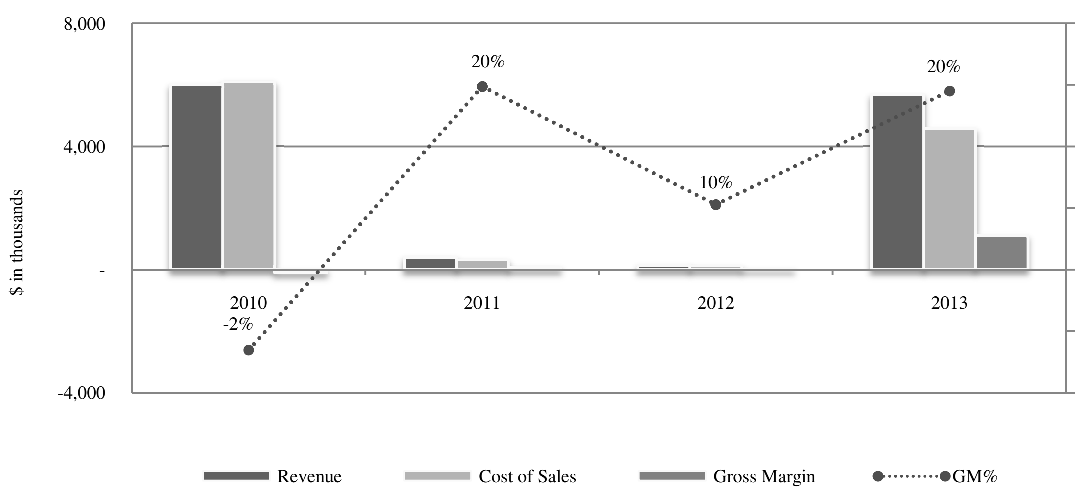
	Three months ended March 31,			
	# of single-family homes closed		Average revenue per home	
Community	**2013**	**2012**	**2013**	**2012**
Calgary				
Evansridge	7	-	418	-
Sherwood	2	-	503	-
Saddlestone	1	1	538	391
Sage Meadows	1	2	483	511
Airdrie				
Bayside	9	4	438	577
Total	20	7	445	532

Multi-family

	Three months ended March 31,		
	2013	**2012**	**%**
Multi-family revenues	5,697	136	N/R (1)
Cost of sales	(4,584)	(122)	N/R (1)
Gross margin	1,113	14	N/R (1)
Gross margin (%)	20%	10%	
Number of homes sold	20	1	N/R (1)
Average revenue per home	285	136	110%
Average cost of sales per home	229	122	88%

(1) *Not reflective due to percentage increase*

Multi-family homes
Revenue, Cost of Sales and Gross Margin
Three months ended March 31,



Genesis has two row housing projects in development: Saffron in the Calgary community of Saddlestone, and Brownstones in the Calgary community of Sage Meadows. The last unit in The Breeze multi-family project was sold during the three months ended March 31, 2012.

The Corporation sold 12 of the 29 units at Saffron at March 31, 2013. The remaining units are all presold and the Corporation expects to close them by the end of the second quarter.

The Corporation sold eight of the 11 units at Brownstones at March 31, 2013. Sales of two of the remaining units are expected to close by the end of the second quarter of 2013. The remaining unit is a show suite and will be retained for sales and marketing of 35 more units that will be built in three buildings at Brownstones.

	Three months ended March 31,			
	# of multi-family homes closed		Average revenue per home	
Community	**2013**	**2012**	**2013**	**2012**
Calgary				
Brownstones	8	-	349	-
Saffron	12	-	242	-
The Breeze	-	1	-	136
Total	20	1	285	136

Impairment of real estate held for development and sale

No impairment losses were recorded during the three months ended March 31, 2013.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended March 31,		
	2013	**2012** [(1)]	**%**
Corporate administration	486	578	(16%)
Compensation and benefits	2,200	961	129%
Professional services	388	480	(19%)
	3,074	2,019	52%

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

General and administrative expense for the three months ended March 31, 2013 increased mainly due to the increase in compensation and benefits expense. This was primarily due to severance paid out to the Corporation's outgoing Chief Executive Officer. In addition the increase was due to hiring of nine employees increasing the total number to 56 at the end of the first quarter of 2013 compared to 47 in 2012. These increases were offset by decreases in administration and professional service fees. Professional fees incurred in the first quarter of 2013 decreased compared to the first quarter of 2012 as the costs in 2012 included amounts related to a strategic review.

SELLING AND MARKETING

	Three months ended March 31,		
	2013	**2012**	**%**
Selling and marketing	512	578	(11%)
	512	578	(11%)

There was a decrease in selling and marketing expense in the first quarter of 2013 compared to the first quarter of 2012 as the Corporation maintained the level of marketing and sales efforts.

FINANCE EXPENSE

	Three months ended March 31,		
	2013	**2012**	**%**
Interest incurred	1,077	1,377	(22%)
Financing fees accretion	346	312	11%
Interest and financing fees capitalized	(859)	(1,108)	(22%)
	564	581	(3%)

Interest incurred relates to certain operating loans secured by land and single-family home building operations. The decrease in interest incurred for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was mainly due to lower average outstanding loan balances and lower interest rates and fees paid on new and renewed loans. The main contributor to the lower average loan balance was the repayment of loan balances with the proceeds received from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development

ASSETS

During the three months ended March 31, 2013 the Corporation generated net earnings of $3,680 for funding its operating activities. At March 31, 2013, the consolidated cash balance was $11,802 as compared to $10,005 as at December 31, 2012.

	March 31, 2013	**% of Total**	**December 31, 2012 [1]**	**% of Total**
Real estate held for development and sale	258,991	78%	264,184	71%
Investment in joint ventures	10,874	3%	10,680	3%
Amounts receivable	40,086	12%	73,239	19%
Other operating assets	8,336	3%	16,233	4%
Cash and cash equivalents	11,802	4%	10,005	3%
	330,089	100%	374,341	100%

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	March 31, 2013	**December 31, 2012 [1]**	**%**
Real estate held for development and sale	302,905	308,098	(2%)
Provision for write-down	(43,914)	(43,914)	0%
	258,991	264,184	(2%)

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

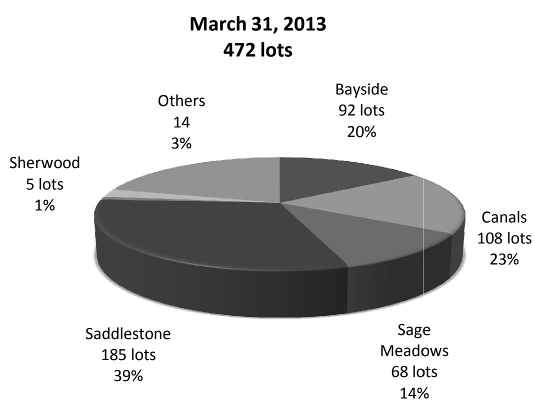
Real estate held for development and sale decreased marginally in the first quarter of 2013. This was due to the sale of real estate which was offset by the development of lands as summarized in the following table. The changes were as follows:

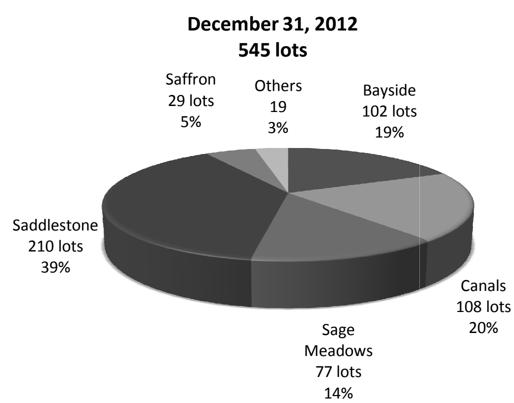
	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	Total
December 31, 2012 [1]	125,901	107,653	30,630	-	264,184
Acquisitions & Transfers	-	-	2,601	(2,601)	-
Development	823	2,428	8,507	2,601	14,359
Sold	(6,849)	-	(12,703)	-	(19,552)
March 31, 2013	119,875	110,081	29,035	-	258,991

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

Genesis held a total of 472 single-family lots at March 31, 2013, down from 545 lots it held in the comparative period in 2012. The Corporation acquires and develops 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

	March 31, 2013	December 31, 2012 [1]	%
Amounts receivable	40,086	73,239	(45%)

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

Amounts receivable decreased at March 31, 2013 compared to December 31, 2012 mainly due receipt of payment for sites 1 and 2 in the Sage Hill Crossing commercial development.

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

LIQUIDITY AND CAPITAL RESOURCES

	March 31, 2013	% of Total	December 31, 2012 [(1)]	% of Total
Loans and credit facilities	50,134	16%	97,224	26%
Customer deposits	4,165	1%	4,352	1%
Accounts payable and accrued liabilities	21,075	7%	23,559	7%
Land development service costs	19,908	6%	18,220	5%
Non-controlling interest	36,375	11%	36,719	10%
Shareholders' equity	193,399	59%	189,590	51%
	325,056	100%	369,664	100%

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

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, and cash generated from operations.

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to pay for operating expenses, incur development and construction costs, pay principal and interest on loans and credit facilities, and purchase lands. 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 $1,967, as at March 31, 2013 totaled $52,101. The following is a summary of the Corporation's drawn and outstanding loan and credit facility balances as at March 31, 2013 and as at the end of the previous four quarters:

	First Quarter 2013	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012
Land and land project loans [(1)]	48,062	90,767	78,040	73,843	77,649
Home building operations	4,039	8,769	338	-	112
Other	-	-	216	-	696
	52,101	99,536	78,594	73,843	78,457
Deferred financing fees	(1,967)	(2,312)	(1,451)	(1,232)	(1,446)
Balance (end of period)	**50,134**	**97,224**	**77,143**	**72,611**	**77,011**

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

The reduction in the balance of loans and credit facilities in the first quarter of 2013 was due to utilizing the proceeds from the sale of sites 1 and 2 in Sage Hill Crossing to repay credit facilities related to servicing of that property.

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

	Three months ended March 31, 2013	Year ended December 31, 2012 [(1)]
Balance, beginning of year	97,224	86,066
Advances	4,658	89,941
Repayments	(52,302)	(77,904)
Finance expense	467	2,538
Interest and financing fees paid and capitalized	87	(3,417)
Balance, end of period	50,134	97,224

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

During the three months ended March 31, 2013, Genesis received $4,658 in loans and credit facilities and made repayments of $52,302 (see 'Related Party Transactions' on page 21).

CUSTOMER DEPOSITS

Customer deposits are received from third party builders for the purchase of lots and from customers towards the purchase of homes. On completion of a sale, land service obligations are recognized in accordance with the Corporation's accounting policy. Customer deposits decreased marginally to $4,165 at March 31, 2013 from $4,352 at December 31, 2012.

LAND DEVELOPMENT SERVICE COSTS

Land development service costs increased by $1,688 as at March 31, 2013 compared to December 31, 2012 mainly due to the overall increase in sale of lots and homes. Land service obligations are recognized on completion of sales. The overall increase in land service costs was partially offset by performance of planned service work, thus incurring previously accrued completion costs.

NON-CONTROLLING INTEREST

Non-controlling interest liability decreased for the three months ended March 31, 2013 due to expenses of $344 incurred by the limited partnerships.

SHAREHOLDERS' EQUITY

As at May 10, 2013, the Corporation had 44,835,538 common shares issued and outstanding. In addition, options to acquire 830,412 common shares of the Corporation were issued and outstanding under the Corporations' stock option plan.

INCOME TAX PAYABLE

Income tax payable increased by $174 to $4,791 in the three months ended March 31, 2013. The Corporation paid $1,000 of tax liability which was offset by a current tax provision amounting to $1,135 and a tax refund of $39.

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:

at March 31, 2013	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	10,388	700	706	11,794
Years 2014 and 2015	41,713	1,400	1,465	44,578
Years 2016 and 2017	-	1,400	1,150	2,550
Thereafter	-	2,000	-	2,000
	52,101	5,500	3,321	60,922

(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 amounts for 2012 were 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, up to and including the amount for 2012.

Pursuant to the terms of a participating mortgage, the principal of which was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. At March 31, 2013, a liability of approximately $3,061 (December 31, 2012 - $3,051) was recorded. The Corporation is selling lots in the last phase covered under this development. The payout of the 20% participation to the participants will be made on completion of the sale of lots in the last phase, which is expected in 2014.

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 the consolidated financial statements. Current contractual obligations were as follows:

	March 31, 2013	December 31, 2012 [2]
Loans and credit facilities, excluding deferred financing fees	10,388	19,091
Accounts payable and accrued liabilities	21,075	23,559
Total short-term liabilities	31,463	42,650
Commitments[1]	1,406	1,406
	32,869	44,056

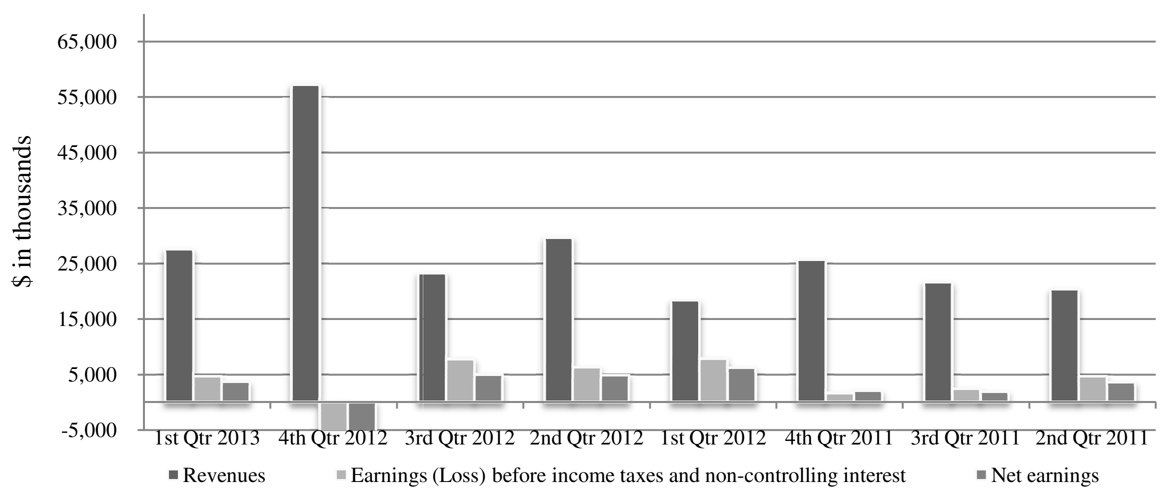
(1) *Commitments are composed of naming rights and lease obligations.*
(2) *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.*

At March 31, 2013, Genesis had obligations due within the next 12 months of $32,869 of which $10,388 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

	First Quarter 2013	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011
Revenues [(1)]	27,560	57,281	23,281	29,708	18,378	25,615	21,590	20,368
Earnings (loss) before income taxes and non-controlling interest	4,653	(24,529)	7,788	6,240	7,840	1,666	2,462	4,637
Net (loss) earnings	3,680	(7,126)	4,956	4,839	6,192	2,057	1,877	3,604
Net earnings per share - basic and diluted	0.08	(0.16)	0.11	0.11	0.14	0.05	0.04	0.08

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



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 activity is at its maximum. Revenues can be impacted by the timing of land sales, which is less weather dependent.

JOINT VENTURE

Genesis formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate.

The following tables summarize the financial information of the JV and reconcile the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for under IFRS using the equity method.

	March 31, 2013	December 31, 2012	January 1, 2012
Assets			
Real estate held for development and sale	30,448	30,446	40,324
Amounts receivable	21,850	30,722	18,130
Other operating assets	8	8	10
Cash and cash equivalents	-	-	-
Total Assets	**52,306**	**61,176**	**58,464**
Liabilities			
Loans and credit facilities	2,702	10,036	4,330
Accounts payable and accrued liabilities	1,488	2,240	4,064
Land development service costs	11,326	12,416	9,260
Total Liabilities	**15,516**	**24,692**	**17,654**
Net assets	**36,790**	**36,484**	**40,810**
Corporation's share of net assets (50%)	18,395	18,242	20,405
Deferred gain and JV profit	(7,521)	(7,562)	(10,757)
Carrying amount on the balance sheets	10,874	10,680	9,648

	March 31, 2013	December 31, 2012	March 31, 2012
Revenues			
Residential lot sales	884	20,266	-
Development land sales	-	7,860	7,200
	884	28,126	7,200
Cost of sales			
Residential lots	706	15,756	-
Development land	-	7,464	6,634
	706	23,220	6,634
General and administrative	52	1,538	358
Finance income	(180)	(306)	(34)
Earnings being Comprehensive income	**306**	**3,674**	**242**
Corporation's share of earnings and comprehensive income (50%)	153	1,837	121
Deferred gain and JV profit	58	2,668	1,014
Amount on the statements of comprehensive income	211	4,505	1,135

	March 31, 2013	March 31, 2012
Cash flows from (used in) operating activities	7,336	(4,726)
Cash flows (used in) from financing activities	(7,336)	4,726
Net change in cash and cash equivalents	-	-

The Corporation's transactions with the JV consist only of the purchase of lots. The JV sold 2 lots in the period ended March 31, 2013 (2012 - nil) to GBG, a wholly owned subsidiary of the Corporation, for $406 (2012 - $nil). The Corporation's accounts payable and accrued liabilities as at March 31, 2013 included $6,100 (December 31, 2012 - $6,740), representing the amount owed to the JV for the lots purchased.

Genesis deferred $13,167 when it contributed its share of land to the JV in 2010. As at March 31, 2013, the Corporation had realized $5,646 of that amount as a result of sales to third parties (2012 – $5,605). The remaining amount of $7,521 will be realized on future sale and development of lots and lands by the JV.

In addition to the information provided above, refer to note 3, note 4 and note 11 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and 2012 for the effects of change in accounting policy and additional information relating to the joint venture.

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 March 31, 2013, 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 fulfill these obligations. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

LEASE AGREEMENTS

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 March 31, 2013.

RELATED PARTY TRANSACTIONS

A director of Genesis, appointed on July 12, 2012, is an officer of a lender and is thus considered a related party. At March 31, 2013, the Corporation had loans totaling $26,231 (December 31, 2012 – $28,448) outstanding with this lender. During the period ended March 31, 2013, Genesis paid interest and fees to the lender of $484 (2012 – $948), respectively. During the period ended March 31, 2013, the Corporation obtained no new financing or re-financing on existing loans (2012 – $nil) with the lender. All transactions are under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements and a 50% partner in the JV described above.

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at March 31, 2013 that were not yet effective as of that date. The Corporation continues to analyze these standards to determine the impact on its financial statements. Refer to note 4 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and 2012 for a description of changes in accounting policy effective in future periods.

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 interim filings are being prepared; and

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

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Genesis' ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

RISKS AND UNCERTAINTIES

In the normal course of business, 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's risk factors, refer to the AIF available on SEDAR at www.sedar.com.

OTHER

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

ADVISORIES

NON-IFRS FINANCIAL MEASURES

Gross margin before write-downs, adjusted earnings per share and gross book value are non-IFRS measures that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. Refer to page 3 for a calculation of the gross margin before write-downs and page 7 for a calculation of the adjusted earnings per share. Gross book value has no comparable IFRS measure presented in the Corporation's financial statements and therefore no applicable quantitative reconciliation for such non-IFRS measure. These non-IFRS measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's performance, liquidity and value. Management is of the view that funds from operations ("FFO") is not a good performance indicator of a land development company and therefore the presentation of FFO in the MD&A has been discontinued.

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 nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated general economic and industry conditions in 2013 and the anticipated impact on Genesis' development and homebuilding activities, Genesis' business strategy, including the geographic focus of its activities in 2013, the anticipated impact of executive appointments on Genesis' operational growth and financial results, anticipated areas of focus for Genesis in 2013; and the ability of Genesis to develop projects (and the nature of such projects). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic conditions; local real estate conditions, including the development of properties in close proximity to Genesis' properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; fluctuations in interest rates; 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.