Genesis Land Development Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2013

August 14, 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 and six months ended June 30, 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 August 14, 2013.

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 and six months ended June 30, 2012 are summarized in note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 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 and six months ended June 30, 2013 and 2012.

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
- 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".

EXECUTIVE SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012 (2)**	**2013**	**2012 (2)**
Total revenues	22,402	30,150	50,012	48,688
Gross margin	4,955	9,767	13,411	19,856
Impairment of real estate held for development and sale	986	-	986	399
Gross margin, before write-downs (3)	5,941	9,767	14,397	20,255
Gross margin, before write-downs (%)	27%	32%	29%	42%
Net earnings (1) attributable to equity shareholders	1,697	4,839	5,377	11,031
Net earnings (1) per share - basic	0.04	0.11	0.12	0.25
Net earnings (1) per share - diluted	0.04	0.11	0.12	0.25
Adjusted earnings per share (adding back after-tax write-down) - basic and diluted (3)	0.05	0.11	0.14	0.25

(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 6.

The Corporation holds some of the best located development lands in the Calgary region that provide many years of inventory and development potential. These assets are a key strength of Genesis, especially since obtaining approvals to develop lands is becoming increasingly challenging in the Calgary region.

Genesis is rapidly growing its homebuilding business to take advantage of the benefits of larger volumes while implementing more aggressive pricing and tighter cost control to substantially improve results and return on equity. Activity level in Genesis has increased significantly with homebuilding sales increasing to 42 units in the current quarter compared to 31 units at June 30, 2012 and 82 units for the six months ended June 30, 2013 compared with 39 units for the comparative period of 2012. The increased housing sales are at a lower gross margin than land development sales thus reducing combined gross margin.

As part of its strategy to generate higher margins from the sale of both residential lots as well as residential homes, the Corporation is retaining more residential lots for use by its home building division thus enabling it to generate both housing margin and land margin from the same lot. Revenue from these retained residential lots will be realized when home construction is complete and closing occurs. This represents a deferral of lot revenue when compared to a lot sale to a third party builder. Improvements in margins relating to pricing and cost control, should begin to appear in the second half of 2014 as the home closings occur and revenue from these lots is recognized.

Net earnings attributable to shareholders for the three and six months ended June 30, 2013 were $1,697 and $5,377 compared to $4,839 and $11,031 in the comparative periods of 2012 which translated to earnings of $0.04 and $0.12 per share for the three and six months ended June 30, 2013 compared to $0.11 and $0.25 per share in the comparative periods of 2012. The net earnings declined as the Corporation is focused on increasing the sales of homes through its home building division and over time this increase in lot sales, through the land division, may be offset by a reduction in sales to third-party builders.

Loans and credit facilities decreased significantly in the first half of 2013 primarily as a result of the proceeds from the sale of sites 1 and 2 in Sage Hill Crossing and from lot payouts being used to repay the related credit facilities outstanding. The balance outstanding at the end of the second quarter was $47,942 compared to $97,224 at December 31, 2012. The debt to equity ratio was 0.42 at June 30, 2013 compared to 0.65 at December 31, 2012. Refer to pages 16-17 for detailed analysis of liquidity and capital resources.

OUTLOOK

Alberta's general economic conditions continue to be strong and the homebuilding industry in Calgary is expected to continue its growth through 2013. These solid economic fundamentals include low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. The combination of these factors provides Genesis with a healthy environment for development of its core land positions, sale of lots and expansion of its homebuilding activities.

Genesis will continue to pursue a strategy of positioning itself for future growth by focusing its activities in Alberta and, more particularly, the greater Calgary area. The Corporation's core businesses of residential lot sales and home building generate immediate earnings and cash flows, however, a significant portion of the Corporation's assets are invested in long term land holdings. Their proper management can provide high returns, although on an irregular basis. These lands are the seeds of future income from residential lot sales and the foundation of the home building business and commercial opportunities.

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 Cities 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. This effort is generating promising results in terms of revenue and, as a result, management expects an increase in gross margin as initiatives already underway are reflected in future closings;

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. This assessment is underway and a number of non-core assets have been targeted for orderly disposition; 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 of the Corporation's value that 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 the Corporation 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 the Corporation 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 is relative to its total assets, and how efficient it is at using assets to generate earnings. The higher the number, the better the Corporation is at earning more money on less investment.

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Cash flows from operating activities	709	8,600	50,841	13,486
Cash flows from operating activities per share	0.02	0.19	1.13	0.30
Net earnings per share - basic and diluted	0.04	0.11	0.12	0.25

	For the 12 months ended	
	June 30, 2013	**December 31, 2012**
Return on equity (5)	1.7%	4.7%
Return on assets (5)	0.9%	2.4%

	June 30, 2013	**December 31, 2012**
Debt to equity ratio	0.42	0.65
Debt to gross book value	15.0%	26.4%

Cash flows from operating activities decreased for the three months ended June 30, 2013 mainly due to payments to suppliers for land development and home construction activities for the active projects during the quarter. Cash flow for the six months ended June 30, 2013 increased mainly due to the receipt of payment from the sale of sites 1 and 2 in Sage Hill Crossing and from residential home sales due to increased home building activity.

Debt to gross book value is calculated as follows:

	June 30, 2013	December 31, 2012 [3]
Debt		
Loans and credit facilities excluding deferred financing fees	49,531	99,536
Gross Book Value[1] [4]		
Real estate held for development and sale	258,450	264,184
Investment in joint ventures	8,616	10,680
Property and equipment [1]	710	688
Other assets[2]	60,463	98,999
Deferred financing fees	1,589	2,312
Gross book value [4]	329,828	376,863
Debt to gross book value	15.0%	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 6.
[5] Return on equity and return on assets are calculated on a rolling twelve month basis.

Debt to equity ratio

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

	June 30, 2013	December 31, 2012 [1]
Total liabilities	97,351	148,032
Total equity	230,605	226,309
Debt to equity ratio	0.42	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 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 $47,942 and the debt to equity ratio to 0.42 at June 30, 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 do 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 are 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 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 June 30,		Six months ended June 30,	
	2013	2012 (2)	2013	2012 (2)
Net earnings attributable to equity shareholders	1,697	4,839	5,377	11,031
Impairment of real estate held for development and sale (1)	986	-	986	399
Tax effect of write-downs @25%	(247)	-	(247)	(100)
Adjusted earnings after adding back after-tax writedown	2,436	4,839	6,116	11,330
Basic weighted average number of shares	44,839,875	44,666,692	44,815,224	44,596,420
Diluted weighted average number of shares	44,907,217	44,830,848	44,871,038	44,754,155
Adjusted earnings per share - basic	0.05	0.11	0.14	0.25
Adjusted earnings per share - diluted	0.05	0.11	0.14	0.25

(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 that 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

The Corporation reports its activities as two business segments: land development and residential home building. Within land development the two business lines are development of land and residential lots. Within the residential home building division the two business lines are single-family and multi-family home building.

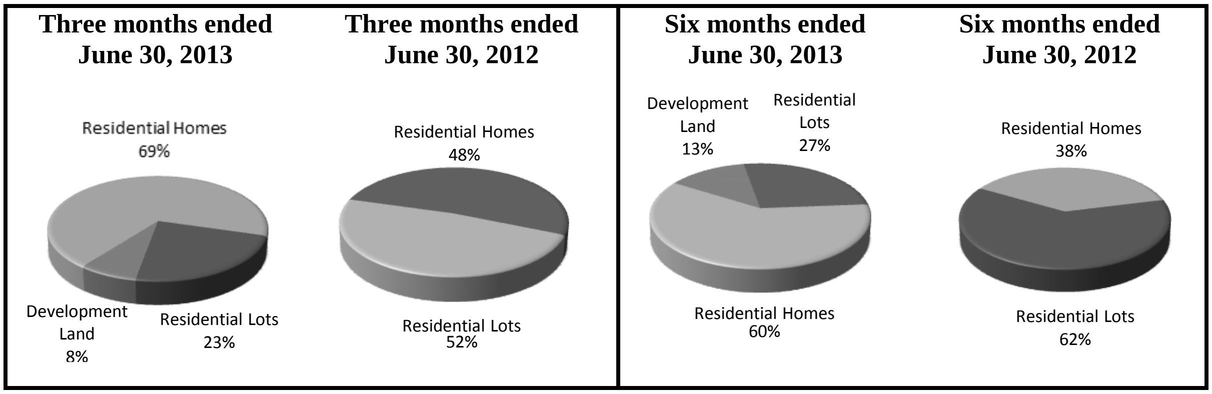
REVENUE, COST OF SALES AND GROSS MARGIN

	Three months ended June 30,			Six months ended June 30,		
	2013	2012 (1)	%	2013	2012 (1)	%
Revenues	22,402	30,150	(26%)	50,012	48,688	3%
Cost of sales	(17,447)	(20,383)	(14%)	(36,601)	(28,832)	27%
Gross margin	4,955	9,767	(49%)	13,411	19,856	(32%)
Gross margin (%)	22%	32%	(10%)	27%	41%	(14%)

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

Gross margin from housing is lower than from residential lot sales and overall gross margin percentage declined by 10% in the three months ended June 30, 2013 compared to the second quarter of 2012. This was primarily as a result of the lower proportion of high margin revenue coming from residential lot sales when compared with the prior year. The margin from development land is earned over a longer time frame than the margin from home building which generally is earned within one year. Both margins can be highly variable on a quarter by quarter basis.

The revenue mix for the three and six months ended June 30, 2013 and 2012 was as follows:



Genesis' active projects at June 30, 2013 were as follows:

Community	Location	Phases/Sites under development	Phases/Sites being sold
Kinwood	NW Calgary	2	2
Saddlestone	NE Calgary	5A, 6, 7, 12[(1)]	1, 2, 3, 4, 12[(1)]
Sage Meadows	NW Calgary	4	1, 2
Sage Hill Crossing	NW Calgary	1, 2, 3, 4, 5, 6, 7	3, 4, 5, 6, 7
Bayside	Airdrie	5, 11	5, 7,9
Canals	Airdrie	-	6

[(1)] *Multi-family phase/site.*

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.

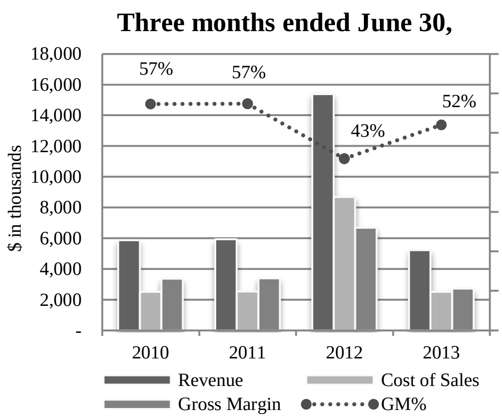
LAND DEVELOPMENT

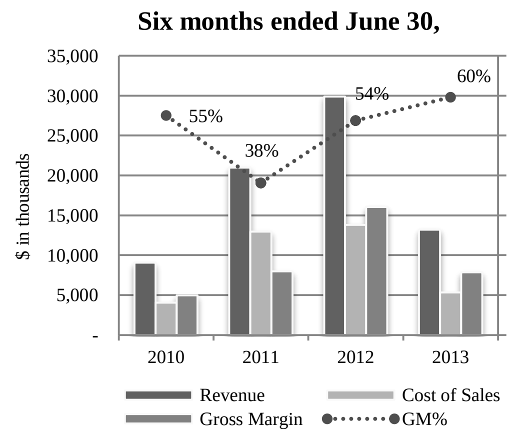
Residential Lots

	Three months ended June 30,			Six months ended June 30,		
	2013	2012 [(1)]	%	2013	2012 [(1)]	%
Residential lot revenue	5,228	15,385	(66%)	13,239	29,905	(56%)
Cost of sales	(2,507)	(8,695)	(71%)	(5,338)	(13,827)	(61%)
Gross margin	2,721	6,690	(59%)	7,901	16,078	(51%)
Gross margin (%)	52%	43%		60%	54%	
Number of lots sold	29	89	(67%)	71	164	(57%)
Average revenue per lot	180	173	4%	186	182	2%
Average cost of sales per lot	86	98	(12%)	75	84	(11%)

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

Residential Lots
Revenue, Cost of Sales and Gross Margin





For the three months ended June 30, 2013 residential lot revenues decreased by 66% from the comparative period in 2012. The Corporation expects significant increase in lot sales to third parties in the second half of the year. The decrease in the second quarter lot revenues is reflective of the Corporation's strategy to hold more lots with the intention of greater future sales through its home-building division. This will increase the number of lots sold through the home building division.

For the three months ended June 30, 2013, the Corporation's margin on residential lots increased to 52% compared to 43% in the comparative period of 2012. The higher margins in the three months ended June 30, 2013 was due to the sales mix which included higher margin lots in the community of Saddlestone compared to other communities.

The number of lots sold, by community, during the three and six months ended June 30, 2013 and 2012 in Calgary and Airdrie were as follows:

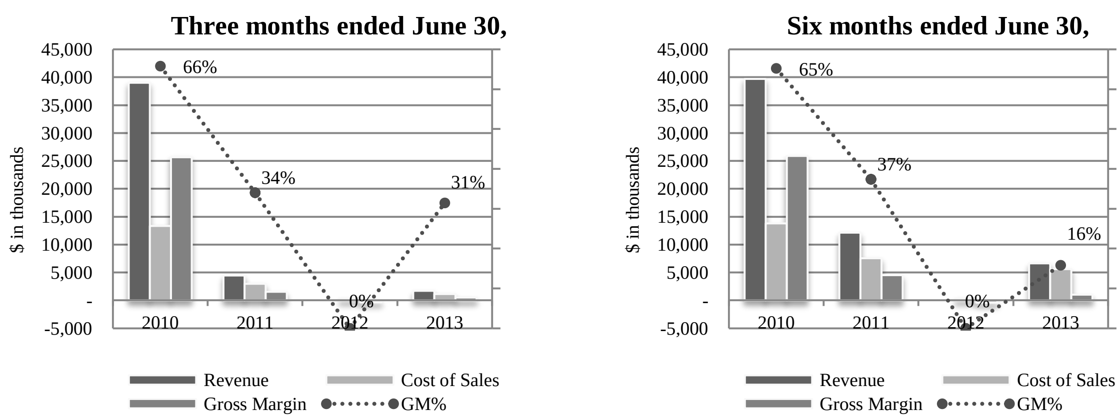
	Three months ended June 30,				**Six months ended June 30,**			
	# of lots sold		**Average revenue per lot**		**# of lots sold**		**Average revenue per lot**	
Community	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Calgary								
Saddlestone	16	12	191	207	57	83	191	196
Sage Meadows	9	27	167	201	9	28	167	202
Airdrie								
Bayside	1	41	159	146	2	42	159	146
Canals	3	9	172	169	3	11	172	171
Total	**29**	**89**	**180**	**173**	**71**	**164**	**186**	**182**

Development Land

	Three months ended June 30,			Six months ended June 30,		
	2013	**2012 (1) (3)**	**%**	**2013**	**2012 (1) (3)**	**%**
Development land revenues	1,716	-	N/R (2)	6,668	-	N/R (2)
Cost of sales	(1,176)	(341)	N/R (2)	(5,612)	(389)	N/R (2)
Gross margin	540	(341)	N/R (2)	1,056	(389)	N/R (2)
Gross margin %	31%	-		16%	-	

(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) The three and six months ended June 30, 2012 included property tax expenses and cost to complete adjustments of $Nil and $12 and $329 and $52 respectively.

Development Land
Revenue, Cost of Sales and Gross Margin



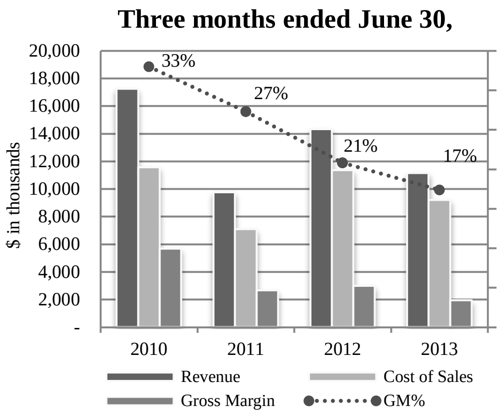
The development land revenue for the three and six months ended June 30, 2013 was a result of the sale of sites in phase 6 in Bayside, Airdrie, site 8 in Sage Hill Crossing and phase 5 in Saddlestone. There were no sales during the three months ended June 30, 2012.

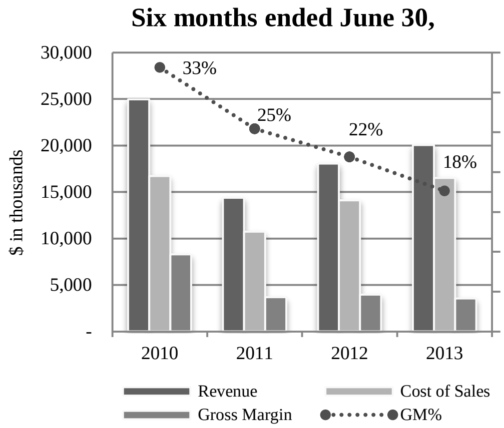
RESIDENTIAL HOME BUILDING

Single-family

	Three months ended June 30,			Six months ended June 30,		
	2013	**2012**	**%**	**2013**	**2012**	**%**
Single-family revenues	11,131	14,323	(22%)	20,031	18,045	11%
Cost of sales	(9,200)	(11,347)	(19%)	(16,503)	(14,095)	17%
Gross margin	1,931	2,976	(35%)	3,528	3,950	(11%)
Gross margin (%)	17%	21%		18%	22%	
Number of homes sold	25	31	(19%)	45	38	18%
Average revenue per home	445	462	(4%)	445	475	(6%)
Average cost of sales per home	368	366	1%	367	371	(1%)

Single-family homes
Revenue, Cost of Sales and Gross Margin





The decrease in single-family revenues for the three months ended June 30, 2013 was due to the timing of home sale closings between the first and second quarter and can be uneven over short periods of time. The increased revenue for the six months ended June 30, 2013 is reflective of the growth that was achieved in the single-family segment. This was due to a concerted effort by the home building division to strengthen sales.

The gross margin was lower as the Corporation closed homes in older phases to focus on newer phases and projects. This, in addition to cost increases on a few units during construction, resulted in lower gross margin. The sales mix of different product types, such as front drive homes or side-by-side homes, were reflected in the average revenue per home. Genesis expects single-family home gross margins to increase as it obtains greater efficiencies resulting from a focus on more aggressive pricing, cost controls, higher volumes as part of the new operational strategy.

The number of home sales closed, by community, during the three and six months ended June 30, 2013 and 2012 in Calgary and Airdrie were as follows:

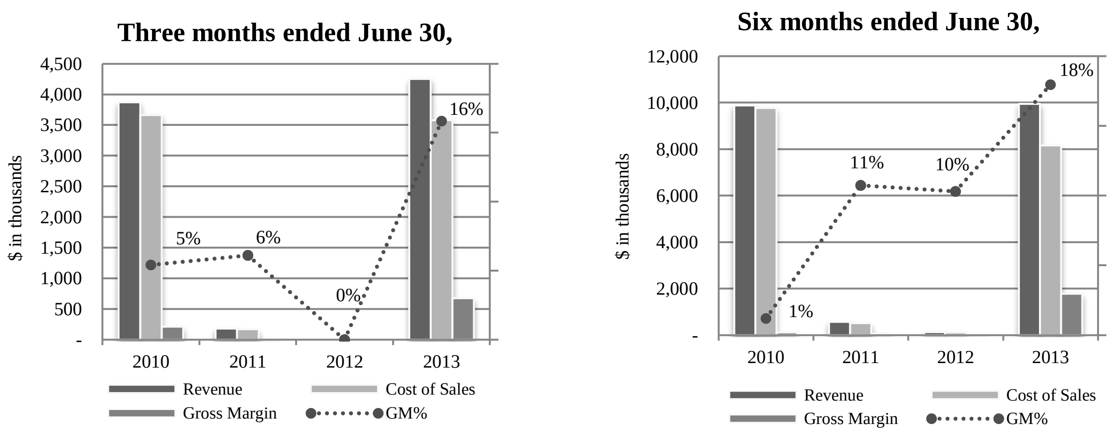
	Three months ended June 30,				Six months ended June 30,			
	# of single-family homes closed		Average revenue per home		# of single-family homes closed		Average revenue per home	
Community	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Calgary								
Evansridge	6	15	386	364	13	15	403	364
Kinwood	4	-	482	-	6	-	489	-
Saddlestone	4	4	388	425	5	5	418	418
Sage Meadows	4	3	529	628	5	5	520	582
Airdrie								
Bayside	7	9	462	587	16	13	449	584
Total	**25**	**31**	**446**	**462**	**45**	**38**	**445**	**475**

Multi-family

	Three months ended June 30,			Six months ended June 30,		
	2013	2012	%	2013	2012	%
Multi-family revenues	4,252	-	N/R (1)	9,949	136	N/R (1)
Cost of sales	(3,578)	-	N/R (1)	(8,162)	(122)	N/R (1)
Gross margin	674	-	N/R (1)	1,787	14	N/R (1)
Gross margin (%)	16%	-	N/R (1)	18%	10%	N/R (1)
Number of homes sold	17	-	N/R (1)	37	1	N/R (1)
Average revenue per home	250	-	N/R (1)	269	136	N/R (1)
Average cost of sales per home	210	-	N/R (1)	221	122	N/R (1)

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

Multi-family homes
Revenue, Cost of Sales and Gross Margin



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. Average revenues per unit and average cost of sales per unit in the second quarter were lower due to selling a larger number of units in the lower priced Saffron project as compared to the higher priced Brownstones project sold in the first quarter of 2013.

Genesis sold 16 units of the Saffron project during the three months ended June 30, 2013. The Corporation sold 28 of the 29 units at Saffron at June 30, 2013. The one remaining unit is presold and expected to close during the third quarter. In addition, construction of 2 new buildings for a total of 12 units (of which 6 have been presold as at June 30, 2013) is expected to commence during the third quarter of 2013.

Genesis sold 1 unit in Brownstones during the three months ended June 30, 2013. The Corporation sold nine of the 11 units at Brownstones at June 30, 2013. One of the remaining units 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. Of these 35 units, construction of a 12 unit building has commenced during the second quarter of 2013. Five units in the newly commenced 12 unit building have been presold as at June 30, 2013.

	Three months ended June 30,				Six months ended June 30,			
	# of multi-family homes closed		Average revenue per home		# of multi-family homes closed		Average revenue per home	
Community	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Calgary								
Brownstones	1	-	340	-	9	-	348	-
Saffron	16	-	245	-	28	-	243	-
The Breeze	-	-	-	-	-	1	-	136
Total	**17**	**-**	**250**	**-**	**37**	**1**	**269**	**136**

Impairment of real estate held for development and sale

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Land under development	646	-	646	368
Land held for future development	340	-	340	31
Total	986	-	986	399

A provision for impairment of land under development and land held for future development was made for a non-core property located in the province of British Columbia. The Corporation made a provision of $646 for land under development and $340 for land held for future development. The reduction in basic and diluted earnings per share for the three months ended June 30, 2013 due to this impairment is $0.01 per share. Refer to the table on page 7 which has a calculation of adjusted earnings per share. The main driver for this impairment is that the anticipated development horizon based on market absorption is lower than previously estimated.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended June 30,			Six months ended June 30,		
	2013	**2012 (1)**	**%**	**2013**	**2012 (1)**	**%**
Corporate administration	538	578	(7%)	1,024	1,156	(11%)
Compensation and benefits	2,246	1,423	58%	4,446	2,384	86%
Professional services	422	671	(37%)	810	1,151	(30%)
	3,206	2,672	20%	6,280	4,691	34%

(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 and six months ended June 30, 2013 increased mainly due to the increase in compensation and benefits expense. The increase came about as the Corporation is building up its talent pool to achieve its strategic and operational shift in the home building. The Corporation increased the total number of employees to 58 at the end of the June 2013 compared to 50 in June 2012. In addition, there was severance paid out to the Corporation's outgoing Chief Executive Officer in early 2013. These increases were offset, in part, by decreases in administration and professional service fees. Professional fees incurred in 2013 decreased compared to 2012 as the costs in 2012 included amounts related to a strategic review and legal settlements.

SELLING AND MARKETING

	Three months ended June 30,			Six months ended June 30,		
	2013	2012	%	2013	2012	%
Selling and marketing	536	703	(24%)	1,048	1,281	(18%)
	536	703	(24%)	1,048	1,281	(18%)

The Corporation has maintained the same levels of sales and marketing efforts but was able to decrease the costs in the three months ended June 30, 2013 compared to the similar period in 2012. This reduction was achieved due to integration of the marketing operations of the land and home building divisions.

FINANCE EXPENSE

	Three months ended June 30,			Six months ended June 30,		
	2013	2012	%	2013	2012 (1)	%
Interest incurred	945	1,333	(29%)	2,022	2,710	(25%)
Financing fees accretion	378	289	31%	724	601	20%
Interest and financing fees capitalized	(774)	(1,172)	(34%)	(1,633)	(2,280)	(28%)
	549	450	22%	1,113	1,031	8%

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

Interest incurred relates to certain operating loans secured by land and single-family home building operations. The increase in finance expense incurred for the three months and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012 was mainly due lower interest and financing fees being capitalized to projects. The lower interest incurred during the three months and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012 was 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 and from the lot payouts received. The loans have been reduced due to a concerted effort by the management to reduce non project specific loans.

ASSETS

At June 30, 2013, the consolidated cash balance was $11,877 as compared to $10,005 as at December 31, 2012.

	June 30, 2013	% of Total	December 31, 2012 (1)	% of Total
Real estate held for development and sale	258,450	78%	264,184	71%
Investment in joint ventures	8,616	3%	10,680	3%
Amounts receivable	37,008	11%	73,239	19%
Other operating assets	12,005	4%	16,233	4%
Deferred tax asset	-	-	-	-
Cash and cash equivalents	11,877	4%	10,005	3%
	327,956	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

	June 30, 2013	December 31, 2012 [(1)]	%
Real estate held for development and sale	303,350	308,098	(2%)
Provision for write-down	(44,900)	(43,914)	2%
	258,450	264,184	(2%)

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

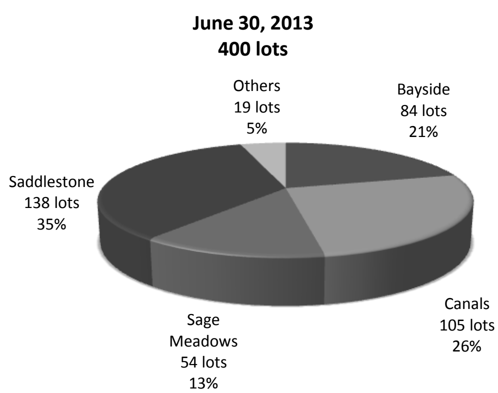
Real estate held for development and sale decreased by $5,734 or 2% during the six months ended June 30, 2013. This was due to the sale of real estate which was offset by the development of lands and a provision for impairment as summarized in the following table:

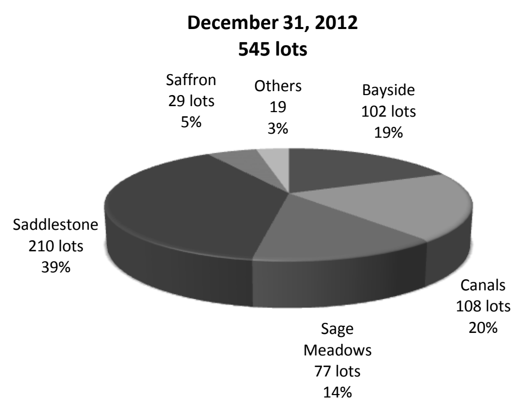
	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	Total
December 31, 2012 [(1)]	125,901	107,653	30,630	-	264,184
Acquisitions & Transfers	(129)	129	5,308	(5,308)	-
Development	8,096	2,649	16,194	5,308	32,247
Sold	(11,017)	-	(25,978)	-	(36,995)
Impairment (writedown)	(646)	(340)	-	-	(986)
June 30, 2013	122,205	110,091	26,154	-	258,450

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

Genesis held a total of 400 single-family lots at June 30, 2013, down from 545 lots it held in at December 31, 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

	June 30, 2013	December 31, 2012 [(1)]	%
Amounts receivable	37,008	73,239	(49%)

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

Amounts receivable decreased at June 30, 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

	June 30, 2013	% of Total	December 31, 2012 [(1)]	% of Total
Loans and credit facilities	47,942	15%	97,224	26%
Customer deposits	3,376	1%	4,352	1%
Accounts payable and accrued liabilities	20,232	6%	23,559	7%
Land development service costs	20,757	7%	18,220	5%
Non-controlling interest	35,532	11%	36,719	10%
Shareholders' equity	195,073	60%	189,590	51%
	322,912	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 $1,589, as at June 30, 2013 totaled $49,531. The following is a summary of the Corporation's drawn and outstanding loan and credit facility balances as at June 30, 2013 and as at the end of the previous four quarters:

	Second Quarter 2013	First Quarter 2013	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012
Land and land project loans [(1)]	43,956	48,062	90,767	78,040	73,843
Home building operations	5,575	4,039	8,769	338	-
Other	-	-	-	216	-
	49,531	52,101	99,536	78,594	73,843
Deferred financing fees	(1,589)	(1,967)	(2,312)	(1,451)	(1,232)
Balance (end of period)	**47,942**	**50,134**	**97,224**	**77,143**	**72,611**

[(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 during 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 and in reduction of other loan balances from lot payouts.

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

	Six months ended June 30, 2013	Year ended December 31, 2012 [1]
Balance, beginning of year	97,224	86,066
Advances	12,961	89,941
Repayments	(62,640)	(77,904)
Finance expense	931	2,538
Interest and financing fees paid and capitalized	(534)	(3,417)
Balance, end of period	47,942	97,224

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

During the six months ended June 30, 2013, Genesis received $12,961 in loans and credit facilities and made repayments of $62,640 (see 'Related Party Transactions' on page 20).

LAND DEVELOPMENT SERVICE COSTS

Land service obligations are recognized on completion of sales. Land development service costs increased by $2,537 at June 30, 2013 compared to December 31, 2012 mainly due to the sale of lots in the newly developed phase 6 in the community of Saddlestone, the sale of a land parcel in phase 5 in the community of Bayside and the sale of multi-family units in Saffron and Brownstones. 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 and six months ended June 30, 2013 due to expenses of $343 and $687 incurred by the limited partnerships.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Limited Partnerships #6 and #7	500	700	500	700
Total	500	700	500	700

Refer to note 15 in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 and 2012 for further details on the limited partnerships.

SHAREHOLDERS' EQUITY

As at August 14, 2013, the Corporation had 44,861,200 common shares issued and outstanding. In addition, options to acquire 843,750 common shares of the Corporation were issued and outstanding under the Corporations' stock option plan.

INCOME TAX PAYABLE

Income tax payable decreased by $532 to $4,085 at June 30, 2013. The Corporation paid $1,500 of tax liability which was offset by a current tax provision amounting to $564 and a tax refund of $404.

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 June 30, 2013	Loans and Credit Facilities(1)	Naming Rights	Lease Obligations	Total
Current	39,756	700	823	41,279
Years 2014 and 2015	8,634	1,400	1,703	11,737
Years 2016 and 2017	1,141	1,200	833	3,174
Thereafter	-	1,500	-	1,500
	49,531	4,800	3,359	57,690

(1) *Excludes deferred financing fees.*

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.

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. Two of the ten required payments have been made and recorded as part of general and administrative expense, up to and including the amount for 2013.

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. Six of the ten required payments have been made and recorded as part of general and administrative expense, up to and including the amount for 2013.

Investment in naming rights demonstrates Genesis commitments to the communities it is involved in and helps in recognition of Genesis brand not only in these communities but also throughout the cities of Calgary and Airdrie.
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 June 30, 2013, a liability of approximately $3,126 (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:

	June 30, 2013	December 31, 2012 (2)
Loans and credit facilities, excluding deferred financing fees	39,756	19,091
Accounts payable and accrued liabilities	20,232	23,559
Total short-term liabilities	59,988	42,650
Commitments(1)	1,523	1,406
	61,511	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.*

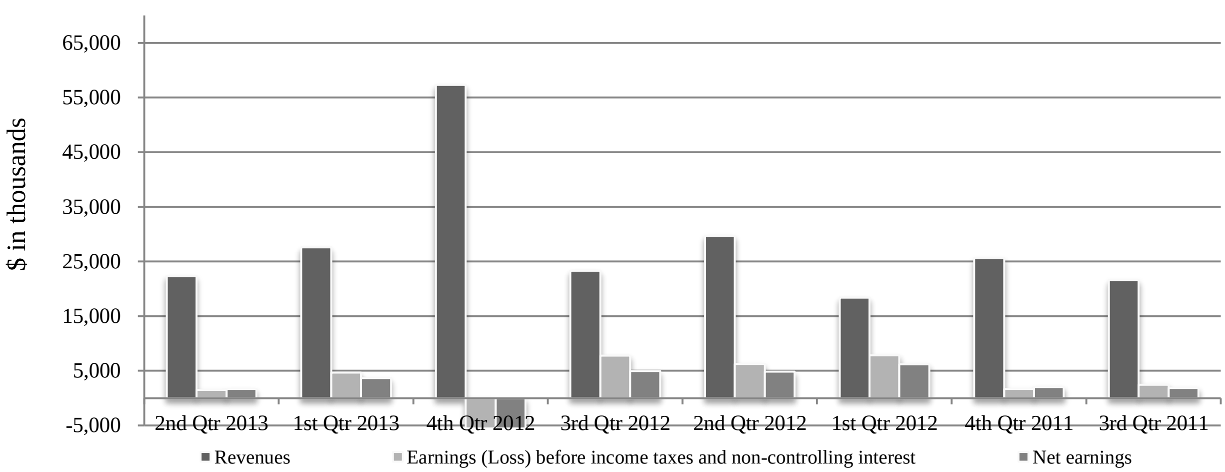
At June 30, 2013, Genesis had obligations due within the next 12 months of $61,511 of which $39,756 relates to loans and credit facilities, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on the Corporation's operating 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

	Second Quarter 2013	First Quarter 2013	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Third Quarter 2011
Revenues (1) (2)	22,327	27,560	57,281	23,281	29,708	18,378	25,615	21,590
Earnings (loss) before income taxes and non-controlling interest	1,500	4,653	(24,529)	7,788	6,240	7,840	1,666	2,462
Net earnings (loss) being comprehensive earnings (loss) attributable to equity holders of the parent	1,697	3,680	(7,126)	4,956	4,839	6,192	2,057	1,877
Net earnings per share - basic and diluted	0.04	0.08	(0.16)	0.11	0.11	0.14	0.05	0.04

(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.*

(2) *Revenues exclude other revenue*



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. Refer to note 3 of the unaudited condensed consolidated interim financial statements dated June 30, 2013 and 2012 for the effects of change in accounting policy. Refer to note 11 of the condensed consolidated interim financial statements dated June 30, 2013 and 2012 for the summarized financial information of the JV and reconciliation of the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the equity method.

The Corporation's transactions with the JV are limited to the purchase of lots. During the three and six months ended June 30, 2013 the JV sold 2 (2012 - Nil) to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $406 (2012 - $Nil). The Corporation's accounts payable and accrued liabilities as at June 30, 2013 included $3,435 (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 June 30, 2013, the Corporation had realized $6,313 of that amount as a result of sales to third parties (2012 – $5,605). The remaining amount of $6,854 will be realized on future sale and development of lots and lands by the JV. The development and sale of the real estate pertaining to the JV is expected to be completed by 2015.

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 June 30, 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 June 30, 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 that point of time. At June 30, 2013, the Corporation had loans totaling $24,988 (December 31, 2012 – $28,448) outstanding with this lender. During the three and six months ended June 30, 2013, Genesis paid interest and fees to the lender of $312 and $796 (2012 – $916 and $1,863), respectively. During the period ended June, 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 June 30, 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 and six months ended June 30, 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 June 30, 2013 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

On July 26, 2013, Smoothwater Capital Corporation ("Smoothwater") issued a statement and provided notice to the Corporation that it intends to launch a proxy contest. Subsequently, on July 30, 2013, Smoothwater announced that it had filed and mailed a dissident proxy circular dated July 29, 2013 in response to the management information circular dated July 17, 2013. The dissident proxy circular proposes a slate of seven nominees for election to the board of directors of the Corporation. Smoothwater and its sole shareholder hold in aggregate 9,909,435 common shares of the Corporation, representing more than 22% of the issued and outstanding common shares. The Corporation has applied to the Court in respect of the alleged violations of securities laws by Smoothwater and certain other dissident shareholders and to seek direction from the Court in respect of the inclusion of the dissident votes at the upcoming Annual General Meeting (the "AGM"). On August 9, 2013, the board of directors announced the postponement of the AGM, originally scheduled to take place on August 12, 2013, in order to ensure that the respective litigants are able to complete all necessary steps in the litigation and to allow the Court time to render a determination and provide the Corporation with direction in respect of the inclusion of votes at the AGM. The new date for the AGM is now August 20, 2013. The proxy contest creates uncertainty in the affairs of the Corporation. If the dissidents are successful, there is uncertainty on the effect that this result will have on the Corporation. Additional information on the proxy contest and on further developments is available on SEDAR at www.sedar.com.

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 including low unemployment and interest rates, low stable inflation rates, positive net migration and above average earnings in Alberta 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 the proxy contest; 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.