Genesis Land Development Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2013

November 7, 2013

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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 nine months ended September 30, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

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 of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of November 7, 2013.

NON-IFRS FINANCIAL MEASURES AND ADVISORIES

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.

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 nine months ended September 30, 2012 are summarized in note 3 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012. For additional information, refer to note 3, note 4, note 11 and note 16 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012.

PRINCIPAL BUSINESS ACTIVITIES

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 the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building. The Corporation's integrated operations include:

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

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

OUTLOOK

Alberta's general economic conditions continue to be strong and the home building industry in Calgary is expected to continue its growth through the balance of 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 provide Genesis with a healthy environment for development of its core land positions, sale of lots and expansion of its home building activities.

Genesis will continue to focus on its two core businesses of land development and home building in the greater Calgary area, where three core properties continue to generate attractive earnings and cash flows. Several other long-term land holdings, also in the greater Calgary area, will contribute to future sustainable earnings and cash flows when development commences.

The Corporation has made substantial progress in 2013 on the following strategic and operational priorities:

- Building a strong, profitable and sustainable home building operation;
- Growing the Corporation's land development operations, including:
    - assessing long-term requirements for land development and home building;
    - implementing the appropriate regulatory and planning programs to advance development of existing properties;
    - developing and implementing a plan to dispose of a number of non-core holdings in order to focus operations in the greater Calgary area and;
    - Simplifying the ownership structure of long-term land currently held in limited partnerships;
- Strengthening the Corporation's relationships with the lending and investment community.

CORPORATE HIGHLIGHTS

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

	Three months ended September 30,		Nine months ended September 30,	
Key Financial Data	**2013**	**2012**[1]	**2013**	**2012**[1]
Residential lot revenues[2]	2,819	5,479	16,176	35,940
Development land revenues	-	10,550	6,668	10,550
Residential home revenues[2]	16,915	7,366	46,902	25,593
Total revenues	19,734	23,395	69,746	72,083
Cost of sales[3]	25,651	14,809	62,252	43,641
Gross margin	(5,917)	8,586	7,494	28,442
Impairment (recovery)	11,141	(1,468)	12,127	(1,069)
Gross margin before impairment[4]	5,224	7,118	19,621	27,373
Gross margin before impairment (%)[4]	26%	30%	28%	38%
(Loss) earnings before income taxes	(10,488)	7,788	(4,335)	21,868
Net (loss) earnings[5] attributable to equity shareholders	(4,644)	4,956	733	15,987
Net (loss) earnings[5] per share - basic and diluted	(0.10)	0.11	0.02	0.36
Adjusted earnings per share - basic and diluted[4], [6]	0.06	0.10	0.20	0.35
Cash flows from operating activities per share[7]	0.06	0.02	1.19	0.32
Key Operating Data				
Residential lots sold to third parties (units)	17	28	88	192
Development land sold (acres)	-	11.78	11.28	11.78
Average revenue per lot sold to third parties	166	196	184	187
Average revenue per acre	-	896	591	896
Homes sold (units)	40	18	122	57
Average revenue per home sold	423	409	384	449
Net new home orders (units)	55	37	135	118

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
[2] *Includes other revenues*
[3] *Includes impairment (recovery) of real estate held for development and sale*
[4] *Non-IFRS financial measure. Refer to page 18*
[5] *Net of income tax expense*
[6] *Before impairment (recovery) related to equity shareholders and before proxy contest costs*
[7] *Basic and diluted amounts per share*

Key balance sheet data

As at	September 30, 2013	December 31, 2012[1]
Cash and cash equivalents	11,514	10,005
Total assets	312,981	374,341
Loans and credit facilities	48,906	97,224
Total liabilities	95,697	148,032
Total equity	217,284	226,309

(1) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012.

- Cash flows from operating activities per share for the three and nine months ended September 30, 2013 were $0.06 and $1.19 compared to $0.02 and $0.32 for the same periods in 2012. This increase was mainly due to receipt of payments from purchasers of residential lots and homes and the receipt of $27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development.

- Management's core strategy to "build a strong, profitable and sustainable home building operation", alongside its successful land development operation, is already showing results as revenues from the home building segment increased significantly from $7,366 to $16,915 and $25,593 to $46,902 in the three and nine months ended September 30, 2013 compared to the same periods in 2012. The number of homes sold increased dramatically from 18 to 40 and 57 to 122 in the three and nine months ended September 30, 2013 compared to the same periods in 2012.

- The Corporation's strategy is to sell more lots through its home building segment and thus realize both the land development margin and the home building margin. In the short term, land development revenue declines as those lots sold through the home building division, and related profits, are not recognized until the home is built and sold. This accounts for a significant portion of the decline in residential lot sales to third parties from 28 to 17 and 192 to 88 for the three and nine months ended September 30, 2013 compared to the same periods in 2012.

- The Corporation is working aggressively to generate higher gross margins in home building. Gross margin as a percentage of revenue before impairment for the three and nine months ended September 30, 2013 was 26% and 28% compared to 30% and 38% for the same periods in 2012. The reduction is largely a result of the higher weighting of revenue to home sales.

- Adjusted earnings per share before impairment (recovery) related to equity shareholders and before proxy contest costs for the three and nine months ended September 30, 2013 was $0.06 and $0.20 compared to $0.10 and $0.35 for the same periods in 2012.

- The assessment of long term land holdings has included a careful determination of net realizable value and impairment of $12,127 has been recorded in 2013 with most of that loss recorded in the current quarter. This write-down reduced earnings accordingly. The Corporation has identified several non-core properties for which a disposition plan is well underway. Development and acquisition plans for the long term land holdings to be retained have also progressed and show significant promise for long term sustainability of earnings and cash flows.

- The Corporation's debt decreased significantly from $97,224 at December 31, 2012 to $48,906 at September 30, 2013 due to the pay down of debt related to sites 1 and 2 in the Sage Hill Crossing commercial development and other property related debt. The rapid reduction of debt and the strong current and future cash flows from operating activities have reduced the Corporation's short-term reliance on debt.

Further information on the Corporation's performance is presented in the land development and home building sections of this MD&A. These sections are to be read in conjunction with note 12 (segmented information) in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012. These sections of the MD&A present the divisional revenues and expenses before inter-company eliminations.

RESULTS OF OPERATIONS

Genesis evaluates its land development and home building businesses internally on a segmented basis. The home building business is also evaluated against external industry benchmarks for other home builders in the City of Calgary. All costs are segmented, including selling costs, general and administrative costs and finance expense.

LAND DEVELOPMENT

	Three months ended September 30,				
	2013	(1)	**2012**(2)	(1)	**% change**
Revenues(3)	7,926	100%	17,507	100%	(55%)
Cost of sales	4,960	63%	11,534	66%	(57%)
Gross margin before impairment(4)	2,966	37%	5,973	34%	(50%)
(Impairment) recovery(5)	(11,141)		1,468		N/R(6)
Equity income from joint venture	1,805		3,144		(43%)
Proxy contest costs	(2,825)		-		N/R(6)
Other expenses(7)	(1,703)		(2,991)		(43%)
Segmented EBIT(8)	(10,898)		7,594		(244%)
Residential lots sold to third parties	17		28		(39%)
Residential lots sold to GBG	36		8		350%
Total residential lots sold	53		36		47%
Development land sold (acres)	-		11.78		-
Average revenue per lot sold	150		193		(22%)
Average revenue per acre sold	-		896		-

(1) *Percentage of revenue*
(2) *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
(3) *Revenues include residential lot sales, development land sales and other revenue*
(4) *Non-IFRS financial measure. Refer to page 18.*
(5) *(Impairment) recovery of real estate held for development and sale*
(6) *Not reflective due to percentage increase*
(7) *Other expenses includes general and administrative, selling and marketing, finance expense and finance income*
(8) *Segmented (loss) earnings before income taxes*

	Nine months ended September 30,				
	2013	(1)	**2012**(2)	(1)	**% change**
Revenues(3)	33,064	100%	52,205	100%	(37%)
Cost of sales	19,214	58%	28,281	54%	(32%)
Gross margin before impairment(4)	13,850	42%	23,924	46%	(42%)
(Impairment) recovery(5)	(12,127)		1,069		N/R(6)
Equity income from joint venture	2,825		4,782		(41%)
Proxy contest costs	(2,825)		-		N/R(6)
Other expenses(7)	(6,175)		(7,508)		(18%)
Segmented EBIT(8)	(4,452)		22,267		(120%)
Residential lots sold to third parties	88		192		(54%)
Residential lots sold to GBG	71		31		129%
Total residential lots sold	159		223		(29%)
Development land sold (acres)	11.28		11.78		(4%)
Average revenue per lot sold	166		187		(11%)
Average revenue per acre sold	591		896		(34%)

(1) *Percentage of revenue*
(2) *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
(3) *Revenues include residential lot sales, development land sales and other revenue*
(4) *Non-IFRS financial measure. Refer to page 18.*
(5) *(Impairment) recovery of real estate held for development and sale*
(6) *Not reflective due to percentage increase*
(7) *Other expenses includes general and administrative, selling and marketing, finance expense and finance income*
(8) *Segmented (loss) earnings before income taxes*

The Corporation's strategy is to sell more lots through its home building segment and thus realize both the land development margin and the home building margin. In the short term, land development revenue and profit declines as those lots sold through the home building division are not recognized until the home is built and sold. This impact is seen in the above results for the current quarter. Future quarters will benefit once the homes are built and the home and lot sold to a third party

The gross margin percentage before impairment increased to 37% from 34% during the three months ended September 30, 2013 compared to the same quarter in 2012. The lower margin in 2012 was a function of lower margin development land being sold in Q3 2012 while in Q3 2013 no development land was sold. The opposite occurred earlier in the year resulting in the 42% gross margin for the nine months ended September 30, 2013 compared to 46% for the nine months ended September 30, 2012.

The gross margin percentage before impairment decreased to 42% from 46% during the nine months ended September 30, 2013 compared to the same period in 2012. The decrease was due to the sales mix which included single-family lots in 2013 bearing gross margin of 57% and development land sales bearing gross margin of 13% with a combined margin of 42% compared to the same period in 2012 which included single-family lots bearing gross margin of 54% and development land sales bearing a gross margin of 22% with a combined gross margin of 46%.

For the three and nine months ended September 30, 2013, the Corporation incurred $2,825 towards proxy contest costs. This included an amount of $996 paid to cover the costs incurred by Smoothwater Capital

Corporation ("Smoothwater") as part of the settlement agreement. The impact on basic and diluted earnings per share for the three and nine months ended September 30, 2013 due to the proxy contest costs is $0.05 per share. Refer to the table on page 19 for the calculation of adjusted earnings per share.

On July 26, 2013, Smoothwater announced that it would propose a slate of seven nominees for election to the board of directors of the Corporation, and would file and mail a dissident proxy circular in response to the management information circular dated July 17, 2013 previously sent to the shareholders of the Corporation. Subsequently, on July 29, 2013, Smoothwater filed its dissident proxy circular and a proxy contest ensued between the Corporation and Smoothwater. On August 19, 2013, the Corporation and Smoothwater announced that they arrived at a settlement in respect of Smoothwater's proposal to nominate an alternate slate of directors at the 2013 annual general and special meeting of shareholders. On August 28, 2013, and pursuant to the Settlement Agreement, the Corporation and Smoothwater entered into a standstill agreement whereby the Corporation and Smoothwater have agreed, subject to certain assumptions and the coverage of reasonable costs related to the proxy contest, to certain standstill provisions and to the support of Board nominees for election to the board of directors of the Corporation through to the close of the 2015 annual meeting of shareholders. A copy of the Settlement Agreement and the standstill agreement are available under the Corporation's profile at www.sedar.com.

Other expenses decreased during the three and nine months ended September 30, 2013 by 43% and 18% over the comparative period in 2012. The decrease was due to the higher allocation of costs to the home building segment and the decrease in selling and marketing costs. The selling and marketing costs decreased as the Corporation achieved greater efficiencies due to the integration of the selling and marketing operations across the Corporation which resulted in a decrease in combined marketing costs for both segments. The decrease in costs was partially offset by an increase in the land development segment personnel costs due to an increase in number of personnel from 24 as at September 30, 2012 to 27 as at September 30, 2013, and severance paid to the former CEO.

As at September 30, 2013 the Corporation was developing six phases in three communities and selling land in nine phases in four communities in the Cities of Calgary and Airdrie.

HOME BUILDING

	Three months ended September 30,				
	2013	[1]	2012[2]	[1]	% change
Revenues[3]	16,915	100%	7,366	100%	130%
Cost of sales	14,657	87%	6,368	86%	130%
Gross margin	2,258	13%	998	14%	126%
Other expenses[4]	(1,848)		(804)		130%
Segmented EBIT[5]	410		194		111%
Homes sold	40		18		122%
Average revenue per home sold	423		409		3%

[1] *Percentage of revenue*
[2] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
[3] *Revenues include residential home sales and other revenue*
[4] *Other expenses includes general and administrative, selling and marketing, finance expense and finance income*
[5] *Segmented earnings before income taxes*

	Nine months ended September 30,				
	2013	[(1)]	**2012**[(2)]	[(1)]	**% change**
Revenues[(3)]	46,902	100%	25,593	100%	83%
Cost of sales	41,131	88%	22,292	87%	85%
Gross margin	5,771	12%	3,301	13%	75%
Other expenses[(4)]	(5,654)		(3,700)		53%
Segmented EBIT[(5)]	117		(399)		(129%)
Homes sold	122		57		114%
Average revenue per home sold	384		449		(14%)

(1) *Percentage of revenue*
(2) *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
(3) *Revenues include residential home sales and other revenue*
(4) *Other expenses includes general and administrative, selling and marketing, finance expense and finance income*
(5) *Segmented earnings before income taxes*

The increased revenues and number of homes sold for the three and nine months ended September 30, 2013 is reflective of the growth that was achieved in the home building segment in 2012 and early 2013. Homes contracted during that period are being delivered to customers during the current period and the associated revenues are recognized. Revenues and volumes have already increased with more growth expected in the future as management's strategic and operational changes are implemented and the benefits of those changes are gradually realized.

Gross margin percentage for the three months and nine months ended September 30, 2013 was comparable to that of the three months and nine months ended September 30, 2012. Margins are expected to increase gradually as greater efficiencies are realized from competitive pricing, cost controls and higher volumes as part of the new operational strategy.

Average revenue per home sold was higher in the three months ended September 30, 2013 compared to the same period in 2012, due to the sales mix of single-family homes sold during the period. The Corporation sold 39 single-family and one multi-family home during the three months ended September 30, 2013 compared to 18 single-family homes in the three months ended September 30, 2012.

Average revenue per home sold was lower in the nine months ended September 30, 2013 due to the sales mix which consisted of a larger number of multi-family homes sold when compared to the nine months ended September 30, 2012. The Corporation sold 84 single-family and 38 multi-family homes during the nine months ended September 30, 2013 compared to 56 single-family and one multi-family home in the nine months ended September 30, 2012.

Other expenses increased during the three and nine months ended September 30, 2013 due to a higher allocation of costs from land development segment, severance costs and increased personnel costs. Home building segment personnel costs increased due to an increase in the number of employees from 26 as at September 30, 2012 to 33 as at September 30, 2013. The increase is a function of the Corporation building up its human resources to support increased home building operations. The increase in other expenses was partially offset by a decrease in the selling and marketing costs which decreased over the comparative periods due to the integration of the selling and marketing operations across the Corporation which resulted in a decrease in combined marketing costs for both segments.

IMPAIRMENT OF REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Impairment (recovery)	11,141	(1,468)	12,127	(1,069)
	11,141	(1,468)	12,127	(1,069)

The Corporation has completed appraising approximately half the portfolio of properties by number in the current year to date and, as a result, a provision for impairment of $11,141 and $12,127 was made in the three and nine months ended September 30, 2013 respectively. Real estate held by limited partnerships accounted for $4,256 (2012 – recovery of $762) of these amounts. The remaining properties in the portfolio will be evaluated during the three months ending December 31, 2013. The entire impairment (excluding limited partnerships) relates to non-core properties that have been identified by management for disposal in the near term.

The impact on basic and diluted earnings per share for the three and nine months ended September 30, 2013 due to impairment is $0.11 and $0.13 per share. Refer to the table on page 19 for the calculation of adjusted earnings per share.

FINANCE EXPENSE

	Three months ended September 30,			Nine months ended September 30,		
	2013	**2012**[(1)]	**%**	**2013**	**2012**[(1)]	**%**
Interest incurred	853	1,388	(39%)	2,875	4,097	(30%)
Financing fees accretion	416	329	26%	1,140	930	23%
Interest and financing fees capitalized	(1,088)	(1,149)	(5%)	(2,721)	(3,428)	(21%)
	181	568	(68%)	1,294	1,599	(19%)

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

Interest incurred relates to operating loans secured by land and single-family home building operations. The lower interest incurred during the three and nine months ended September 30, 2013 compared to the three and nine months ended September 30, 2012 was due to lower average outstanding loan balances, lower interest rates and lower fees paid on new and renewed loans. The main contributor to the lower average loan balances 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 in January 2013 amounting to $31,411 and from lot payouts received.

LIQUIDITY AND CAPITAL RESOURCES

ASSETS

At September 30, 2013, the consolidated cash balance was $11,514 as compared to $10,005 as at December 31, 2012. Return on assets, calculated on a rolling 12 month basis, was (1.9) % at September 30, 2013 compared to 2.4% at December 31, 2012. Return on assets decreased due to the impairment on real estate held for development and sale.

	September 30, 2013	% of Total	December 31, 2012[1]	% of Total
Real estate held for development and sale	255,411	82%	264,184	71%
Investment in joint venture	9,170	3%	10,680	3%
Amounts receivable	26,192	8%	73,239	19%
Other operating assets	10,694	3%	16,233	4%
Deferred tax asset	-	-	-	-
Cash and cash equivalents	11,514	4%	10,005	3%
	312,981	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

	September 30, 2013	December 31, 2012[1]	%
Real estate held for development and sale	311,452	308,098	1%
Accumulated impairment	(56,041)	(43,914)	28%
	255,411	264,184	(3%)

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

Land inventory	September 30, 2013	December 31, 2012[1]
Land development		
Lots (units)[2]	368	392
Land (acres)	4,273	4,372
Land relating to limited partnerships (acres)	2,698	2,698
Home building		
Lots (units)	113	117
Homes under construction (units)	96	91

[1] The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements.
[2] Includes lots that have been contracted to be sold to the home building segment

Real estate held for development and sale decreased by $8,773 or 3% during the nine months ended September 30, 2013. This was due to the sale of real estate and a provision for impairment. These decreases were offset, in part, by the development of lands.

Genesis held a total of 481 single-family lots at September 30, 2013, down from 509 lots it held in at December 31, 2012. The Corporation acquires and develops land for new communities as existing land is developed and sold.

AMOUNTS RECEIVABLE

	September 30, 2013	December 31, 2012[(1)]	%
Amounts receivable	26,192	73,239	(64%)

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

Amounts receivable decreased by $47,047 at September 30, 2013 compared to December 31, 2012 mainly due to the receipt of payment of $27,713 for sites 1 and 2 in the Sage Hill Crossing commercial development. The remaining decrease was due to lower number of lots sold during the period and due to the repayment of certain vendor take-back mortgages.

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

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2013	% of Total	December 31, 2012[(1)]	% of Total
Loans and credit facilities	48,906	16%	97,224	26%
Customer deposits	4,854	2%	4,352	1%
Accounts payable and accrued	21,883	7%	23,559	6%
Land development service costs	19,012	6%	18,220	5%
Income taxes payable	466	0%	4,617	1%
Deferred tax liabilities	576	0%	60	0%
Non-controlling interest	26,810	9%	36,719	10%
Shareholders' equity	190,474	60%	189,590	51%
	312,981	100%	374,341	100%

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

LOANS AND CREDIT FACILITIES

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 meet the above obligations as they become due. The Corporation regularly reviews its credit facilities and manages the requirements in accordance with project development plans and operating requirements.

Loans and credit facilities from lending institutions as at September 30, 2013 totaled $48,906. The following is a summary of the Corporation's drawn and outstanding loan and credit facility balances as at September 30, 2013 and as at the end of the previous four quarters:

	Q3 2013	Q2 2013	Q1 2013	Q4 2012[1]	Q3 2012[1]
Land development loans	42,658	43,956	48,062	90,767	78,040
Home building loans	7,668	5,575	4,039	8,769	338
Other	-	-	-	-	216
	50,326	49,531	52,101	99,536	78,594
Deferred financing fees	(1,420)	(1,589)	(1,967)	(2,312)	(1,451)
Balance, end of period	48,906	47,942	50,134	97,224	77,143

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

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

	Nine months ended September 30, 2013	Year ended December 31, 2012 [1]
Balance, beginning of period	97,224	86,066
Advances	31,858	89,941
Repayments	(80,637)	(77,904)
Finance expense	1,072	2,538
Interest and financing fees paid and capitalized	(611)	(3,417)
Balance, end of period	48,906	97,224

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

During the nine months ended September 30, 2013, Genesis received $31,858 in loans and credit facilities and made repayments of $80,637 (see 'Related Party Transactions' on page 17).

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

	September 30, 2013	December 31, 2012[1]
Total liabilities	95,697	148,032
Total equity	217,284	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 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 $48,906 and the debt to equity ratio to 0.44 at September 30, 2013.

LAND DEVELOPMENT SERVICE COSTS

The Corporation sells lots where all the associated costs to service such lands have not been incurred. The Corporation recognizes these obligations on completion of sales. Land development service costs increased by $792 at September 30, 2013 over those at December 31, 2012 mainly due to the sale of lots in the newly developed phase 6 in the community of Saddlestone, and the sales of lots in phases 1 and 2 in the community of Sage Meadows. The overall increase in land service costs was partially offset by the completion of previously accrued land development service costs, mainly in Sage Hill Crossing.

NON-CONTROLLING INTEREST

Non-controlling interest decreased for the three and nine months ended September 30, 2013 due to impairment, distributions made by a limited partnership and expenses incurred by the limited partnerships and paid by the Corporation.

Refer to note 15 in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012 for additional information on the limited partnerships.

SHAREHOLDERS' EQUITY

As at November 7, 2013, the Corporation had 44,861,200 common shares issued and outstanding. In addition, options to acquire 850,500 common shares of the Corporation were issued and outstanding under the Corporation’s stock option plan.

Return on equity, calculated on a rolling 12 month basis, was (2.7)% at September 30, 2013 compared to 4.7% at December 31, 2012. Return on equity decreased due to impairment booked on real estate held for development and sale.

INCOME TAX PAYABLE

Income tax payable decreased by $4,151 to $466 at September 30, 2013. The Corporation paid $3,727 of tax liability which was offset by a current tax provision of $424.

CASH FLOWS FROM OPERATING ACTIVITIES

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Cash flows from operating activities	2,538	965	53,379	14,451
Cash flows from operating activities - per share	0.06	0.02	1.19	0.32

Cash flows from operating activities increased for the three months ended September 30, 2013 mainly due to receipt of payments from purchasers of residential lots and homes. Cash flow from operating activities for the nine months ended September 30, 2013 increased due to the receipt of payments from the sale residential lot and development land sales, including receipts from the sale of sites 1 and 2 in Sage Hill Crossing in early 2013. Cash flows from operating activities also increased due to receipt of payments from home sales due to increased home building activity.

CONTRACTUAL OBLIGATIONS AND DEBT REPAYMENT

The Corporation's contractual obligations, as at September 30, 2013, other than accounts payable, income taxes payable, customer deposits and land development service costs, were as follows:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	31,338	700	847	32,885
Years 2014 and 2015	17,427	1,400	857	19,684
Years 2016 and 2017	1,561	1,200	846	3,607
Thereafter	-	1,500	618	2,118
	50,326	4,800	3,168	58,294

[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 commencing June 1, 2008, 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 the positive recognition of the 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 September 30, 2013, a liability of approximately $3,174 (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

	September 30, 2013	December 31, 2012[1]
Loans and credit facilities, excluding deferred financing fees	31,338	19,091
Accounts payable and accrued liabilities	21,883	23,559
Total short-term liabilities	53,221	42,650
Commitments[2]	1,547	1,406
	54,768	44,056

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

At September 30, 2013, Genesis had obligations due within the next 12 months of $54,768 of which $31,338 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

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Revenues [1], [2]	19,678	22,327	27,560	57,281	23,281	29,708	18,378	25,615
EBIT [3]	(10,488)	1,500	4,653	(24,529)	7,788	6,240	7,840	1,666
Net (loss) earnings[4]	(4,644)	1,697	3,680	(7,126)	4,956	4,839	6,192	2,057
EPS [5]	(0.10)	0.04	0.08	(0.16)	0.11	0.11	0.14	0.05

[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*
[3] *(Loss) earnings before income taxes and non-controlling interest*
[4] *Net (loss) earnings attributable to equity shareholders*
[5] *Net (loss) earnings per share - basic and diluted*

Seasonality affects the land development and home building industry in Canada due to weather conditions during winter operations. As a result, Genesis will typically realize higher home building 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 lot 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 September 30, 2013 and 2012 for the effects of change in accounting policy. Refer to note 11 of the condensed consolidated interim financial statements dated September 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 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 irrevocable letters of credit to municipalities as part of the subdivision plan registration process. As at September 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 September 30, 2013.

RELATED PARTY TRANSACTIONS

Mr. Sandy Poklar, who is an officer of Firm Capital, a lender to the Corporation, was considered a related party until September 4, 2013 when he resigned from the board of directors. As a result, transactions with this lender after September 4, 2013 are no longer considered related party transactions. During the periods July 1, 2013 through September 4, 2013 and January 1, 2013 through September 4, 2013, Genesis paid related party interest and fees to the lender of $448 and $1,244 (2012 – $890 and $2,753) respectively. During the periods specified above, the Corporation obtained no new financing or re-financing on existing loans (2012 – $Nil) with the lender. All transactions were under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements (refer to note 15 of the unaudited condensed consolidated interim financial statements dated September 30, 2013 and 2012) and a 50% partner in the joint venture (refer to note 11 of the unaudited condensed consolidated interim financial statements dated September 30, 2013 and 2012).

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at September 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 nine months ended September 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 September 30, 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 Corporation's 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

NON-IFRS MEASURES

Gross margin before impairment 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 impairment is calculated by adding back impairment of real estate held for development and sale to the gross margin. Gross margin before impairment is used to assess the performance of the business 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 below shows the calculation of gross margin before impairment which is derived from gross margin.

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012[1]**	**2013**	**2012[1]**
Total revenues	19,734	23,395	69,746	72,083
Gross margin	(5,917)	8,586	7,494	28,442
Impairment (recovery)[2]	11,141	(1,468)	12,127	(1,069)
Gross margin, before impairment	5,224	7,118	19,621	27,373
Gross margin, before impairment (%)	26%	30%	28%	38%

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
[2] *Impairment (recovery) of real estate held for development and sale*

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 impairment attributable to shareholders and proxy contest costs and net of income taxes relating to the impairment and proxy contest costs, 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 business without the effects of impairment and proxy contest costs. Management believes it is useful to exclude impairment and proxy contest costs from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are 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 equity shareholders.

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012[1]**	**2013**	**2012[1]**
Net earnings[2]	(4,644)	4,956	733	15,987
Impairment (recovery)[3]	6,885	(692)	7,871	(293)
Proxy contest costs	2,825	-	2,825	-
Tax effect of impairment @25%	(2,428)	173	(2,674)	73
Adjusted earnings	2,638	4,437	8,755	15,767
Basic number of shares[4]	44,861,200	44,698,817	44,830,718	44,630,801
Diluted number of shares[4]	44,949,924	44,809,418	44,899,331	44,729,011
Adjusted earnings per share[5]	0.06	0.10	0.20	0.35

[1] *The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements*
[2] *Net (loss) earnings attributable to equity shareholders*
[3] *Excludes impairment (recovery) related to properties held by limited partnerships*
[4] *Weighted average number of shares*
[5] *Adjusted earnings per share – basic and diluted after adding back after-tax impairment and proxy contest costs*

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 the table below 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 of the Corporation's value that would cover its debt obligations. Management believes that this measure is useful as a lower percentage indicates a greater ability for the Corporation to repay its debt.

Debt to gross book value

Debt to gross book value is calculated as follows:

	September 30, 2013	December 31, 2012[1]
Debt		
Loans and credit facilities excluding deferred financing fees	50,326	99,536
Gross Book Value[2]		
Real estate held for development and sale	255,411	264,184
Investment in joint ventures	9,170	10,680
Property and equipment[2]	853	688
Other assets[3]	47,866	98,999
Deferred financing fees	1,420	2,312
Gross book value	314,720	376,863
Debt to gross book value	16.0%	26.4%

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

OTHER

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

ADVISORIES

NON-IFRS FINANCIAL MEASURES

Gross margin before impairment, 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 18 for an explanation on calculation of the gross margin before impairment and page 19 for the 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 exists. 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, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building 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; the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; 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.