



GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2011

August 3, 2011

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	3
NON-IFRS MEASURES	4
THE CORPORATION	4
EXECUTIVE SUMMARY	4
OUTLOOK	5
KEY FINANCIAL PERFORMANCE INDICATORS	5
RESULTS OF OPERATIONS	7
FINANCIAL POSITION	13
ASSETS	13
LIABILITIES AND EQUITY	15
LIQUIDITY AND CAPITAL RESOURCES	15
SUMMARY OF QUARTERLY RESULTS	18
JOINT VENTURE	18
OFF BALANCE SHEET ARRANGEMENTS	19
RELATED PARTY TRANSACTIONS	19
CRITICAL ACCOUNTING ESTIMATES	19
TRANSITION TO IFRS	19
RISKS AND UNCERTAINTIES	20
DISCLOSURE CONTROLS AND PROCEDURES	20
INTERNAL CONTROLS OVER FINANCIAL REPORTING	21
OTHER	21

GENESIS LAND DEVELOPMENT CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and six months ended June 30, 2011

(All dollar amounts are in thousands except per share amounts and as noted in %)

Dated August 3, 2011

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 consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2011 prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010 prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). These financial statements 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, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

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

NON-IFRS MEASURES

This MD&A refers to certain financial measurements that do not have any standardized meaning within IFRS and therefore may not be comparable to similar measures provided by other companies. These measures are provided as they are considered informative for management, shareholders and analysts. These measures include funds from operations (“FFO”) and gross margin.

THE CORPORATION

Genesis is a Calgary-based real estate development corporation focusing primarily on the development and sale of residential, commercial and light industrial properties. The Corporation’s vertically integrated operations include:

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

The Corporation owns development lands primarily in and around the City of Calgary, the City of Edmonton, the City of Airdrie and the Town of Cochrane in Alberta, and also has land holdings within the City of Prince George as well as the Kamloops and Radium areas in the Province of British Columbia.

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

The number of employees as at June 30, 2011 is 54 (June 30, 2010 – 56)

EXECUTIVE SUMMARY

On January 1, 2011, Genesis transitioned from Canadian GAAP to IFRS with the first quarter of 2010 being the first comparative period under IFRS.

Subsequent to the end of the quarter, Corporation refinanced five of its existing loans amounting to \$55,236 as at June 30, 2011, into three loans amounting to \$54,185 to more favourable terms. The new loans have a 30-month term, carry lower interest rates and require no capital repayment which will free up \$9,000 annually in principal repayments and result in savings of approximately \$1,300 of interest costs annually.

The Corporation achieved net earnings of \$0.08 and \$0.16 per share for the three and six months ended June 30, 2011 compared to \$0.49 and \$0.50 per share for the three and six months ended June 30, 2010. The decrease is attributable to the sale of a large development land parcel in 2010, a drop in the number of homes sold due to wet weather conditions, partially offset by an increase in the residential lot revenues in the recently completed phases 1 and 2 of the Calgary community of Sage Meadows. The multi-family project, The Breeze, is nearly sold out, with only 1 unit remaining in inventory as at June 30, 2011.

The Corporation’s debt increased marginally by \$4,117 during the six months ended June 30, 2011 to finance development work in the active projects.

The Corporation has established a Special Committee of independent members of Genesis' Board of Directors to assess a range of strategic alternatives that may include capital markets opportunities, restructuring the current credit facilities, asset divestitures, and/or a corporate sale, merger or other business combination. The ultimate objective of carrying out this review is to determine which

alternative(s) might result in superior value for the shareholders. Desjardins Securities Inc. has been engaged as exclusive financial advisor to assist in this process.

OUTLOOK

Building on its improved balance sheet, Genesis has been able to restructure \$54,185 of its debts with its lenders which will have an immediate and positive impact on liquidity. The new loans have a 30-month term, a reduction of approximately 2.5% in the interest rate charged as compared to the original loans, and no required principal repayments which frees up \$9,000 annually in principal repayments and approximately \$1,300 of interest on the outstanding principal. The expected improved liquidity allows Genesis to manage its working capital more effectively. The extended term also means more of Genesis' outstanding debt is due beyond a single operating cycle, reducing the need to seek renewals or working capital loans.

The land division, after experiencing a number of weather related delays in the winter and spring season, has now completed servicing of the first two phases of the NE Calgary community of Saddlestone, and has commenced servicing of phases 3 and 4, which will yield 132 lots with substantial completion expected late in 2011. It also expects to have 131 lots available for sale in Bayside phase 7. A third party builder is negotiating the purchase of 46 of these lots. Genesis has also agreed to sell 2 additional lots in Bayside phase 7 to Habitat for Humanity at a significant discount.

GBG also now has a total of 6 completed show-home sales centers in four communities and is starting to gain some traction after the weather delays experienced over the winter and spring that have delayed both the completion of the show homes, and the ability to deliver completed lots and homes to customers. As a result of these delays, GBG expects to close fewer than expected homes in 2011, but with the new sales centres fully operational, it is expected that the volume will rebound in 2012.

Genesis continues to refine its plans on a +/-180 unit multi-family rental project in its community of Saddlestone. Focusing on two-bedroom units that are less than a 1,000 square feet with the average target rental revenues of one-thousand-dollars per unit, designs are being finalized with construction expected to commence in 2011. Once construction is complete, the Corporation intends to retain it as a revenue producing property.

Genesis currently has one multi-family parcel of land under conditional sale to a multi-family builder for approximately \$6,000. This site, located in Saddlestone, is expected to close in the third quarter of 2011.

As expected, RioCan Real Estate Investment Trust ("RioCan") has exercised their second and final extension on the conditional sale of +/- 33.5 acres and \$31,600 in Sage Hill Crossing in NW Calgary. If the deal goes firm on September 2, 2011, RioCan will be required to pay a 15% deposit on the purchase price, and Genesis will commence servicing at that time. Once firm, the deal will close on the completion of servicing. Genesis will likely complete the servicing in early 2012.

KEY FINANCIAL PERFORMANCE INDICATORS

The Key Financial Performance Indicators ("KPIs") that the management of Genesis use to measure the performance of the Corporation are as follows:

1. Funds From Operations is an earnings measure.
2. Funds From Operations per share is an earnings measure.
3. Earnings Per Share is an earnings measure.
4. Debt to Gross Book Value is a leverage measure.
5. Debt to Equity ratio is a leverage measure.
6. Return on Equity is a measure of return on shareholders' capital at risk.
7. Return on Assets is a measure of return on asset value.

Some of the Key Performance Indicators calculated are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Funds From Operations	6,321	25,928	13,438	28,306
Funds From Operations per share	0.14	0.59	0.30	0.64
Earnings Per Share	0.08	0.49	0.16	0.50

	For the twelve months ended	
	June 30, 2011	December 31, 2010
Return on Equity	11.2%	23.9%
Return on Assets	5.3%	10.3%

	June 30, 2011	December 31, 2010
Debt to Equity ratio	0.55	0.54
Debt to Gross Book Value	23.7%	23.5%

For the calculation of debt to equity ratio, refer to the 'Liquidity and Capital Resources' section.

Funds from operations were calculated as follows:

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Cash provided (used) by operating activities (IFRS)	5,896	29,332	(23,436)	(80%)	8,543	41,506	(32,963)	(79%)
Changes in non-cash working capital	425	(3,404)	3,829	112%	4,895	(13,200)	18,095	137%
Funds from operations	6,321	25,928	(19,607)	(76%)	13,438	28,306	(14,868)	(53%)

The decrease in FFO is mainly due to a one time sale of a large development land parcel that occurred during the same period in 2010, a drop in the number of homes sold due to wet weather conditions, partially offset by an increase in the sale of residential lots in the recently completed phases 1 and 2 of the Calgary community of Sage Meadows.

Debt to Gross book value is calculated as follows:

(\$'s)	June 30, 2011	December 31, 2010
Debt		
Financings excluding deferred financing fees	86,865	82,963
Debt	<u>86,865</u>	<u>82,963</u>
Gross Book Value		
Real estate held for development and sale	294,112	304,634
Property and equipment	2,024	2,004
Other assets	68,653	45,288
Deferred financing fees	1,428	1,643
Gross Book Value	<u>366,217</u>	<u>353,569</u>
Debt to Gross Book Value	<u>23.7%</u>	<u>23.5%</u>

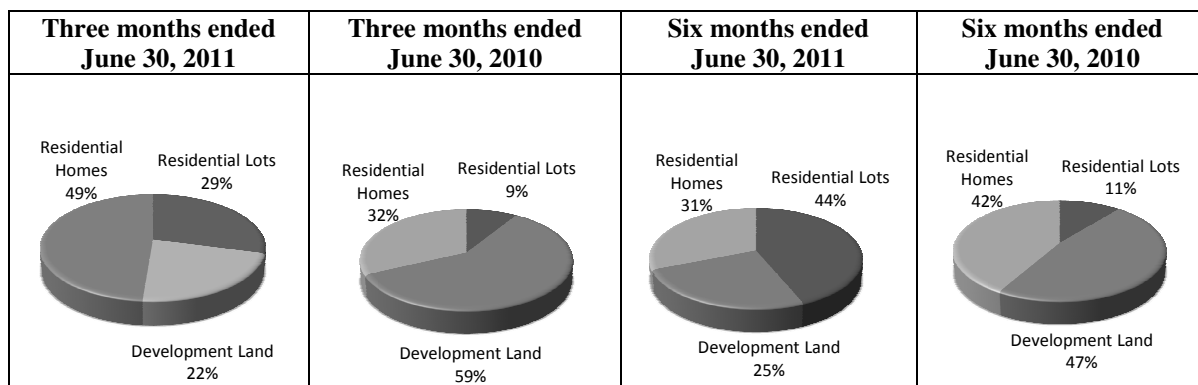
Gross book value means the book value of the assets of the Corporation and its consolidated subsidiaries plus accumulated depreciation in respect of property and equipment, and deferred financing fees. Other assets include amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.

RESULTS OF OPERATIONS

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Net earnings attributable to equity holders of the parent	3,604	21,606	(18,002)	(83%)	7,127	22,143	(15,016)	(68%)
Basic and diluted net earnings per share	<u>0.08</u>	<u>0.49</u>	<u>(0.41)</u>	<u>(84%)</u>	<u>0.16</u>	<u>0.50</u>	<u>(0.34)</u>	<u>(68%)</u>

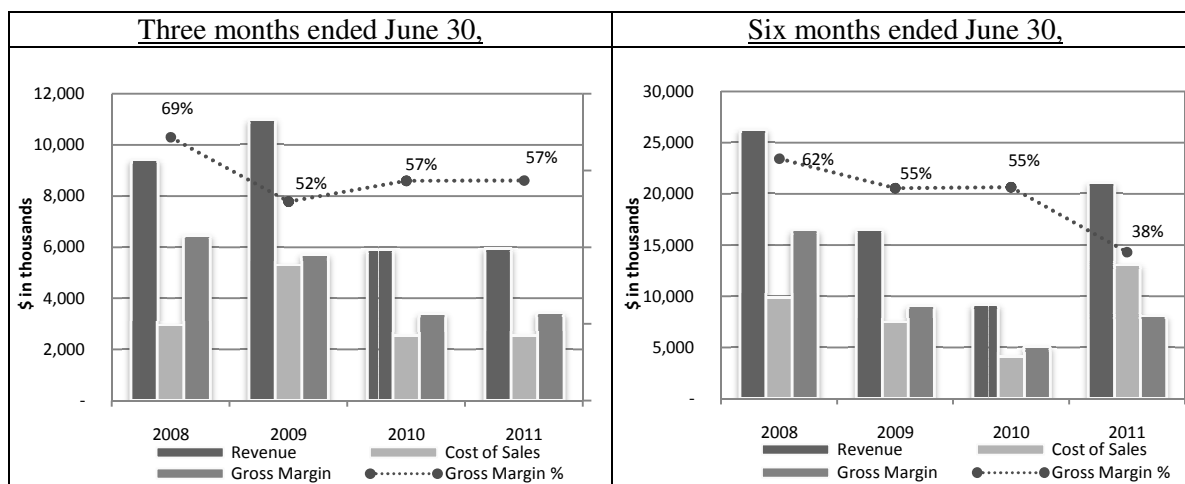
Revenue, Cost of Sales and Gross Margin

The revenue mix for the three and six months ended June 30, 2011 and 2010 is as follows:



Residential Lots

Revenue, Cost of Sales and Gross Margin



(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Residential lot revenue	5,929	5,883	46	1%	21,020	9,088	11,932	131%
Cost of sales	(2,528)	(2,511)	17	(1%)	(12,999)	(4,082)	8,917	(218%)
Gross margin	3,401	3,372	63	2%	8,021	5,006	20,849	416%
Gross margin %	57%	57%			38%	55%		
Number of lots sold	32	30	2	7%	114	47	67	143%
Average revenue per lot	185	196	(11)	(6%)	184	193	(9)	(5%)
Average cost of sales per lot	79	84	(5)	(6%)	114	87	27	31%

Residential lot revenue increased during the three and six months ended June 30, 2011 compared to the same periods in 2010 mainly due to a higher number of lots sold in the recently completed phases 1 and 2 of the Calgary community of Sage Meadows, and in phases 4 and 9 of the Airdrie community of Bayside.

The cost of sales per lot was higher for the six months ended June 30, 2011 compared to the same period in 2010 and consequently the gross margin has also decreased, mainly due to the sales mix in the first quarter of 2011 (Gross Margin % - 31%), which was primarily comprised of lots sold in the Calgary community of Sage Meadows. The Sage Meadows community has a higher cost base per saleable square foot due to the infrastructure requirements as follows:

- The Sage Meadows community has a lower saleable area as a large portion of the lands are considered environmentally significant by the City of Calgary and there is a further requirement to allocate more land to school sites and a neighborhood park, thus increasing the cost for each saleable square foot;
- The Corporation also incurred higher costs for storm water management due to the location of the Sage Meadows lands.

The gross margin remained unchanged for the three months ended June 30, 2011 compared to the same period in 2010 as pricing and cost of sales was comparable for the lots sold mainly in phases 4 and 9 of the Airdrie community of Bayside. In the future, management expects to maintain margins consistent with the second quarter of 2011 and historical periods.

Development Land

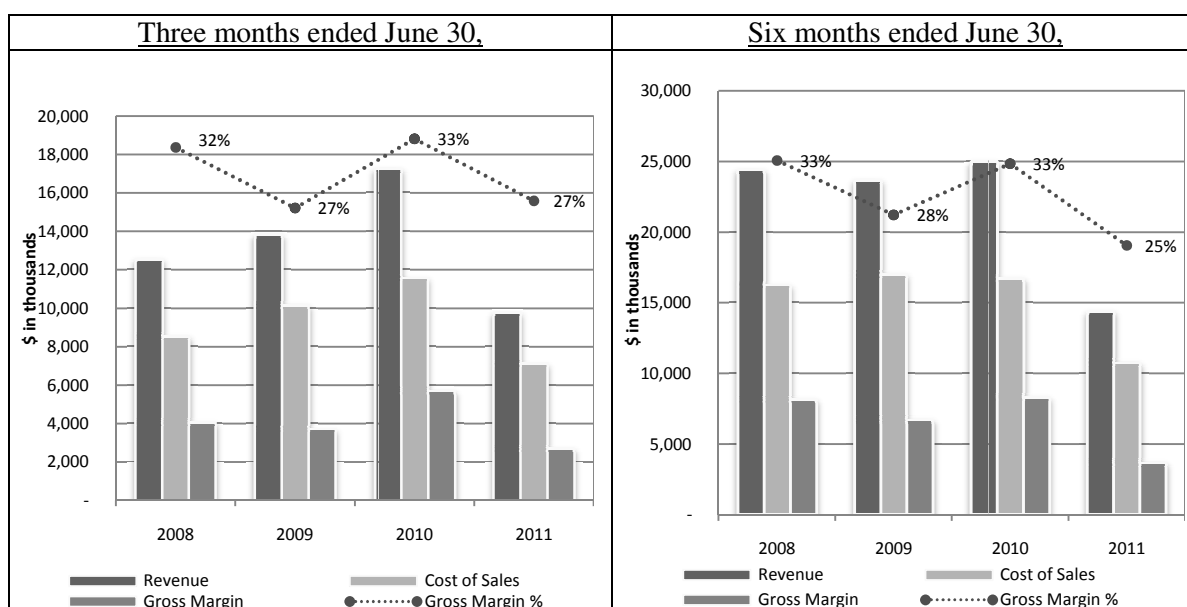
(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Development land revenue	4,514	39,062	(34,548)	(88%)	12,158	39,712	(27,554)	(69%)
Cost of sales	(2,977)	(13,360)	(10,383)	(78%)	(7,607)	(13,800)	(6,193)	(45%)
Gross margin	1,537	25,702	(24,165)	(94%)	4,551	25,912	(21,361)	(82%)
Gross margin %	34%	66%			37%	65%		

The decrease in development land sales for the three and six months ended June 30, 2011 compared to the same periods in 2010 was primarily driven by the sale of a residential land parcel for \$35,000 during the three months ended June 30, 2010 in the city of Calgary, Alberta. The decrease in margin for the three and six months ended June 30, 2011 compared to the same periods in 2010 is due to the sales mix. The development land sold in 2010 was mainly comprised of the single-family land parcels, which generally carry higher margins as compared to the commercial and multi-family land parcels sold in 2011.

Residential Home Building

Single-family

Revenue, Cost of Sales and Gross Margin



(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Single-family revenue	9,745	17,224	(7,479)	(43%)	14,356	24,952	(10,596)	(42%)
Cost of sales	(7,086)	(11,550)	(4,464)	(39%)	(10,708)	(16,690)	(5,982)	(36%)
Gross margin	2,659	5,674	(3,015)	(53%)	3,648	8,262	(4,614)	(56%)
Gross margin %	27%	33%			25%	33%		
Number of homes sold	21	39	(18)	(46%)	30	57	(27)	(47%)
Average revenue per home	464	442	22	5%	479	438	41	9%
Average cost of sales per home	337	296	41	14%	357	293	64	22%

The decrease in the number of single-family homes sold during the three and six months ended June 30, 2011 compared to the same periods in 2010 was a result of wet weather conditions, which delayed the availability of lots to commence construction work. Although the volume decreased, the average selling price of homes increased in line with current home prices in Calgary, which is showing a slow but consistent recovery. The sales mix also played a part in increasing the average selling price, as the Corporation closed one custom home with higher pricing.

The increase in cost of sales per home during the three and six months ended June 30, 2011 compared to the same periods in 2010 is partly due to one custom home with higher cost of construction. The overall recovery of the market conditions is also driving up the cost of labour and materials.

The decrease in overall margin is due to the sale of two show homes, which were priced to sell in the communities of Taralake and Sherwood at lower margins. Additionally, the margin on one custom home was lower, which impacted the overall gross margin. The margins are lower in general as the Corporation is adjusting to the new mortgage qualification rules. The margin for the three and six months ended June 30, 2011 excluding custom and show homes was 28%.

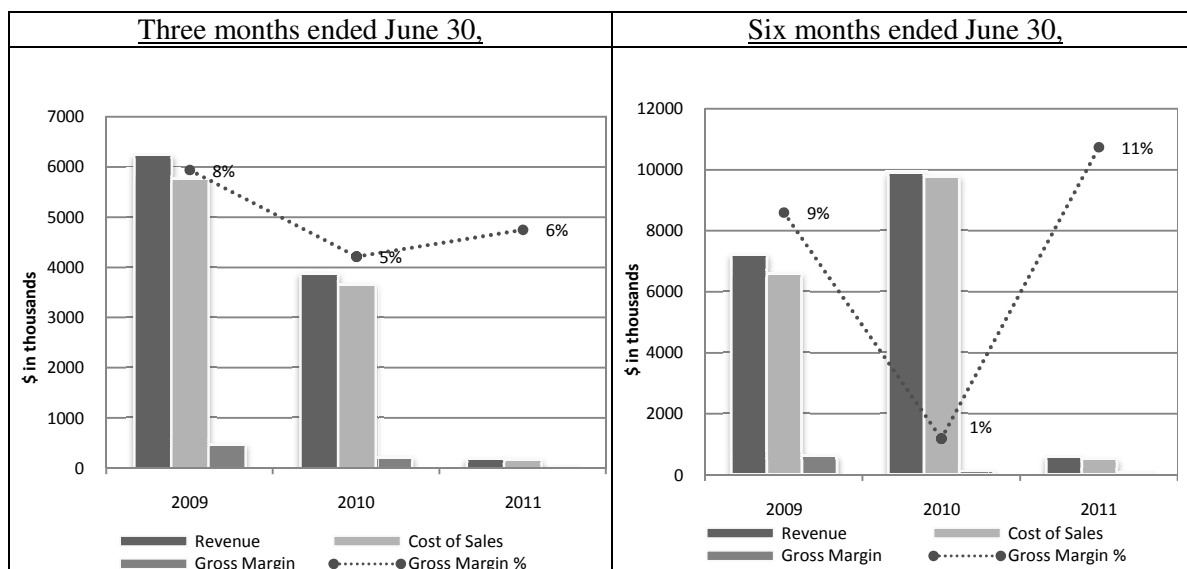
The number of home sales closed by community during the three and six months ended June 30, 2011 and 2010 in Calgary and Airdrie are as follows:

Community	Three months ended June 30,				Six months ended June 30,			
	# of single-family homes closed		Average amount per home (\$'s)		# of single-family homes closed		Average amount per home (\$'s)	
	2011	2010	2011	2010	2011	2010	2011	2010
<u>Calgary</u>								
Kincora*	-	18	-	425	-	25	-	410
Sherwood	-	9	-	567	2	12	522	567
Saddlestone	10	-	436	-	10	-	436	-
Sage Meadows	6	-	636	-	7	-	608	-
Taralake	-	1	-	545	1	3	461	519
<u>Airdrie</u>								
Bayside	5	11	313	357	10	17	424	374
Total	21	39	464	442	30	57	479	438

*sold out in 2010

Multi-family

Revenue, Cost of Sales and Gross Margin



*There were no multi-family projects in 2008

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Multi-family revenue	180	3,873	(3,693)	(95%)	577	9,887	(9,310)	(94%)
Cost of sales	(169)	(3,663)	(3,494)	(95%)	(515)	(9,769)	(9,254)	(95%)
Gross margin	11	210	(199)	(95%)	62	118	(56)	(47%)
Gross margin %	6%	5%			11%	1%		
Number of homes sold	1	15	(14)	(93%)	3	38	(35)	(92%)
Average revenue per home	180	258	(78)	(30%)	192	260	(68)	(26%)
Average cost of sales per home	169	244	(75)	(31%)	172	257	(85)	(33%)

The Corporation currently has one multi-family project, The Breeze, a 125-unit condominium project in Airdrie, which is a joint venture with Genesis Limited Partnership #6 ("LP6"). The project is nearly sold out with 1 unit remaining in the inventory as at June 30, 2011.

During the three and six months ended June 30, 2011, Genesis commenced design work on a multi-family project with approximately 180 units in the Calgary community of Saddlestone. The construction is expected to commence in 2011. Once construction is complete, the Corporation intends to retain it as a revenue producing property.

The Corporation currently has an additional seven multi-family projects, which have undergone planning and approvals but have not commenced construction. Management is currently evaluating the opportunities to develop or divest itself of certain of these project sites.

General and Administrative Expense

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Corporate administration	1,148	1,084	64	6%	1,731	1,735	(4)	(0%)
Compensation and benefits	1,249	1,149	100	9%	2,552	2,195	357	16%
Professional services	806	834	(28)	(3%)	1,236	1,432	(196)	(14%)
Advertising and marketing	457	432	25	6%	737	699	38	5%
	3,660	3,499	161	5%	6,256	6,061	195	3%

The overall general and administrative expense for the three and six months ended June 30, 2011 compared to the same periods last year has remained consistent. The compensation and benefits expense for the three and six months ended June 30, 2011 increased mainly due to an increase in the number of average employees rising by 8% and 14%, respectively. The professional services expense has decreased due to lower legal costs incurred in the three and six months ended June 30, 2011 compared to the same periods last year.

Finance Expense

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Interest expensed	1,803	2,181	(378)	(17%)	3,484	5,006	(1,522)	(30%)
Financing fees accretion	389	955	(566)	(59%)	740	1,510	(770)	(51%)
Interest and financing fees capitalized	(617)	(734)	(117)	(16%)	(1,376)	(1,403)	(27)	(2%)
	<u>1,575</u>	<u>2,402</u>	<u>(827)</u>	<u>(34%)</u>	<u>2,848</u>	<u>5,113</u>	<u>(2,265)</u>	<u>(44%)</u>

Interest expense relates to certain operating loans secured by land and single-family home building operations.

The decrease in interest expense for the three and six months ended June 30, 2011 compared to the same periods last year was mainly due to reduced rates and outstanding balances. The Corporation also repaid certain financings bearing interest higher than the Corporation's average during 2010, which contributed to a decrease in interest expense.

Subsequent to the end of the quarter, the Corporation refinanced five of its existing loans amounting to \$55,236 as at June 30, 2011, into three loans amounting to \$54,185. The interest rate on the new loans is the greater of 7.2% or prime + 4.2% with a term of 30 months. The interest rate on original loans ranged from 10% to prime + 5%. The security for the loans is unchanged.

Income Tax Expense

(\$'s)	Three months ended June 30,				Six months ended June 30,			
	2011	2010	Change	%	2011	2010	Change	%
Income tax expense	<u>1,438</u>	<u>7,958</u>	<u>(6,520)</u>	<u>(82%)</u>	<u>2,748</u>	<u>8,184</u>	<u>(5,436)</u>	<u>(66%)</u>

Income tax expense decreased for the three and six months ended June 30, 2011 compared to the same periods last year primarily due to lower taxable income.

FINANCIAL POSITION

ASSETS

(\$'s)	June 30,		December 31,	
	2011	%	2010	%
Real estate held for development and sale	294,112	81%	304,634	86%
Property and equipment	486	-	544	-
Amounts receivable	41,749	12%	27,021	8%
Other operating assets	14,883	4%	15,812	5%
Deferred income taxes	1,567	-	-	-
Cash and cash equivalents	10,454	3%	2,455	1%
	<u>363,251</u>	<u>100%</u>	<u>350,466</u>	<u>100%</u>

Real Estate Held for Development and Sale

(\$'s)	June 30,		December 31,	
	2011	2010	Change	%
Real estate held for development and sale	304,484	315,006	(10,522)	(3%)
Provision for write-down	(10,372)	(10,372)	-	-%
	<u>294,112</u>	<u>304,634</u>	<u>(10,522)</u>	<u>(3%)</u>

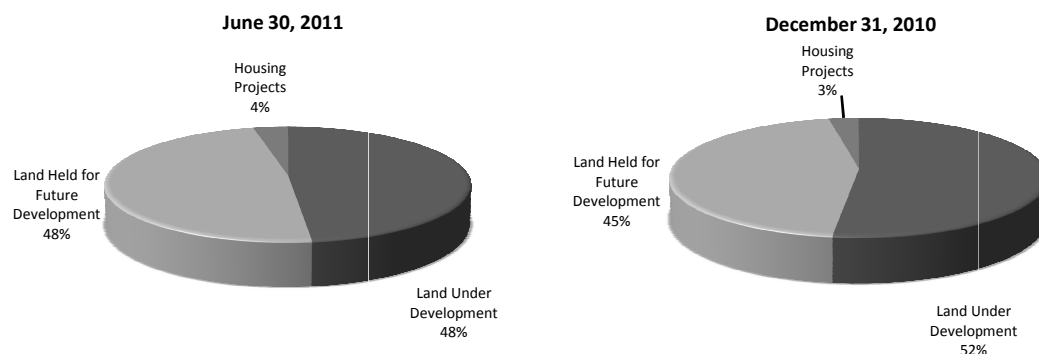
During the six months ended June 30, 2011, carrying value of real estate held for development and sale decreased primarily as a result of sales of residential lots, development land parcels and housing inventory. The decrease is offset by on-going land development and home construction expenditures relating to the Calgary communities of Sage Meadows, Saddlestone, Sage Hill Crossing and the Airdrie community of Bayside.

Real estate held for development and sale changed during the six months ended June 30, 2011 as follows:

(\$'s)	Land	Land Held	Housing	Intersegment	Total
	Under Development	for Future Development	Projects	elimination	
December 31, 2010	156,149	139,486	8,999	-	304,634
Acquisitions & Transfers	858	834	5,196	(6,888)	-
Development	5,437	1,716	9,210	6,888	23,251
Sold	(20,687)	-	(13,086)	-	(33,773)
June 30, 2011	<u>141,757</u>	<u>142,036</u>	<u>10,319</u>	<u>-</u>	<u>294,112</u>

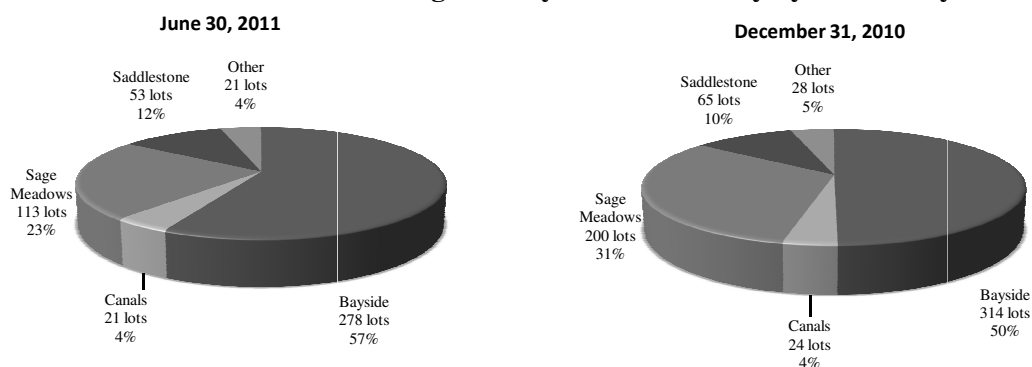
The Corporation holds more than 7,000 acres of land. The inventory mix based on the book value was as follows:

Inventory Mix - Book Value



The Corporation had 486 single-family lots in inventory as at June 30, 2011 (December 31, 2010 – 631). The lot inventory by community was as follows:

Total number of single-family lots in inventory by community



Amounts Receivable

	June 30, 2011	December 31, 2010	Change	%
(\$'s)				
Amounts receivable	41,749	27,021	14,728	55%

Amounts receivable increased at June 30, 2011 compared to December 31, 2010 mainly due to an increase in lot sales achieved for phases 1 and 2 of the Calgary community of Sage Meadows, making up 73% of the increase in the receivable balance, and two VTB mortgages issued for sales of commercial and multi-family parcels in the Calgary community of Taralake. There are no receivables for which an allowance for doubtful accounts is required.

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

LIABILITIES AND EQUITY

(\$'s)	June 30,		December 31,	
	2011	%	2010	%
Financings	85,437	24%	81,320	23%
Customer deposits	8,482	2%	8,388	2%
Accounts payable and accrued liabilities	8,448	2%	13,025	4%
Income taxes payable	13,247	4%	6,988	2%
Deferred income taxes	-	-	3,387	1%
Land development service costs	13,616	4%	10,347	3%
Non-controlling interest	58,274	16%	58,922	17%
Shareholders' equity	175,747	48%	168,089	48%
	<u>363,251</u>	<u>100%</u>	<u>350,466</u>	<u>100%</u>

Financings from lending institutions, excluding deferred financing fees, at June 30, 2011 totaled \$86,865 of which \$39,278 or 45% relates to short-term project financing, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; (ii) regularly scheduled principal installments; or (iii) due at maturity. During the three and six months ended June 30, 2011, Genesis received \$18,363 and \$32,321 of financing proceeds and made repayments of \$18,777 and \$28,353. Refer to "Contractual Obligations" under "Liquidity and Capital Resources" below for maturities of financial liabilities and other commitments as at June 30, 2011.

Land Development Service Costs

(\$'s)	June 30,	December 31,	Change	%
	2011	2010		
Land development service costs	<u>13,616</u>	<u>10,347</u>	<u>3,269</u>	<u>32%</u>

Accrued land development service costs increased at June 30, 2011 compared to December 31, 2010 mainly due to lot sales in the Calgary community of Sage Meadows and the Airdrie community of Bayside, and sales of development lands in the City of Calgary. The increase is also attributable to increases in the development levies and surface maintenance costs for certain properties. The overall increase was partially off-set by performance of planned service work, thus incurring previously accrued completion costs.

Shareholders' Equity

As at August 3, 2011, the Corporation had 44,476,812 common shares issued and outstanding. In addition, there were options to acquire 1,957,446 common shares of the Corporation issued under the Corporation's stock option plan.

LIQUIDITY AND CAPITAL RESOURCES

During the three and six months ended June 30, 2011, the Corporation generated cash flow from operations of \$5,896 and \$8,543. At June 30, 2011, the consolidated cash balance was \$10,454 as compared to \$2,455 as at December 31, 2010.

At June 30, 2011, Genesis has liabilities and commitments due within the next 12 months of \$62,127 which include:

(\$'s)	June 30, 2011	December 31, 2010
Financings, excluding deferred financing fees	39,278	45,006
Customer deposits	8,482	8,388
Accounts payable and accrued liabilities	8,448	13,025
Total short-term liabilities	56,208	66,419
Commitments	5,919	4,977
	62,127	71,396

If Genesis is unable to generate sufficient sales and renew existing credit facilities or secure additional financing, it will impact the Corporation's ability to meet its obligations as they become due. Based on Genesis' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

The following is a summary of the Corporation's divisional financings balances as at June 30, 2011 and as at the end of the previous four quarters:

Financings	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010
(\$'s)					
Land & land project loans	86,192	86,686	81,862	65,169	84,993
Home building operations	-	-	442	-	1,617
Other	673	667	659	714	705
	86,865	87,353	82,963	65,883	87,315
Deferred financing fees	(1,428)	(1,422)	(1,643)	(1,445)	(1,570)
	85,437	85,931	81,320	64,438	85,745

The movement in the Corporation's financings was as follows:

(\$'s)	Three months ended June 30, 2011	Six months ended June 30, 2011	Twelve months ended December 31, 2010
Balance, beginning of period	85,931	81,320	115,210
Advances	18,363	32,321	125,850
Repayments	(18,777)	(28,353)	(162,057)
Finance expense	1,575	2,848	7,631
Interest and financing fees paid and capitalized	(1,655)	(2,699)	(5,314)
Balance, end of period	85,437	85,437	81,320

The financings increased due to draw-downs of new and existing credit facilities to service active phases in the Calgary communities of Sage Meadows, Saddlestone, Sage Hill Crossing and the Airdrie community of Bayside. The Corporation obtained \$16,000 and \$25,000 of new loans during the three and six months ended June 30, 2011.

The following table shows the debt to equity ratio calculated as total liabilities divided by total equity.

(\$'s)	June 30, 2011	December 31, 2010
Total liabilities	129,230	123,455
Total Equity	234,021	227,011
Debt to Equity ratio	0.55	0.54

Certain of the Corporation's financing agreements include terms related to material adverse change, covenants and cross default. If loan defaults occur and management is unable to negotiate terms, and any one lender takes steps to exercise its rights and remedies under loan default provisions, which may include full repayment, the Corporation may face similar actions from its other lenders. If this occurs, the Corporation may not have sufficient liquidity to satisfy any such demand for repayments. Additionally, the terms of the short-term debt arrangements in many cases require that cash collected from future sales is dedicated to partial discharges of the debt, resulting in a limitation on net free cash available to cover operational requirements.

The Corporation uses a combination of project-specific credit facilities and limited partnership capital to fund development costs and land acquisitions. Generally, Genesis repays its project-specific debt from the proceeds of sale of homes and lots. The Corporation presently maintains lending relationships with several lenders who provide financings at interest rates ranging from prime + 1.5% to 10%. There is a risk that lot closings and property sales could be delayed, which would impact the Corporation's ability to repay these project oriented financings at the contracted discharge prices or in a timely fashion. In such an instance management believes that the Corporation has would successfully refinance and/or extend the term of the financing.

Contractual Obligations

The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, stated as of June 30, 2011, are as follows:

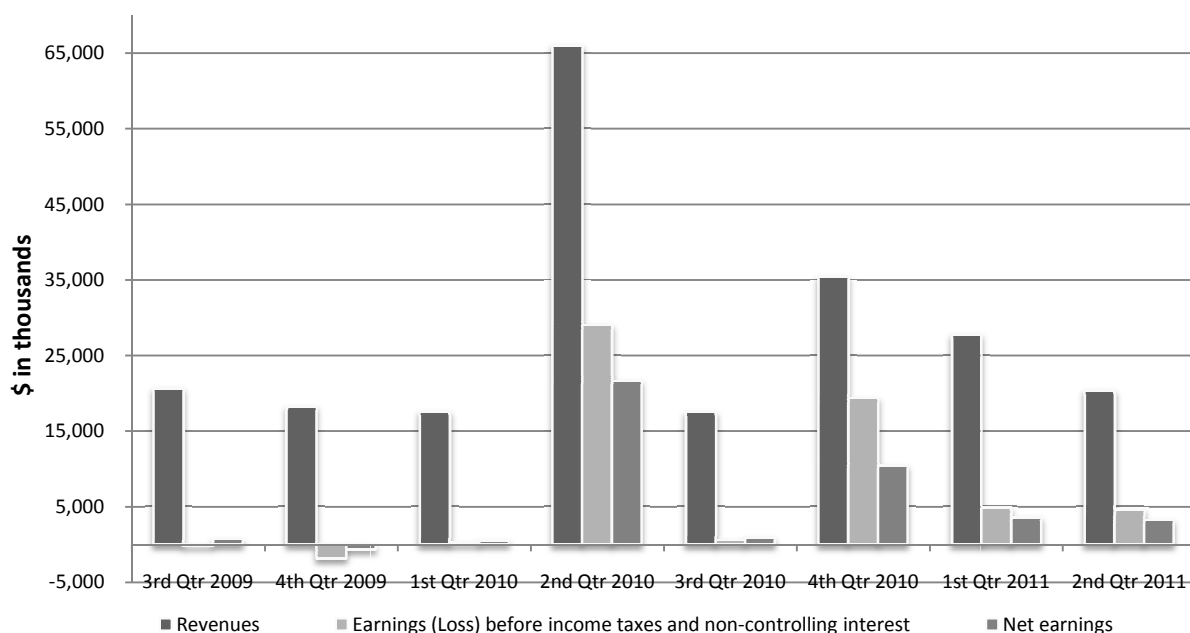
(\$'s)	Financings				Total
	(excl. deferred financing fees)	Purchase of Land and other	Naming Rights	Lease Obligations	
Current	39,278	5,128	200	591	45,197
Years 2 and 3	47,587	4,217	400	80	52,284
Years 4 and 5	-	-	400	38	438
Thereafter	-	-	200	-	200
	<u>86,865</u>	<u>9,345</u>	<u>1,200</u>	<u>709</u>	<u>98,119</u>

Genesis has entered into a memorandum of understanding with a community society in North East Calgary, whereby Genesis will contribute \$5,000 over the next ten years for the naming rights to a recreation complex. The community society serves North East Calgary communities including Saddlestone, Taralake and Taravista. Negotiations are underway to determine when payments will commence; therefore, this obligation is not reflected in the table above.

Genesis has entered into 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 a recreation complex. The recreation complex serves various Airdrie communities including Canals and Bayside. The first four

payments have been remitted as scheduled and recorded as part of general and administrative expense.

SUMMARY OF QUARTERLY RESULTS



(\$'s)	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009	Third Quarter 2009
							<i>Prepared under Canadian GAAP</i>	
Revenues	20,368	27,743	35,464	17,548	66,042	17,596	18,219	20,621
Earnings (loss) before income taxes and non-controlling interest	4,637	4,877	19,326	579	29,014	282	(1,868)	(239)
Net earnings (loss)	3,604	3,523	10,454	917	21,606	537	(714)	721
Net earnings (loss) per share: Basic and diluted	0.08	0.08	0.24	0.02	0.49	0.01	(0.02)	0.02

JOINT VENTURE

On April 30, 2010, Genesis entered into a joint venture agreement with another real estate development corporation to form a joint venture corporation with a purpose of conducting residential development of certain real estate holdings. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in the JV. Development servicing has commenced on this project. A deferred gain of \$2,201 (December 31, 2010 - \$2,201) recognized on initial contribution into the joint venture has been recognized in the statement of comprehensive income for the three months ended June 30, 2011

as a result of maturity of the underlying vendor take-back mortgage on April 30, 2011, for which the Corporation received payment in full.

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, 2011, these letters of credit totaling approximately \$14,723, would provide a source of funds to the municipalities that would allow them to complete the construction and maintenance of improvements to the subdivision should the Corporation not be able to. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

Lease Agreements

The Corporation has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of June 30, 2011. Refer to “Contractual Obligations” under “Liquidity and Capital Resources” above for the maturities of lease obligations as at June 30, 2011.

RELATED PARTY TRANSACTIONS

The Corporation engaged a former officer (“Former Officer”) of the Corporation as a Senior Financial Advisor. The amount of payments made to the Former Officer for the three and six months ended June 30, 2011 were \$36 and \$80 (2010 - \$61 and \$105). On October 2, 2009, the Corporation entered into a contract to construct a single-family home (“Residential Property”) for the Former Officer at a cost-plus agreed percentage basis for the total value of the Residential Property of \$970 representing terms offered to employees and measured at the exchange amount. The transaction closed on March 16, 2011. Additionally, at June 30, 2011, amounts receivable included \$36 (December 31, 2010 - \$21) from the Former Officer. The Corporation also engaged an entity under control of the Former Officer’s spouse to provide interior design services and supply of materials for its home building division.

CRITICAL ACCOUNTING ESTIMATES

Certain estimates are necessary until amounts are finalized pursuant to transactional or legal proceedings. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates. The most significant estimates of the Corporation relate to net realizable value of real estate held for development and sale, costs to complete, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. For further details refer to the Corporation’s MD&A for the year ended December 31, 2010.

TRANSITION TO IFRS

This MD&A reflects the adoption of IFRS effective January 1, 2010, with information for 2010 being restated from what was previously issued under Canadian GAAP. Periods prior to January 1, 2010 have not been restated.

Note 3 of the consolidated interim financial statements for the three and six months ended June 30, 2011 provides a description of the Corporation's transition to IFRS and the detailed impact on the previously reported Canadian GAAP financial information for 2010.

The most significant impacts of the change in accounting standards on the quarterly information are:

Borrowing Costs

On transition to IFRS, in accordance with IAS 23, "Borrowing Costs", the Corporation recognized the borrowing costs related to projects that were not considered in the development stage to the statement of comprehensive income. The costs were capitalized only to those properties relating to which the Corporation incurred expenditures, incurred borrowing costs and carried out development work to prepare an underlying asset for its intended use or sale. In the case of extended delays in development, borrowing costs were not capitalized to a project. The general funds used for obtaining qualifying assets were capitalized using a rate that was calculated as the weighted average of the borrowing costs applicable to the borrowings that were outstanding for the period.

In 2010, certain properties stated at net realizable value ("NRV") were reduced to an amount below NRV after borrowing costs capitalized under Canadian GAAP were charged to the statement of comprehensive income on transition to IFRS. An adjustment was made to reverse the write-down taken on the real estate inventory in previous years in order to state the value of the inventory at NRV.

Share Based Payments

The Corporation elected to use the exemption provided by IFRS 1, First-time adoption of IFRS, and accordingly IFRS 2 Share-based Payments was not applied to equity settled transactions to equity instruments granted after November 7, 2002 that have been vested before January 1, 2010.

RISKS AND UNCERTAINTIES

There have been no material changes for the three and six months ended June 30, 2011 to the Corporation's risks and uncertainties. For further details refer to "Risks and Uncertainties" in the Corporation's MD&A for the year ended December 31, 2010.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their direct supervision, Genesis' disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that:

- (i) material information relating to Genesis, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual and interim filings are being prepared; and
- (ii) material information required to be disclosed in the annual and interim filings is recorded, processed, summarized, and reported on a timely basis.

In conformance with National Instrument 52-109 ("52-109"), the Corporation has filed certificates signed by the CEO and CFO that deal with the matter of disclosure controls and procedures and have concluded that as of June 30, 2011 the design and operating effectiveness of these disclosure controls and procedures are effective in providing reasonable assurance that material information required to

be disclosed by the Corporation in reports filed with Canadian securities regulators is accurate and complete and filed within the periods required.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Genesis' internal controls over financial reporting as of June 30, 2011 and concluded that the design and operating effectiveness of these internal controls over financial reporting are effective.

There were no changes in the Corporation's internal controls over financial reporting during the three months ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect the Corporation's internal controls over financial reporting. The conversion to IFRS from Canadian GAAP impacts the presentation of financial results and accompanying disclosures. The Corporation evaluated the impact of the conversion on financial reporting systems, processes, and controls and determined that no material changes were required to its internal control and disclosure control environment.

While Genesis' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure framework and may make modifications from time to time as considered necessary or desirable.

The CEO and CFO oversee all material transactions and related accounting records. In addition, the Audit Committee reviews the financial statements and key risks of the Corporation on a quarterly basis and queries management about significant transactions, and there is daily oversight by the senior management of the Corporation.

OTHER

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