Genesis Income Properties Inc

MANAGEMENT DISCUSSION AND ANALYSIS

October 31st, 2014

As at December 2nd, 2014

INTRODUCTION

General

Genesis Income Properties Inc ("GIP" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 7th, 2014. GIP is currently a private company. GIP's head office and registered and records offices are located at 1025 West Keith Road, North Vancouver, B.C., V7P 3C7.

Genesis Income Properties is strategically positioned to take advantage of the historic financial crisis and severe downturn in the residential housing market in the United States that has forced banks to foreclose on tens of thousands of homes over the past six years. The effects of the sub-prime lending boom are widely known but unlike in Canada where the housing markets has been fairly resilient, the US housing market has been more adversely affected and in some areas such as Metropolitan Detroit, prices dropped in excess of 75%. Mortgage lending has also continued to decline as banks have tightened their credit underwriting rules. The Mortgage Bankers Association (MBA) expects that mortgage originations will total $1.2 trillion in 2014, a 32 percent decline from 2013 and still well below the $1.5 trillion in 2010 and $2 trillion in 2009. A number of hot-spots now exist across the US, where housing prices have dropped particularly low and rental demand is particularly high. There are many properties available in these locations and they are periodically auctioned and sold to the market by financial and government institutions. GIP's primary investment strategy is to purchase these high-value potential properties at 40%-50% below replacement cost in carefully selected locations. The initial focus is Metropolitan Detroit where there is a low cost of entry with strong cash flows combined with a high probability of increasing home values. The aim is to capitalize on the previously troubled U.S. real estate market by acquiring quality assets at distressed prices in prime residential neighbourhoods. Those properties can be turned around or made more profitable through rehabilitation and marketing programs designed to maximize occupancy and boost rents.

By the end of 2016, the Company anticipates having generated revenues of $15.1 million from various sources. By 2018 the Company is projecting revenues exceeding $33 million and net income before tax in excess of 12 million dollars. Management believes that longer term earnings increases will be achieved through increased market share and continued expansion through acquisition into other strategic areas of the United States.

In order to execute its business plans, the Company intends to complete a transaction with Forbairt Limited ("Forbairt") a British Columbia publicly reporting corporation, whereby Genesis Income Properties Inc will reverse merge into Forbairt, which will be renamed Genesis Income Properties Inc.

GIP will then be in a position to list its shares for trading on the Canadian Securities Exchange ("CSE") subject to all necessary regulatory approvals. Concurrent to the Transaction, GIP has secured initial equity funding for the purpose of completing the amalgamation and for additional working capital. Subsequent to the Transaction and as quickly as is practical, GIP will approach the financial markets to secure an additional US$4.0 million in equity finances in a Private Placement and US$3.5 million of debt/debenture Financing – tied to the assets acquired. Upon completion of the proposed Private Placement and the Debenture Financing, the Company intends to build out its portfolio of residential properties in the Detroit region. It will then introduce the Company's brand and leverage its expertise and experience into new markets across the United States

Forbairt is a start-up company and therefore has no regular source of income. As a result, GIP's ability to conduct operations, including the evaluation and sourcing of properties in selected targeted areas of operations, is based on its current cash resources and its ability to raise funds, primarily from equity sources, and there can be no assurance that GIP will be able to do so. GIP's planned arrangement with Forbairt requires all costs of the Plan of Arrangement and Amalgamation to Forbairt to be paid by GIP. Therefore all working capital and operations for the amalgamated company is being provided by GIP.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected.

For the period from incorporation on April 7, 2014 to October 31, 2014, the Company incurred a loss of $124,678.

All of the above factors raise uncertainty about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its asset purchase, marketing and other costs.

Basis of Discussion & Analysis

This management discussion and analysis ("MD&A") is dated as of December 2nd, 2014 and should be read in conjunction with the interim quarterly financial statements of the Company as at October 31st, 2014 and the period from April 30, 2014 to October 31st, 2014 ("Financial Statements"). Our discussion in this MD&A is based on the Financial Statements and the company's business plan. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars. All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Significant Accounting Policies

a) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out in paragraphs (k & l). In addition, the financial statements have been prepared using the accrual basis of accounting.

b) Significant accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include accrued liabilities. Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management.

c) Impairment

Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

d) Cash

Cash is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Share-based payments

The Company's currently has no stock option plan that allows employees and consultants to acquire shares of the Company.

f) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years. Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions may be determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at July 31st, 2014, the Company recorded provisions in the amount of $0.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not classified any financial assets as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At October 31st, 2014 the Company has not classified any financial assets as loans and receivables held to maturity, or as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At October 31st, 2014, the Company has not classified any financial liabilities as FVTPL. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

m) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The following standards were effective for annual periods beginning on or after January 1, 2014:

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

THE COMPANY AND BUSINESS

On April 7, 2014, Genesis Income Properties ("GIP") entered into an agreement, pursuant to which GIP would enter into an amalgamation agreement with 0941092 B.C. Limited ("092"), a public reporting company. The Board of 092 has determined that it would be in the best interests of that company to continue to focus its efforts on its existing business and potential acquisitions of interests in other properties, and to transfer its interest in the agreement with GIP to a newly-formed subsidiary company, being Forbairt Ltd, ("Forbairt"), which will amalgamate with GIP to become an amalgamated company, the name of which shall be Genesis Income Properties Inc, pursuant to a plan of arrangement, in exchange for Forbairt Shares that would be distributed to the GIP Shareholders.

On July 14th, 2014 0941092 B.C. Limited ("092") held a special General Meeting of shareholders and approved the Plan of Arrangement as outlined above.

On July 15th, 2014 the shareholders of GIP approved, by unanimous consent, the proposed amalgamation of Forbairt and GIP and authorized the Directors of GIP to enter into the agreement.

On July 20th, 2014 the Amalgamation Agreement between Forbairt and GIP was formalized and entered into by the two parties.

On August 27th, 2014 the Supreme Court of British Columbia approved the Plan of Arrangement between 092 and Forbairt as detailed above.

Pursuant to the Arrangement, 092 will transfer to Forbairt all of 092's interest in the arrangement in exchange for the same number of Forbairt Shares as the issued and outstanding number of 092 Shares multiplied by the Conversion Factor, which shares will be distributed to the 092 Shareholders who hold 092 Shares on the Share Distribution Record Date.

SELECTED UNAUDITED INFORMATION
RESULTS OF OPERATIONS AND SUMMARY OF QUARTERLY RESULTS
From July 31st, 2014 to October 31st, 2014

RESULTS OF OPERATIONS

	$ October 31, 2014	$ July 31, 2014
Income	61	-
Expenses	1,249	1,944
Professional fees	22,500	26,292
Corporate development and incorporation	43,804	28,950
Net and comprehensive loss for the period	**67,653**	**57,186**

The Company has not commenced operations and there were no operations for the period ended October 31st, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position
As at October 31st, 2014

	$ October 31 2014	$ April 30, 2014
Investment		
	290,000	40,000
Current Assets		
Cash resources	97,341	151,327
Accounts receivable and deposits	16,631	32,950
	113,972	184,277
	403,972	**224,277**
Liabilities		
Current Liabilities		
Accounts payable	758	3,570
	758	3,570
Shareholders' Equity		
Share capital	544,003	149,003
Obligation to issue shares	-	145,000
Accumulated deficit	(140,788)	(73,297)
	403,214	220,707
	403,972	**224,277**

Changes in Cash Position
From August 1st, 2014 to October 31st, 2014

	$	$
Cash (used in)/ Provided by:		
Net cash used in operating activities	(53,986)	(72,083)
Net cash provided by financing activities	250,000	197,500
Net cash used in investing activities	(250,000)	(40,000)
Change in cash	(53,986)	85,417
Cash, beginning of the period	**151,327**	**65,910**
Cash, end of the period	**97,341**	**151,327**

Financial Instruments

The Company's financial instruments consist of accounts payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability for prompt liquidation. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to raise sufficient equity and/or debt financing in order to purchase a sufficient number of properties to achieve the critical sized portfolio of assets required to sustain its financing and operational costs. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31st, 2014, the Company had cash of $97,341 to settle accounts payable of $758 which fall due for payment within twelve months of the financial position date. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long term cash requirements.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. As such, the Company's exposure to currency risk is minimal.

Share Capital

a) The total number of common shares issued and outstanding as at October 31, 2014 was 18,950,300 common shares and as at the date of this the following changes had occurred.

Subsequent to the date of the financial statements there has been no further issue of shares

As at the date of this report there were no stock options or warrants outstanding.

Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Company will need to raise additional funds through debt or equity financing to pursue its plans and objectives. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the quarter the Company paid a total of $15,000 in consulting fees to four directors for administrative, management, office, accounting, and sundry services.

The company has made advances to directors in the sum of $12,511. These advances are repayable on demand and bear interest at 6% per annum.

RISKS AND UNCERTAINTIES

Start Up Venture
As a start-up venture the Company’s prospects are affected by the risks, expenses, and difficulties frequently encountered by companies in the growth stage, particularly companies in highly competitive markets. As an early growth-stage company, the risks faced by GIP include, but are not limited to, evolving and unpredictable business models and growth management. To address these risks, the Company must, among other things, acquire and expand its property asset portfolio, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its business model, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it will be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. If the Company is unable to fund any such investment required to advance the business under its proposed strategy or otherwise fails to invest in a substantial property portfolio, then financial condition or results of operations could be materially and adversely.

Conflicts of Interest
Certain of the directors of the Company also serve as directors and/or officers of other companies involved in operations that may be related to the business the Company enters into. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.