



20
19
18
17
16
15
14
13
12
11
10
09
08
07
06
05
04
03
02
01

GROWING FORWARD

GENESIS
Land Development Corporation

ANNUAL REPORT 2010

TABLE OF CONTENTS

COMPANY PROFILE	1
OVERVIEW	2
PRESIDENT'S MESSAGE	4
CHIEF FINANCIAL OFFICER'S MESSAGE	6
CHIEF OPERATING OFFICER'S MESSAGE.....	8
GENESIS LAND DEVELOPMENT CORP.....	11
THE CORPORATION	13
EXECUTIVE SUMMARY	13
KEY FINANCIAL PERFORMANCE INDICATORS	14
NON-GAAP MEASURES	17
RESULTS OF OPERATIONS	18
RESIDENTIAL HOME BUILDING.....	21
LIQUIDITY AND CAPITAL RESOURCES	30
SUMMARY OF QUARTERLY RESULTS	33
JOINT VENTURE	34
OFF BALANCE SHEET ARRANGEMENTS	34
RELATED PARTY.....	35
CRITICAL ACCOUNTING ESTIMATES AND POLICIES	35
INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS").....	36
RISKS AND UNCERTAINTIES	40
DISCLOSURE CONTROLS AND PROCEDURES	42
INTERNAL CONTROLS OVER FINANCIAL REPORTING.....	43
OUTLOOK	45
OTHER.....	45
MANAGEMENT'S REPORT	46
INDEPENDENT AUDITORS' REPORT.....	47
CONSOLIDATED BALANCE SHEET.....	48
CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS ...	49
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	50
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	51
FIVE YEAR SUMMARY	74

ON THE COVER Vibrant green foliage represents the steady, healthy business growth experienced by Genesis Land Development Corporation over the last two decades and is symbolic of our enduring commitment to responsibly plan our communities with the least environmental impact to natural landform.

COMPANY PROFILE

Genesis Land Development Corp. is a fully integrated community development company with land development, single-family and multi-family home building and commercial development and leasing components.

Our mission is to be the strongest and most proficient community developer in Canada through acquisition, re-zoning, development, management and sale of our properties through various divisions. We are committed to pursuing this strategy while maintaining a strong financial position.

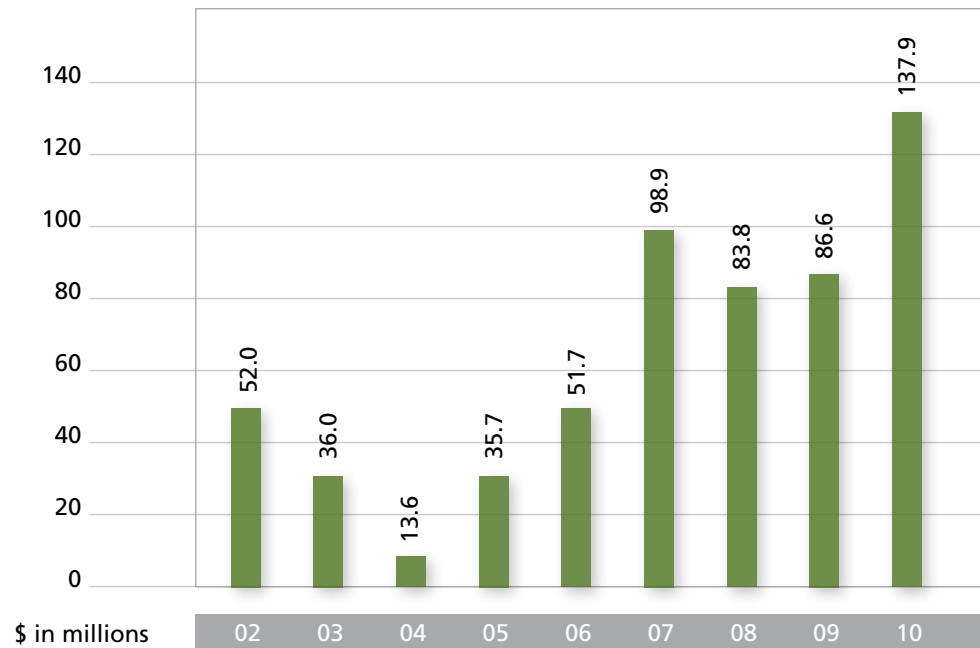
Genesis common shares trade on the Toronto Stock Exchange under the symbol GDC.



The Management Team of Genesis Land Development Corp.

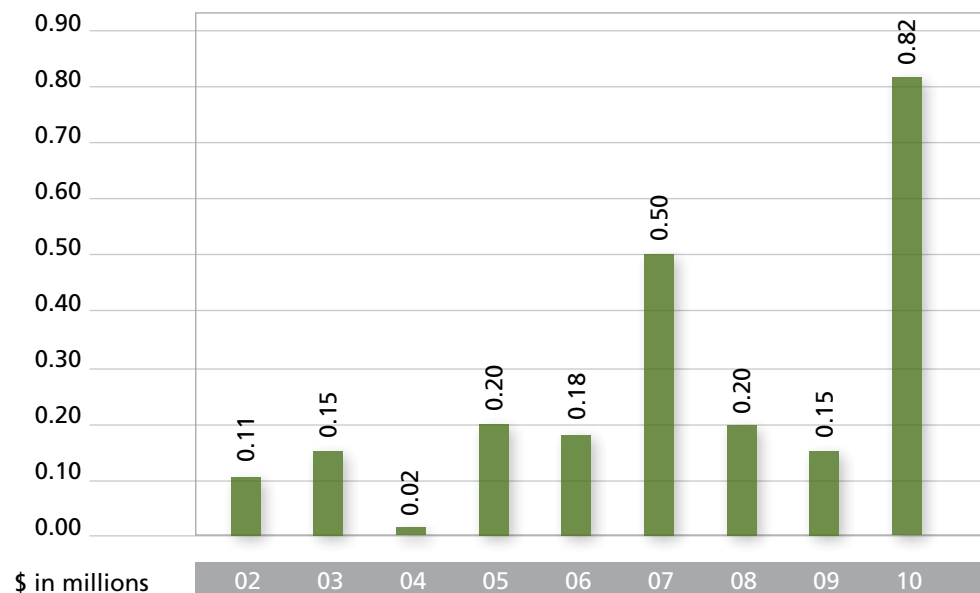
OVERVIEW

CONSOLIDATED REVENUE

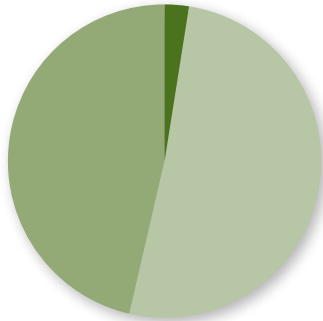


“The real estate sector worldwide has faced major challenges since 2008, but as in the past throughout our 20 year history, Genesis quickly responded to the challenges with timely adjustments to financing and operating strategies.”

CONSOLIDATED EARNINGS PER SHARE



LARGE LAND INVENTORY Sustainable 15 Year Inventory*



- 1,038 COMMERCIAL/INDUSTRIAL Acres
- 20,020 MULTI-FAMILY Units
- 18,088 SINGLE-FAMILY Units

*Approximately 70% of Development Land has Approvals.
*This estimate is based on existing and anticipated land use.



CALGARY AND AREA TOTAL 4,245 ACRES

EDMONTON TOTAL 122 ACRES

BRITISH COLUMBIA TOTAL 2,916 ACRES

PRESIDENT'S MESSAGE



Dear Fellow Shareholders,

On behalf of the board of directors, senior management and staff of Genesis, I am pleased to report that 2010 was a year of record results for Genesis. In fact, 2010 was probably the year of greatest accomplishments in the history of the Company. As a consolidated company we achieved total revenues of \$137.9 million leading to our highest level of earnings ever of \$36.4 million or \$0.82 per share. Equally important is the fact that Genesis significantly reduced its debt levels since year end 2009 by \$33.9 million. We continued to maintain value of our land base and advanced our commercial and multi-family operations in addition to our already mature land development and single-family home building operations.

“Our ability to emerge from difficult economic times to a strong market position is a credit to the leadership, resolve and expertise of our management team.”

I am particularly fulfilled by these achievements on the heels of the worst economic times in recent history. The real estate sector worldwide has faced major challenges since 2008, but as in the past throughout our 20 year history, Genesis quickly responded to the challenges with timely adjustments to financing and operating strategies. Our ability to emerge from difficult times into a strong market position is a credit to the leadership, resolve and expertise of the management team.

Looking ahead, we will focus on continuing to strengthen our balance sheet and move towards the development and retention of cash flow generating properties such as retail, office, industrial and residential multi-family rental properties. We are currently evaluating developing a portion of our inventory of approximately 19,000 multi-family units into cash flow generating rental product. The conditional sale of 27 acres of commercial lands at Sage Hill Crossing to RioCan in 2010 is an exciting step forward towards the future development of that property which has approvals for 1.2 million square feet of retail, 1 million square feet of office space, over 4,000 multi-family units and a city transit hub.

Our land inventories in Calgary and Airdrie are very well positioned and should continue to yield strong sales levels for years to come in relatively stable market conditions. Our strategy of maintaining a sizable land inventory of short, medium and longer term lands has served Genesis well through the various real estate cycles by permitting flexibility in business decision-making. Genesis' significant inventory of valuable lots and immediate and longer term development lands has mitigated the need to acquire new lands.

Although our single-family home building division saw closings come down in the latter half of 2010, we continued to maintain focus on strong margins in spite of a marketplace that experienced periods of reduced demand. We closely monitor the marketplace to assess what products are best tailored to the changing needs of our home buyers and are relentlessly assessing our operations to ensure that our builder group can increase production while maintaining its target margins.

I remain optimistic on the future prospects for the Calgary metropolitan area. The strong resurgence of the energy sector has once again made the Alberta economy among the strongest in North America. Fundamental drivers of new home demand, such as job growth, in-migration and unemployment levels are positive for our city.

“We remained focused and committed to maintaining the value of our land base by advancing our commercial and multi-family operations along with our already mature land development and single-family home building operations.”

For 2011 and beyond, we remain committed to adding shareholder value through the continued generation of strong profits, reduced and improved quality of debt, ongoing land approvals, development of new sustainable revenue streams, and the possibility of implementing strategies which include share buybacks and dividend payouts. We will continue to maintain a conservative balance sheet through the uncertain macro-economic environment while emphasizing construction and development efficiencies to ensure that we preserve our historically strong margins. We expect to achieve all of these targets through strict adherence to our Key Performance Indicators.

In conclusion, I would like to express my immense gratitude to all of our staff, trade partners, financial providers, customers and shareholders who have supported us during these last few years. I am also very proud of our current board of directors who I believe will play an important role in assisting Genesis to move forward. While there will likely continue to be challenges and uncertainty in 2011, I am excited as ever about the prospects for Genesis this year and into the future as we leverage our strengths and build on the profitable foundation that we established in 2010.



Gobi Singh,
President & Chief Executive Officer,
Genesis Land Development Corporation

CHIEF FINANCIAL OFFICER'S MESSAGE



Genesis generated extraordinary results in 2010, establishing a new high-water mark for revenue and earnings. Net income of \$36.4 million and earnings per share of \$0.82 are increases of greater than 435% as compared to 2009; a testament to the significant value nestled within our land base. Fiscal 2010 was also a watershed year for us. After the broad economic challenges of 2008 and 2009, we welcomed 2010 as an opportunity to normalize operations, strengthen our balance sheet and reposition the Company for growth into 2011 and beyond.

In 2010, we were able to generate record profits in addition to \$44,136 of funds from operations (FFO) (net income, net of non-cash items). We then applied \$33,940 of the FFO to the corporation's debt financings. Debt repayments of \$162,057 exceeded advances of \$137,900 and reduced the Debt to Equity ratio from 0.76:1 at December 31, 2009 to 0.54:1 at December 31, 2010.

We continue to enjoy a strong relationship with our lenders. Even in the depths of the recent recession, we had access to capital to sustain us through the difficult times. As the Canadian economy continues to strengthen, we have experienced a reduction in the cost of financing. Our average cost of borrowing decreased from 9.68% in 2009 to 8.21% in 2010. As we continue to repay our land acquisition loans, we anticipate these financing costs to approach normalized development loan levels.

“Our continued discipline and a long term focus throughout the recent economic downturn have demonstrated our capacity to rise above challenges.”

The closing stock price of \$3.35 at December 31, 2010 is a \$1.37 increase as compared to the December 31, 2009 closing price of \$1.98, which is a 69% return to investors. With an estimated after-tax NAV of \$355,508 or \$8.01 per share (see page 15 of the MD&A enclosed), at December 31, 2010 we are trading at a significant 58% discount to NAV. While land development companies typically trade at a discount to NAV, we are working towards closing the gap by repaying high coupon debt, and secondly by considering a share buy-back or dividend payments.

Moving into 2011, we intend to continue to bring on additional phases and lots in our existing communities. New mortgage qualification rules, potential increases in interest rates, and significant proposed increases to development levies within the City of Calgary may put downward pressures on the margins of the land development division as well as the home building division. However, we have the proven ability to adjust the range of lots and homes we produce to accommodate shifting demands and cost sensitivities in the market.

“We have the proven ability to adjust the types of lots and homes we produce to accommodate shifting demands and cost sensitivities in the market.”

Increasing price sensitivity of the single family housing market may also increase demand for multi-family sites and potentially make rental properties economical. We have the opportunity to either develop these sites ourselves or, in certain circumstances, sell them outright.

The pending deal with RioCan is also an important milestone for us. A firm sale to RioCan, with an announced shadow anchor in place, would allow us to begin to unlock the potential of the Sage Hill Crossing site. In addition to the large land sale, we plan to pursue recurring revenue opportunities. I look forward to 2011 and beyond, and continuing to be part of a management team who are focused on delivering value to our shareholders. My appreciation goes to our board of directors, staff, financial and trade partners, customers and our shareholders who all help contribute to our success.

The annual meeting will be held on June 28, 2011 at 10 am at the Sandman Inn at 25 Hopewell Drive NE.



Simon Fletcher
Chief Financial Officer,
Genesis Land Development Corporation

CHIEF OPERATING OFFICER'S MESSAGE



2010 was an interesting and challenging year in the area of development and building operations. The year commenced with positive signs of the market emerging from the trials that arose from the failures and uncertainties in the financial markets. The market correction resulted in the easing of labour shortages and price adjustments in the inputs required for our development and construction operations. The right pricing and stabilization of input costs was a necessary and welcome outcome of the economic down turn. While market conditions created challenges as well as opportunity, our greatest frustration came in the form of an unseasonably wet 2010 construction season that resulted in delays in our construction and development program. Despite these delays, we were able to complete the majority of our 2010 construction program. This results in us entering 2011 with a healthy supply of serviced land inventory.

We also continue our commitment to supporting the social and recreational need of the communities where we are involved. This is through our sponsorship of major recreation facilities such as The Genesis Centre of Community Wellness in North East Calgary and Genesis Place Recreation Facility in Airdrie.

“We have made a long term investment in Airdrie with a land base that will support ongoing development for many years to come.”

Land

During 2011, the land division completed the servicing and development work in existing and new subdivision areas. As the initial phases of the Kincora and Sherwood subdivisions in Symons Valley approach full build out, servicing and development has been completed on the first two phases of the Sage Meadows, providing continued lot inventory in the Symons Valley area. This lot production will be supplemented in 2011 by further lot production arising through the Kinwood Joint Venture, which is carrying out further development in the communities of Sherwood and Kincora.

Our long term involvement in North East Calgary continues as the Taralake development wraps up and the servicing of Saddlestone Phases 1&2 is completed. Saddlestone incorporates a pedestrian friendly street layout and an innovative storm water management system. This subdivision will provide ongoing land inventory over a five to six year period.

Airdrie is a young and vibrant community where we have a significant land inventory with two active communities – The Canals and Bayside. In 2010, servicing of Bayside Phase 7 was completed and work continued on the completion of pathways, landscaping and construction of a pedestrian bridge, which are enhancing the appearance and connectivity within these unique and growing communities. We have made a long term investment in Airdrie with a land base that will support ongoing development for many years to come.

In addition to the areas outlined above, we continue to advance planning and approvals for additional land holdings in the Provinces of Alberta and British Columbia.

Home Building

Genesis Builders Group (GBG) continues to take an active role in the construction of single family and row house product in Genesis developments. In 2010, GBG made its first foray into a non Genesis subdivision with the acquisition of 68 lots in the Evans Ridge Community in Symons Valley. GBG completed the sale of 101 homes in 2010 and carried forward 40 homes into 2011, which were either under design or construction. The year 2011 looks very promising for GBG, with show homes opening in Spring 2011 in the communities of Saddlestone, Sage Meadows, Evans Ridge and Bayside.

Multi-Family

Generations, our multi-family division, ended 2010 having successfully completed the construction of the 125 unit Breeze development in the City of Airdrie. Generations enters 2011 with a mandate to add value to and advance the development of the considerable multi-family inventory contained in the Genesis Land Development portfolio. In addition to the activities of Generations, we are negotiating the sale of select multi-family sites to third party developers.

Commercial

2010 was an interesting and exciting year for the commercial land division. Commercial land sales occurred in the communities of Taralake and Saddlestone in North East Calgary. Increased interest and enthusiasm was evident in the Sage Hill Commercial development in North Calgary as demonstrated by a conditional sale of a portion of that site to a large commercial developer. The 2011 outlook for the commercial division appears very positive; we have a well positioned commercial land inventory at a time of renewed market interest in commercial projects.

I look forward to 2011 with anticipation. In spite of the recent economic adversity, the progress we have achieved over the many years has enabled us to emerge more focused and determined than ever. I thank our board of directors, management team, financial providers, trade partners, customers and shareholders who support us in being able to carry out our mission to be the strongest and most proficient community developer in Canada.



Jeff Blair
*Chief Operating Officer,
Genesis Land Development Corporation*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three-month period and year ended December 31, 2010

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

DATED MARCH 3, 2011

The following discussion and analysis of financial condition and results of operations of Genesis Land Development Corp. ("Genesis" or the "Corporation") should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended December 31, 2010 and 2009. These financial statements have been reviewed by the Corporation's Audit Committee, consisting of three independent external 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 Company, the estimated after tax net asset value of the Company 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.

This MD&A refers to certain financial measurements that do not have any standardized meaning within Canadian Generally Accepted Accounting Principles ("GAAP") and therefore may not be comparable to similar measures provided by other companies. These measures are provided to assist investors in determining the Corporation's ability to generate cash from various operations. The funds from operations ("FFO") provide a longer term perspective of the expected cash flows than GAAP measures as it takes out the short term cash flow volatility from timing differences in revenue recognition and cash receipts.

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".

EXECUTIVE SUMMARY

The year ended December 31, 2010 has been the most profitable year in Genesis' history with a net profit of \$0.82 per share compared to \$0.15 per share for the year ended December 31, 2009.

The record earnings were a result of the sale of residential development land parcels in the city of Calgary, Alberta for a combined total of \$42,512. The Corporation also sold 184 lots for \$35,569 and 150 single and multi-family units for \$58,569. Total revenue for the year ended December 31, 2010 was \$137,900.

A key focus of the Corporation has been to reduce the debt levels. The Corporation reduced its debt by \$33,890 during the year ended December 31, 2010. This included loan repayments of \$162,057 and additional financing of \$128,167.

The land portfolio of the Corporation was independently appraised as of December 31, 2010 by an independent valuation and advisory services firm, Cushman & Wakefield Ltd. ("Cushman"). Based on the valuation, the Corporation estimates its after-tax net asset value ("NAV") at December 31, 2010 to be \$8.01 per outstanding share as compared to \$8.25 per outstanding share as at December 31, 2009.

As of December 31, 2010 Genesis had 65 employees.

KEY FINANCIAL PERFORMANCE INDICATORS

The Key Financial Performance Indicators that management of Genesis uses to measure performance of the Corporation are as follows:

1. Funds From Operations, and Funds From Operations per share, Earnings Per Share and Price Earnings ratio are earnings measures.
2. Weighted Average Cost of Debt and Debt to Equity ratio are leverage measures.
3. Net Asset Value per share is a measure of asset value.
4. Return on Equity is a measure of return on shareholders' capital at risk.
5. Return on Assets is a measure of return on asset value.

Some of the Key Performance Indicators calculated for the three-month period and year ended December 31, 2010 are as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Funds From Operations	14,067	1,582	44,136	8,451
Funds From Operations Per Share	0.32	0.04	0.99	0.19
Earnings Per Share	0.24	(0.02)	0.82	0.15
Price Earnings Ratio			4.09	13.20
Weighted Average Cost of Debt			8.2%	9.7%
Debt to Equity Ratio			0.54	0.76
Net Asset Value Per Share			8.01	8.25
Return on Equity	7.0%	(0.6%)	23.9%	5.2%
Return on Assets	3.0%	(0.2%)	10.3%	2.0%

The price earnings ratio is based on closing stock price as of December 31, 2010 of \$3.35 per share (December 31, 2009 – \$1.98 per share)

The decrease in NAV is mainly attributable to a decrease in real estate held for development and sale resulting from sales of residential lots and development land parcels, coupled with payments of interest on financings, taxes and other general and administrative expenses during the year ended December 31, 2010, while partially offset by an increase in the valuation of the remaining lands.

The estimated NAV was calculated using the Cushman Total Pre-Tax Land Value plus additional balance sheet assets less balance sheet liabilities and a 28% corporate tax rate as at December 31, 2010. The book value of all remaining assets and liabilities as set forth in the audited consolidated financial statements of the Corporation for the year ended December 31, 2010 has been added to the Total Pre-Tax Land Value to calculate the Pre-Tax "Net" Asset Value. Estimated taxes have been deducted from the Pre-Tax Net Asset Value as if all properties were sold at their December 31, 2010 market values to determine NAV.

NET ASSET VALUE CALCULATION

(\$'s)	2010
Appraised values (see note 1 and 2 below)	
Serviced Single-Family Lot Inventory	84,950
Serviced Multi-Family Sites	47,133
Fully Approved Commercial/Industrial Sites – Calgary, Airdrie & Edmonton	80,385
Fully Approved Developable Lands – Calgary & Airdrie	167,032
Other Raw and Partially Approved Links	95,245
Total Pre-Tax Land Value	474,745
Other Balance Sheet Assets (see note 3 below)	54,302
Balance Sheet Liabilities (see note 4 below)	(124,776)
Add Amount Due From Non-Controlling Interest ("NCI")	23,436
Pre-Tax NAV	427,707
Estimated Tax	(72,199)
After Tax NAV	355,508
Total Shares Outstanding as at December 31, 2010	44,379
After-Tax NAV Per Share Outstanding	8.01

ASSUMPTIONS:

1. Appraised values represent 100% Genesis owned lands. Limited partnership lands owned by other limited partnership investors (and the corresponding NCI liability) are excluded from the calculation.
2. Cushman's appraised values of lands represents market value based on comparative figures of similar market transactions, except for single-family lots currently under development, which are valued as if serviced and subdivided with adjustment for estimated future costs to complete. Lot inventory has been valued on a per lot basis, multi-family sites have been valued on a per door basis and all other lands were valued on a per acre basis.

3. Other balance sheet assets and liabilities in the NAV Calculation includes the following:

(\$'s)	2010
Assets	
Housing Projects Under Development Excluding Land Value	8,470
Accounts Receivable	27,021
Other Operations Assets	16,356
Cash	2,455
Total	54,302
Liabilities	
Financings	81,320
Customer Deposits	8,388
Accounts Payable and Accrued Liabilities	13,024
Income Taxes Payable	8,310
Future Income Taxes	3,387
Land Development Service Costs	10,347
Total	124,776

4. Genesis has used a 2010 Corporate Tax Rate of 28% to calculate taxes in determining its NAV.

NON-GAAP MEASURES

This MD&A refers to certain financial measurements that do not have any standardized meaning within Canadian Generally Accepted Accounting Principles (“GAAP”) and therefore may not be comparable to similar measures provided by other companies. These measures are provided to assist investors in determining the Corporation’s ability to generate cash from various operations. The funds from operations (“FFO”) provide a longer term perspective of the expected cash flows than GAAP measures as it takes out the short term cash flow volatility from timing differences in revenue recognition and cash receipts.

The specific measures being referred to are: i) gross margin, calculated as revenues less cost of sales; and ii) funds from operations calculated as follows:

(\$’s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Cash Provided (Used) by Operating Activities (GAAP)	(16,771)	282	(17,053)	(6,047%)	36,541	21,881	14,660	67%
Changes in Non-Cash Working Capital	30,838	(1,300)	32,138	2,472%	7,595	(13,430)	21,025	157%
Funds From Operations	14,067	(1,018)	15,085	1,482%	44,136	8,451	35,685	422%

The Corporation saw a strong increase in the FFO for 2010 compared to 2009. The increase has mainly been driven by sales of development land parcels and lots in the Corporation’s recently developed phases, off-set by a decline in sales of single-family and multi-family homes.

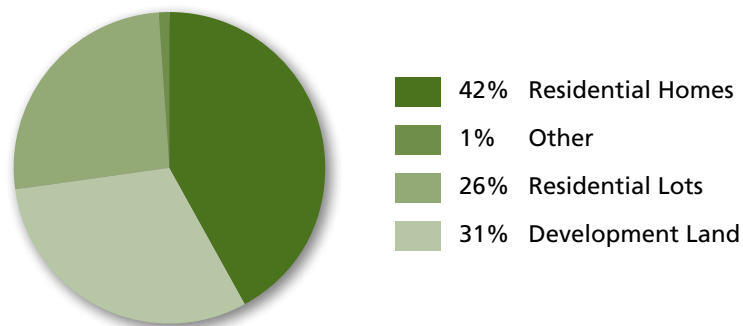
RESULTS OF OPERATIONS

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Net Earnings After Tax and Non-Controlling Interest	10,624	(714)	11,338	1,588%	36,404	6,756	29,648	439%
Basic Net Earnings Per Share	0.24	(0.02)	0.26	1,300%	0.82	0.15	0.67	447%

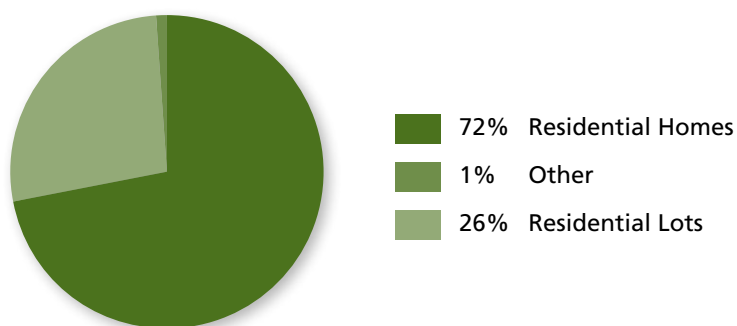
REVENUE, COST OF SALES AND GROSS MARGIN

The revenue mix for the years ended December 31, 2010 and 2009 is as follows:

REVENUE 2010

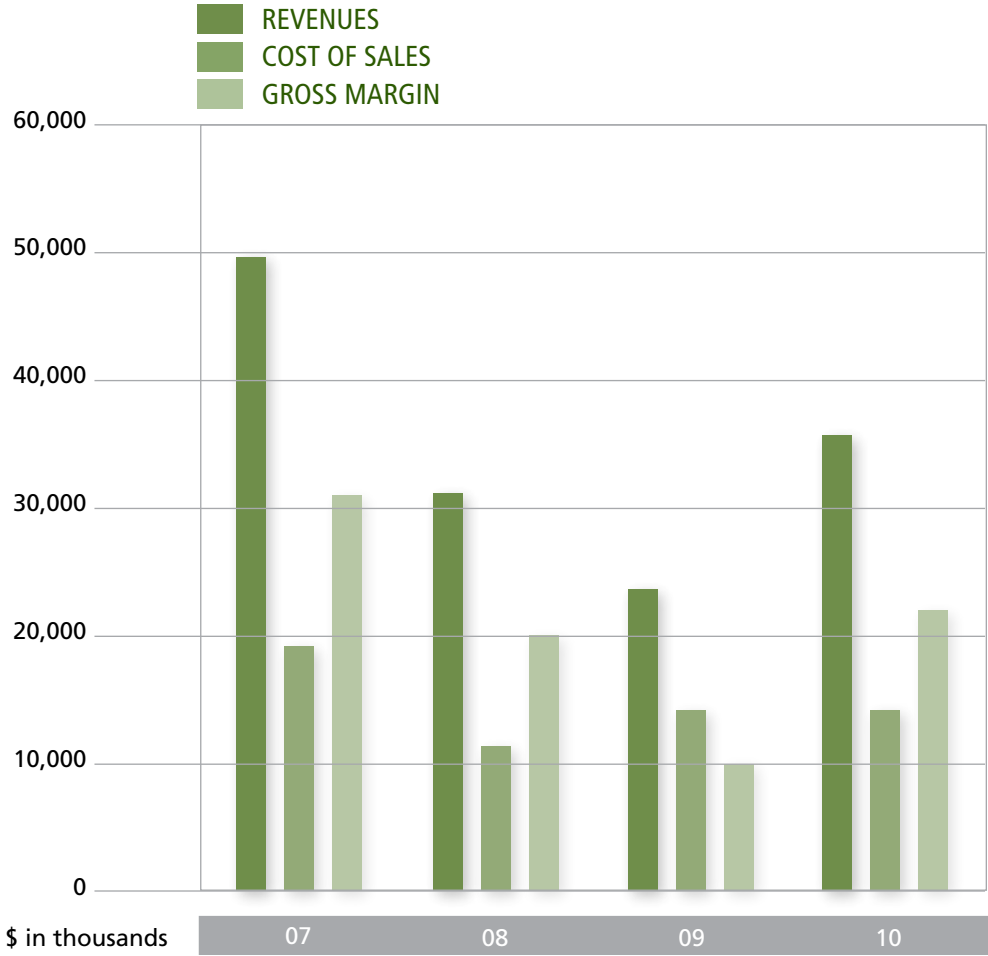


REVENUE 2009



RESIDENTIAL LOTS

REVENUE, COST OF SALES AND GROSS MARGIN – RESIDENTIAL LOTS



(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Residential Lot Revenue	24,955	3,974	20,981	528%	35,569	23,138	12,431	54%
Cost of Sales	(10,251)	(4,034)	(6,217)	154%	(14,001)	(12,729)	(1,272)	10%
Gross Margin	14,704	(60)	14,764	24,607%	21,568	10,409	11,159	107%
Gross Margin %	59%	(2%)			61%	45%		
Number of Lots Sold	128	23	105	457%	184	124	60	48%
Average Revenue Per Lot	195	173	22	13%	193	187	6	3%
Average Cost of Sales Per Lot	80	175	(95)	(54%)	76	103	(27)	(26%)

Revenues from residential lots for the year ended December 31, 2010 were higher than for the year ended December 31, 2009 due to higher number of lots sold in the current year and higher lot pricing due to improving economic conditions.

The negative gross margin for the three months ended December 31, 2009 is due to a one-time true-up of the cost to complete, booked in the three-month period ended December 31, 2009 in respect of the entire year 2009.

While cost of sales increased primarily due to higher sales volume driven by sales in the community of Saddlestone, the average cost per lot sold decreased for 2010, compared to last year mainly due to a comparatively lower cost base of the non-amenity lots sold this year as compared to amenity lots sold in Calgary's northeast community of Taralake in 2009. This contributed to the increase in gross margins in 2010 compared to last year.

DEVELOPMENT LAND

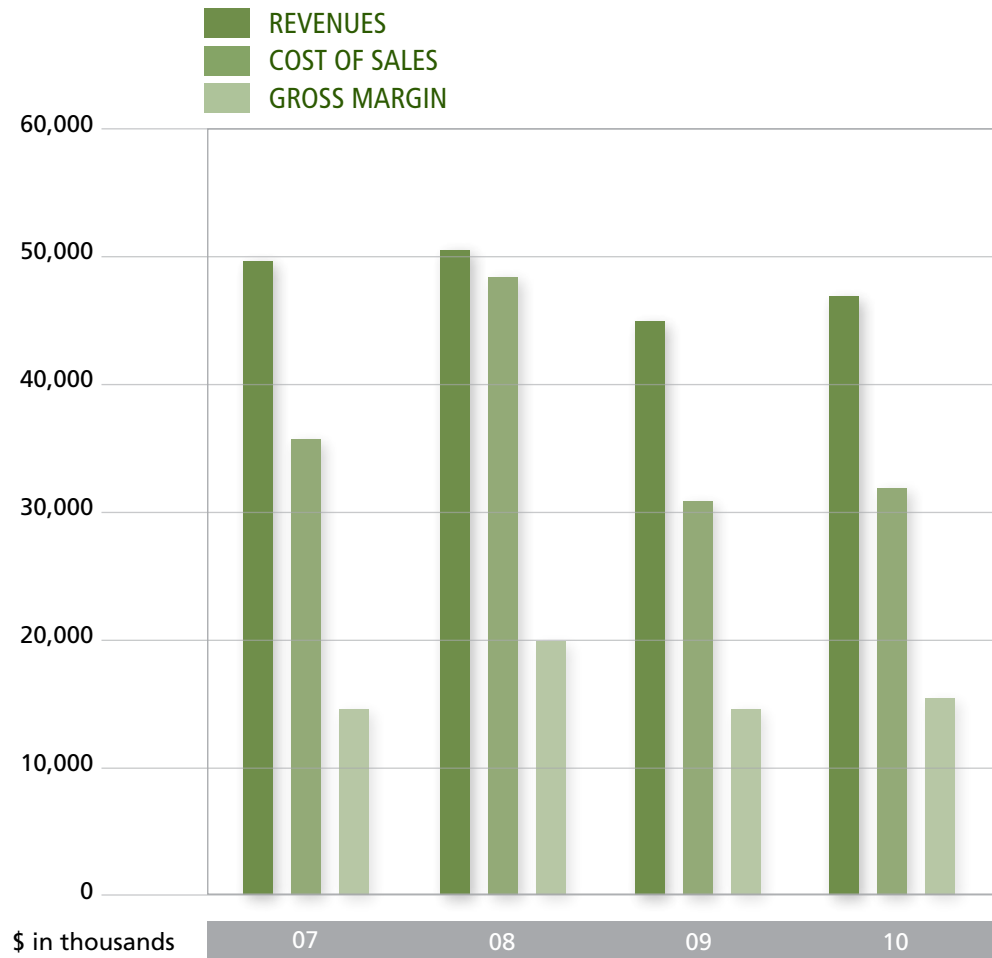
(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Development Land Revenue	2,800	—	2,800	100%	42,512	—	42,512	100%
Cost of Sales	(1,060)	—	(1,060)	100%	(14,860)	—	(14,860)	100%
Gross Margin	1,740	—	1,740	100%	27,652	—	27,652	100%
Gross Margin %	62%	—			65%			

For the year ended December 31, 2010, the sale of development land included two residential development land parcels in the city of Calgary, Alberta for \$39,062, a land for fire hall for \$2,800, as well as a commercial land parcel (through one of its limited partnerships) in the city of Airdrie, Alberta for \$650.

RESIDENTIAL HOME BUILDING

SINGLE FAMILY HOMES

REVENUE, COST OF SALES AND GROSS MARGIN – SINGLE FAMILY HOMES



(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Single-Family Revenue	6,897	10,089	(3,192)	(32%)	46,297	45,025	1,272	3%
Cost of Sales	(4,803)	(5,823)	1,020	(18%)	(31,561)	(30,778)	(783)	3%
Gross Margin	2,094	4,266	(2,172)	(51%)	14,736	14,247	489	3%
Gross Margin %	30%	42%			32%	32%		
Number of Homes Sold	15	24	(9)	(38%)	101	118	(17)	(14%)
Average Revenue Per Home	460	420	40	10%	458	382	76	20%
Average Cost of Sales Per Home	320	243	77	32%	312	261	51	20%

The average selling price per home has increased over last year as a result of the sales mix favoring the Communities of Kincora and Sherwood, which are typically mid-range homes. The margins however did not increase proportionately due to pressure on selling prices. Management believes the housing market has stabilized in Calgary and Airdrie for the near term, which should help maintain margins at current levels. The drop in new homes sales in 2010 compared to 2009 was due to wet weather conditions which delayed the availability of lots to commence construction work.

Home sales recorded for the three months and year ended December 31, 2010 in Calgary and Airdrie are as follows:

Community	Three Months Ended December 31, 2010				Year Ended December 31, 2010			
	# of Single-Family Homes Sold		Average Amount Per Home (\$'s)		# of Single-Family Homes Sold		Average Amount Per Home (\$'s)	
	2010	2009	2010	2009	2010	2009	2010	2009
CALGARY								
Kincora	—	7	—	416	33	8	441	413
Sherwood	6	3	617	546	25	7	590	541
Taralake	—	8	—	461	3	63	519	412
AIRDRIE								
Bayside	9	4	355	309	40	13	386	314
Canals	—	2	—	308	—	27	—	292
TOTAL	15	24	460	420	101	118	458	382

Sales for the last four quarters were as follows:

Quarter Ended	# of Homes Closed/Sold	
	2010	2009
December 31	15	24
September 30	29	34
June 30	39	34
March 31	18	25
Total	101	118

MULTI-FAMILY

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Multi-Family Revenue	812	3,943	(3,131)	(79%)	12,272	17,687	(5,415)	(31%)
Cost of Sales	(762)	(3,874)	3,112	(80%)	(11,703)	(17,767)	6,064	(34%)
Gross Margin	50	69	(19)	(28%)	569	(80)	649	811%
Gross Margin %	6%	2%			5%	0%		
Number of Homes Sold	4	16	(12)	(75%)	49	72	(23)	(32%)
Average Revenue Per Home	203	246	(43)	(17%)	250	246	4	2%
Average Cost of Sales Per Home	191	242	(51)	(21%)	239	247	(8)	(3%)

The Corporation currently has only one active multi-family project, The Breeze, a 125-unit condominium project in Airdrie, which is a joint venture with Genesis Limited Partnership #6 ("LP6"). During the year ended December 31, 2010 a total of 49 units have closed (2009 - 72). Subsequently, no additional unit sales have closed for the project. The project was constructed at peak construction costs in 2007 and 2008, but has been selling in a depressed multi-family housing segment in 2009 and 2010. The margins are low because the carrying value of the project has been written down to an estimate of net realizable value. The project financing was repaid from unit sales in September 2010, any additional units sold will be split with LP 6 approximately 3:1 in favor of LP6.

The Corporation currently has an additional nine 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.

OTHER REVENUE

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Interest and Other Income	145	211	(66)	(31%)	1,250	711	539	76%

Increase in interest and other income for the year ended December 31, 2010 compared to last year was driven primarily by interest income on outstanding mortgage loan receivables and customer deposit forfeitures on purchases of real estate.

GENERAL AND ADMINISTRATIVE EXPENSE

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
General and Administrative Expense – Gross	3,223	2,603	620	24%	12,263	10,946	1,317	12%
Limited Partnership Allocations	(264)	369	(633)	(172%)	(1,513)	(711)	(802)	113%
General and Administrative Expense – Net	2,959	2,972	(13)	(0%)	10,750	10,235	515	5%

Increase in general and administrative expense, net of the limited partnership allocations, for the year ended December 31, 2010 compared to last year was mainly driven by higher fees incurred for professional services and by higher salaries and benefits driven by an increase in the number of employees reflecting management's efforts to strengthen the Corporation's internal controls environment. The positive allocation for the three months ended December 31, 2009 is due to reversals related to the VIE.

WRITE-DOWN OF REAL ESTATE HELD FOR DEVELOPMENT, SALE AND OTHER

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Write-down (Recovery) of Real Estate Held for Development and Sale and Other	(3,860)	3,489	(7,349)	(211%)	(1,284)	7,643	(8,927)	(117%)

The improvement in economic conditions during 2010 resulted in an increase in the appraised values of properties. As at December 31, 2010, the value of certain previously written down properties recovered compared to the last valuation and write-downs amounting to \$4,855 were reversed. The reversal combined with write-down of \$3,571 booked during the year resulted in net recovery of \$1,284. The reversals were the result of independent appraisal of all the properties held by the Corporation as at December 31, 2010.

INTEREST EXPENSE

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Interest Capitalized	1,320	2,126	(806)	(38%)	7,172	7,035	137	2%
Interest Expensed	59	26	33	127%	804	1,470	(666)	(45%)
Total Interest Incurred	1,379	2,152	(773)	(36%)	7,976	8,505	(529)	(6%)

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

The decrease in interest expense for the year ended December 31, 2010 compared to last year was mainly due to lower average outstanding loan balances relating to working capital (non-project) financings which in turn is driven by management's continuing efforts to reduce the Corporation's non-project debt levels. This trend is expected to continue as management continues to target non-project loans for repayment.

INCOME TAX EXPENSE

(\$'s)	Three Months Ended December 31,				Year Ended December 31,			
	2010	2009	Change	%	2010	2009	Change	%
Income Tax Expense	4,160	31	4,129	13,319%	14,166	3,579	10,587	296%

Income tax expense increased for the year ended December 31, 2010 compared to year 2009 primarily due to higher taxable earnings driven by residential development and commercial land parcel sales recognized during 2010.

FINANCIAL POSITION

ASSETS

As of December 31,

(\$'s)	2010	%	2009	%
Real Estate Held for Development and Sale	309,034	87%	302,598	88%
Amounts Receivable	27,021	8%	15,384	4%
Cash and Cash Equivalents	2,455	1%	4,578	1%
Future Income Taxes	—	—	2,213	1%
Other Operating Assets	16,356	4%	17,568	6%
	354,866	100%	342,341	100%

REAL ESTATE HELD FOR DEVELOPMENT AND SALE

As of December 31,

(\$'s)	2010	2009	Change	%
Real Estate Held for Development and Sale	309,034	302,598	6,436	2%

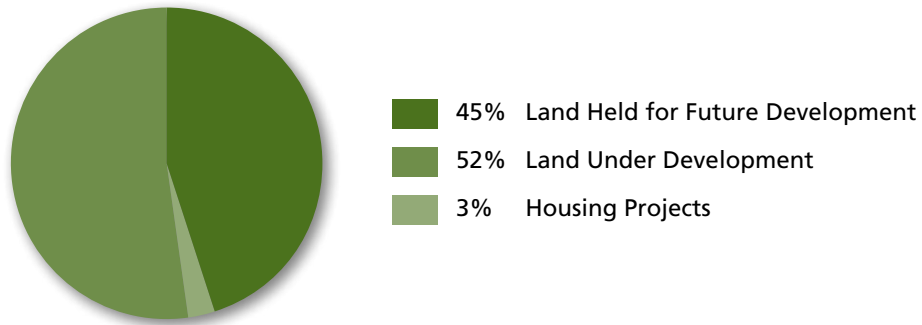
During the year ended December 31, 2010, carrying value of real estate held for development and sale increased primarily as a result of on-going residential land development and home construction expenditures relating to the first two phases in the Calgary communities of Sage Meadows and Saddlestone where Genesis substantially completed servicing in 2010, while offset by sales of development land parcels and housing inventory, reflecting the real estate market's stabilization in 2010. The increase is also attributable to partial reversals of previous write-downs amounting to \$4,855 as a result of independent appraisal of the Corporation's land portfolio.

Real estate held for development and sale changed during the year ended December 31, 2010 as follows:

(\$'s)	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	Total
December 31, 2009	128,304	156,557	17,737	—	302,598
Acquisitions & Transfers	24,649	(23,351)	18,229	(19,527)	—
Development	29,665	2,770	26,057	19,527	78,019
Sold	(20,654)	—	(52,684)	—	(73,338)
Recovery (Write-down)	(1,415)	3,510	(340)	—	1,755
December 31, 2010	160,549	139,486	8,999	—	309,034

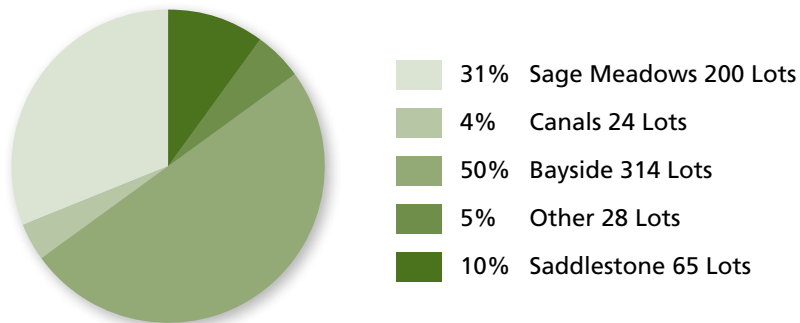
The Corporation's land holding mix was as follows:

LAND HOLDING MIX



The Corporation had 631 single-family lots in inventory as at December 31, 2010. The lot inventory by community was as follows:

TOTAL NUMBER OF SINGLE-FAMILY LOTS IN INVENTORY BY COMMUNITY



In Airdrie, Genesis is completing servicing of 150, primarily, entry-level lots in phase 7 of its Bayside Community. Management believes that price point continues to be a major influence over new-home purchase decisions, particularly for first-time buyers, so these lots will be priced in the \$100 range.

The Corporation has contracts for the sale of 75 lots in Sage Meadows for approximately \$13,971. The sales under these contracts are expected to be recognized in 2011.

AMOUNTS RECEIVABLE

As of December 31,

(\$'s)	2010	2009	Change	%
Amounts Receivable	27,021	28,275	(1,254)	(4%)
Allowance for Doubtful Accounts	—	(12,891)	12,891	(100%)
	27,021	15,384	11,637	76%

Amounts receivable, net of allowance for doubtful accounts, increased at December 31, 2010 compared to December 31, 2009 mainly due to increase in lot sales achieved for the Saddlestone community making up 60% of the receivable balance, VTB mortgage issued for the sale of a land parcel and partially offset by decrease in miscellaneous receivables. The allowance for doubtful receivables amounting to \$12,891 as of December 31, 2009 decreased to \$Nil balance in 2010 mainly due to reclaiming lots back into the inventory relating to doubtful receivables of insolvent customers.

Credit exposure associated with land division lot receivables is mitigated as the Corporation retains title to the lot until payment is received. In the event that a customer is unable to pay the balance of the purchase price owing, the Corporation would retain the collected non-refundable deposit and the developed lot. Credit risk associated with accounts receivable for single- and multi-family homes is mitigated as payment is received upon title transfer of homes.

LIABILITIES, NON-CONTROLLING INTEREST & SHAREHOLDERS' EQUITY

As of December 31,

(\$'s)	2010	%	2009	%
Financings	81,320	23%	115,210	34%
Customer Deposits	8,388	2%	4,985	1%
Accounts Payable and Accrued Liabilities	13,024	4%	8,350	2%
Income Taxes Payable	8,310	2%	11,139	3%
Future Income Taxes	3,387	1%	—	—
Land Development Service Costs	10,347	3%	8,301	2%
Non-Controlling Interest	58,920	17%	61,084	18%
Shareholders' Equity	171,170	48%	133,272	40%
	354,866	100%	342,341	100%

Financings from lending institutions, excluding deferred financing fees, at December 31, 2010 totaled \$82,963 of which \$45,006 or 54% 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 year ended December 31, 2010, Genesis received \$128,167 of financing proceeds and made repayments of \$162,057. The multi-family division has financed \$Nil of construction costs at December 31, 2010 as compared to \$10,253 at December 31, 2009, which represented repayments of the financing for the Breeze project while offset by the remaining construction cost of the project. Repayment of the financing was through sales proceeds from closings of individual units to third party purchasers.

LAND DEVELOPMENT SERVICE COSTS

As of December 31,

(\$'s)	2010	2009	Change	%
Land Development Service Costs	10,347	8,301	2,046	25%

Accrued land development service costs increased at December 31, 2010 compared to December 31, 2009 mainly due to increased lot sales in the communities of Saddlestone, Sherwood and Bayside, sale of land for fire hall in the community of Sage Meadows, increase in estimated budgets for certain properties, while off-set by performing planned service work thus incurring previously budgeted completion costs.

NON-CONTROLLING INTEREST

As of December 31,

(\$'s)	2010	2009	Change	%
Non-Controlling Interest Liability	58,920	61,084	(2,164)	(4%)

Non-controlling interest liability decreased primarily due to cash paid to limited partnership unit holders and de-recognition of a variable interest entity ("VIE") that was previously consolidated into the Corporation's accounts.

SHAREHOLDERS' EQUITY

As at March 3, 2011, the Corporation had 44,418,511 common shares issued and outstanding. In addition, there were options to acquire 2,162,871 common shares of the Corporation issued under the Corporation's stock option plan.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2010, the Corporation generated net earnings of \$36,404 and generated \$44,136 for funding its operating activities. At December 31, 2010, the consolidated cash balance was \$2,455 as compared to \$4,578 as at December 31, 2009.

The current liabilities include:

(\$'s)	Year Ended December 31,	
	2010	2009
Financings, Excluding Deferred Financing Fee	45,006	101,802
Customer Deposits	8,388	4,985
Accounts Payable and Accrued Liabilities	13,024	8,350
Income Taxes Payable	8,310	11,139
Total Current Liabilities	74,728	126,276
Commitments	4,977	741
	79,705	127,017

At December 31, 2010, Genesis has obligations due within the next 12 months of \$79,705. 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 at quarter-end:

Financings

(\$'s)	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009
Land & Land Project Loans	81,862	65,169	84,993	106,435	106,547
Home Building Operations	442	—	1,617	4,943	10,253
Other	659	714	705	688	839
Deferred Financing Fees	82,963 (1,643)	65,883 (1,445)	87,315 (1,570)	112,066 (1,863)	117,639 (2,429)
	81,320	64,438	85,745	110,203	115,210

The movement in Corporation's financing was as follows:

(\$'s)	Year Ended December 31,	
	2010	2009
Balance, Beginning of Year	115,120	132,704
Advances	128,167	84,828
Repayments	(162,057)	(102,322)
Balance, End of Year	81,230	115,210

Through strategic sales of assets as well as ongoing principal repayments, the Corporation's financings have decreased to \$81,320 from the December 31, 2009 balance of \$115,210. Management is continuing its efforts to reduce the Corporation's non-project and high-interest debt levels. The following table shows the debt to equity ratio calculated as total debt excluding non-controlling interest divided by total equity including non-controlling interest.

(\$'s)	Year Ended December 31,	
	2010	2009
Total Liabilities (Excluding Non-Controlling Interest)	124,776	147,985
Total Equity (Including Non-Controlling Interest)	230,090	194,356
Debt to Equity Ratio	0.54	0.76

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, management believes that 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 the Corporation would attempt to refinance and/or extend the term of the financing.

CONTRACTUAL OBLIGATIONS

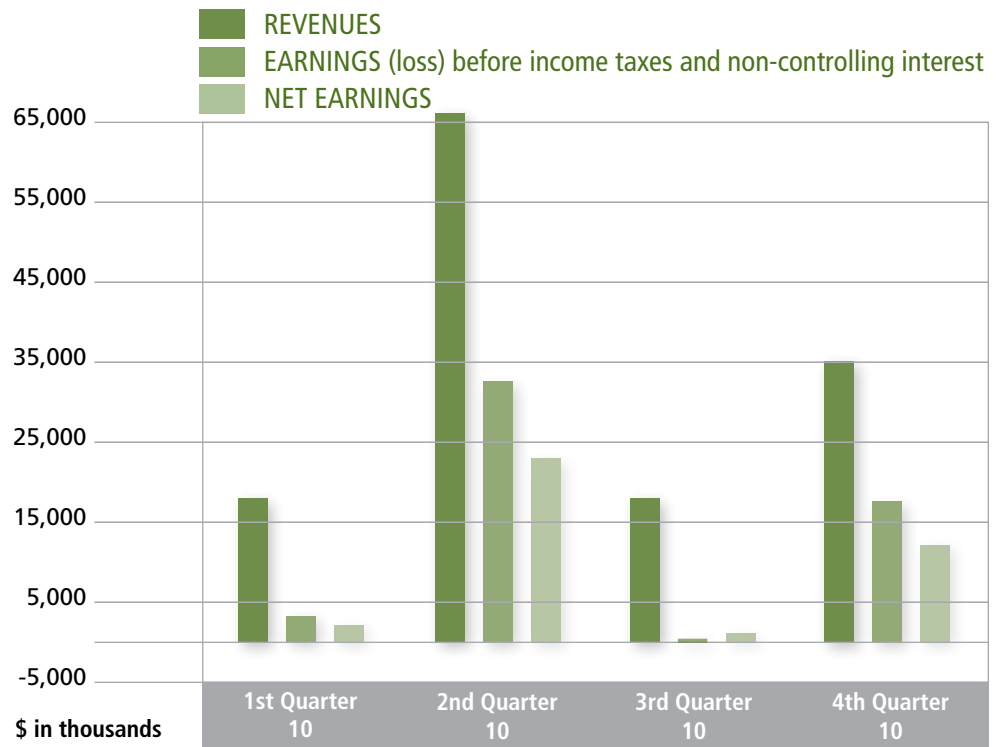
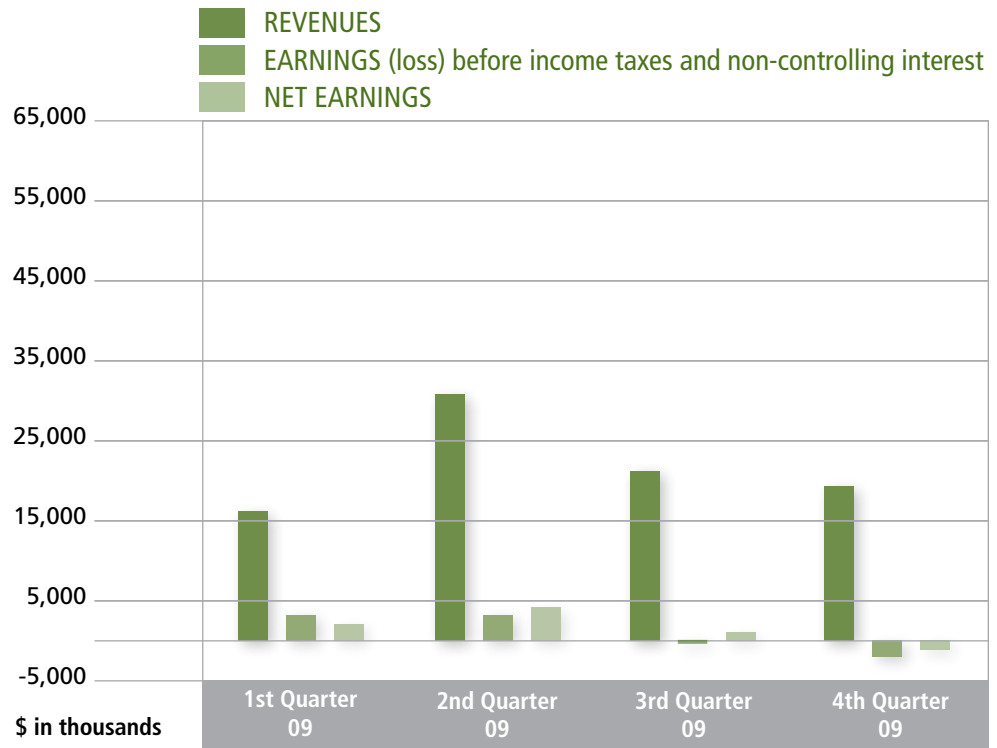
The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, stated as of December 31, 2010 are as follows:

(\$'s)	Financings (Excl. Deferred Financing Fees)	Purchase of Land	Naming Rights	Lease Obligations	Total
Current	45,006	4,216	200	561	49,983
Years 2 and 3	37,957	4,217	400	354	42,928
Years 4 and 5	—	—	400	57	457
Thereafter	—	—	400	—	400
	82,963	8,433	1,400	972	93,768

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

SUMMARY OF QUARTERLY RESULTS



(\$'s)	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009	Third Quarter 2009	Second Quarter 2009	First Quarter 2009
Revenues	35,609	17,793	66,440	18,058	18,219	20,621	31,119	16,603
Earnings (Loss) Before Income Taxes and Non-Controlling Interest	18,970	488	31,119	2,835	(1,868)	(239)	3,792	3,920
Net Earnings (Loss)	10,624	994	22,802	1,984	(714)	721	4,387	2,362
Net Earnings (Loss) Per Share:								
Basic	0.24	0.02	0.52	0.04	(0.02)	0.02	0.10	0.05
Diluted	0.24	0.02	0.52	0.04	(0.02)	0.02	0.10	0.05

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 ("JV") 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 is expected to commence in 2011.

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 December 31, 2010, these letters of credit totaling approximately \$15,343, 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 December 31, 2010.

RELATED PARTY

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 in 2010 were \$202 (December 31, 2009 – \$91). The Former Officer was granted 70,000 stock options on December 10, 2009. 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. As of March 3, 2011, the transaction has not closed.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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.

GENERAL LITIGATION

The Corporation is subject to various legal proceedings and claims that arise in the ordinary course of business operations. The Corporation periodically reviews these claims to determine if amounts should be accrued in the financial statements or if specific disclosure is warranted.

VALUATION OF LAND

Land under development, land held for future development and housing projects under development are recorded at the lower of cost and estimated net realizable value on a project specific basis. An impairment loss is recognized to the extent that the carrying value of a project exceeds the fair value of that project. Cost includes land acquisition costs, other direct costs of development and construction, interest on debt used to finance specific projects, property taxes and legal costs. Land acquisition costs are prorated to a phase of a project on an acreage basis.

COSTS TO COMPLETE

Genesis' most significant estimates relate to future development costs for lot sales which are recognized prior to all costs being committed or known. The future development costs liability represents the construction costs remaining to be incurred for each project phase currently under development to the extent that revenue has been recognized. The liability to complete lots sold is recognized when the first revenue is recognized in the phase. The liability includes all direct construction costs and indirect costs including interest and property taxes expected to be incurred during the remainder of the construction period.

Changes in the estimated future development cost directly impact the amount recorded for the future development liability, cost of sales, gross margin and in some cases, the value of real estate under development and held for sale. This liability is subject to significant measurement uncertainty as it is based on estimated budgeted numbers prepared by independent consultants. Recent market conditions in Alberta have been volatile thereby increasing the risk of estimation errors.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Accounting Standards Board (“AcSB”) requires publicly accountable enterprises to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Corporation’s IFRS adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for the year ended December 31, 2010, including the opening statement of financial position as at January 1, 2010.

Management has commenced and substantially completed its IFRS conversion project which consists of the following three phases:

1. **Preliminary impact and assessment** – this phase commenced with a review of the Corporation’s significant accounting policies relative to current and proposed IFRS. The results of this analysis were priority ranked according to the complexity and the extent of the impact in adoption of IFRS accounting policies.
2. **Detailed analysis** – the Corporation is now in the process of preparing draft analysis for the impact and evaluation phase, where items identified in the preliminary phase are addressed according to the priority levels assigned to them. This phase involves analysis of policy choices allowed under IFRS, drafting IFRS position papers for areas requiring significant judgment, assessing impact on systems and controls and drafting IFRS compliant consolidated financial statements.
3. **Implementation phase** – this final phase involves implementing all changes approved in the impact and evaluation phase.

The Corporation completed the preliminary impact and assessment phase. The Corporation is currently in the detailed analysis phase which is expected to be completed within the reasonable timeframe to allow for further disclosure and filing as required and applicable. For the second phase the Corporation’s IFRS advisor has completed drafting and finalizing IFRS position papers, decision on optional exemptions have been made, and draft analysis of impact has been calculated. The Corporation is currently preparing IFRS compliant consolidated financial statements and drafting the first set of IFRS financial statements. The implementation phase will commence upon completion of the detailed analysis phase.

Management determined that the differences most likely to have the greatest degree of complexity and impact on the Corporation’s consolidated financial statements were as follows:

FIRST-TIME ADOPTION

IFRS 1 Grants First Time Adopters:

- Optional exemptions, from retrospective application of certain standards, that the Corporation may choose to elect in preparation of its opening statement of financial position; and
- Mandatory exceptions to retrospective application of certain standards.

Elections made upon transition to IFRS can have a significant impact on the level of time and effort needed for IFRS conversion. The following optional exemptions appear to be the most applicable to the Corporation:

- (a) Fair value or revaluation as deemed cost - This exemption provides the Corporation with the option to elect specific fair values for the deemed cost of any qualifying item of property, plant and equipment. The Corporation has elected to use the historical cost bases under Canadian GAAP as deemed cost at the transition date;
- (b) Share-based payments - This exemption provides the Corporation with the option of not applying IFRS 2 Share-based Payments to equity-settled share-based payment transactions issued after November 7, 2002 and which have vested before the date of transition. The Corporation has elected to apply IFRS 2 to equity instruments granted after November 7, 2002 that have been vested as of January 1, 2010 and all liabilities arising from the share-based payment transactions that existed at January 1, 2010; and
- (c) Capitalization of borrowing costs - This exemption provides the Corporation with the option of applying IAS 23 Borrowing Costs ("IAS 23") prospectively from the transition date. The Corporation has elected to apply IAS 23 prospectively.

Furthermore, IFRS 1 requires extensive disclosure in the Corporation's first set of IFRS compliant interim and annual consolidated financial statements. This includes the disclosure of several reconciliations that explain how the transition from Canadian GAAP to IFRS affected the reported financial position, financial performance and cash flows of the Corporation.

BORROWING COSTS

IAS 23 Borrowing Costs ("IAS 23") requires the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that takes a long period of time to construct). Interest costs may only be capitalized to a property when an entity incurs expenditures for the asset, incurs borrowing costs, and begins development to prepare the asset for its intended use or sale. As a result, borrowing costs on land held for development may not qualify. Borrowing costs must cease being capitalized to a project in cases of extended delays in development or once the property is substantially complete for its intended use, regardless of level of occupancy.

Furthermore, to the extent that the Corporation borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Corporation must determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period.

The Corporation has elected under the optional exemption provided by IFRS 1 to apply IAS 23, Borrowing Costs, prospectively, consequently there is no impact on opening statement of financial position as of January 1, 2010.

IMPAIRMENT OF ASSETS

PP&E is tested for impairment in accordance with IAS 36 Impairment of Assets which requires that the Corporation assesses, at the end of each reporting period, whether there is any indication that these assets may be impaired. An asset is impaired when the recoverable amount of the asset is less than the carrying amount. If there is any indication that an asset may be impaired, the recoverable amount should be estimated for individual assets. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. The value in use is the present value of the future cash flows (i.e. discounted cash flows) expected to be derived from an asset.

If it is not possible to estimate the recoverable amount for the individual asset, the Corporation must determine the recoverable amount for the cash-generating unit ("CGU") to which that asset can be allocated. A CGU is the smallest group of assets that generates cash flows largely independent of other assets or groups of assets.

As a result of the above changes, impairment may be recognized more frequently under IFRS as Canadian GAAP does not require the discounting of cash flows when assessing the recoverability of an asset's carrying value. IAS 36 does, however, require the reversal of an impairment loss where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

The Corporation's fixed assets are mainly composed of office equipment, computer equipment, automobiles, furniture, software and landscaping equipment. The net book value of these assets as of December 31, 2010 is \$544. The management does not anticipate any material change to this balance for the opening statement of financial position as of January 1, 2010.

INCOME TAXES

IAS 12 Income Taxes ("IAS 12") is similar to Canadian GAAP in that the Corporation has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax base. The adoption of IFRS may have a significant impact on the Corporation's tax accounting in the period of adoption and in subsequent periods for new temporary differences arising on the conversion to IFRS as a result of changes in carrying values of assets, differences in depreciation and depletion expense, residual values, capitalization of borrowing and direct costs and impairment charges and reversals.

IMPACT ON SHAREHOLDERS' EQUITY

Based on detailed analysis in second phase of the IFRS conversion, the following tables present the identified differences between Canadian GAAP and IFRS and their impact on shareholders' equity as of January 1, 2010 and 2011. This un-audited information reflects our most recent views, assumptions and expectations. The identified differences are intended to highlight the most significant areas and should not be regarded as complete or final.

The summary of expected changes that we believe will be most significant when the Corporation transitions to IFRS as of January 1, 2010 are as noted in the following table:

(Un-Audited) Description	Financial Statement Line Item Impacted	Increase / (Decrease) in Shareholders' Equity
Share Based Payments – IFRS 2	Contributed Capital	595
Total Impact Before Taxes		595
Net After-Tax Impact on Shareholders' Equity at January 1, 2010		595

The expected change to the shareholders' equity as at January 1, 2011 based on detailed analysis is expected to be as summarized in the following table:

(Un-Audited) Description	Financial Statement Line Item Impacted	Increase / (Decrease) in Shareholders' Equity
Borrowing Cost – IAS 23	Real Estate Held for Development and Sale	(6,830)
Borrowing Cost – IAS 23	Non-Controlling Interest	1,512
Share Based Payments – IFRS 2	Contributed Capital	786
Total Impact Before Taxes		(4,532)
Net After-Tax Impact on Shareholders' Equity at January 1, 2011		(2,936)

FINANCIAL STATEMENTS

The disclosure requirements under IFRS are more extensive than Canadian GAAP. The Corporation is in the process of completing draft financial statements which will be reviewed with the Audit Committee in March 2011. The Corporation has retained its auditors to audit the opening statement of financial position as at January 1, 2010 included in these financial statements.

IMPACT ON SYSTEMS AND CONTROLS

The changeover to IFRS has minimal impact on the accounting system. Operational processes around the system have been updated to capture information for IFRS reporting purposes and to allow for comparative reporting in 2011. As part of the implementation stage, the management plans to adjust general ledger with the IFRS adjustment balances at the conversion date.

The Corporation has reviewed the impact of IFRS on certain agreements, such as debt agreements, compensation agreements, other matters such as capital requirements and debt covenants. The review has been completed and we have not identified any material issues arising due to conversion to IFRS.

The impact on internal control over financial reporting and disclosure controls and procedures has been assessed. The changes identified are not material and have been documented and all policies and procedures have been updated.

The Corporation has completed the assessment of the impact to investor relations and external communication plans and does not anticipate any changes due to conversion to IFRS.

NEXT STEPS

The Corporation plans to complete the following steps as part of phase 2 and 3 of its IFRS conversion plan in order to issue its first IFRS compliant financial statements:

- Preparation of draft IFRS compliant financial statements and review with audit committee;
- Completion of an audit of opening statement of financial position as at January 1, 2010; and
- Adjust general ledger with IFRS adjustments at the conversion date.

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. Real estate development is a cyclical business; as a result, the profitability of the Corporation could be adversely affected by external factors beyond the control of management. Currently, the Corporation is seeing gradual market stabilization from the general downturn of 2008 and 2009 in the national and local economies. Although Genesis had experienced a slowdown in lot sales, it is using this economic correction to strongly position itself when the market turns around. With a diversified land base, the Corporation is well positioned to focus on the real estate projects offering the best return in the market place going forward.

The risks identified below are not an exhaustive listing of all possible risks faced by the Corporation. There may be additional risks that management may need to consider as circumstances require.

Genesis is exposed to a number of risks including:

GENERAL ECONOMIC RISKS:

Real Estate Industry Risk: Real estate investments are generally subject to varying degrees of risk, depending on the nature of the property. These risks include (i) changes in general economic conditions, (ii) changes in local conditions (such as an oversupply of land or a reduction in demand for real estate in the area), (iii) changes to government regulations (such as new or revised building codes) and (iv) competition from other developers or builders. Raw land is relatively illiquid. Such illiquidity will tend to limit Genesis' ability to rebalance its portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other developers and landowners, resulting in distressed sales, may depress real estate values in the markets in which the Corporation operates.

Environmental Risk: As an owner of real estate, Genesis is subject to federal, provincial and municipal environmental regulations. These regulations may require the Corporation to fund the costs of removal and remediation of certain hazardous substances on its properties or releases from its properties. The failure to remediate such properties, if any, could adversely affect the Corporation's ability to borrow using the property as collateral or sell the real estate. Genesis is not aware of any material noncompliance with environmental laws at any of its properties. The Corporation has made, and will continue to make, the necessary capital expenditures to comply with environmental laws and regulations. Environmental laws and regulations can change rapidly, and the Corporation may become subject to more stringent environmental laws and regulations in the future.

Competition Risk: Each segment of the real estate business is competitive. Numerous other residential developers and builders compete for potential customers. Although it is Genesis' strategy to be the premier land developer or builder in the marketplaces in which it operates, some of the Corporation's competitors may provide a better product or may be better located or better capitalized. The existence of alternative lots, housing or commercial properties could have a material adverse effect on Genesis' ability to sell lots, single and multi-family homes or commercial properties and thus could adversely affect Genesis' revenues and ability to meet its obligations.

General Uninsured Losses: Genesis carries comprehensive insurance with policy specifications, limits and deductibles customarily carried for similar companies. There are, however, certain types of risks (generally of a catastrophic nature) that are either uninsurable or not economically insurable.

SPECIFIC RISKS:

Credit Risk: This arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. The corporation does sell to a variety of builders to alleviate this risk. As well, thorough credit assessments are conducted with respect to all new builders and the Corporation also obtains a non-refundable deposit and maintains title to lots that are sold until payment is received in full.

Interest Risk: This is the combined risk that the Corporation would experience a loss as the result of its exposure to a higher interest rate environment (Interest Rate Risk) and the possibility that at the time of maturity of a mortgage the Corporation would be unable to renew the maturing debt either with the existing lender or with a new lender (Renewal Risk). The Corporation structures its debt so as to stagger the maturity dates, thus reducing exposure to any short-term fluctuations in rates. To mitigate against renewal risk, the Corporation has established relationships with a number of different lenders. The Corporation has historically been successful in obtaining refinancing on maturing debt where it has sought it. In addition, Genesis has been able to finance at loan-to-fair values of 50% to 60%, as applicable.

Management Risk: Relates to the continuity of management. The success of the Corporation is largely dependent on the quality of its management and personnel. Loss of such personnel or the inability to attract personnel of equivalent ability could materially affect the operations and prospects of the Corporation. The Corporation continuously provides coaching, training and educational opportunities to its employees, as well as periodically evaluates a need to attract human resources of high professional quality and appropriate experience.

Other factors which effect Genesis' ability to operate successfully include:

- Shifts in population patterns;
- Delays in regulatory approvals;
- Availability of land; and
- Availability of labor;

To generally mitigate risks, Genesis has taken the following steps:

- Constant monitoring of market trends and conditions.
- Substantial pre-sales are in place before commencing a project where prudent to do so.
- Raw land acquisitions generally financed with equity and development costs funded with short-term financing. All regulatory requirements are met on time.
- Adequate financing is established prior to commencement of project development.
- Strategic planning of current and future land development projects.

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 December 31, 2010 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 Canadian GAAP. 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 December 31, 2010 and concluded that the design and operating effectiveness of these internal controls over financial reporting are effective.

MATERIAL CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROL AND PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2010

During the nine month period ended September 30, 2010, management of the Corporation with the participation of CEO and CFO, concluded that as of September 30, 2010 Corporation's disclosure control and procedures and internal controls over financial reporting were not effective. The management of the Corporation under the supervision of CEO and CFO has remediated the material weaknesses identified as part of the evaluation according to the remediation plan designed by the management:

- In May of 2010, Special Committee and the Corporate Governance Committee issued two news releases. Neither of these news releases were discussed with, nor circulated to the certifying officers prior to their release. Subsequent to these actions, the Board of Directors have implemented the following remedies:
 - The board created an Executive Committee of the Board to oversee financing, land sale or purchase above certain financial limits, and press releases.
 - All board Mandates & Policies have been reviewed, updated and approved by the Board of Directors.

During the nine month period ending September 30, 2010, Management, with the participation of CEO and CFO, concluded that the internal controls over financial reporting were not operating effectively. During the evaluation certain material weaknesses in internal controls over financial reporting were identified. Due to the limited number of staff and complexity of certain accounting transactions relating to items such as costs to complete and future development costs liability, instances of control weaknesses relating to insufficient segregation of duties and lack of independent review have been noted.

Management has taken the following measures and remediated the material weaknesses in internal controls over financial reporting:

- Management has amended the process to calculate for estimates of “Cost to complete” and “Future Developments Cost liability” by involving Operational Managers and Consultants in the estimation and assumptions made during the course of production. Genesis is also implementing new software that will help track costs and provide real-time data that help in providing current and actual data. Estimates are made with the best available data at the time the financial statements are being prepared. Management has also hired a Senior Cost Accountant to help in providing better estimates as well as ensure proper segregation of duties within the process.
- Management has put in place a segregation of duties matrix and updated the procedures and processes to separate key duties where possible. As such, lack of segregation and their related risks are not uncommon in smaller companies with a limited number of employees in the accounting function. Management has added new employees at management and non-management level to help clearly segregate duties. In order to provide a compensating control for these weaknesses, the Corporation is also employing the services of external consultants, and has hired an internal auditor to enhance its internal controls.

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 record. In addition, the Audit Committee reviews on a quarterly basis the financial statements and key risks of the Corporation and queries management about significant transactions, and there is daily oversight by the senior management of the Corporation.

OUTLOOK

In 2010, Genesis set new records for revenues and earnings, and also paid down its financings by nearly \$34,000. In 2011, Genesis will look to build on these results. Reductions in non-project debt, optimizing current operations and exploring recurring revenue streams will be the focus of management in 2011.

The land division brought on two new projects in 2010, the communities of Saddlestone and Sage Meadows, both in Calgary. For 2011, Genesis expects to continue to bring on additional phases and lots in these areas by the end of the year. Additionally, now that the NW Calgary communities of Kincora and Sherwood are nearing the final stages of completion, Genesis and its JV partner, will commence the development of the first phase of its Kinwood community, which is located just north of Genesis' existing Sherwood project.

In 2011, new mortgage qualification rules, increased interest rates, and significant increases to development levies within the city of Calgary will likely put downward pressures on the margins of the land development division as well as the home building division. It is expected the amended qualification rules will impact first-time home buyers most of all, and act as a barrier to entry. In response, Genesis will have to adjust its lot production within the city of Calgary to focus on smaller, more affordable lots and new home models for its entry level product.

As the impact of these changes filter through the Calgary market, it should also increase the demand for housing within Calgary's outlying areas, such as Genesis' Airdrie communities of Bayside and the Canals.

The increasing costs for single family home sales and lots could also have a positive impact on the demand for multi-family homes as they have a lower entry point for consumers. Genesis currently has a number of approved multi-family sites and will investigate the potential for additional land sales or the feasibility of the construction and sale of a multi-family project in its existing communities. Increased costs for home purchasers may also increase demand for rental units within the city of Calgary. Genesis is examining the feasibility of pursuing this side of the multi-family market as well.

On January 5, 2011, Genesis announced a pending commercial land sale to RioCan Real Estate Investment Trust ("RioCan") for +/-27 acres of land within its Sage Hill crossing site. If RioCan's due diligence condition is waived or satisfied, Genesis then has up to 720 days to complete the servicing of the site. A firm sale, pending completion of servicing, would be an important first to step to unlocking the potential for this site. Otherwise, Genesis has +9 acre mixed-use site within its Sage Meadows community which it is currently evaluating for development or sale.

OTHER

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

MANAGEMENT'S REPORT

To the Shareholders of **Genesis Land Development Corp.**

The consolidated financial statements and all information in the Management's Discussion and Analysis are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information elsewhere in the Management's Discussion and Analysis has been reviewed to ensure consistency with that in the consolidated financial statements.


Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee which meets regularly with the auditors and management to review the activities of each. The Audit Committee, which is comprised of three independent directors, reports to the Board of Directors.

Meyers Norris Penny LLP, an independent firm of chartered accountants, was engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provide an independent auditors' opinion.



Gobi Singh
PRESIDENT AND CHIEF EXECUTIVE OFFICER



Simon Fletcher
CHIEF FINANCIAL OFFICER

March 3, 2011

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GENESIS LAND DEVELOPMENT CORP.

We have audited the accompanying consolidated financial statements of Genesis Land Development Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Genesis Land Development Corp. and its subsidiaries as at December 31, 2010 and December 31, 2009, and the results of their operations and cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

March 3, 2011
Calgary, Canada

Mayer Davis Penny LLP

CHARTERED ACCOUNTANTS



GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED BALANCE SHEETS As at December 31, 2010 and 2009

(In Thousands of Canadian Dollars)	2010 \$	2009 \$
Assets		
Real Estate Held for Development and Sale (note 4)	309,034	302,598
Amounts Receivable (note 6)	27,021	15,384
Other Operating Assets (note 7)	16,356	17,568
Future Income Taxes (note 8)	—	2,213
Cash and Cash Equivalents	2,455	4,578
Total Assets	354,866	342,341
Liabilities and Non-Controlling Interest		
Financings (note 9)	81,320	115,210
Customer Deposits	8,388	4,985
Accounts Payable and Accrued Liabilities	13,024	8,350
Income Taxes Payable	8,310	11,139
Future Income Taxes (note 8)	3,387	—
Land Development Service Costs	10,347	8,301
Non-Controlling Interest (note 5)	58,920	61,084
Total Liabilities and Non-Controlling Interest	183,696	209,069
Commitments and Contingencies (note 13)		
Shareholders' Equity		
Share Capital (note 10)	54,798	54,097
Contributed Surplus (note 11)	4,913	4,120
Retained Earnings	111,459	75,055
Total Shareholders' Equity	171,170	133,272
Total Liabilities, Non-Controlling Interest and Shareholders' Equity	354,866	342,341

See accompanying notes to the consolidated financial statements



Gobi Singh
PRESIDENT AND CHIEF EXECUTIVE OFFICER



Simon Fletcher
CHIEF FINANCIAL OFFICER

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS Years Ended December 31, 2010 and 2009

(In Thousands of Canadian Dollars Except Per Share Amounts)	2010 \$	2009 \$
Revenues		
Residential Lot Sales	35,569	23,138
Development Land Sales	42,512	—
Residential Home Sales	58,569	62,713
Interest and Other Income	1,250	711
	137,900	86,562
Expenses		
Cost of Sales:		
Residential Lots	14,001	12,729
Development Land	14,860	—
Residential Homes	43,264	48,546
Write-Down (Recovery) of Real Estate Held for Development and Sale and Other (note 4)	(1,284)	7,643
General and Administrative	12,263	10,946
Bad Debt Expense (Recovery) (note 14)	6	(594)
Interest	804	1,470
Stock-Based Compensation (note 12)	1,004	(6)
Amortization	173	218
Gain on De-Recognition of VIE (note 5(b))	(613)	—
Loss on Disposal of Property and Equipment	10	5
	84,488	80,957
Earnings Before Income Taxes and Non-Controlling Interest	53,412	5,605
Provision for Income Taxes (note 8)		
Current	8,566	5,014
Future	5,600	(1,435)
	14,166	3,579
Earnings Before Non-Controlling Interest	39,246	2,026
Non-Controlling Interest (note 5)	2,842	(4,730)
Net Earnings, Being Comprehensive Income	36,404	6,756
Retained Earnings, Beginning of Year	75,055	68,299
Retained Earnings, End of Year	111,459	75,055
Net Earnings Per Share – Basic and Diluted (note 10)	0.82	0.15

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

(In Thousands of Canadian Dollars)	2010 \$	2009 \$
Funds Provided From (Used For):		
Operating Activities		
Net Earnings	36,404	6,756
Items Not Involving Cash:		
Stock-Based Compensation	1,004	(6)
Amortization	173	218
Write-Down (Recovery) of Real Estate Held for Development and Sale and Other	(1,284)	7,643
Gain on De-Recognition of VIE	(613)	—
Loss on Disposal of Property and Equipment	10	5
Future Income Taxes	5,600	(1,435)
Non-Controlling Interest	2,842	(4,730)
	44,136	8,451
Increase (Decrease) in Non-Cash Working Capital (note 17)	(7,595)	13,430
	36,541	21,881
Financing Activities		
Advances from Financings	128,167	84,828
Repayments of Financings	(162,057)	(102,322)
Increase (Decrease) in Non-Controlling Interest	(1,507)	2,834
Non-Controlling Interest Capital Repayments	(2,886)	(1,316)
Purchase of Share Capital	—	(61)
Issue of Share Capital	490	—
	(37,793)	(16,037)
Investing Activities		
Acquisition of Property and Equipment	(206)	(35)
Change in Restricted Cash	(712)	(5,734)
Proceeds on Disposal of Property and Equipment	47	—
	(871)	(5,769)
Net change in Cash and Cash Equivalents	(2,123)	75
Cash and Cash Equivalents, Beginning of Year	4,578	4,503
Cash and Cash Equivalents, End of Year	2,455	4,578
Supplemental Cash Flow Information:		
Interest Paid	4,622	9,884
Interest Received	518	267
Income Taxes Paid	11,395	2,953

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated as Genesis Capital Corp. under the Business Corporation Act (Alberta) on December 2, 1997 and Genesis Land Development Corp. resulted from an amalgamation on January 1, 2002.

The Corporation is engaged in the acquisition, development, subdivision, construction, sale and leasing of land, residential lots and homes and commercial property in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and home building, both operating in one geographic area. All business activities of Genesis are conducted in Western Canada and therefore are subject to local economic and weather conditions. Seasonality affects the land development segment as construction activities during freezing temperatures limit the completion of underground and surface work. Within home building, construction in winter months may be limited to situations where concrete foundations are in place.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses during the reporting period. Actual results could differ from these estimates. Such estimates include the amounts relating to the determination of liabilities and accruals, in particular the provision for land development service costs, potential impairment of amounts receivable, future income tax assets and liabilities, stock based compensation and real estate held for development and sale. By their nature these amounts are subject to measurement uncertainty and changes in such estimates may affect the financial statements in future years.

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Corporation, its wholly-owned subsidiaries, as well as the consolidated assets, liabilities, revenues, expenses and cash flows of limited partnership entities which the Corporation controls; comparative periods also include accounts of a variable interest entity ("VIE"). The investment in a joint venture is accounted for using the proportionate consolidation method. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where audited financial accounts are not coterminous with those of the Corporation's consolidated presentation, the financial information of the VIE has been derived from the last audited accounts available and unaudited management accounts for the period up to the Corporation's balance sheet date.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Revenue Recognition

The Corporation's revenue recognition policies for residential lot and home sales and development land sales are:

(i) Residential lot and development land sales

Land and lot sales to third parties are recognized when the Corporation has substantially performed and supplied all of the agreed-to services pertaining to the property, the Corporation has received a minimum 15% non-refundable deposit and the collection of the remaining unpaid balance is reasonably assured. Deposits received from builders upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

(ii) Residential home sales

Revenue is recognized when an agreement is signed and the completed unit is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured. Deposits received from customers upon signing of contracts for purchases of completed units for which revenue recognition criteria have not been met are recorded as customer deposits.

(c) Real Estate Held for Development and Sale

Land under development, land held for future development and housing projects under construction are recorded at the lower of cost and estimated net realizable value on a project specific basis. An impairment loss is recognized to the extent that the carrying value of a project exceeds the fair value of that project, or the cost of construction exceeds the contracted sales price. Cost includes land acquisition costs, other direct costs of development and construction, interest on debt used to finance specific projects, property taxes and legal costs. Fair value is estimated using comparisons of recent sales of similar or adjacent lands in the same geographic area. Land acquisition costs are pro-rated to a phase of a project on an acreage basis.

At the time that a lot sale from a phase is made, any remaining estimated servicing and development costs in respect of the sold lot are recorded as costs of sale and a liability is classified as "land development service costs." The land development service costs are reviewed on a phase by phase basis. When the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for estimated land development service costs and a corresponding adjustment is made to land under development and/or cost of sales.

No other general and administration costs are capitalized to real estate held for development and sale.

(d) Property and Equipment

Property and equipment consisting of office equipment, computer hardware, software and vehicles is stated at cost less accumulated amortization. Amortization is calculated on a declining balance basis at annual rates ranging from 20% to 30% per annum.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Income Taxes

Income taxes are recorded using the asset and liability method of accounting. Under this method, income taxes are recorded for the effect of any difference between the accounting and income tax basis of an asset or liability, using substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in net earnings in the period that the change occurs.

Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held with banks and lawyers' trust accounts.

(g) Earnings Per Share Calculations

Basic net earnings per share are calculated by dividing the net earnings by the weighted average number of shares outstanding for the year. Diluted net earnings per share amounts are calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price over the year.

(h) Stock-Based Compensation

The Corporation has a share option plan for employees, officers, directors and contractors, which is described in note 12. The Corporation calculates the fair value of stock-based compensation using the Black-Scholes Option-Pricing Model. The fair value of options granted are expensed and credited to contributed surplus over the related vesting period of the options. Any consideration paid on the exercise of stock options, together with any contributed surplus recorded at the date the options vested, is credited to share capital.

(i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Corporation has designated its financial instruments into the following categories:

Financial Instrument	Category	Measurement Method
Cash and Cash Equivalents	Held for Trading	Fair Value
Deposits and Restricted Cash	Held for Trading	Fair Value
Amounts Receivable	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Liabilities	Amortized Cost
Financings	Other Liabilities	Amortized Cost

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Transaction costs for held-for-trading assets are immediately recognized in net income. Transaction costs of the loans and receivables and other financial liabilities are included in net income or netted with the fair value of the financial instruments at initial measurement, and tested for impairment.

The Corporation will assess at each reporting period whether there is a financial asset, other than those classified as held for trading, that is impaired. An impairment loss, if any, is included in net earnings. As at December 31, 2010, no impairment of amounts receivable (December 31, 2009 - \$12,891) has been recognized.

The Corporation does not have any contracts with embedded derivatives that require separation.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities.

3. CHANGES TO FUTURE ACCOUNTING POLICIES

Canadian publicly traded companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, for the financial years beginning on or after January 1, 2011. Effective January 1, 2011, Genesis will adopt IFRS as the basis for preparing its consolidated financial statements. Financial results for the quarter ended March 31, 2011 and comparative data shall be prepared on IFRS basis, including an opening balance sheet, as at January 1, 2010. The Company is in the process of transitioning its financial statement reporting to IFRS in time to meet the deadline. The process will be ongoing as new standards and recommendations are issued by the International Accounting Standards Board and AcSB. Further details regarding the Company's transition to IFRS are included in the Company's December 31, 2010 Management's Discussion and Analysis.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

4. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Gross	Provision for Write-Down	Net
Land Held for Future Development	148,095	(8,609)	139,486
Land Under Development	162,726	(2,177)	160,549
Housing Projects Under Development	11,015	(2,016)	8,999
Balance – December 31, 2010	321,836	(12,802)	309,034

	Gross	Provision for Write-Down	Net
Land Held for Future Development	168,676	(12,119)	156,557
Land Under Development	129,066	(762)	128,304
Housing Projects Under Development	19,413	(1,676)	17,737
Balance – December 31, 2009	317,155	(14,557)	302,598

During the year ended December 31, 2010, interest of \$1,888 (December 31, 2009 - \$3,290) and other carrying costs of \$381 (December 31, 2009 - \$1,753), respectively, were capitalized to land held for future development.

As at December 31, 2010, land held for future development of \$67,859 (December 31, 2009 - \$62,799) and land under development of \$15,285 (December 31, 2009 - \$15,796) are held in limited partnerships controlled by Genesis (see note 5(a)).

The Corporation recognized the following write-downs (recoveries) relating to impairment of carrying value of certain real estate held for development and sale during the years ended December 31, 2010 and 2009:

	2010	2009
Land Held for Future Development	(3,510)	5,157
Land Under Development	1,415	762
Housing Projects Under Development	340	1,676
Change in Provision for Write-Down	(1,755)	7,595
Miscellaneous Write-Offs Directly Against Carrying Value	471	48
Write-Down (Recovery) of Real Estate Held for Development and Sale and Other	(1,284)	7,643

The Corporation recognized a partial reversal of \$4,855 (December 31, 2009 - \$Nil) of the write-down of land held for future development of which \$4,354 (December 31, 2009 - \$Nil) related to real estate held within Limited Partnership Land Pool 2007. The change in economic circumstances has led to an increase in the net realizable value of land held for future development.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

5. NON-CONTROLLING INTEREST

(a) Limited Partnerships

The Corporation is the general partner in four limited partnership arrangements. Genesis ultimately controls each of the limited partnerships thereby requiring their consolidation within the accounts of the Corporation and recognition of a non-controlling interest. Additionally, any profit or charges between the Corporation and the limited partnerships are eliminated on consolidation.

The limited partnership units are non-redeemable and share in the profits, if any, of the associated development held by the partnership. Limited partners cannot be cash-called for further funding with respect to the development.

Details of each of the limited partnerships are as follows:

Limited partnerships 4/5 (LP 4/5):

LP 4/5 holds land held for future development located east of Calgary in the Municipal District of Rocky View, adjacent to the Corporation's Taralake lands. No capital repayments are required with respect to LP 4/5.

Genesis is entitled to a management fee of 10% of the future development service costs payable on a per-lot basis as lots are sold.

Limited partnerships 6/7 (LP 6/7):

LP 6/7 holds land under development located in Taralake and Airdrie. All required capital repayments have been made to unit holders in LP 6/7.

Genesis is entitled to management fees of 5% to 10% of land costs to LP 6/7 payable to Genesis as lands and lots are sold. Genesis also owns 11.65% of LP 6/7's units and participates proportionately in the profits of the partnership.

Limited partnerships 8/9 (LP 8/9):

L/P 8/9 holds, among other things, 1,140 acres of raw land near Radium, British Columbia. Genesis held a purchase right to acquire all LP 8/9 units by February 28, 2009, which it did not exercise. Therefore, all LP unit holders are entitled to share in the profits of the development.

The project lands have approval for 272 single-family home sites on 53 acres and 143 acres have been set aside for a golf course. Upon achieving and exceeding 50% gross return to the LP 8/9 unit holders, Genesis is entitled to 50% of the remaining profits on the single-family lots. Genesis is also entitled to 100% of the profit on the golf course, and retains the right to purchase the balance of the lands at the conclusion of the project for a nominal amount. Additionally, Genesis is responsible for securing financing for the project development.

Limited partnerships 2007 (LPLP 2007):

On June 29, 2007, the Land Pool Limited Partnership 2007 was created to raise funds to secure funding for various land acquisitions. At the conclusion of the offering on February 28, 2009, LPLP 2007 had raised insufficient funds to close out the purchase of the lands and settle the land acquisition loan it used to acquire the Delacour Lands. As a result, Genesis has completed the transaction with its own funds and assumed the loan obligations of LPLP 2007.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

5. NON-CONTROLLING INTEREST *(continued)*

Additionally, Genesis can earn management fees of up to 50% of the remaining profits of the project upon achieving and exceeding 50% gross return to the LPLP 2007 external unit holders.

As at December 31, 2010 and 2009, the Corporation recognized a non-controlling interest liability comprised as follows:

	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	VIE	TOTAL LP
Balance – December 31, 2008	(8,098)	(19,287)	(7,055)	(29,855)	—	(64,295)
Contributions, Net of Capital Repayments	—	—	298	(426)	(2,452)	(2,580)
Issuance Costs Incurred	—	—	—	43	—	43
Net Earnings Allocation on Sale of Real Estate Held for Development and Sale	—	(966)	—	(39)	—	(1,005)
Market Value Write-Down	—	2,438	—	2,586	—	5,024
Cash Paid Out	—	1,018	—	—	—	1,018
Net General and Administrative Expenses (Recoveries)	64	81	61	173	332	711
Balance – December 31, 2009	(8,034)	(16,716)	(6,696)	(27,518)	(2,120)	(61,084)
De-Recognition of VIE	—	—	—	—	2,120	2,120
Net Earnings Allocation on Sale of Real Estate Held for Development and Sale	(14)	(869)	—	(68)	—	(951)
Market Value Write-Down (Recovery)	—	—	—	(3,404)	—	(3,404)
Cash Paid Out	—	2,886	—	—	—	2,886
Net General and Administrative Expenses	27	510	40	936	—	1,513
Balance – December 31, 2010	(8,021)	(14,189)	(6,656)	(30,054)	—	(58,920)

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

5. NON-CONTROLLING INTEREST *(continued)*

The real estate held within the limited partnerships is as follows:

	Gross	Provision for Write-Down	Net
Limited Partnership 4 & 5	7,766	—	7,766
Limited Partnership 6 & 7	16,047	(762)	15,285
Limited Partnership 8 & 9	6,733	—	6,733
Limited Partnership Land Pool 2007	58,651	(5,291)	53,360
Balance – December 31, 2010	89,197	(6,053)	83,144

	Gross	Provision for Write-Down	Net
Limited Partnership 4 & 5	7,765	—	7,765
Limited Partnership 6 & 7	16,558	(762)	15,796
Limited Partnership 8 & 9	6,722	—	6,722
Limited Partnership Land Pool 2007	57,007	(8,695)	48,312
Balance – December 31, 2009	88,052	(9,457)	78,595

(b) Variable Interest Entity

On September 29, 2008, the Corporation entered into an agreement to sell 107 single family lots under development in Airdrie to an entity for gross proceeds totalling \$23,000. The entity paid an initial deposit of \$4,500 which was financed through a loan in the amount of \$5,000.

On January 20, 2009, the Corporation and this entity amended the purchase agreement to include an additional multi-family site in Airdrie for \$6,650 for total proceeds to Genesis of \$29,650. No additional deposits were received, but \$1,000 of the original deposit of \$4,500 was redistributed to this additional parcel of land.

In February 2010, Genesis entered into an agreement whereby the sale of the 107 single family lots as stated above was effectively cancelled and the sale of the multi-family site was retained. As part of the amended transaction, Genesis also agreed to take over the remaining loan balance (\$4,000 at December 31, 2009) that was originally obtained to finance the initial deposit under the terms of the transaction. Repayment of the remaining loan balance was completed on March 26, 2010.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

5. NON-CONTROLLING INTEREST *(continued)*

At December 31, 2009, the entity was assessed a VIE to Genesis by virtue of subordinated financial support provided by the Corporation. In accordance with Accounting Guideline 15, Consolidation of Variable Interest Entities, of the CICA Handbook, as a result of the transaction that closed on March 26, 2010 (see above), Genesis has removed the subordinated financial support from the entity and subsequently de-recognized the entity's financial accounts from its own consolidated accounts. As a result of this de-recognition, the Corporation has removed the assets and liabilities of the entity from the accompanying consolidated financial statements and any assets and liabilities of the entity that were eliminated in consolidation are restored at fair value.

Prior to March 26, 2010, the entity incurred losses of \$945 and the Corporation has absorbed such losses by consolidating the accounts of the entity. The Corporation however was only liable for a portion of such losses in the amount of \$332 as per the agreed upon terms between the Corporation and the entity. This resulted in a net gain on de-recognition of \$613 recorded as a separate line item in the accompanying consolidated financial statements.

6. AMOUNTS RECEIVABLE

	2010	2009
Agreements Receivable	23,540	27,521
Mortgages Receivable	3,131	—
Other Receivables	350	754
	27,021	28,275
Allowance for Doubtful Accounts	—	(12,891)
	27,021	15,384

During the year ended December 31, 2010, the Corporation completed sales of two land parcels for \$35,000 and \$6,263, respectively. Total proceeds of \$38,132 were collected, \$35,000 of which was applied to the Corporation's land debt; vendor take back mortgage ("VTB") due April 30, 2011 in the amount of \$3,131 was extended for the balance of the funds. The VTB carries interest of prime + 1.5% per annum payable at the due date.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

7. OTHER OPERATING ASSETS

	2010	2009
Property and Equipment, Net	544	568
Deposits	14,245	16,145
Restricted Cash	1,567	855
	16,356	17,568

At December 31, 2010, property and equipment is carried at a cost of approximately \$2,004 (December 31, 2009 - \$1,977), net of accumulated amortization of \$1,460 (December 31, 2009 - \$1,409).

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development and deposits on future land acquisitions. The deposits are refundable upon completion of the related project and earn interest at rates approximating those earned on guaranteed investment certificates.

Restricted cash is held in trust accounts and also included in customer deposits liability and represents funds owed to the Corporation, at a future indeterminable date, when development of specific lands commences.

8. INCOME TAXES

(a) The components of the future income tax asset (liability) at December 31, 2010 and 2009 are as follows:

	2010	2009
Real Estate Held for Development and Sale	3,038	3,551
Non-Capital Loss Carry-Forwards*	114	103
Reserves From Land Sales	(6,659)	(1,480)
Unamortized Financing Costs	127	50
Other Temporary Differences	(7)	(11)
	(3,387)	2,213

*Non-capital loss carry-forward amounts begin to expire in 2028.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

8. INCOME TAXES *(continued)*

- (b) Income tax expense differs from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 28% (December 31, 2009 - 29.5%) to income before income taxes.

The difference results from the following:

	2010	2009
Expected Income Tax Expense	14,955	1,648
Change in Future Income Taxes Resulting from Tax Rate Reduction	(569)	(209)
Stock-Based Compensation	281	106
Other Non-Deductible Expenses	295	643
Non-Controlling Interest	(796)	1,391
	14,166	3,579

9. FINANCINGS

	2010	2009
Secured By Land Held for Future Development		
I. Land loans, maturing from June 1, 2011 to October 1, 2012, bearing interest at rates between the greater of 9.75% and prime + 5% per annum, secured by land held for development and sale with a carrying value of \$64,420.	18,244	21,420
II. Other mortgages payable, bearing interest at rates between 7% and 14% per annum, payable on demand.	659	839
Secured By Land Under Development and Agreements Receivable		
III. Land project loans, payable on collection of agreements receivable, bearing interest at rates ranging from prime + 2% to the greater of 10% or prime + 5%, secured by land held for development and sale with a carrying value of \$107,828, due between July 1, 2011 and November 1, 2012.	63,618	81,127
IV. Other mortgage payable, bearing interest at the greater of 10.25% or prime + 3.25% per annum, secured by land with a carrying value of \$Nil due October 1, 2010. The loan has been fully repaid.	—	4,000
Secured By Housing Projects Under Development		
V. Demand operating line of credit up to \$3,000 subject to certain levels of assets with a sublimit of \$761, bearing interest at prime + 1.5% per annum, secured by a general security agreement over assets of the home building division.	442	—
VI. Project loan, payable on collection of closing proceeds, bearing interest at prime + 2.5% per annum due September 30, 2010. The loan has been fully repaid.	—	10,253
	82,963	117,639
Deferred Financing Fees	(1,643)	(2,429)
	81,320	115,210

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

9. FINANCINGS *(continued)*

During the year ended December 31, 2010, the Corporation received advances of \$128,167 (December 31, 2009 - \$87,257) relating to various new and renewed loan facilities secured by real estate held for development and sale and agreements receivable bearing interest ranging from prime + 2% to a combined rate of 8% preferred and 12% regular coupon per annum with due dates ranging from October 1, 2010 to November 1, 2012.

The weighted average interest rate of loan agreements, based on December 31, 2010 balances, is 8.21% (December 31, 2009 - 9.68%).

The Corporation's financings are to be repaid, based on the contractual terms, within the following time periods (excluding deferred financing fees):

January 1, 2011 to December 31, 2011	45,006
January 1, 2012 to December 31, 2012	37,957
Subsequent	—

82,963

The Corporation has various covenants in place with its lenders with respect to certain contracted credit facilities. Such covenants include among other credit usage restrictions, cancellation, prepayment, confidentiality and cross default clauses, as well as sales coverage requirements, conditions precedent for funding, and other general understandings such as but not limited to maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and changes in the Corporation's ownership structure.

As at December 31, 2010, the Corporation is not in violation of any covenants with its lenders.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

10. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

(b) Issued:

	Number	Stated Value
Common Shares		
Balance – December 31, 2008	44,416,519	\$54,164
Purchased Through Normal Course Issuer Bid*	(304,762)	(66,837)
Balance – December 31, 2009	44,111,757	54,097
Issued For Cash From Options Exercised	267,691	490
Transferred From Contributed Surplus on Exercise of Options	—	211
Balance – December 31, 2010	44,379,448	54,798

*Includes 250,262 shares purchased in prior year, but not cancelled until 2009.

Weighted Average Number of Shares

The following table sets forth the weighted average number of shares outstanding for net earnings per share purposes for the years ended December 31, 2010 and 2009:

	2010	2009
Basic	44,241,497	44,123,071
Effect of Dilutive Securities – Stock Options	188,491	15,126
Diluted	44,429,988	44,138,197

In calculating diluted earnings per share for the year ended December 31, 2010, the Corporation excluded 495,500 options (2009 - 699,563) as the exercise price was greater than the average market price of its shares during those years.

11. CONTRIBUTED SURPLUS

	2010	2009
Balance – Beginning of Year	4,120	4,120
Stock Based Compensation, Net of forfeitures	1,004	(6)
Normal Course Issuer Bid	—	6
Fair Value of Options Exercised	(211)	—
Balance – End of Year	4,913	4,120

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

12. STOCK OPTIONS

The Corporation has established a stock option plan for certain employees, officers, directors and contractors of the Corporation to purchase common shares. Vesting provisions and exercise prices are set at the time of issuance by the Board of Directors. Options vest over a number of years on various anniversary dates from the date of the original grant.

The options must be issued at not less than the fair market value of the common shares at the date of grant and are issued with terms generally not exceeding 5 years from the date of grant.

Details of outstanding stock options are as follows:

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding – Beginning of Year	1,962,750	\$3.51	1,976,000	\$5.54
Options Granted	868,500	\$3.46	1,196,250	\$1.85
Options Exercised	(267,691)	\$1.83	—	—
Options Forfeited	(300,625)	\$3.20	(1,209,500)	\$5.18
Outstanding – End of Year	2,262,934	\$3.73	1,962,750	\$3.51
Exercisable – End of Year	1,070,815	\$3.95	774,563	\$3.79

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at December 31, 2010	Weighted Average Exercise Price	Number at December 31, 2010	Weighted Average Exercise Price	
0.90 – 4.00	1,691,434	\$2.66	675,315	\$2.53	3.98
4.01 – 8.00	426,500	\$6.16	341,500	\$5.97	1.32
8.01 – 10.48	145,000	\$9.05	54,000	\$8.85	1.73
	2,262,934	\$3.73	1,070,815	\$3.95	3.33

The weighted average fair market value of options granted during the year ended December 31, 2010 was \$1.68 (December 31, 2009 - \$0.99) per option.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

12. STOCK OPTIONS *(continued)*

The fair value of each option granted was estimated on the date of grant using the Black-Scholes Option-Pricing Model with the following assumptions:

	2010	2009
Risk-Free Interest Rate	1.42% – 1.55%	1.78% – 2.57%
Estimated Term Period Prior to Exercise (Years)	2.5	5.0
Volatility in the Price of the Corporation's Common Shares	71.1% – 83.6%	56.6% – 61.8%
Forfeiture Rate	0.00%	0.00%
Dividend Yield Rate	0.00%	0.00%

13. COMMITMENTS AND CONTINGENCIES

- (a) The Corporation has been named as a co-defendant to a lawsuit that commenced on December 6, 2001. The lawsuit seeks damages of \$8,000 plus punitive damages of \$1,000. The statement of claim asserts the share price used to convert certain debts of the Corporation into common shares of the Corporation was overstated. The outcome of the claim is unknown at this time and no amounts have been accrued in these consolidated financial statements relating to this matter.
- (b) In 2009, the Corporation was served with a statement of claim in the amount of \$250. The statement of claim asserts that the Corporation did not take any steps to cover its property, which is adjacent to the plaintiffs' property, to prevent spread of dust and soil to the plaintiffs' property; as a result, the plaintiffs have suffered loss and damage. The matter is agreed to be set down for a hearing to determine if the matter can be settled before trial. The outcome of the claim is unknown at this time and no amounts have been accrued in these consolidated financial statements relating to this matter.
- (c) At December 31, 2010, The Corporation has certain obligations and commitments pursuant to service agreements with municipalities totaling \$17,251 (December 31, 2009 - \$14,161) of which \$10,347 (December 31, 2009 - \$8,300) have been accrued in the consolidated financial statements as land development service costs. Pursuant to these obligations, the Corporation has granted irrevocable standby letters of credit, issued by financial institutions, to the municipalities to indemnify them in the event the Corporation does not perform its contractual obligations. As of December 31, 2010, the letters of credit amounted to \$15,343 (December 31, 2009 - \$17,259), of which \$4,771 (December 31, 2009 - \$4,771) is in respect of the commitment disclosed in note 13(d).

GENESIS LAND DEVELOPMENT CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

13. COMMITMENTS AND CONTINGENCIES *(continued)*

- (d) In respect of the commitments disclosed in note 13(c) to the municipalities, the Corporation has agreed to finance and pay for certain transportation improvements undertaken by a municipality. The Corporation has agreed to advance funds to the municipality to allow it to undertake certain additional transportation improvements. The advance is refundable without interest no later than June 30, 2012 up to a maximum of \$4,346 with any excess thereto being non-refundable. The municipality has commenced construction of the improvements and it is anticipated that the Corporation will provide upfront financing to the municipality not exceeding \$4,346.
- (e) The Corporation has a commitment pursuant to an agreement to pay \$8,433 for purchase of certain lands due in two equal installments on November 25, 2011 and June 30, 2012.
- (f) Pursuant to the terms of a participating mortgage that 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 December 31, 2010, a liability of approximately \$1,772 (December 31, 2009 - \$1,697) has been accrued in the records of Genesis in respect of this liability.
- (g) Genesis has entered into a memorandum of understanding with a community society, whereby Genesis will contribute \$5,000 over ten years for the naming rights to a recreation complex. Negotiations are underway to determine when payments will commence.
- (h) On February 19, 2008 Genesis entered into an agreement with the City of Airdrie, whereby Genesis will contribute \$2,000 (\$200 each year, terminating June 1, 2017) for the naming rights to a recreation complex. The first three installments totaling \$600 were made through 2010.
- (i) The Corporation has office and other operating leases with the following annual payments: 2011 - \$561; 2012 - \$315; thereafter - \$96.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

14. FINANCIAL INSTRUMENTS

(a) Risks Associated with Financial Instruments

(i) Credit Risk

As at December 31, 2010, the Corporation carried an allowance for doubtful accounts of \$Nil (December 31, 2009 - \$12,891).

During the years ended December 31, 2010 and 2009, the Corporation recognized the following bad debt expense (recovery) and change in allowance for doubtful accounts relating to amounts receivable on sold lots net of the return of the real estate held for development and sale:

	2010		2009	
	Bad Debt Expense (Recovery)	Allowance for Doubtful Accounts	Bad Debt Expense (Recovery)	Allowance for Doubtful Accounts
Beginning of Year		(12,891)		(18,845)
Subsequent Collections of Previously Allowed for Lots	(468)	728	(1,715)	2,571
Allowance for Lots Deemed Uncollectable	—	—	720	(1,167)
Reversal of Partial Allowance On Collections in Full	—	100	—	—
Reversal of Full Allowance Due to Forfeitures	—	12,063	—	4,550
Miscellaneous Bad Debt Expense Incurred	474	—	401	—
End of Year	6	—	(594)	(12,891)

Further allowances may be necessary. In order to mitigate credit risk, the Corporation retains title to sold residential lots until full payment is received.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

14. FINANCIAL INSTRUMENTS *(continued)*

Aging of amounts receivable as at December 31, 2010 and 2009 is as follows:

Aging	2010	2009
Not Past Due	26,812	15,484
Past Due 0-90 Days	209	—
Past Due 91-120 Days	—	5,774
Past Due 121-270 Days	—	1,681
Past Due > 270 Days	—	5,336
	27,021	28,275
Allowance for Doubtful Accounts	—	(12,891)
	27,021	15,384

Individual balances due from customers as at December 31, 2010 which comprise greater than 10% of total amounts receivable total to \$18,767 from 4 customers (December 31, 2009 - \$13,621 from 4 customers).

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2010:

	< 1 Year	> 1 Year	Total
Financial Liabilities			
Accounts Payable and Accrued Liabilities	13,024	—	13,024
Income Taxes Payable	8,310	—	8,310
Customer Deposits	8,388	—	8,388
Financings, Excl. Deferred Financing Fees (note 9)	45,006	37,957	82,963
	74,728	37,957	112,685
Commitments			
Purchase of Land	4,216	4,217	8,433
Lease Obligations	561	411	972
Naming Rights	200	1,200	1,400
	79,705	43,785	123,490

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

14. FINANCIAL INSTRUMENTS *(continued)*

Land development service costs of \$10,347 (December 31, 2009 - \$8,300) at December 31, 2010 have not been included in the table stated above due to uncertainties of timing of the related payments.

At December 31, 2010, Genesis has obligations due within the next 12 months of \$79,705. If Genesis is unable to generate sufficient sales, renew existing 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.

(iii) Market Risk

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain financings are at a floating rate of interest. The Corporation is also exposed to fair value risk to the extent that certain financings, mortgages receivable and loans receivable are at a fixed rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately \$823 annually on floating rate loans, with approximately \$29 impacting pre-tax net earnings.

(b) Fair value of Financial Instruments

The fair value of cash and cash equivalents, amounts receivable, restricted cash, deposits and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity.

The fair value of the Corporation's financings and accounts receivable were estimated based on current market rates for loans of the same risk and maturities.

	2010		2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Held for Trading				
Cash and Cash Equivalents	2,455	2,455	4,578	4,578
Deposits Excluding Prepayments	11,307	11,307	12,127	12,127
Restricted Cash	1,567	1,567	855	855
Loans and Receivables				
Amounts Receivable	27,021	25,213	15,384	14,882
Other Liabilities				
Accounts Payable and Accrued Liabilities	13,024	13,024	8,350	8,350
Financings, Excl. Deferred Financing Fees	82,963	82,692	117,639	115,747

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

14. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements recognized in the balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at December 31, 2010 and 2009:

	2010			2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and Cash Equivalents	2,455	—	—	4,578	—	—
Deposits Excluding Prepayments	11,307	—	—	12,127	—	—
Restricted Cash	1,567	—	—	855	—	—

(c) Capital Management

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region. The Corporation considers its capital structure to specifically include shareholders' equity, non-controlling interest and financings. In order to maintain or adjust its capital structure, the Corporation may adjust its capital spending to manage current and projected debt levels.

The Corporation continues to evaluate the need to leverage its land assets to secure sufficient financings to ensure the Corporation is able to meet its financial obligations as they come due.

The Corporation is subject to externally imposed capital requirements. The Corporation failed to have the audit of the annual financial statements for one of the limited partnerships under its control performed on time in accordance with the requirements set forth in the related offering memorandum due to delay in completing the audit; the audit has now been completed. Nothing arising from this audit had a material effect on these consolidated financial statements.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

15. SUBSEQUENT EVENTS

On January 20, 2011, the Corporation entered into a mortgage loan agreement for \$2,000 to provide working capital financing secured by existing real estate under development. The loan bears interest at prime + 5% or 8% per annum whichever is greater with interest due monthly and principal due February 29, 2012.

16. JOINT VENTURE

	CASH FLOW FROM (USED IN)						
	Assets	Liabilities	Revenue	Earnings (losses)	Operating Activities	Investing Activities	Financing Activities
As at and for the Year Ended December 31, 2010	18,914	27	—	(2)	(90)	—	100

The above table includes the Corporation's proportionate share of the assets, liabilities, revenue, earnings and cash flow information of a joint venture (December 31, 2009 - \$Nil) that is proportionately consolidated in these financial statements. The Corporation's proportionate interest of this joint venture is 50% ownership. A deferred gain of \$2,201 (December 31, 2009 - \$Nil) recognized on initial contribution into the joint venture is included in the customer deposits balance of \$8,387 at December 31, 2010.

17. CHANGES IN NON-CASH WORKING CAPITAL

	2010	2009
Operating Activities		
Real Estate for Development and Sale	(5,152)	11,222
Amounts Receivable	(11,637)	14,114
Other Operating Assets	1,900	(2,810)
Accounts Payable and Accrued Liabilities and Land Development Service Costs	6,720	(12,118)
Customer Deposits	3,403	1,470
Income Taxes Payable	(2,829)	1,552
	(7,595)	13,430

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

18. SEGMENTED INFORMATION

The Corporation operates in two reportable segments, land development and home building, which represent separately managed strategic business units with distinct marketing strategies. The Corporation evaluates segment performance based on profit or loss from operations before income taxes. Inter-segment sales are accounted for as if the sale were to third parties at current market prices. Internal lot sales from the land division to the home building division or a limited partnership have been eliminated and are not included in consolidated results, until the home is sold to a third party purchaser.

The income producing business units of the Corporation report the following activities for the years ended December 31, 2010 and 2009:

Year Ended December 31, 2010	Land Development Segment	Home Building Segment	Corporate and Other Segment	Intersegment Elimination	Total
Revenues	98,752	57,659	—	(18,511)	137,900
Cost of Sales	(37,588)	(52,422)	—	17,885	(72,125)
Recover (Write-Down) of Real Estate Held for Development and Sale and Other	1,624	(340)	—	—	1,284
Other Expenses*	(9,964)	(4,309)	—	626	(13,647)
Earnings Before Income Taxes and Non-Controlling Interest	52,824	588	—	—	53,412
Segmented Assets (as at December 31, 2010)	342,893	15,064	2,455	(5,546)	354,866

Year Ended December 31, 2009	Land Development Segment	Home Building Segment	Corporate and Other Segment	Intersegment Elimination	Total
Revenues	41,797	62,580	—	(17,815)	86,562
Cost of Sales	(23,035)	(57,289)	—	19,049	(61,275)
Write-Down of Real Estate Held for Development and Sale and Other	(7,643)	—	—	—	(7,643)
Other Expenses*	(7,272)	(3,533)	—	(1,234)	(12,039)
Earnings Before Income Taxes and Non-Controlling Interest	3,847	1,758	—	—	5,605
Segmented Assets (as at December 31, 2009)	318,311	27,067	4,578	(7,615)	342,341

*Other expense items include general and administrative, bad debt expense (recovery), interest, stock-based compensation, amortization, gain on de-recognition of VIE and gain (loss) on disposal of property and equipment.

GENESIS LAND DEVELOPMENT CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2010 and 2009

(All tabular Amounts and Amounts in Footnotes to Tables are in Thousands of Canadian Dollars Except Number of Shares)

19. RELATED PARTY TRANSACTIONS

A land loan with one of the Corporation's former directors in the amount of \$5,410 was repaid on September 20, 2010.

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 in 2010 were \$202 (December 31, 2009 – \$91). The Former Officer was granted 70,000 stock options on December 10, 2009. 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. As of March 3, 2011, the transaction has not closed.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

FIVE YEAR SUMMARY

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of Canadian dollars, except per share amounts)	2010	2009	2008	2007	2006
Assets					
Real Estate Held for Development and Sale	309,034	302,598	285,574	221,264	130,084
Amounts Receivable	27,021	15,384	29,498	47,587	16,886
Cash and Cash Equivalents	2,455	4,578	4,503	11,007	13,411
Other Operating Assets	16,356	17,568	45,101	22,565	6,799
Future Income Taxes	—	2,213	778	—	3,353
	354,866	342,341	365,454	302,423	170,533
Liabilities and Non-Controlling Interest					
Financings	81,320	115,210	132,704	85,160	20,091
Customer Deposits	8,388	4,985	3,515	3,196	3,356
Accounts Payable and Accrued Liabilities	13,024	8,350	24,203	20,637	12,578
Income Taxes Payable	8,310	11,139	9,587	1,781	4,488
Land Development Service Costs	10,347	8,301	4,566	8,681	6,377
Future Income Taxes	3,387	—	—	5,098	—
Non-Controlling Interest	58,920	61,084	64,296	58,877	28,724
	183,696	209,069	238,871	183,430	75,614
Shareholders' Equity					
Share Capital	54,798	54,097	54,164	56,383	56,425
Contributed Surplus	4,913	4,120	4,120	3,333	1,534
Retained Earnings	111,459	75,055	68,299	59,277	36,960
	171,170	133,272	126,583	118,993	94,919
	354,866	342,341	365,454	302,423	170,533

CONSOLIDATED STATEMENT OF EARNINGS (Comprehensive Income and Retained Earnings)

(Expressed in thousands of Canadian dollars, except per share amounts)	2010	2009	2008	2007	2006
Revenues					
Sales	136,650	85,851	82,558	97,776	50,913
Interest and Other Income	1,250	711	1,273	1,198	756
	137,900	86,562	83,831	98,974	51,669
Expenses					
Cost of Sales	72,125	61,275	43,025	52,613	28,531
Write-Down (Recovery) of Real Estate Held for and Sale and Other	(1,284)	7,643	6,962	387	250
General and Administrative	12,263	10,946	11,026	11,425	7,528
Interest	804	1,470	639	432	256
Stock-Based Compensation	1,004	(6)	814	1,815	1,612
Amortization	173	218	271	265	160
Gain on De-Recognition of VIE	(613)	—	—	—	—
Loss on Disposal of Property and Equipment	10	5	33	7	3
Bad Debt Expense (Recovery)	6	(594)	13,408	—	—
	84,488	80,957	76,178	66,944	38,340
Earnings Before Income Taxes and NCI	53,412	5,605	7,653	32,030	13,329
Provision for Income Taxes	14,166	3,579	(3,099)	(12,147)	(4,583)
Non-Controlling Interest	2,842	(4,730)	4,730	3,335	(330)
Net Earnings, Being Comprehensive Income	36,404	6,756	9,284	23,218	8,416
Net Earning Per Share – Basic and Diluted	\$ 0.82	\$ 0.15	\$ 0.20	\$ 0.50	\$ 0.18

CORPORATE INFORMATION

Senior Management Team

GOBI SINGH, P. ENG.
President & Chief Executive Officer

SIMON FLETCHER, CA
Chief Financial Officer

JEFFREY BLAIR, MCIP
Chief Operational Officer

FRANK DEVCICH, CA
Senior Financial Advisor

VAL SALOV, MBA, CPA
Corporate Controller

ARNIE STEFANIUK, P.ENG
General Manager of Land Development

PS SIDHU, MBA
General Manager, Single Family Homes

GRAHAM DUFF, B.SC
General Manager of Commercial

LAXMI RAGHURAM, B.ARCH
Project Manager, Generations Group
of Companies

SALLY SALAMA, CPA, CIA
Manager of Internal Controls

Board of Directors

DOUG N. BAKER, B.COMM., FCA
Chairman of the Board of Directors

GOBI KULAR SINGH, P. ENG.
Director, Chief Executive Officer & President

STEVEN GLOVER
Director, Chairman of the Audit Committee

AKHIL K. MANRO
Director, Chairman of Corporate Governance
and Compensation Committee

YAZDI BHARUCHA
Director

ELIAS A. FOSCOLOS
Director

MARK W. MITCHELL
Director

Transfer Agent

Compushare Trust Company
600, 530 - 8 Avenue SW
Calgary, Alberta T2P 3S8

Stock Exchange

Toronto Stock Exchange
Stock Symbol - GDC

Auditors

Meyers Norris Penny LLP
7th Floor, 715 5th Avenue SW
Calgary, Alberta T2P 2X6

Corporate Counsel

Borden Ladner Gervais LLP
Legal Counsel
Centennial Place, East Tower 1900
520 3rd Avenue
Calgary, Alberta T2P 0R3

Corporate Office

200. 3115 - 12 Street NE
Calgary, Alberta Canada T2E 7J2

Ph: 403 265-8079
Fax: 403 266-0746
Email: genesis@genesisland.com

Uncommon Communities



www.genesisland.com