Genesis Land Development Corporation

2012 ANNUAL REPORT

LAND - HOMES - COMMERCIAL - COMMUNITIES

Dream a Big Dream

Once upon a time, you were an architect, an engineer, an interior designer, a carpenter and a landscaper with a bold vision of how you would live. You spent hours in the sand, bucket and shovel in hand, pouring over every detail. You built sturdy towers, each taller than the last. Vast halls for royal processions. Walls armored with dazzling shells. Expansive grounds for your cavalry. And a driftwood drawbridge crossing the crocodile-infested moat.

And when it was done, when your sandcastle was perfect, all that was left was to show your parents your handiwork: “Mom! Dad! Come see what I made!”

We invite you to relive those days of wonder, a time of unfettered imagination and excitement. It’s a time and place that’s at the very heart of who we are as an organization. It fuels our creativity as we conceive of the ultimate community and the ultimate new home. Sure, the materials have changed (we don’t build with sand anymore), but the sense of infinite possibilities, our desire to surprise and delight and our pride remain the same.

We dream. We design. We build. We create inspired communities – one home, one family, one neighbourhood at a time.

Genesis
Come dream with us.

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CEO'S MESSAGE

Refocusing Direction & Building on Strengths

Genesis is an established real estate company with over 15 years of experience in the land development and home building industry. Throughout this time, we've experienced both the ups and downs of the real estate market, and have persevered in our goal to grow our core businesses. As a result, the Corporation today has a number of key assets and strengths, as well as challenges, as we move forward with the next step in our growth.

Genesis continues to evolve and adapt as highlighted by a number of significant changes over the past 18 months. In February 2012, the Board concluded a strategic review process that determined it was in the best interest of shareholders to continue to develop and grow the company. In response, the Board was revitalized with the addition of several new and well respected business leaders, while a new Executive team was engaged in February 2013, with the objective of refocusing and redefining the organization and its objectives.

These changes were put in place to build a strong foundation upon which we can create the Corporation's future. Despite a year of transition, we achieved solid operational results in 2012, highlighted as follows:

- Earnings (attributable to shareholders, before impairment charges and net of related income tax effects) increased to $22.6 million, revenues increased by 48%, and gross margin (before extraordinary items) was 33%;
- Residential home building sales increased by 38% to 90 homes, representing the first step in a return to profitability for the home building business; and
- A landmark $32.5 million commercial sale was completed in the 150 acre Sage Hill Crossing development project.

> "This is only the beginning of things to come for Genesis."

I joined Genesis because I saw great potential and opportunity in what could be created from the Corporation's extensive land base, current economic fundamentals, and the Board of Directors' commitment to enhance long-term value. With that goal in mind, we're moving forward with the creation and implementation of a strategic plan aligning Genesis with its key strengths and core businesses.

A STRONG FOUNDATION

There are many reasons why I believe that Genesis offers its stakeholders significant opportunity. First, our asset base includes some of the best located development lands in the Calgary region that provides many years of inventory and development potential. This is important since it is becoming increasingly difficult to bring new developments on stream in a timely manner. Second, we have a passionate team of professionals. In the past few months we have adjusted and further augmented the team to capitalize on existing strengths, while adding skills in areas that required development. We will continue to do so as requirements dictate. Third, we have the financial resources to be able to invest in our future growth as strategic development opportunities appear.

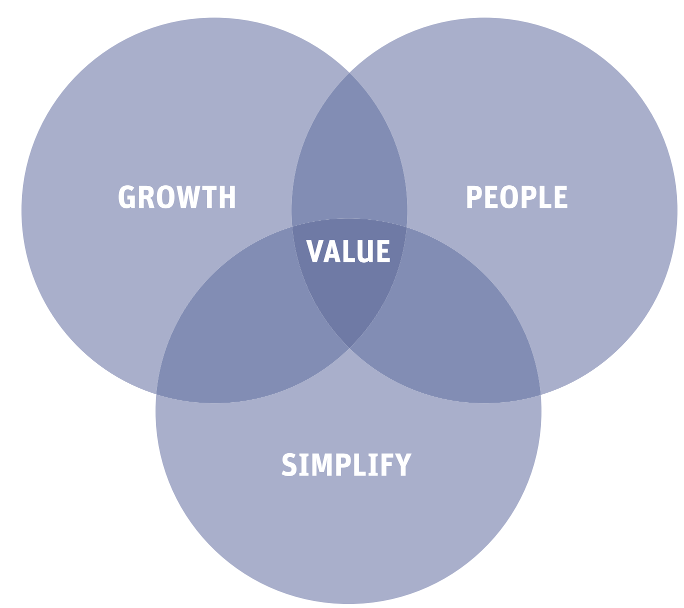
In addition, positive general economic conditions are expected through 2013 with solid fundamentals, including low unemployment and interest rates, low and stable inflation rates, positive net in-migration and above average earnings. The Alberta economy has evolved from the boom/bust cycle of petroleum drilling to larger, longer-term oil sands projects that are capturing international attention and investment. This evolution has significant ramifications for our business, resulting in a more stable market in which to grow.

The combination of these and other factors provides Genesis with a healthy environment to produce strong returns from its core land development and homebuilding activities. Our goal is to access the value in our assets going forward while staying open to opportunities as they appear, effectively conveying our accomplishments to stakeholders.

ALIGNING STRATEGY WITH STRENGTHS

In order to unlock the Corporation's full value, we need to focus on the right things – our strengths and opportunities. Our overall goal is to align Genesis with its key areas of strength and maximize its potential in accordance with our core values.

We will accomplish this through the successful execution of a three-point business strategy:



- Profitably grow our existing businesses in land development, commercial development and home building;
- Develop a comprehensive "people plan"; and
- Simplify the Genesis organization.

Profitably grow our existing businesses.

Land development is the historical backbone of Genesis and we have significant holdings in a diverse group of lands in terms of geography, use and approvals status. It is one of our core strengths and as such, we will continue to methodically expand our activities in this area to the benefit of our stakeholders. As our development activities are refocused and redefined, we may identify non-core assets for disposal, provided we obtain a fair price that reflects full value. In return, additional capital could be utilized to judiciously acquire new assets that serve our core market in and around the Calgary area.

Home building is a natural extension of land development, offering financial benefits from vertical integration. In order to maximize its value, we are focused on increasing the profitability of this business, managing and growing our residential building activities better than we have in the past. We are striving to continuously improve results through increased volume and our ability to lever such volume to better manage costs, targeting our core market where we have strengths of land base and expertise. We realize we help make dreams a reality for our home buyers and their families, and a positive purchase experience is critical to our success. In that regard, we are working to improve our customers' experience through better communication, quality control and on-time delivery, every time. The result is a quality product and a satisfied customer.

Finally, our commercial projects offer significant long-term potential. In addition to considering outright land sales, we will look to establish strategic relationships that provide complementary expertise in order to maximize their potential.

Underlying our success will be a heightened focus on our capital management. We will strive to accelerate the use of our existing capital and financial resources, recognizing returns from investment more quickly.

Develop a Comprehensive "People Plan".

As Genesis continues to grow its business, its human resource requirements will evolve. We recognize recruiting and keeping the best people in the industry is a must in order to reach our full potential. We are developing a comprehensive human resource management plan that addresses planning, recruitment, performance management, training and development and staff relations.

Simplify the Genesis Organization.

We recognize our current corporate structure can be confusing to our shareholders due to our many non-controlling entities. We plan to simplify our structure, making our financial results more transparent and allowing a better understanding of our business. We are streamlining our information systems and work processes to increase efficiency. Such improvements are intended to benefit the quality and timeliness of information on which decisions are made, enhance communication with our customers and reduce costs.

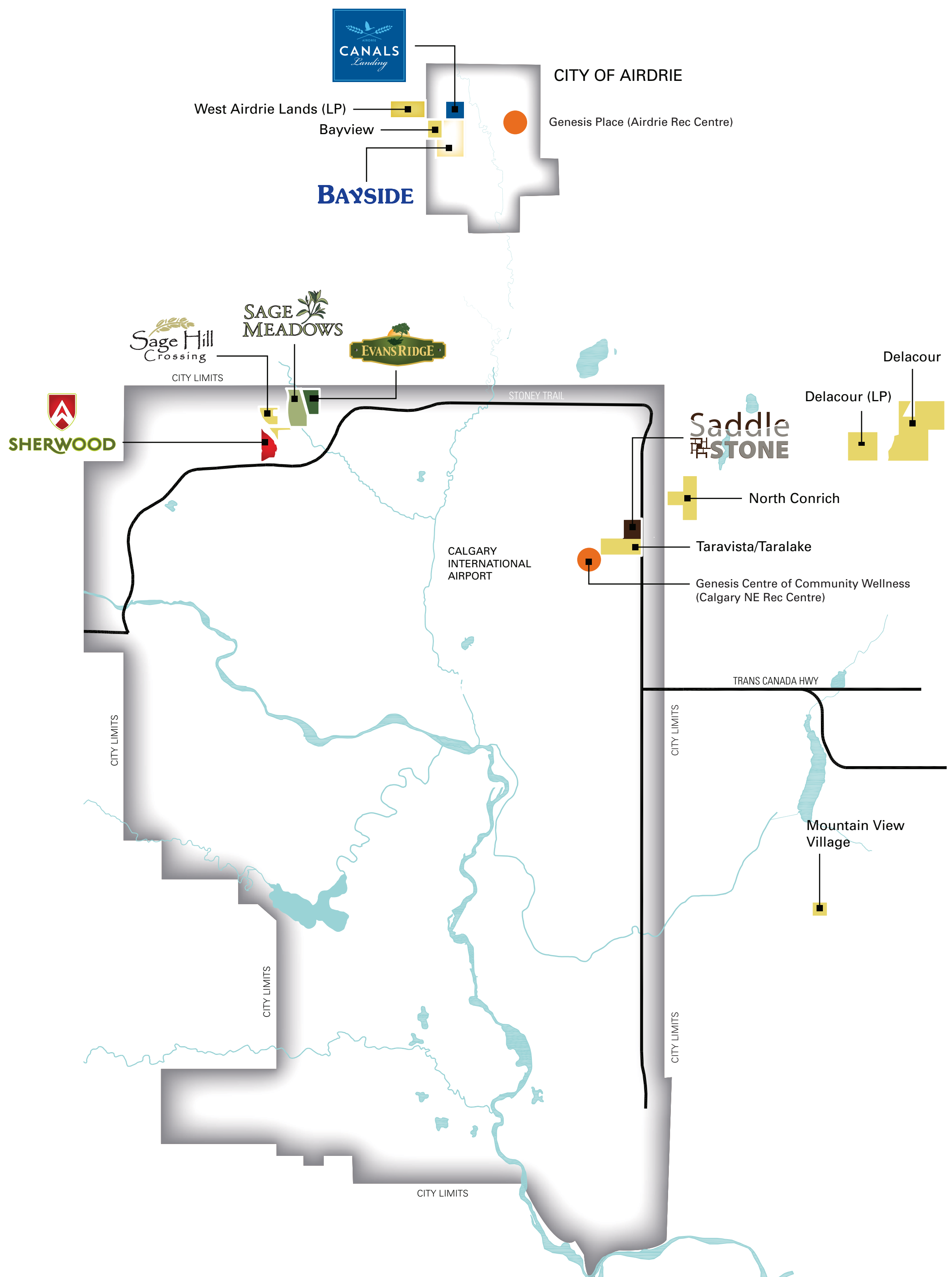
POISED FOR THE FUTURE

I'd like to thank our employees and directors for all their hard work over the past year, and shareholders for their continuing support. Genesis is in a great position for the future and is working to become a more significant player in the industry. We have sustainable value from both a substantial and diversified land base and the time required to access its potential, combined with the financial capital to add to our portfolio of opportunities. We have the expertise of a strong board, management and staff focused on long-term value accretion. In addition, the Alberta economy and industry trends continue to provide positive support for the Corporation's future growth.

Looking forward, we will continue to meet our promises, delivering on our strategy for growth and our opportunities. I'm confident the market will better recognize our assets and potential over time, resulting in improved value and return for shareholders. I look forward to the future and delivering on the Corporation's potential for the benefit of all its stakeholders.

BRUCE RUDICHUK, CA, CIRP
President & Chief Executive Officer
July 2013

GENESIS COMMUNITIES & COMMERCIAL SITES
CALGARY AND AREA




SAGE
MEADOWS


AIRDRIE
CANALS
Landing

COMMUNITY INVOLVEMENT

We create inspired communities - one home, one family, one neighbourhood at a time.

2012 SAM AWARDS WINNER

CHBA - Calgary Region SAM AWARDS WINNER 2012

AN AWARD WINNING HOME BUILDER

We are proud to announce the Genesis Builders Group is a 2012 SAM Award Winner

The Canadian Home Builders' Association – Calgary Region presented The 26th Annual SAM Awards, celebrating innovation and excellence in the Calgary and area's residential construction industry at a Gala event held on April 13, 2013. There were more than 1,600 people in attendance.

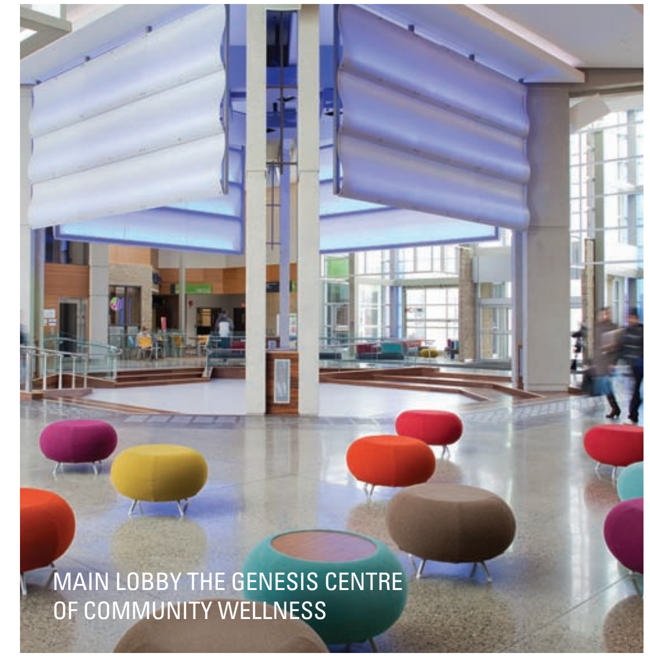
Genesis Builders Group, the home building arm of Genesis Land Corporation, was awarded the winner of the SAM Award for best new home (up to $199,900).

The award process is very detailed with volunteer industry peers judging the submissions and awarding points in each category. A record number of entries were submitted from members vying for the prestigious awards. The results are authenticated by an independent auditing firm.

THE GENESIS CENTRE OF COMMUNITY WELLNESS

From Dream to Reality

The Genesis Centre of Community Wellness is a great example of our role as a community builder. Community leaders in North East Calgary were determined to bring the dynamic and diverse cultures of the local communities together to promote safe, cooperative and actively healthy neighbourhoods. To realize their dream, these visionary leaders founded the North East Centre of Community Society (NECCS), an organization dedicated to the challenge of building a facility that would serve the sport, recreation, educational and cultural needs of the northeast. We saw the opportunity to support and fund this incredible facility as a perfect alignment of our core values. The dream quickly started to take shape, gaining support and funding from the City of Calgary and YMCA, along with a generous naming sponsorship from Genesis.



MAIN LOBBY THE GENESIS CENTRE OF COMMUNITY WELLNESS

Genesis continues to play a part in the support of the Genesis Centre of Community Wellness – a 225,000 square foot, $120 million multi-purpose complex built to enrich the health, wellness, and unity of communities in Northeast Calgary.

THE GENESIS CENTRE OF COMMUNITY WELLNESS

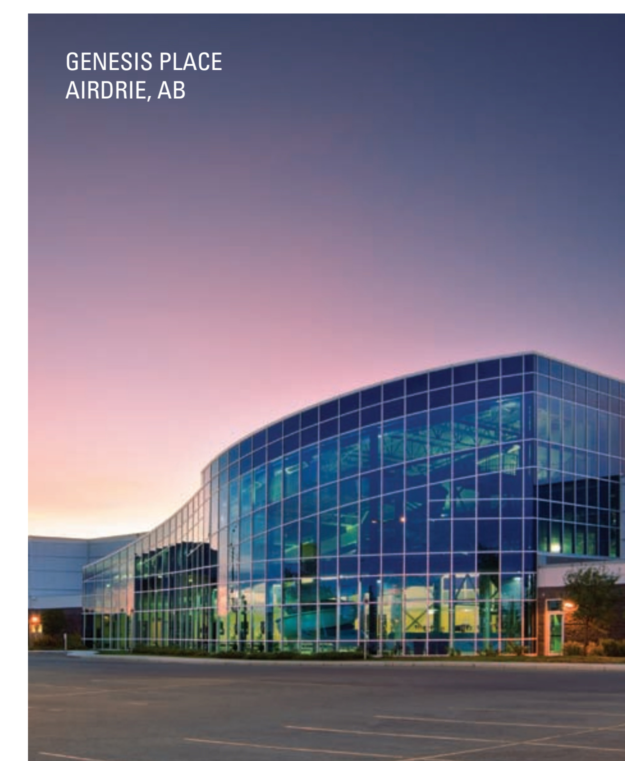
We dream. We design. We build.

We create inspired communities - one home, one family, one neighbourhood at a time.

A SPECIAL EVENT AT THE GENESIS CENTRE OF COMMUNITY WELLNESS

GENESIS PLACE

Genesis Place, the amazing recreation facility in Airdrie, acts as a gathering place, hub of activity and true heart of the community. We are proud of our commitment and on-going support of Genesis Place and the what it means to the quality of life for the community of Airdrie.



GENESIS PLACE AIRDRIE, AB

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

For the three months and year ended December 31, 2012

(All amounts are in thousands Canadian dollars, except per share amounts or unless otherwise noted.)

DATED MARCH 20, 2013

The following management's discussion and analysis (MD&A) of the financial condition and results of operations of Genesis Land Development Corp. ("Genesis" or the "Corporation") should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

The audited consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They have been reviewed by the Corporation's Audit Committee, consisting of three independent directors, and adopted by the Board of Directors. Additional information, including the Corporation's Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

BUSINESS OF GENESIS

Genesis is a real estate development and home building corporation headquartered in Calgary, Alberta. It is engaged in the acquisition, development and sale of land, residential lots and homes in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and residential home building. Within land development are two areas: development of land and residential lots. Genesis' vertically integrated operations include:

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

All business activities of Genesis are conducted in Western Canada, with active development primarily in and around the cities of Calgary and Airdrie.

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

EXECUTIVE SUMMARY

	2012	2011	2010
Total revenues	**141,582**	95,760	137,383
Gross margin	**14,171**	29,792	68,972
Impairment (recovery) of real estate held for development and sale	**33,146**	2,474	(3,714)
Gross margin, before write-downs (recoveries)	**47,317**	32,266	65,258
Gross margin, before write-downs (%)	**33%**	34%	48%
Net earnings[1] attributable to shareholders	**8,861**	11,060	33,514
Net earnings[1] per share - basic	**0.20**	0.25	0.76
Net earnings[1] per share - diluted	**0.20**	0.25	0.75
Adjusted earnings per share (adding back after-tax write-down) - basic and diluted	**0.51**	0.29	0.75
Total assets	**383,317**	378,018	350,466
Loans and credit facilities	**102,242**	88,231	81,320

[1] Net of income tax expense.

General economic conditions were positive in 2012 in Canada and in the land development/housing industry, resulting in an improved market over 2011. Genesis realized a 48% increase in revenues to $141,582, largely due to a major sale of 34.35 acres in the Sage Hill Crossing property (amounting to $32,526), and higher lot and residential home sales. The Corporation participated in multiple active projects during the year ended December 31, 2012. Approximately 13 phases/sites were under development and 15 phases/sites were in the process of being sold (see table on page 19).

The gross margin percentage before write-downs decreased slightly by 1% due to a different mix of properties sold during 2012, particularly the sales mix of single-family homes that included a higher number of entry level homes. Genesis expects single-family home gross margins to improve as the volume of home sales increases and sites continue development in 2013. Refer to pages 18-25 for detailed analysis of revenue, cost and gross margin.

The Corporation holds some of the best located development lands in the Calgary region that provide many years of inventory and development potential. This is important since it is becoming increasingly difficult to bring new developments on stream in a timely manner. Partially as a result of these conditions, there has been some impairment of real estate held for development and sale, which increased in 2012 for certain properties, primarily: Delacour, Rocky View County; Acheson, Parkland County; and Spur Valley, Regional District of East Kootenay. The decline in value resulted from specific market conditions, geographical locations and estimated monetization horizons of each of the properties. The Corporation's portion of the impairment (net of joint venture and non-controlling interests) was $18,268 of the $33,146 write-down. The impairment impacted overall results for the Corporation, including gross margin and net earnings. Despite this, net earnings attributable to shareholders, before impairment charges and net of related income tax effects, were $22,562, which is a substantial improvement over 2011 for which the comparable amount was $13,010.

The Corporation achieved net earnings of $0.20 per share for the year and incurred a loss of $0.16 per share for the three months ended December 31, 2012, compared to net earnings of $0.05 and $0.25 per share for the three months and year ended December 31, 2011, respectively. Setting aside these impairment charges, Genesis achieved solid results in 2012 with earnings per share attributable to shareholders (before impairment charges and net of related income tax effects) of $0.51, as compared with $0.29 in 2011.

Loans and credit facilities increased in 2012 due to seven new credit facilities secured for servicing of land in Sage Hill Crossing, Saddlestone Phase 6, Canals phase 6 and for the home building division. The proceeds from the sale of sites 1 and 2 in Sage Hill Crossing were used to repay credit facilities subsequent to year end, reducing the balance of loans and credit facilities by $31,411. This reduced the loans and credits facilities outstanding to $70,831 and the debt to equity ratio to 0.55. Refer to pages 28-29 for detailed analysis of liquidity and capital resources.

The positive trend in general economic conditions and the housing industry is expected through 2013. During this time, Genesis will continue to pursue a strategy of positioning itself for future growth. With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

OUTLOOK

The positive trend in general economic conditions and the industry is expected through 2013 with solid economic fundamentals, including low unemployment and interest rates, low and stable inflation rates, positive net in-migration and above average earnings, among other factors. The combination of these factors provides Genesis with a healthy environment for its core development and homebuilding activities in the coming year. During this time, Genesis will continue to pursue a strategy of positioning itself for future growth, focusing its activities in Alberta and, more particularly, the greater Calgary area.

Subsequent to the end of the year, Genesis announced the appointment of a new President and Chief Executive Officer, Bruce Rudichuk, as well as Executive Vice-President and Chief Financial Officer, Mark Scott. These appointments are intended to build the Corporation's capacity to organically grow its operations in the future as well as drive improved financial results through operational efficiencies and fiscal discipline. In that regard, management will dedicate a substantial amount of its efforts for 2013 in the following areas:

1. Growing the Corporation's approved and well-located core land positions and expand its development activities, primarily within the City of Calgary and Airdrie;
2. Building a stronger and more profitable homebuilding operation that measures its success in terms of brand recognition, customer satisfaction, and volume in addition to improved financial performance;
3. Assessing the Corporation's long-term land holdings, specifically its long term land development and homebuilding requirements, and implementing the appropriate strategic acquisition and /or divestiture plans to increase management's focus on adding shareholder value; and
4. Strengthening the Corporation's relationships within the lending and investment community with a view to maximizing access to competitively priced capital.

With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

KEY FINANCIAL PERFORMANCE INDICATORS

Genesis measures the performance of the Corporation through the following Key Financial Performance Indicators ("KPIs"):

1. **Cash flows from operating activities:** a measure that represents a company's ability to generate cash through operations in order to finance capital programs and repay debt.
2. **Cash flows from operating activities per share:** a measure that represents the portion of a company's cash flows allocated to each outstanding share of common stock flows.
3. **Net earnings per share:** an earnings measure that serves as an indicator of a company's profitability. It represents the portion of a company's profit allocated to the weighted average outstanding shares of common stock.
4. **Debt to gross book value:** a leverage measure that calculate the percentage that a company's value would cover its debt obligations. A lower percentage indicates a greater ability for the company to repay its debt.
5. **Debt (total liabilities) to equity ratio:** a leverage measure that indicates what proportion of equity and debt a company is using to finance its assets. A high debt to equity ratio indicates that a company has utilized a higher amount of debt to finance its growth.
6. **Return on equity:** a measure of return of a company's profitability by indicating how much profit a company generates with shareholders' invested capital. The higher the number, the better return from use of shareholder funds.
7. **Return on assets:** a measure of return that indicates how profitable a company is relative to its total assets, and how efficient it is at using assets to generate earnings. This measure can vary substantially between industries. The higher the number, the better the company is at earning more money on less investment.
8. **Net Asset Value per share ("NAV"):** a measure that indicates the value of Corporation's assets allocated to each outstanding share of common stock flows.

	Three Months Ended December 31		Year Ended December 31	
	2012	2011	**2012**	2011
Cash flows from operating activities	**(18,166)**	(4,548)	**(1,672)**	13,656
Cash flows from operating activities per share	**(0.40)**	(0.10)	**(0.04)**	0.31
Net earnings per share - basic and diluted	**(0.16)**	0.05	**0.20**	0.25
Net Asset Value per share			**6.61**	7.44
Return on equity			**4.8%**	6.4%
Return on assets			**2.3%**	3.0%
Debt to equity ratio			**0.69**	0.60
Debt to gross book value			**27.1%**	23.6%

Cash out flows from operating activities increased for the three months and year ended December 31, 2012 as a result of funding requirements to support the growth in the home building division. The home building division experienced strong growth in sales over 2012 with 156 homes under construction as at December 31, 2012 compared with 70 homes at December 31, 2011. As a result, the revenues from the 2012 sales will be recognized upon home completion, increasing cash flows from operating activities at that time.

Debt to gross book value is calculated as follows:

	December 31, 2012	December 31, 2011
Debt		
Loans and credit facilities excluding deferred financing fees	**104,554**	89,989
Gross Book Value[1]		
Real estate held for development and sale	**271,845**	299,916
Property and equipment	**688**	2,062
Other assets[2]	**110,994**	77,654
Deferred financing fees	**2,312**	1,758
Gross book value	**385,839**	381,390
Debt to gross book value	**27.1%**	23.6%

[1] Gross book value is calculated as total assets before depreciation on property and equipment, net of impairment losses. Gross book value is a non-IFRS measure as described in the 'Advisories' section of this document.

[2] Other assets consist of amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.

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

	December 31, 2012	December 31, 2011
Total liabilities	**157,008**	141,399
Total equity	**226,309**	236,619
Debt to equity ratio	**0.69**	0.60

The Corporation's debt decreased by $31,411 subsequent to year end 2012, when proceeds from sale of sites 1 and 2 in the Sage Hill Crossing commercial development were received on January 10, 2013. This reduced the loans and credits facilities outstanding to $70,831 and the debt to equity ratio to 0.55.

NET ASSET VALUE CALCULATION

	2012	2011
Independent appraised value[2]		
Serviced Single-family lot Inventory	**51,150**	92,963
Serviced Multi-family sites	**11,130**	24,700
Fully approved Commercial/Industrial Sites	**55,600**	76,194
Fully approved developable lands - Calgary & Airdrie	**145,480**	136,568
Other raw and partially approved lands	**55,271**	82,066
Total pre-tax land value	**318,631**	412,491
Other balance sheet assets (see page 12 for details)	**141,676**	88,231
Balance sheet liabilities (see page 12 for details)	**(157,008)**	(141,399)
Add amount due from related entities	**26,834**	25,133
Estimated pre-tax NAV	**330,133**	384,456
Estimated tax[3]	**(34,403)**	(53,329)
Estimated after-tax NAV	**295,730**	331,127
Total shares outstanding as at December 31	**44,767**	44,484
Estimated after-tax NAV per share outstanding	**6.61**	7.44

[1] NAV is a non-IFRS measure as described in the 'Advisories' section of this document.

[2] Appraised value represents 100% Genesis owned lands. Limited partnership lands owned by other limited partnership investors (and the corresponding NCI liability) are excluded from the calculation. Appraised values of lands represents market value based on comparative figures of similar market transactions.

[3] Genesis has used corporate income tax rate of 25% for 2012 and 26.5% for 2011 to calculate taxes in determining its NAV.

The decrease in estimated NAV to $6.61 in 2012 from $7.44 in 2011 is mainly attributable to a decline in value of real estate (primarily raw and partially approved lands outside of the cities of Airdrie and Calgary), net of non-controlling interest. In addition it is attributable to the payments of interest on financings, taxes and other general and administrative expenses during the year ended December 31, 2012.

The estimated NAV was calculated using the independent appraiser's total pre-tax land value plus additional balance sheet assets less balance sheet liabilities and corporate income tax as at December 31, 2012 and 2011. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation for the year ended December 31, 2012 and 2011 has been added to calculate the pre-tax NAV. Estimated taxes have been deducted as if all properties were sold at their market values to determine NAV.

Other balance sheet assets and liabilities in the NAV Calculation include the following:

($'s)	2012	2011
Assets		
Housing projects under development	30,204	10,129
Accounts receivable	85,230	43,451
Deferred tax assets	-	2,859
Other operations assets	16,237	20,942
Cash	10,005	10,850
Total	141,676	88,231
Liabilities		
Loans and credit facilities	102,242	88,231
Customer deposits	4,352	7,582
Accounts payable and accrued liabilities	21,309	16,415
Income taxes payable	4,617	12,970
Deferred tax liabilities	60	-
Land development service costs	24,428	16,201
Total	157,008	141,399

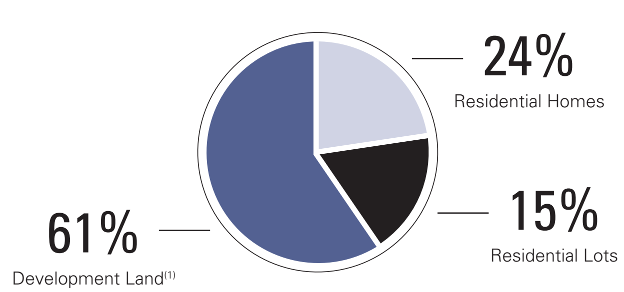
RESULTS OF OPERATIONS

REVENUE, COST OF SALES AND GROSS MARGIN

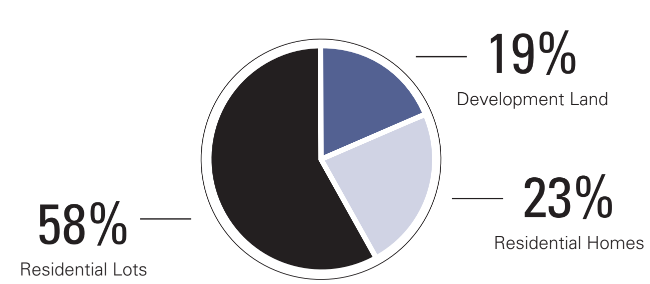
	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Revenues	57,706	25,668	125%	141,582	95,760	48%
Cost of sales	(77,308)	(19,712)	292%	(127,411)	(65,968)	93%
Gross margin	(19,602)	5,956	(429%)	14,171	29,792	(52%)
Gross margin, before write-downs	14,614	9,559	53%	47,317	32,266	47%
Gross margin, before write-downs (%)	25%	37%		33%	34%	

The revenue mix for the three months and year ended December 31, 2012 and 2011 is as follows:

THREE MONTHS ENDED DECEMBER 31, 2012

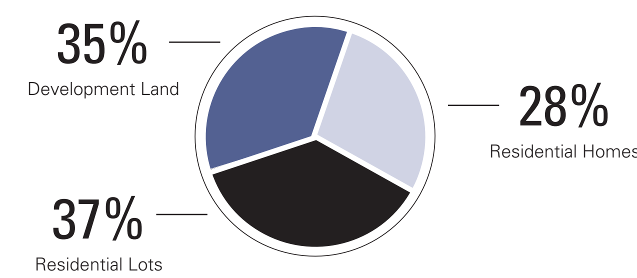


THREE MONTHS ENDED DECEMBER 31, 2011

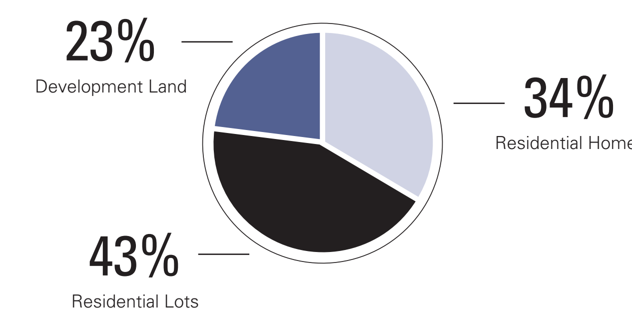


[1] *Development land sales increased substantially in the fourth quarter of 2012 due to the sale of commercial land in Sage Hill Crossing.*

YEAR ENDED DECEMBER 31, 2012



YEAR ENDED DECEMBER 31, 2011



Genesis' active projects during 2012 follow:

Community	Location	Phases/Sites Under Development	Phases/Sites Being Sold
Bayside	Airdrie	-	7, 9
Canals	Airdrie	6	-
Sage Meadows	NW Calgary	4	1, 2
Kinwood	NW Calgary	2	2
Sage Hill Crossing	NW Calgary	1, 2, 3, 4, 5, 6, 7	3, 4, 5, 6, 7
Saddlestone	NE Calgary	5A, 6, 12[1]	1, 2, 3, 4, 12[1]

[1] *Multi-family.*

For a complete list of all properties please refer to the AIF for the year ended December 31, 2012.

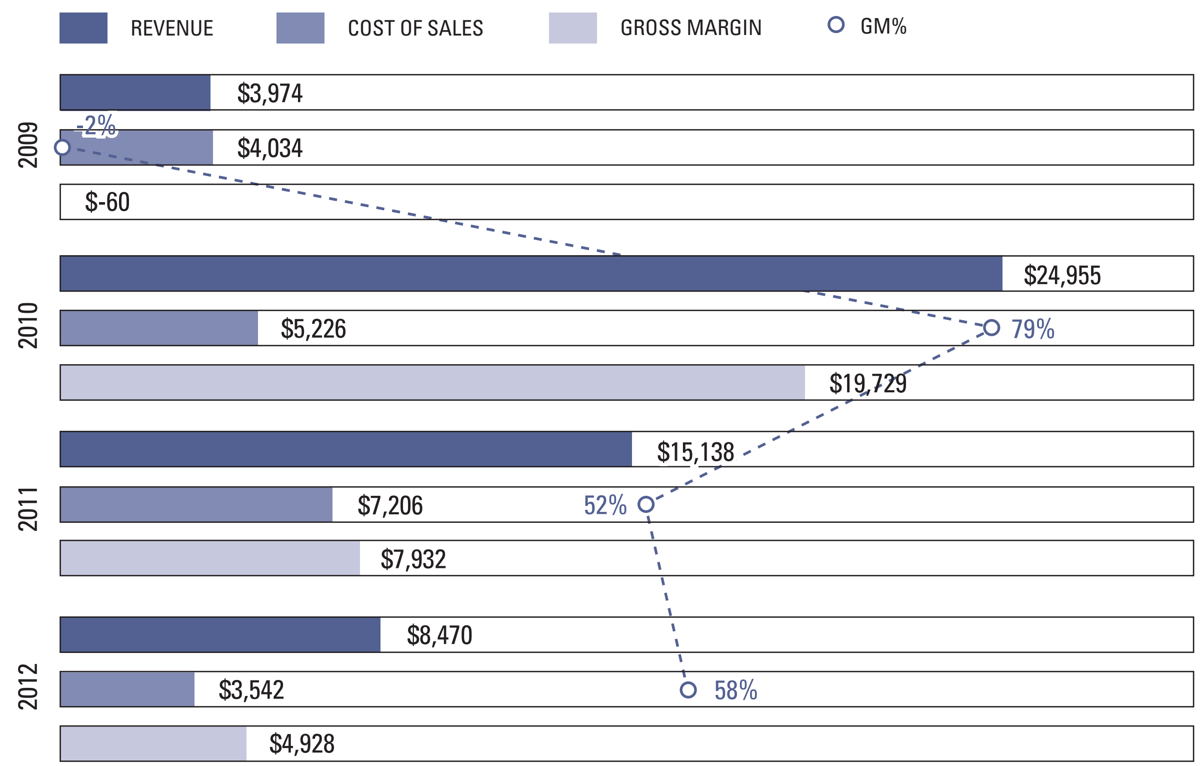
LAND DEVELOPMENT

Residential Lots

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Residential lot revenue	8,470	15,138	(44%)	51,933	40,739	27%
Cost of sales	(3,542)	(7,206)	(51%)	(24,412)	(24,083)	1%
Gross margin	4,928	7,932	(38%)	27,521	16,656	65%
Gross margin, before write-downs	4,928	7,932	(38%)	27,521	16,721	65%
Gross margin, before write-downs (%)	58%	52%		53%	41%	
Number of lots sold	46	93	(51%)	287	255	13%
Average revenue per lot	184	163	13%	181	160	13%
Average cost of sales per lot	77	77	0%	85	94	(10%)

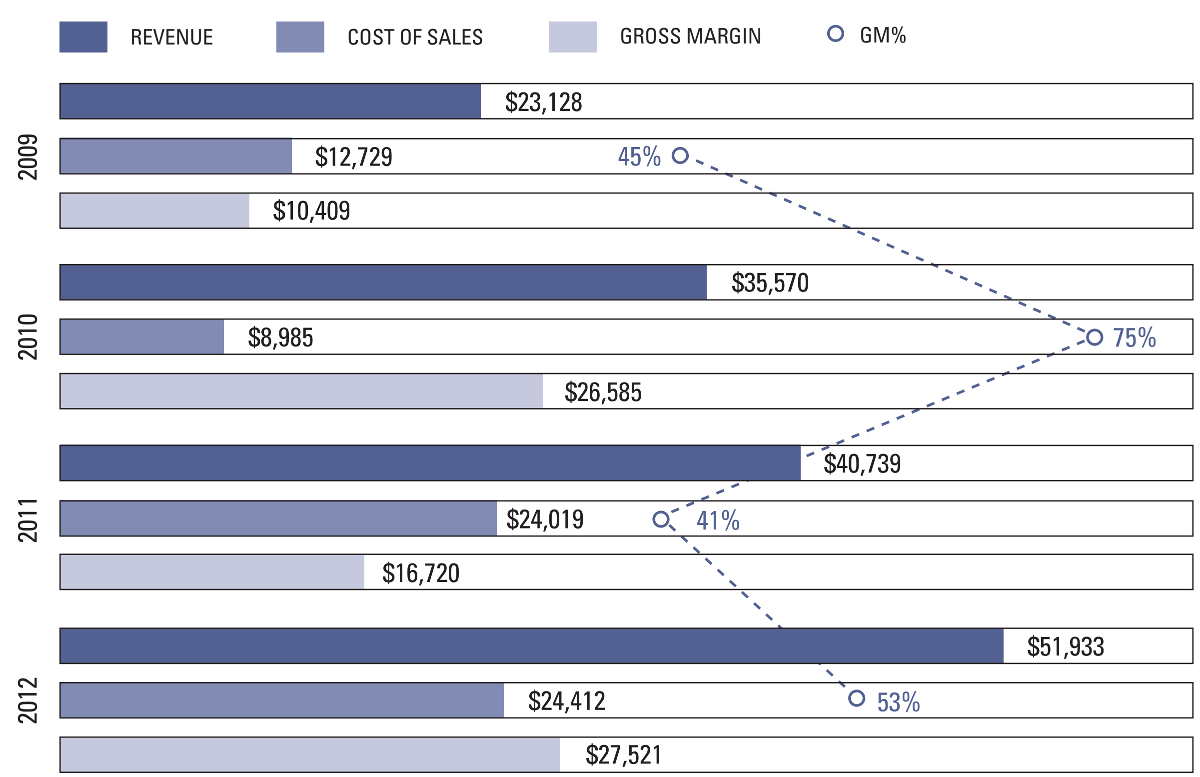
THREE MONTHS ENDED DECEMBER 31,

($ in thousands)



YEAR ENDED DECEMBER 31,

($ in thousands)



Residential lot revenues decreased during the three months ended December 31, 2012 compared to the same period in 2011 as revenues for the newly released phase 1 of the Calgary community of Kinwood were included in 2011. Lot revenues for the year ended December 31, 2012 were higher due primarily to strong sales in newly released phases 3 and 4 of the Calgary community of Saddlestone, phase 2 of the Calgary community of Kinwood, and phase 6 of the Airdrie community of Canals, which were completed in 2012. The timely development of such phases and resulting lot sales reflect the improvement of Calgary's housing market in general year over year.

The revenue per lot for the year ended December 31, 2012 was higher than 2011 due to the sales mix of properties in 2011, which contained duplex houses with lower sales price.

The number of lots sold by community during the three months and year ended December 31, 2012 and 2011 in Calgary and Airdrie were as follows:

	Three months ended December 31,				Year ended December 31,			
	# of lots sold		Average revenue per lot		# of lots sold		Average revenue per lot	
Community	2012	2011	2012	2011	2012	2011	2012	2011
Calgary								
Sherwood	-	-	-	-	-	3	-	209
Saddlestone	5	8	226	209	88	10	197	211
Sage Meadows	1	2	163	241	31	82	198	187
Kinwood	-	53	-	167	49	53	167	165
Airdrie								
Bayside	-	29	-	139	56	103	156	128
Canals	40	1	179	226	63	4	183	191
Total	46	93	184	163	287	255	181	160

Development Land

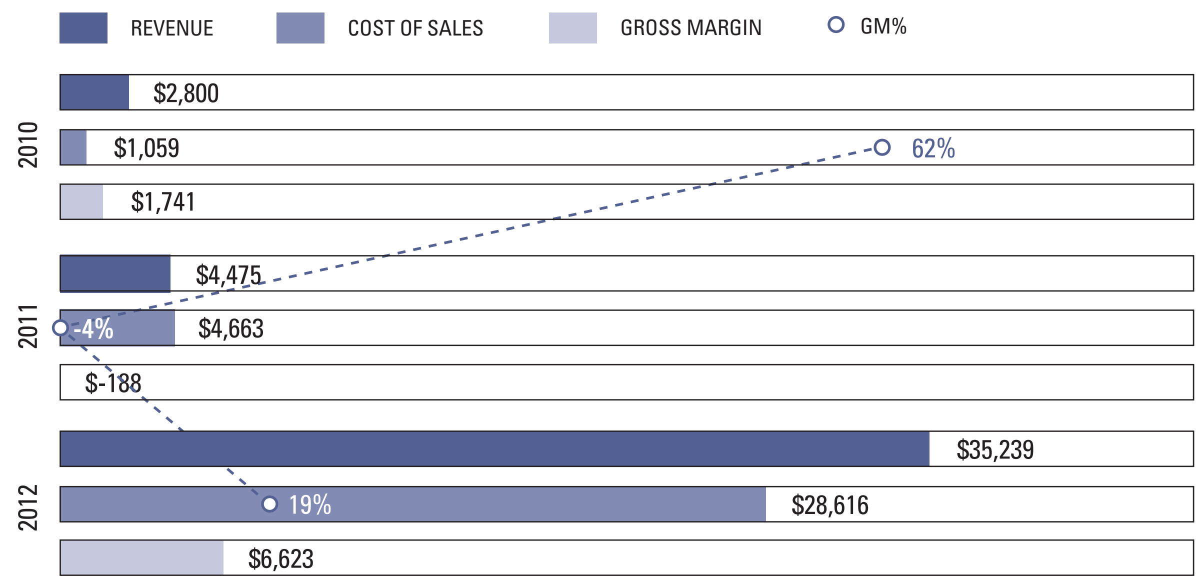
	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Development land revenues	35,239	4,475	687%	49,389	22,523	119%
Cost of sales[1]	(62,831)	(8,239)	663%	(71,840)	(17,885)	302%
Gross margin	(27,592)	(3,764)	633%	(22,451)	4,638	(584%)
Gross margin, before write-downs	6,623	(188)	N/R[2]	10,695	7,020	52%
Gross margin, before write-downs (%)	19%	(4%)		22%	31%	

[1] Includes impairment losses for the three month ended December 31, 2012 of $34,215 (2011 - $3,576) and for the year ended December 31, 2012 of $33,146 (2011 - $2,382)

[2] Not reflective due to percentage increase.

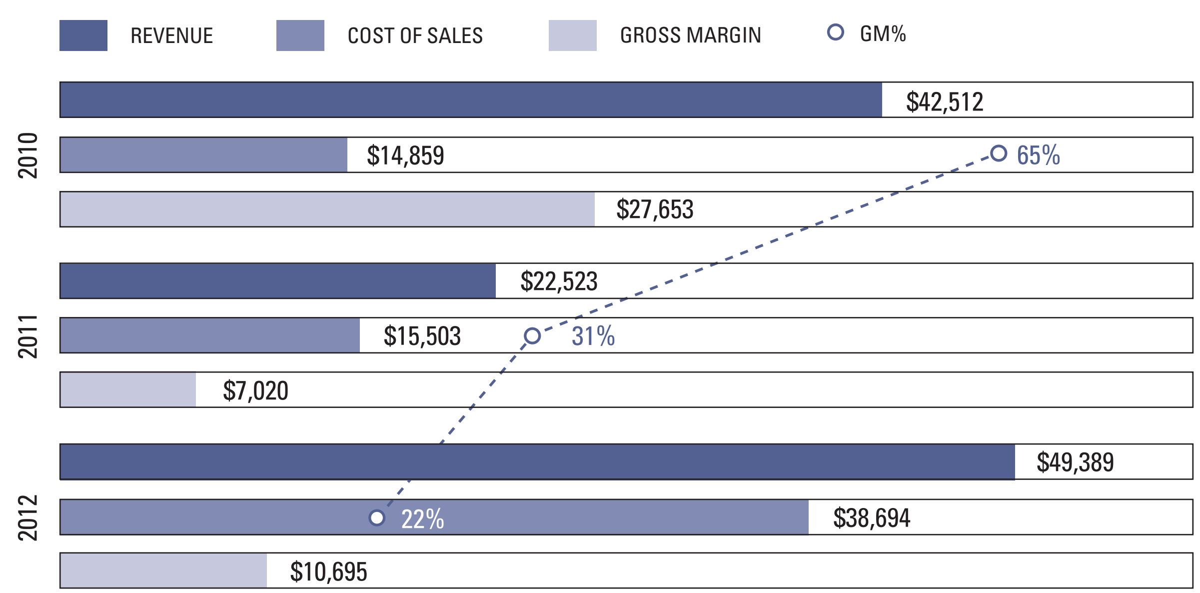
THREE MONTHS ENDED DECEMBER 31,

($ in thousands)



YEAR ENDED DECEMBER 31,

($ in thousands)



The increase in development land sales for the three months and year ended December 31, 2012 compared to the same periods in 2011 was a result of the sale of sites 1 and 2 in the commercial development project of Sage Hill Crossing for $32,526 in December 2012.

The decrease in gross margin before write downs from 31% to 22% for the year ended December 31, 2012 compared to 2011 is due to the comparatively lower margin in Sage Hill Crossing sites 1 and 2. The margin on the project is expected to improve with an increase in the value due to development of sites 1 and 2 by the purchaser.

The negative gross margin before write-downs for three months ended December 31, 2011 was due to a cost to complete adjustment for a development land parcel sold during three months ended September 30, 2011. The gross margin before the adjustment was $401 or 9%. The increase in gross margin for the three months ended December 31, 2012 was due to sale of sites 1 and 2 of the Sage Hill Crossing commercial development in 2012, compared to sale of a multi-family site in the Calgary community of Kincora, which had a 10% gross margin. The multi-family parcel sold in 2011 had unique characteristics that required additional on-site development costs, which affected its selling price.

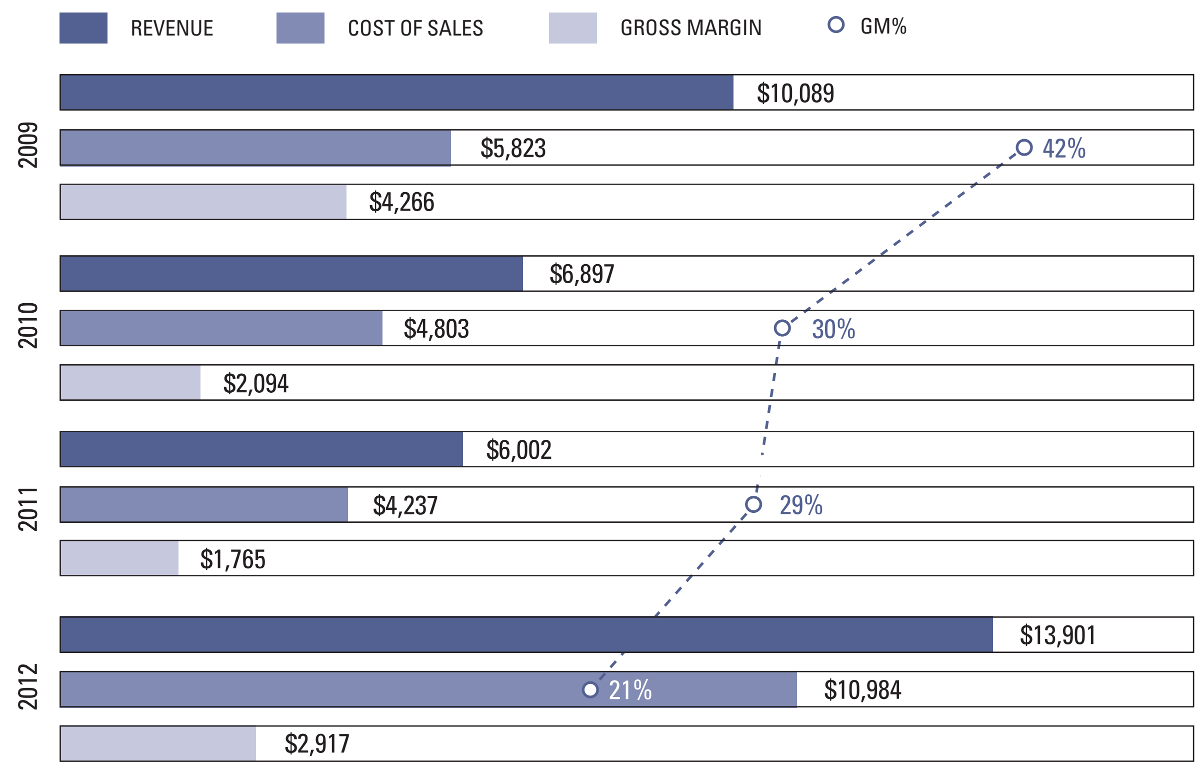
RESIDENTIAL HOME BUILDING

Single-family

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	**2012**	2011	%
Single-family revenues	**13,901**	6,002	132%	**39,312**	31,477	25%
Cost of sales	**(10,934)**	(4,237)	158%	**(31,037)**	(23,429)	32%
Gross margin	**2,967**	1,765	68%	**8,275**	8,048	3%
Gross margin, before write-downs	**2,967**	1,765	68%	**8,275**	8,048	3%
Gross margin, before write-downs (%)	**21%**	29%		**21%**	26%	
Number of homes sold	**34**	11	209%	**90**	65	38%
Average revenue per home	**409**	546	(25%)	**437**	484	(10%)
Average cost of sales per home	**322**	385	(16%)	**345**	360	(4%)

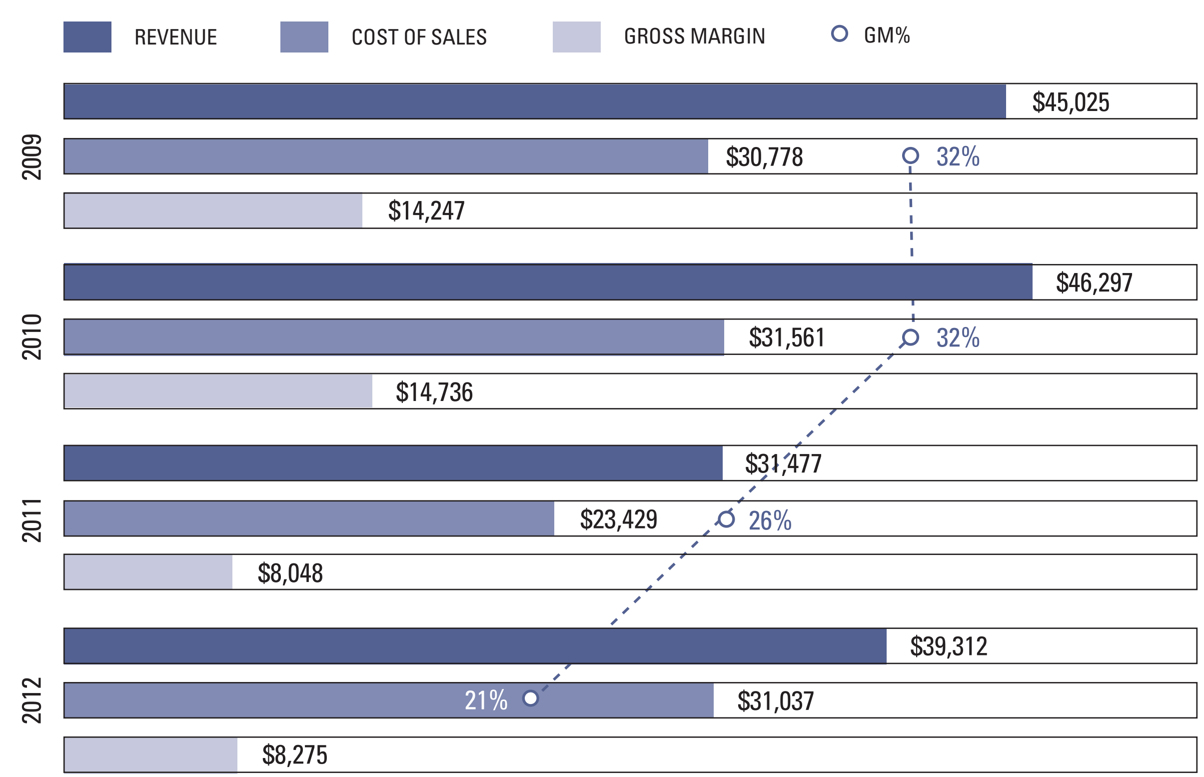
THREE MONTHS ENDED DECEMBER 31,

($ in thousands)



YEAR ENDED DECEMBER 31,

($ in thousands)



The increase in the number of single-family homes sales closed during the three months and year ended December 31, 2012 compared to the same period in 2011 was due to a focused effort by the home building division to strengthen sales. Genesis realized a 38% increase in the number of residential home unit sales closed in 2012. The revenue per home declined for the three months and year ended December 31, 2012 due to increase in number of entry level home sales closed. Overall, gross margin percentage decreased by five percentage points in 2012. Genesis expects single-family home gross margins to improve as the volume of home sales increases and sites continue development in 2013.

In addition, the sale of a custom home at a price of $959 and eight other homes with an average selling price of $533 in the communities of Bayside and Sage Meadows in Airdrie and Calgary resulted in a higher average price for the three months ended December 31, 2011.

The number of home sales closed by community during the three months and year ended December 31, 2012 and 2011 in Calgary and Airdrie were as follows:

	Three months ended December 31,				Year ended December 31,			
	# of single-family homes closed		Average amount per home		# of single-family homes closed		Average amount per home	
Community	2012	2011	2012	2011	2012	2011	2012	2011
Calgary								
Evansridge	9	-	390	-	32	-	377	-
Kinwood	-	-	-	-	2	-	524	-
Sherwood	-	1	-	959	-	4	-	659
Saddlestone	10	2	414	401	17	25	414	440
Sage Meadows	3	3	547	759	9	12	566	648
Taralake	-	-	-	-	-	1	-	461
Airdrie								
Bayside	12	5	385	397	30	23	469	417
Total	34	11	409	547	90	65	437	484

Multi-family

The last unit in The Breeze multi-family project sold in the first quarter of 2012. Currently, Genesis has two row housing projects in development: Saffron in the Calgary community of Saddlestone, and Brownstones in the community of Sage Meadows.

Impairment of real estate held for development and sale

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	2012	2011	%
Land	18,562	2,588	617%	18,268	2,653	589%
LP	15,654	1,015	1442%	14,878	(179)	N/R[1]
Total	34,216	3,603	850%	33,146	2,474	1240%

[1] *Not reflective due to percentage increase.*

The impairment of land held for future development for the three months and year ended December 31, 2012 increased as a result of specific market conditions, geographical locations and estimated monetization horizons of those properties. The properties mainly affected were: Delacour, Rocky View County; Acheson, Parkland County; and Spur Valley, Regional District of East Kootenay.

The increase is primarily attributable to Delacour, amounting to $29,561 of which $13,488 is attributable to real estate held in a limited partnership. The main driver for this is the anticipated change in growth strategy of the county under which this property is located. The county may not allow for residential development on the entire site since they would prefer a mixed-use development, resulting in a lower value of the property.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	**2012**	2011	%
Corporate administration	**493**	454	9%	**2,054**	1,806	14%
Compensation and benefits	**1,199**	1,574	(24%)	**4,982**	5,173	(4%)
Professional services	**601**	980	(39%)	**3,028**	4,322	(30%)
	2,293	3,008	(24%)	**10,064**	11,301	(11%)

The general and administrative expense for the three months and year ended December 31, 2012 compared to the same period in 2011 decreased mainly due to costs associated with settlements of certain legal disputes and fees paid for professional services incurred in 2011.

SELLING AND MARKETING

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	**2012**	2011	%
Advertising and marketing	**652**	151	332%	**2,863**	1,178	143%
Commission on sale of development land	**976**	-	-	**1,085**	-	-
	1,628	151	978%	**3,948**	1,178	235%

The increase for the three months and year ended December 31, 2012, was mainly due to the commission on the sale of sites 1 and 2 in Sage Hill Crossing commercial development, the addition of a $500 expense for naming rights to the "Genesis Centre for Community Wellness" which commenced in 2012, and costs for higher marketing efforts by the home building division to strengthen sales.

FINANCE EXPENSE

	Three months ended December 31,			Year ended December 31,		
	2012	2011	%	**2012**	2011	%
Interest incurred	**1,590**	1,416	12%	**5,669**	6,549	(13%)
Financing fees accretion	**507**	394	29%	**1,438**	1,557	(8%)
Interest and financing fees capitalized	**(1,036)**	(825)	26%	**(4,464)**	(2,937)	52%
	1,061	985	8%	**2,643**	5,169	(49%)

Interest expense relates to certain operating loans secured by land and single-family home building operations. The decrease in interest expense for the year ended December 31, 2012 compared to 2011 was mainly due to lower average outstanding loan balances and lower interest rates and fees paid on new and renewed loans. The increase in interest expense for the three months ended December 31, 2012 reflects new loans secured and drawn on during that period.

ASSETS

During the year ended December 31, 2012, the Corporation generated net earnings of $8,861 for funding its operating activities. At December 31, 2012, the consolidated cash balance was $10,005 as compared to $10,850 as at December 31, 2011.

	December 31, 2012	**%**	December 31, 2011	%
Real estate held for development and sale	**271,845**	**71%**	299,916	79%
Amounts receivable	**85,230**	**22%**	43,451	11%
Other operating expenses	**16,237**	**4%**	20,942	6%
Deferred income taxes	**-**	**-**	2,859	1%
Cash and cash equivalents	**10,005**	**3%**	10,850	3%
	383,317	**100%**	378,018	100%

REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	December 31, 2012	December 31, 2011	%
Real estate held for development and sale	**315,759**	310,670	2%
Provision for write-down	**(43,914)**	(10,754)	308%
	271,845	299,916	(9%)

During the year ended December 31, 2012, the carrying value of real estate held for development and sale decreased, primarily as a result of impairment of certain properties resulting from specific market conditions, geographical locations and estimated monetization horizons of each of the properties. In addition, sales of residential lots, development land parcels and housing inventory contributed to the reduction. This was offset by an increase in home division inventory due to ongoing development work and ongoing residential land development relating to the Calgary communities of Sage Meadows, Saddlestone, Kinwood and Sage Hill Crossing, as well as the Airdrie community of Canals.

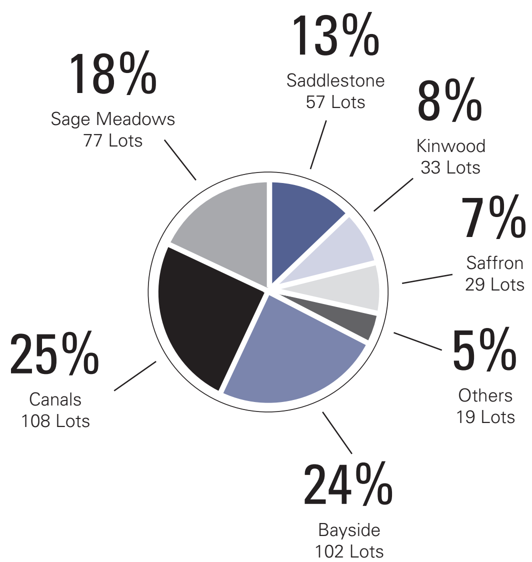
Real estate held for development and sale changed during the year ended December 31, 2012 was as follows:

	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	**Total**
December 31, 2011	149,188	140,599	10,129	-	**299,916**
Acquisitions & Transfers	1,938	(1,938)	19,331	(8,447)	**10,884**
Development	39,137	1,616	34,151	8,447	**83,351**
Sold	(55,739)	-	(33,407)	-	**(89,146)**
Impairment adjustments	(1,087)	(32,073)	-	-	**(33,160)**
December 31, 2012	**133,437**	**108,204**	**30,204**	**-**	**271,845**

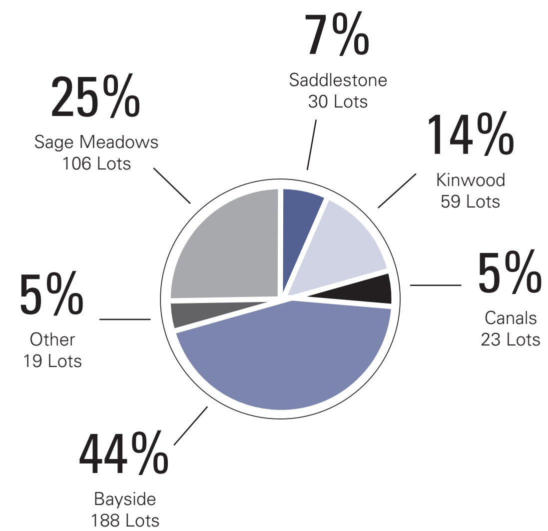
Genesis held a total of 425 single-family lots in both 2011 and 2012. The Corporation acquires land for new communities as existing land is developed and sold.

The inventory mix of single-family lots by community based on the book value was as follows:

DECEMBER 31, 2012



DECEMBER 31, 2011



AMOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011	%
Amounts receivable	85,230	43,451	96%

Amounts receivable increased at December 31, 2012 compared to December 31, 2011 mainly due to the receivable for sites 1 and 2 in the Sage Hill Crossing commercial development. In addition, sales achieved in the communities of Bayside, Canals, Saddlestone and Kinwood contributed to the increase. The amount receivable related to Sage Hill Crossing was received subsequent to the year end on January 10, 2013, reducing the balance of loans and credit facilities by $31,411.

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

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2012	%	December 31, 2011	%
Loans and credit facilities	102,242	27%	88,231	24%
Customer deposits	4,352	1%	7,582	2%
Accounts payable and accrued liabilities	21,309	6%	16,415	4%
Land development service costs	24,428	6%	16,201	4%
Non-controlling interest	36,719	10%	56,771	16%
Shareholders' equity	189,590	50%	179,848	50%
	378,640	100%	365,048	100%

The Corporation requires funds to meet operating expenses, service debt, complete on-going land development projects, purchase lands, and construct single- and multi-family homes. These requirements are met by using project-specific loans and credit facilities, limited partnership capital and cash generated from operations.

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities where needed, to pay for operating expenses, incur development and construction costs, pay principal and interest on loans and credit facilities, and purchase lands. The Corporation regularly reviews its credit facilities and manages the requirements in accordance with project development plans and operating requirements.

LOANS AND CREDIT FACILITIES

Loans and credit facilities from lending institutions, gross of deferred financing fees of $2,312, at December 31, 2012 totaled $104,554. The following is a summary of the Corporation's drawn and outstanding loan and credit facility balances as at December 31, 2012 and as at the end of the previous four quarters:

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011
Land and land project loans	95,785	78,138	79,212	82,546	88,047
Home building operations	8,769	338	-	112	1,254
Other	-	216	-	696	688
	104,554	78,692	79,212	83,354	89,989
Deferred financing fees	(2,312)	(1,451)	(1,232)	(1,446)	(1,758)
	102,242	77,241	77,980	81,908	88,231

The loans and credit facilities increased mainly due to the seven new project loans offset by the payment of project loans by lot closings achieved in the Calgary communities of Saddlestone and Sage Meadows. The project loans were obtained to complete servicing of properties including the Sage Hill Crossing commercial development, phase 6 of Canals, phase 5 of Saddlestone, and construction of home building projects.

Loans and credit facilities increased in 2012 due to seven new credit facilities secured for servicing properties including the Sage Hill Crossing commercial development, phase 6 in the community of Canals, phase 5 in the community of Saddlestone and construction of single and multi-family projects. The proceeds from the sale of sites 1 and 2 in Sage Hill Crossing were used to repay credit facilities related to servicing of that property subsequent to year end, reducing the balance of loans and credit facilities by $31,411.

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

	Year ended December 31, 2012	Year ended December 31, 2011
Balance, beginning of year	88,231	81,320
Advances	102,303	91,023
Repayments	(87,396)	(83,613)
Finance expense	2,521	5,169
Interest and financing fees paid and capitalized	(3,417)	(5,668)
Balance, end of year	102,242	88,231

During the year ended December 31, 2012, Genesis received $102,303 in loans and credit facilities and made repayments of $87,396 (see 'Related Party Transactions' on page 34)s.

CUSTOMER DEPOSITS

Customer deposits are received from third party builders for the sale of lots. On completion of a sale, land service obligations are recognized as per the Corporation's accounting policy. The decrease in customer deposits in 2012 is primarily due to a $4,754 deposit on site 1 and 2 of Sage Hill Crossing commercial development being realized from the completion of a sale.

INCOME TAX PAYABLE

Income tax payable decreased significantly as the Corporation paid its 2011 tax liability of $9,500 in full, which was offset by a current tax provision amounting to $1,166. Refer to note 7 to the consolidated financial statements for further details.

LAND DEVELOPMENT SERVICE COSTS

Accrued land development service costs increased at December 31, 2012 compared to December 31, 2011 mainly due to increased lot and home sales during 2012. The overall increase was partially offset by performance of planned service work, thus incurring previously accrued completion costs.

NON-CONTROLLING INTEREST

Non-controlling interest liability decreased primarily due to impairment of real estate assets owned by the partnerships. In addition, distributions to unit holders of a limited partnership driven by the sale of a commercial parcel in the community of Bayside contributed to this reduction.

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

	2012	2011
Limited Partnership #6 and Limited Partnership #7	4,445	140
Limited Partnership #8	-	328
	4,445	468

Refer note 4 to the consolidated financial statement for further details on non-controlling interest.

CONTRACTUAL OBLIGATIONS AND DEBT REPAYMENT

The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, were as follows as of December 31, 2012:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	24,109	700	706	25,515
Years 2014 and 2015	80,445	1,400	1,450	83,295
Years 2016 and 2017	-	1,400	1,244	2,644
Thereafter	-	2,000	-	2,000
	104,554	5,500	3,400	113,454

[1] *Excludes deferred financing fees.*

Genesis entered into an agreement with a community society in northeast Calgary, whereby the Corporation will contribute $500 per year for ten years commencing January 1, 2012, for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary. The amount for 2012 has been paid.

Genesis has an agreement with the City of Airdrie, whereby Genesis will contribute $200 per year for ten years for the naming rights to "Genesis Place", a recreation complex in the City of Airdrie. Five of ten required payments have been made and recorded as part of general and administrative expense, including the amount for 2012.

As a normal part of business, Genesis has entered into arrangements and incurred obligations that will impact future operation and liquidity, some of which are reflected as short-term liabilities and commitments in the consolidated financial statements.

Annual current contractual obligations were as follows:

	December 31, 2012	December 31, 2011
Loans and credit facilities, excluding deferred financing fees	24,109	16,807
Accounts payable and accrued liabilities	21,309	16,415
Total short-term liabilities	45,418	33,222
Commitments[1]	1,406	10,035
	46,824	43,257

[1] *Commitments are composed of naming rights and lease obligations.*

At December 31, 2012, Genesis had obligations due within the next 12 months of $46,824 of which $24,109 relates to loans and credit facilities, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on the Corporation's operating history, its relationship with its lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

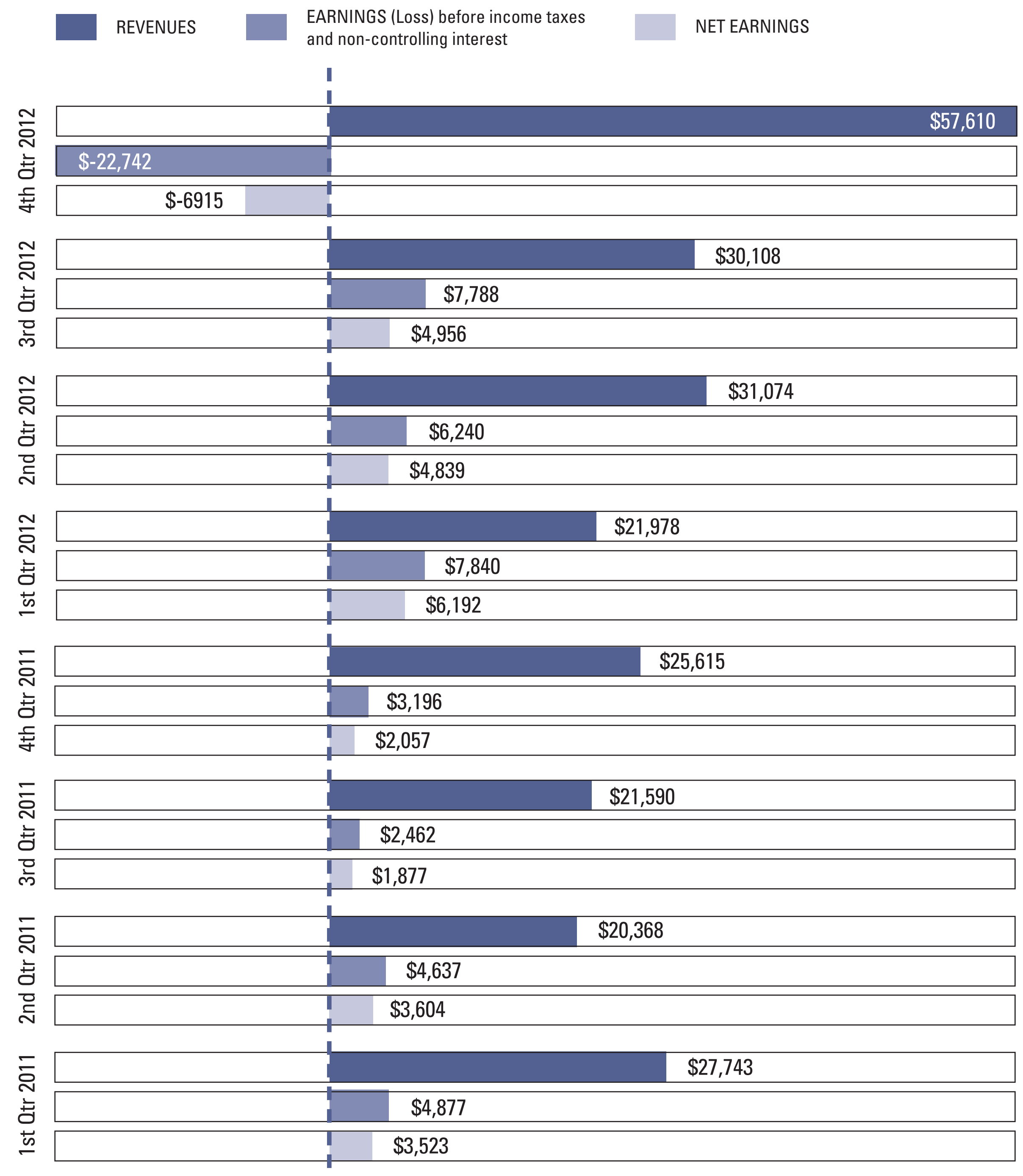
SUMMARY OF QUARTERLY RESULTS

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 201
Revenues	57,610	30,108	31,074	21,978	25,615	21,590	20,368	27,743
Earnings (loss) before income taxes and non-controlling interest	(24,529)	7,788	6,240	7,840	1,666	2,462	4,637	4,877
Net (loss) earnings	(7,126)	4,956	4,839	6,192	2,057	1,877	3,604	3,522
Net earnings per share - Basic and Diluted	(0.16)	0.11	0.11	0.14	0.05	0.04	0.08	0.08

Seasonality affects the land development and residential home building industry in Canada due to weather conditions during winter operations. As a result, Genesis will typically realize higher revenues in the summer and fall months at which time home building is at its maximum. Revenues can be impacted by the timing of land sales, which is less cyclical and weather dependent.

The results of the fourth quarter of 2012 were impacted by two significant items. Revenues were significantly higher due to the sale of sites 1 and 2 in the Sage Hill Crossing property for $32,526 in December 2012. Gross margins and earnings decreased due to an impairment of land held for future development, resulting from specific market conditions, geographical locations and estimated monetization horizons of each of the properties.

($ in thousands)



TRADING AND SHARE STATISTICS

As at March 20, 2013, the Corporation had 44,798,538 common shares issued and outstanding. In addition, there were options to acquire 1,117,412 common shares of the Corporation issued under Genesis' stock option plan.

	2012	2011	2010
Average daily trading volume	**42,147**	40,647	53,443
Share price ($/share)			
High	**3.70**	5.07	5.39
Low	**2.87**	2.30	1.97
Close	**3.26**	2.88	3.35
Market capitalization at December 31	**145,936**	128,115	148,671
Shares outstanding	**44,765,728**	44,484,287	44,379,448

JOINT VENTURE

On April 30, 2010, Genesis entered into a joint venture ('JV') agreement with another real estate development corporation for the purpose of conducting residential development of certain northwest Calgary lands known as the community of Kinwood. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in the JV. The development is comprised of six phases. The first phase contained 192 lots and two multi-family sites, which were all sold. Phase 2 is comprised of 126 single-family lots and one multi-family site.

During 2012, the JV sold two multi-family sites and 119 single-family lots, including 21 to the Corporation's home building division. The JV sold 135 lots in 2011, including 30 lots sold to the home building division. As part of the joint venture agreement, Genesis has the right to purchase 50% of the lots available for sale in these communities. Genesis purchased these lots for its home building operations. The Corporation's transactions with the JV are limited to the purchase of lots.

On July 15, 2011, the JV obtained a credit facility in the amount of $17,000. The Corporation and the JV partner provided a guarantee for this facility. At December 31, 2012, the balance of the facility was $10,036 (2011 - $4,330). The Corporation recognized its proportionate 50% share in the 2012 financial statements.

The Corporation deferred $13,167 of margin on contribution of land to the JV in 2010. As at December 31, 2012, Genesis realized $5,605 of that amount as a result of sales to third parties (2011 – $2,409). Approximately $3,196 (2011 – $2,409) was recognized during 2012 with the remaining amount of $7,562 to be realized on the future sale and development of lots and lands by the JV.

The amounts in the following table include the Corporation's proportionate share of the assets, liabilities, revenue, earnings and cash flow information of the JV that is proportionately consolidated in these financial statements.

					Cash Flow From (Used In)		
	Assets	Liabilities	Revenue	Earnings	Operating Activities	Investing Activities	Financing Activities
As at and for the year ended December 31, 2012	30,563	12,321	14,062	1,819	1,147	-	(1,147)
As at and for the year ended December 31, 2011	29,232	8,827	11,575	1,403	(2,290)	-	2,280

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, 2012, these letters of credit totalled approximately $3,801, and provide a source of funds to the municipalities for completion of construction and maintenance improvements to the subdivision should the Corporation be unable to. 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, 2012.

RELATED PARTY TRANSACTIONS

Sandy Poklar, a director of Genesis appointed on July 12, 2012, is an officer of a lender, Firm Capital Corporation. At December 31, 2012, the Corporation had loans totaling $28,448 (December 31, 2011 – $53,196) outstanding with this lender. During the year ended December 31, 2012, Genesis paid interest and fees to the lender of $3,504 (2011 – $4,523). During the year ended December 31, 2012, the Corporation obtained no new financing or re-financing on existing loans with the lender (2011 – $70,185). All transactions are under normal commercial terms and conditions.

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at December 31, 2012 that were not yet effective as of that date. The Corporation continues to analyze these standards to determine the impact on financial statements. Refer to note 2(v) to the consolidated financial statements for a description of changes in accounting policies effective in future years.

CHANGES IN MANAGEMENT

On February 11, 2013, Genesis appointed a new senior executive team. Bruce Rudichuk joined Genesis as President and Chief Executive Officer and Mark Scott as Executive Vice President and Chief Financial Officer.

The former Chief Financial Officer of the Corporation resigned effective September 18, 2012 and the former Chief Executive Officer resigned effective February 8, 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Certain estimates are necessary due to the timing of transactional or legal proceedings until amounts are finalized. On an ongoing basis, management evaluates its judgments and estimates in relation to revenue, expenses, assets and liabilities. 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 sold lots 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 'Certification of Disclosure in Issuers' Annual and Interim Filings'. The CEO and CFO have designed, or caused to be designed under their direct supervision, Genesis' DC&P to provide reasonable assurance that:

i. material information relating to Genesis, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and

ii. information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

The CEO and CFO have also designed, or caused to be designed under their direct supervision, the Corporation's ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in 'Internal Control – Integrated Framework' published by the Committee of Sponsoring Organizations of the Treadway Commission.

The CEO and CFO have limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of Kinwood Communities Inc., a joint venture in which the Corporation has 50% interest. The design was excluded from evaluation as the Corporation does not have the ability to design and evaluate controls, policies and procedures carried out by that entity. Genesis' assessment is limited to the internal controls over the inclusion of the Corporation's share of the joint venture and its results in the consolidated financial statements.

The CEO and CFO have evaluated the design and operating effectiveness of Genesis' DC&P and ICFR and concluded that Genesis' DC&P and ICFR were effective as at December 31, 2012. 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.

There were no changes in Genesis' ICFR during the three months and year ended on December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, the Corporation is exposed to certain risks and uncertainties inherent in the real estate development industry. Risks and uncertainties faced by Genesis are disclosed in the Corporations AIF for the year ended December 31, 2012. There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation' risk factors refer to the AIF, available on www.sedar.com.

ADVISORIES

NON-IFRS FINANCIAL MEASURES

Net Asset Value per share and Gross book value are non-IFRS measure that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. These measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and value.

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 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 transactions or not realizing on such anticipated benefits within the expected time frame; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

Caution should be exercised in the evaluation and use of the appraisal results. The appraisal is an estimate of market value at specific dates and not a precise measure of value, being based on subjective comparison of related activity taking place in the real estate market. The appraisal is based on various assumptions of future expectations and while the appraiser's assumptions are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

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 International Financial Reporting Standards ("IFRS") appropriate in the circumstances. The financial information in the Management's Discussion and Analysis has been reviewed by management to ensure consistency with 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 is composed of three independent directors, and reports to the Board of Directors.

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

BRUCE RUDICHUK, CA, CIRP
President & Chief Executive Officer

MARK SCOTT
Executive Vice President &
Chief Financial Officer

March 20, 2013

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, 2012 and 2011, and the consolidated statements of comprehensive (loss) income, changes in equity and cash flows for the years then ended and notes comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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, 2012 and 2011, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

March 20, 2013
Calgary, Canada

MNP LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

	December 31, 2012	December 31, 2011
Assets		
Real estate held for development and sale[3]	271,845	299,916
Amounts receivable[5]	85,230	43,451
Other operating assets[6]	16,237	20,942
Deferred tax assets[7]	-	2,859
Cash and cash equivalents	10,005	10,850
Total assets	383,317	378,018
Liabilities		
Loans and credit facilities[11]	102,242	88,231
Customer deposits	4,352	7,582
Accounts payable and accrued liabilities	21,309	16,415
Income taxes payable	4,617	12,970
Deferred tax liabilities[7]	60	-
Land development service costs	24,428	16,201
Total liabilities	157,008	141,399
Commitments and contingencies[14]		
Equity		
Share capital[12]	55,844	55,122
Contributed surplus	5,109	4,950
Retained earnings	128,637	119,776
Shareholders' equity	189,590	179,848
Non-controlling interest[4]	36,719	56,771
Total equity	226,309	236,619
Total liabilities and equity	383,317	378,018

Related party transactions (note 16 and 18)
Subsequent events (note 19)
See accompanying notes to the consolidated financial statements

On behalf of the Board

BRUCE RUDICHUK, CA, CIRP
President & Chief Executive Officer

MARK SCOTT
Executive Vice President &
Chief Financial Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

For the years ended December 31, 2012 and 2011

(In thousands of Canadian dollars except per share amounts)

	2012	2011
Revenues		
Residential lot sales	51,933	40,739
Development land sales	49,389	22,523
Residential home sales	39,448	32,054
Other revenue	812	444
	141,582	95,760
Cost of sales		
Residential lots	24,412	24,019
Development lands	38,694	15,503
Residential homes	31,159	23,972
Impairment of real estate held for development and sale	33,146	2,474
	127,411	65,968
Gross margin	14,171	29,792
General and administrative[8]	10,064	11,301
Selling and marketing	3,948	1,178
Other expense[9]	1,039	1,335
Gain on sale of land to joint venture[16]	-	(2,201)
	15,051	11,613
Operating earnings from continuing operations	(880)	18,179
Finance income	(862)	(631)
Finance expense[10]	2,643	5,169
(Loss) earnings before income taxes	(2,661)	13,641
Income taxes[7]	4,086	4,264
Net (loss) earnings being comprehensive (loss) income	(6,747)	9,377
Attributable to non-controlling interest[4]	(15,608)	(1,683)
Attributable to equity shareholders	8,861	11,060
Net earnings per share - basic and diluted[12]	0.20	0.25

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2012 and 2011

(In thousands of Canadian dollars except number of shares)

	COMMON SHARES - ISSUED						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	Total Equity
At December 31, 2010	44,379,448	54,798	4,575	108,716	168,089	58,922	**227,011**
Share-based payment transactions	104,839	324	375	-	699	-	**699**
Distributions to unit holders of limited partnerships	-	-	-	-	-	(468)	**(468)**
Net (loss) earnings being comprehensive (loss) income	-	-	-	11,060	11,060	(1,683)	**9,377**
At December 31, 2011	44,484,287	55,122	4,950	119,776	179,848	56,771	**236,619**
Share-based payment transactions	281,441	722	159	-	881	-	**881**
Distributions to unit holders of limited partnerships	-	-	-	-	-	(4,444)	**(4,444)**
Net (loss) earnings being comprehensive (loss) income	-	-	-	8,861	8,861	(15,608)	**(6,747)**
At December 31, 2012	44,765,728	55,844	5,109	128,637	189,590	36,719	**226,309**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2012 and 2011

(In thousands of Canadian dollars)

	2012	2011
Operating activities		
Cash receipts from residential lot and development land sales	**61,933**	52,235
Cash receipts from residential home sales	**40,545**	32,009
Other cash receipts	**6,856**	667
Cash paid to suppliers for land development	**(51,360)**	(35,676)
Cash paid to suppliers for residential home construction	**(37,909)**	(17,626)
Cash paid to other suppliers and employees	**(13,079)**	(14,056)
Interest received	**862**	631
Income taxes paid	**(9,520)**	(4,528)
	(1,672)	13,656
Investing activities		
Acquisition of property and equipment	**(449)**	(68)
Change in restricted cash	**(3,724)**	(4,324)
Proceeds on disposal of property and equipment	**36**	4
	(4,137)	(4,388)
Financing activities		
Advances from loans and credit facilities[11]	**102,303**	91,023
Repayments of loans and credit facilities	**(87,396)**	(83,613)
Interest and loans and credit facilities fees paid	**(6,043)**	(8,056)
Distributions to unit holders of limited partnerships	**(4,444)**	(468)
Issue of share capital	**544**	241
	(4,964)	(873)
Change in cash and equivalents	**(845)**	8,395
Cash and cash equivalents, beginning of year	**10,850**	2,455
Cash and cash equivalents, end of year	**10,005**	10,850

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(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. Genesis Land Development Corp. resulted from an amalgamation on January 1, 2002.

The Corporation is engaged in the acquisition, development, and sale of land, residential lots and homes in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and residential home building. All business activities of Genesis are conducted in Western Canada, with development lands held primarily in and around the cities of Calgary and Airdrie.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". Genesis' head office and registered office is located at 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Corporation are set out below. These policies have been consistently applied to each of the years presented, unless otherwise indicated.

(a) Statement of Compliance

The consolidated financial statements represent the financial statements of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The consolidated financial statements have been prepared under historical cost convention, except for the financial assets classified as fair value through profit or loss that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that Genesis controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, Genesis has control over these entities' activities, projects, financial and operating policies due to contractual arrangements. As such, the relationship between the Corporation and the limited partnership entities indicates that they are controlled by the Corporation. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All intra-group transactions, balances, and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Corporation and are presented separately from shareholders' equity in the statement of comprehensive (loss) income and within equity in the consolidated balance sheet. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(d) Interest in joint venture

The Corporation has an interest in a joint venture, which is a jointly controlled entity, by virtue of a contractual arrangement with another party. Genesis recognizes its interest in the joint venture using the proportionate consolidation method. The Corporation combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in the consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Corporation. All intra-group transactions, balances, and unrealized gains and losses resulting from transactions between Genesis and the joint venture are eliminated on consolidation. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

Regarding transactions with the joint venture, profits and losses resulting from the transactions are recognized in the Corporation's consolidated financial statements only to the extent of interests in the joint venture that are not related to Genesis.

(e) Revenue recognition

(i) Residential lot and development land sales

Land and lot sales to third parties are recognized when the risks and rewards of ownership have been transferred, the agreed-to services pertaining to the property have been substantially performed, a minimum 15% non-refundable deposit has been received, and the collection of the remaining unpaid balance is reasonably assured. Deposits received 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 title to 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.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest rate method.

(iv) Other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement. Rental income is incidental to ownership of real estate and does not result in classification of real estate as investment property. All real estate is classified as inventory. Deposits forfeited are recognized as income.

(f) Real estate held for development and sale

Land under development, land held for future development and housing projects under construction are measured at the lower of cost and estimated net realizable value ("NRV").

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs. These costs are allocated to each phase of the project in proportion to saleable acreage. Non-refundable commission paid to sales or marketing agents on the sale of real estate property is expensed when incurred.

Real estate held for development and sale is reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. An impairment loss is recognized in the statement of comprehensive (loss) income when the carrying value exceeds its NRV.

NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use or sale are capitalized as part of the cost of the respective assets. This generally entails a time period of 12 months or more. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds.

The borrowing costs capitalized are determined first by reference to borrowings specific to the project, where relevant, and secondly by applying a weighted average capitalization rate for the Corporation's non-project specific borrowings, less any investment income arising on temporary investing of funds, to eligible expenditures. Borrowing costs are not capitalized on real estate held for development and sale where no development activity is taking place. Borrowing costs are capitalized from the date of commencement of development work until the date of completion. The capitalization of interest is suspended if the project development is suspended for a prolonged period.

(h) Property and equipment

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation is provided on all operating property and equipment based on the straight-line method over the estimated useful lives of the property and equipment. The useful lives of the properties are as follows:

- Vehicles and other equipment 5 years
- Office equipment and furniture 7 years
- Computer equipment 3 years
- Leasehold improvements 5 years

An item of property and equipment is no longer recognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive (loss) income.

All minor repair and maintenance costs are recognized in the statement of comprehensive (loss) income as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Income taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, using tax rates and laws that are enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current and deferred tax relating to items that are directly recognized in equity is recognized in equity and not in the statement of comprehensive (loss) income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and short-term deposits of original maturity of three months or less.

(k) Restricted cash

Restricted cash represents funds owed to the Corporation at a future indeterminable date, when development of specific lands commences.

(l) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of comprehensive (loss) income.

(m) Leases

Operating lease payments are recognized as an operating expense in the statement of comprehensive (loss) income on a straight-line basis over the lease term.

(n) Share-based payments

The Corporation provides equity-settled share-based payments in the form of a share option plan to its employees, officers and directors. The costs of the share-based payments are calculated by reference to the fair value of the options at the date on which they are granted. The fair values are determined using the Black-Scholes Option-Pricing Model. The costs of the share-based payments are recognized on a proportionate basis over the related vesting period of each tranche of the grant as an expense with recognition of the corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options, together with any contributed surplus at the date the options vested, is credited to the share capital.

There is no expense recognized for options that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

(o) Financial assets

All financial assets are initially recognized on the balance sheet at fair value and designated at inception into one of the following classifications: at fair value through profit or loss ("FVTPL"); and loans and receivables. All financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Transaction costs related to financial assets classified as FVTPL are expensed, and for all other financial assets included in the initial carrying amount.

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at FVTPL are carried on the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive (loss) income. The financial assets classified as FVTPL are cash and cash equivalents, and deposits and restricted cash.

Financial instruments classified as loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment. The amortization and losses arising from impairment are recognized in the statement of comprehensive (loss) income. Financial assets classified as loans and receivables are amounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

Financial assets are no longer recognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events that have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset, discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

(p) Financial liabilities

All financial liabilities are initially recognized on the balance sheet at fair value less directly attributable transaction costs, and designated at inception as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The financial liabilities classified as other financial liabilities are accounts payable and accrued liabilities, and loans and credit facilities.

Financial liabilities are no longer recognized when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(q) Impairment of non-financial assets

The Corporation assesses at each balance sheet date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for the asset is required, Genesis estimates the asset's recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available; if no such transactions are available, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(r) Earnings per share

The amount of basic earnings per share is calculated by dividing the comprehensive earnings attributable to

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equity holders by the weighted average number of shares outstanding during the period. The diluted earnings per share amount is 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.

(s) Land development service costs

The land development service costs liability represents the construction costs expected to be incurred for each project phase currently under development to the extent that revenue has been recognized. 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. 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.

(t) Significant accounting judgments and estimates

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenue, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The following are the most significant accounting judgments and estimates made by the Corporation in applying accounting policies:

JUDGEMENTS

(i) Revenue Recognition

Revenue recognition for development lands requires judgment to determine when the risks and rewards of ownership have been transferred. The Corporation reviews each contract and evaluates all the factors to determine the appropriate transfer date.

(ii) Consolidation

The Corporation applies judgment in determining control over certain limited partnerships where Genesis holds less than 50% equity ownership. The judgment is based on a review of all contractual agreements to determine if the Corporation has control over financial and operating policies of these limited partnerships.

(iii) Taxes

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

(iv) Net realizable value

NRV for land parcels and housing projects held for development and sale is estimated with reference to market prices and conditions existing at the balance sheet date. This is determined by the Corporation having

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considered suitable external advice from independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(v) Legal contingencies

The Corporation applies judgment as to the outcome of legal proceedings to determine a need for a provision and disclosure in the consolidated financial statements. Among the factors considered in making such judgments are the nature of litigation, claim or assessment, the legal process and potential level of damages, the progress of the case, the opinions or views of legal advisers and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment.

ESTIMATES

(i) Costs to complete

Changes in the estimated future development costs 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 uncertainty as it is based on estimates prepared by independent consultants and management.

(ii) Impairment of real estate held for future development

The Corporation estimates the net realizable value on an annual basis to assess impairment. The estimate is based on valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(iii) Share-based payments

The Corporation uses an option pricing model to determine the fair value of share-based payments. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Corporation considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

(iv) Valuation of amounts receivables

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Any amounts becoming overdue and any known issues about the financial condition of builders are taken into account when estimating recoverability.

(u) Change in accounting estimates

The Corporation changed its depreciation method for property and equipment from the declining balance method to the straight-line basis ranging from three to seven years useful life, depending on asset category. The change was effective January 1, 2012. This change was made to better reflect the systematic amortization of the assets over the economic useful life and their consumption by the Corporation. Under IFRS, this change is considered a change in accounting estimate and accounted for prospectively by amortizing the cumulative changes over the remaining useful life of the related assets. At January 1, 2012, property and equipment decreased by $232 as a result of this change.

(v) Changes to future accounting policies

(i) IFRS 9, "Financial Instruments"

On November 12, 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. It applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing

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the multiple classification options in IAS 39. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements.

(ii) IFRS 10, "Consolidated Financial Statements"

IFRS 10, "Consolidated Financial Statements", issued by IASB on May 12, 2011, will replace Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The Corporation does not expect any significant effect on the consolidated financial statements as a result of adopting this standard.

(iii) IFRS 11, "Joint Arrangements"

IFRS 11, "Joint Arrangements", issued on May 12, 2011, will replace IAS 31, "Interest in Joint Ventures". The standard is effective for annual periods beginning on or after January 1, 2013. The new standard redefines joint operations and joint ventures, requiring joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted. The Corporation will apply IFRS 11 beginning on January 1, 2013 with retrospective application from the date of earliest period presented which will be January 1, 2012. The Corporation has analyzed its joint arrangement to determine appropriate accounting treatment under the new IFRS. The extent of the impact of adoption of IFRS 11 has not yet been determined.

(iv) IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12, "Disclosure of Interests in Other Entities", issued by IASB on May 12, 2011, outlines the required disclosures for interests in subsidiaries and joint arrangements. The standard is effective for annual periods beginning on or after January 1, 2013. The new standard requires information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. The Corporation has substantially completed analysis of IFRS 12 and expects to include additional disclosures in the annual consolidated financial statements for the year ended December 31, 2013.

(v) IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", issued by IASB on May 12, 2011, is effective for annual periods beginning on or after January 1, 2013. The new standard provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. The Corporation is currently evaluating the impact of IFRS 13 on its financial statements.

(vi) IFRS 32, "Financial Instruments: Presentation"

IFRS 32, "Financial Instruments: Presentation", was amended May 2012 to address inconsistencies when applying offsetting requirements. It is effective for annual periods beginning on or after January 1, 2013.

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3. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Land Under Development	Land Held for Future Development	Housing Projects	Total
Gross book value				
As at January 1, 2011	158,266	145,725	11,015	**315,006**
Acquisitions and transfers	5,243	(3,551)	15,410	**17,102**
Development	29,220	5,121	13,967	**48,308**
Sold	(39,483)	-	(30,263)	**(69,746)**
As at December 31, 2011	153,246	147,295	10,129	**310,670**
Acquisitions and transfers	1,938	(1,938)	19,331	**19,331**
Development	39,137	1,616	34,151	**74,904**
Sold	(55,739)	-	(33,407)	**(89,146)**
As at December 31, 2012	**138,582**	**146,973**	**30,204**	315,759
Provision for write-down				
As at January 1, 2011	2,117	6,239	2,016	**10,372**
Write-downs (recoveries) for the year	1,941	457	-	**2,398**
Adjustments from existing provision to carrying value of asset	-	-	(2,016)	**(2,016)**
As at December 31, 2011	4,058	6,696	-	**10,754**
Write-downs (recoveries) for the year	1,087	32,073	-	**33,160**
As at December 31, 2012	**5,145**	**38,769**	**-**	43,914
Net book value				
As at December 31, 2011	149,188	140,599	10,129	**299,916**
As at December 31, 2012	**133,437**	**108,204**	**30,204**	271,845

During the year ended December 31, 2012, interest of $4,464 (2011 - $2,937) and other carrying costs of $5 (2011 - $448) were capitalized.

As at December 31, 2012, land held for future development of $52,411 (December 31, 2011 - $67,952) and land under development of $8,212 (December 31, 2011 - $10,584) were held in the limited partnerships controlled by Genesis (see note 4(a)).

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The expense related to impairment of real estate held for development and sale is as follows:

	2012	2011
Provision for write-down	**33,160**	2,398
(Recovery) write-down directly against carrying value of assets	**(14)**	76
	33,146	2,474

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, 2012 and 2011, which were included in cost of sales:

	2012			2011		
	Land	LP	Total	Land	LP	Total
Land held for future development	16,419	15,564	**32,073**	620	(163)	**457**
Land under development	1,849	(762)	**1,087**	1,941	-	**1,941**
Write-down (recovery) of real estate held for development and sale and other	18,268	14,892	**33,160**	2,561	(163)	**2,398**
Adjustment from existing provisions to carrying value of asset	-	-	**-**	(2,016)	-	**(2,016)**
Change in provision for write-down	18,268	14,892	**33,160**	545	(163)	**382**

4. NON-CONTROLLING INTEREST – LIMITED PARTNERSHIPS

As shown in note 20, Genesis owns less than 50% of various entities and consequently, does not control more than half of the voting power of those shares. However, based on contractual arrangement between the Corporation and these entities, Genesis has the power to direct the activities of their projects and hence, has control over financial and operating policies of these entities. Therefore, these entities may be controlled, at the option of Genesis and are consolidated in these financial statements.

The Corporation is the general partner in limited partnership arrangements described below. 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 has a nominal ownership interest in LP 4 and 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.

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Genesis is entitled to management fees of 10% of the gross proceeds of the LP 6 offering memorandum payable to Genesis as lands and lots are sold. Genesis also owns 11.75% 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 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 a 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 has a nominal ownership interest in LP 8 and is responsible for securing financing for the project development.

Limited Partnership Land Pool 2007 (LPLP 2007):

On June 29, 2007, LPLP 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 the entity used to acquire the Delacour Lands. As a result, Genesis completed the transaction with its own funds and assumed the loan obligations of LPLP 2007.

Genesis has no ownership interest in LPLP 2007. However, as manager of LPLP 2007 properties, Genesis is entitled to a management fee of 50% of the proceeds from the sale of any land parcels owned by LPLP 2007, provided that the limited partners receive sale proceeds equal to 150% of the acquisition cost of that land parcel.

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

	Gross	Provision for Write-down	Net
2012			
Limited Partnership 4&5	7,822	-	**7,822**
Limited Partnership 6&7	8,212	-	**8,212**
Limited Partnership 8&9	6,696	(2,166)	**4,530**
Limited Partnership Land Pool 2007	57,161	(17,102)	**40,059**
Balance - December 31, 2012	79,891	(19,268)	**60,623**
2011			
Limited Partnership 4&5	7,709	-	**7,709**
Limited Partnership 6&7	11,346	(762)	**10,584**
Limited Partnership 8&9	6,696	-	**6,696**
Limited Partnership Land Pool 2007	57,161	(3,614)	**53,547**
Balance - December 31, 2011	82,912	(4,376)	**78,536**

During the year, the Corporation recognized write-downs of $14,892 (2011 – recovery of $163) relating to impairment of the carrying value of certain real estate held for development and sale held under limited partnership and is included in cost of sales.

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The limited partnerships earnings and distributions were as follows:

	Limited Partnership				
	4&5	6&7	8&9	LPLP2007[1]	Total
Balance, January 1, 2011	8,021	14,190	6,657	30,054	**58,922**
Net (loss) earnings	(341)	645	(47)	(1,967)	**(1,683)**
Distributions	-	(140)	(328)	-	**(468)**
Balance - December 31, 2011	7,707	14,695	6,282	28,087	**56,771**
Net (loss) earnings	43	1,788	(2,175)	(15,264)	**(15,608)**
Distributions	-	(4,444)	-	-	**(4,444)**
Balance - December 31, 2012	7,750	12,039	4,107	12,823	**36,719**

[1] LPLP2007 refers to Limited Partnership Land Pool 2007

5. AMOUNTS RECEIVABLE

	2012	2011
Agreements receivable	**73,659**	32,805
Mortgages receivable	**11,025**	9,863
Other receivables	**2,189**	783
	86,873	43,451
Allowance for doubtful accounts	**(1,643)**	-
	85,230	43,451

Agreements receivables are secured by the underlying real estate assets and have various terms of repayment. Purchasers generally have between six and 24 months to pay the balance owing for the purchased lots. Agreements receivable as at December 31, 2012, include a receivable from one customer amounting to $27,714 (2011 – Nil) which was realized subsequent to the year end on January 10, 2013. Mortgages receivables are interest bearing.

6. OTHER OPERATING ASSETS

	2012	2011
Deposits	**4,989**	11,830
Prepayments	**1,155**	2,773
Restricted cash	**9,615**	5,891
Property and equipment	**478**	448
	16,237	20,942

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 projects and earn interest at rates approximating those earned on guaranteed investment certificates. The Corporation has further provided letters of credit as security to guarantee the completion of construction projects (see note 14 (d) for further details). Restricted cash is held in trust accounts.

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7. INCOME TAXES

(a) Income tax was recognized in the statement of comprehensive (loss) income as follows:

	2012	2011
Current income tax	**1,167**	10,510
Deferred tax relating to origination and reversal of temporary differences	**2,919**	(6,246)
	4,086	4,264

(b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 25% (2011 – 26.5%) to income before income taxes. The difference resulted from the following:

	2012	2011
(Loss) earnings before income taxes	**(2,661)**	13,641
Statutory tax rate	**25.0%**	26.5%
Expected income tax expense	**(665)**	**3,615**
Change in future income taxes resulting from tax rate reduction	**-**	69
Share-based payment transactions	**84**	122
Other non-deductible expenses	**765**	12
Non-controlling interest	**3,902**	446
Tax expense for the year	**4,086**	**4,264**

(c) The deferred tax assets and liabilities of the Corporation were as follows:

	2012	2011
Deferred tax assets	**6,420**	5,716
Deferred tax liabilities	**(6,480)**	(2,857)
	(60)	2,859

(d) The components of the deferred tax asset (liability) were as follows:

	2012	2011
Real estate held for development and sale	**2,845**	2,575
Non-capital loss carry-forwards*	**497**	152
Reserves from land sales	**(4,532)**	(111)
Unamortized financing costs	**1,090**	263
Other temporary differences	**40**	(20)
	(60)	2,859

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

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(e) The components of the deferred tax asset (liability) recognized in the statement of comprehensive (loss) income were as follows:

	2012	2011
Real estate held for development and sale	**270**	(463)
Non-capital loss carry-forwards*	**345**	38
Reserves from land sales	**(4,421)**	6,548
Unamortized loan and credit facilities costs	**827**	136
Other temporary differences	**60**	(13)
	(2,919)	6,246

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

(f) The movement in income tax payable for the year was as follows:

	2012	2011
Balance as at January 1	**12,970**	6,988
Provision	**1,167**	10,510
Payments	**(9,520)**	(4,528)
Balance as at December 31	**4,617**	12,970

8. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation consisted of the following:

	2012	2011
Corporate administration	**2,054**	1,806
Compensation and benefits	**4,982**	5,173
Professional services	**3,028**	4,322
	10,064	11,301

9. OTHER EXPENSES

Other expenses of the Corporation consisted of the following:

	2012	2011
Share-based payments	**337**	459
Depreciation	**413**	163
Bad debt expenses	**314**	716
Other recoveries	**(25)**	(3)
	1,039	1,335

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10. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2012	2011
Interest expense	**5,669**	6,549
Loans and credit facilities fees accretion	**1,438**	1,557
Interest and loans and credit facilities fees capitalized	**(4,464)**	(2,937)
	2,643	5,169

11. LOANS AND CREDIT FACILITIES

	2012	2011
Secured by land held for future development		
I. Land loan, bearing interest at the greater of 7.2% or prime + 4.2% per annum, secured by land held for development and sale with a carrying value of $18,963, maturing March 1, 2014.	**7,850**	7,850
II. Other mortgages payable, bearing interest at 7% per annum, payable on demand.	-	688
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 + 1.25% to the greater of 10.5% or prime + 7.5%, secured by land held for development and sale with a carrying value of $142,743, due between February 2, 2013 and December 1, 2015.	**87,936**	80,197
Secured by housing projects under development		
IV. Demand operating line of credit up to $3,000, bearing interest at prime + 1.5% per annum, secured by a general security agreement over assets of the home building division.	**2,281**	1,254
V. Project loans, payable on collection of closing proceeds, bearing interest ranging from prime + 1.25% to the greater of 5.25% or prime + 2% per annum, secured by home building projects with a carrying value of $11,128, due between June 13, 2013 to October 30, 2013.	**6,487**	-
	104,554	89,989
Deferred loans and credit facilities fees	**(2,312)**	(1,758)
	102,242	88,231

During the year ended December 31, 2012, the Corporation received advances of $102,303 (2011 - $91,023) relating to various new and renewed loan facilities secured by real estate held for development and sale, and agreements receivable, bearing interest ranging from the prime + 1.25% to the greater of 10.5% or prime + 7.5% per annum, with due dates ranging from June 13, 2013 to December 1, 2015.

The weighted average interest rate of loan agreements was 6.25% (December 31, 2011 - 6.57%), based on December 31, 2012 balances.

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Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred financing fees):

January 1, 2013 to December 31, 2013	24,109
January 1, 2014 to December 31, 2014	47,887
January 1, 2015 to December 31, 2015	32,558
	104,554

The Corporation has various covenants in place with its lenders with respect to certain contracted credit facilities. Such covenants include: other credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; 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, 2012 and 2011, the Corporation was in compliance with all covenants.

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares

(b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the years ended December 31, 2012 and 2011:

	2012	2011
Basic	**44,664,086**	44,462,869
Effect of dilutive securities - stock options	**110,537**	301,914
Diluted	**44,774,623**	44,764,783

In calculating diluted earnings per share for the year ended December 31, 2012, the Corporation excluded 760,500 options (2011 – 1,142,000) as their exercise prices were greater than the average market price of the Corporation's shares during those periods.

13. STOCK OPTIONS

The Corporation has established a stock option plan for certain employees, officers, and directors 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 five years from the date of grant.

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Details of outstanding stock options were as follows:

	Twelve Months Ended			
	December 31, 2012		December 31, 2011	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of year	**1,788,221**	**$3.60**	2,262,934	$3.73
Options granted	**400,000**	**$3.35**	-	-
Options exercised	**(281,441)**	**$1.93**	(104,839)	$2.30
Options expired	**(281,500)**	**$6.63**	(116,000)	$5.48
Options forfeited	**(393,558)**	**$3.57**	(253,874)	$4.47
Outstanding - end of year	**1,231,722**	**$3.21**	1,788,221	$3.60
Exercisable - end of year	**923,222**	**$3.17**	1,333,793	$3.81

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2012	Weighted Average Exercise Price	Number at December 31, 2012	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
0.01 - 3.00	286,222	$2.01	286,222	$2.01	1.91
3.01 - 4.00	885,500	$3.35	577,000	$3.35	3.31
4.01 - 9.00	60,000	$6.97	60,000	$6.97	0.11
	1,231,722	$3.21	923,222	$3.17	2.83

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:

	2012	2011
Risk-free interest rate	**1.12 - 1.16%**	N/A
Estimated term period prior to exercise (years)	**2.5**	N/A
Volatility in the price of the Corporation's common shares	**45.44 - 51.40%**	N/A
Forfeiture rate	**19.42 - 24.22%**	N/A
Dividend yield rate	**Nil**	N/A

14. COMMITMENTS AND CONTINGENCIES

(a) The Corporation has been named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario. The plaintiff asserts that they contributed funds to a third party entity (one of the co-defendants), and through that entity, has an interest in LPLP 2007. The plaintiff is seeking $10,700 plus punitive damages relating to the ownership interests of LPLP 2007. The Corporation recognizes LPLP 2007's non-controlling interest in these consolidated financial statements. The amount of additional liability, if any, which exceeds the non-controlling interest, is currently indeterminate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

(b) Genesis has entered into a memorandum of understanding with the Northeast Community Society, whereby the Corporation will contribute $5,000 for the naming rights to "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first installment was paid in 2012.

(c) On February 19, 2008, Genesis entered into an agreement with the City of Airdrie, whereby the Corporation will contribute $2,000 for the naming rights to "Genesis Place", a recreation complex in the City of Airdrie ($200 each year, terminating June 1, 2017). The first five installments totaling $1,000 were made through 2012.

(d) The Corporation has issued letters of credit pursuant to service agreements with municipalities to indemnify them in the event that Genesis does not perform its contractual obligations. As of December 31, 2012, the letters of credit amounted to $3,801 (December 31, 2011 – $4,739).

(e) On July 15, 2011, a joint venture (see note 16) obtained a credit facility in the amount of $17,000. The Corporation and a joint venture partner have provided guarantees for this facility. The current balance of the credit facility is $10,036 (2011 - $4,330).

(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, 2012, a liability of approximately $3,051 (December 31, 2011 - $1,876) was recorded. The Corporation is selling lots in the last phase covered under this development. The payout to the participants would be made on completion of the sale of lots in the last phase, which is expected in 2014.

(g) The Corporation has office and other operating leases with the following annual payments: not later than one year - $706; later than one year but not later than five years - $2,694; and later than five years - $Nil.

(h) LPLP 2007 has a credit facility in the amount of $7,850 included in loans and credit facilities balance in the consolidated financial statements. The Corporation has provided a guarantee for this facility.

15. FINANCIAL INSTRUMENTS

(a) Risks associated with financial instruments

(i) Credit risk

As at December 31, 2012, the Corporation carried $1,643 (2011 - $Nil) as allowance for doubtful accounts.

Genesis recognizes bad debt expense or recovery relating to amounts receivable on sold lots, net of the return of the real estate held for development and sale. These lots are taken back into the Corporation's lot inventory. Lots that have been recovered subsequent to impairment are removed from the Corporation's lot inventory. The difference between an impaired amount receivable and the related bad debt expense or recovery is the cost of a lot for which impairment has been assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

During the years ended December 31, 2012 and 2011, the Corporation recognized the following bad debt expense 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:

	2012	2011
Balance as at January 1	-	-
Allowance for lots deemed uncollectable	1,329	-
Bad debt expense	314	-
As at December 31	1,643	-

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

Aging of amounts receivable was as follows:

	2012	2011
Not past due	85,085	43,451
Past due 0-90 days but not impaired	145	-
Past due 91-120 days (impaired)	927	-
Past due 121-270 days (impaired)	716	-
	86,873	43,451
Allowance for doubtful accounts	(1,643)	-
	85,230	43,451

Individual balances due from customers as at December 31, 2012, which comprise greater than 10% of total amounts receivable, totaled $35,450 from two customers (December 31, 2011 - $9,856 from three customers).

(ii) Liquidity Risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2012:

	< 1 Year	> 1 Year	Total
Financial Liabilites			
Accounts payable and accrued liabilities	21,309	-	21,309
Loans and credit facilities excl. deferred loan and credit facilities fees (note 11)	24,109	80,445	104,554
	45,418	80,445	125,863
Commitments			
Lease obligations	706	2,694	3,400
Naming rights	700	4,800	5,500
	46,824	87,939	134,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

At December 31, 2012, Genesis had obligations due within the next 12 months of $46,824. 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 loans and credit facilities are at a floating rate of interest. The Corporation is also exposed to fair value risk to the extent that certain loans and credit facilities, 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 $974 annually on floating rate loans, with approximately $554 impacting pre-tax net earnings.

(b) Fair value of financial instruments

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are expected to be settled within twelve months. The fair value of deposits approximates their carrying value as the terms of deposits are comparable to the market terms for similar instruments.

The fair values of the Corporation's deposits, loans and credit facilities and amounts receivable were estimated based on current market rates for loans of the same risk and maturities.

	December 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss				
Cash and cash equivalents*	10,005	10,005	10,850	10,850
Deposits*	4,989	4,989	11,830	11,830
Restricted cash*	9,615	9,615	5,891	5,891
Loans and receivables				
Amounts receivable	85,230	85,026	43,451	41,500
Other financial liabilities				
Accounts payable and accrued liabilities	21,309	21,309	16,415	16,415
Loans and credit facilities, excl. deferred loans and credit facilities fees	104,554	103,455	89,989	86,943

**All of the Corporation's financial instruments recorded at fair value are categorized under Level 1 as defined below.*

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 is not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

(c) Capital management

The Corporation's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Corporation is not subject to externally imposed capital requirements.

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 considered its capital structure at the following dates to specifically include:

	December 31, 2012	December 31, 2011
Loans and credit facilities	**102,242**	88,231
Shareholders' equity	**189,590**	179,848
	291,832	268,079

In order to maintain or adjust its capital structure, the Corporation may adjust its gross margins to accelerate sales or adjust capital spending to manage current and projected debt levels.

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

16. JOINT VENTURE

Genesis formed a joint venture on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The amounts in the following table represent the Corporation's 50% proportionate share of the assets, liabilities, revenue, earnings and cash flow information of the JV at various periods, which was proportionately consolidated in the financial statements.

					Cash Flow From (Used In)		
	Assets	Liabilities	Revenue	Earnings	Operating Activities	Investing Activities	Financing Activities
As at and for the year ended, December 31, 2012	30,563	12,321	14,062	1,819	1,147	-	(1,147)
As at and for the year ended, December 31, 2011	29,232	8,827	11,575	1,403	(2,290)	-	2,280

The Corporation's transactions with the JV are limited to the purchase of lots. The JV sold 21 lots in 2012 (2011 - 30 lots) to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $3,880 (2011 - $4,853). The Corporation's accounts payable and accrued liabilities as at December 31, 2012 included $3,370 (December 31, 2011 - $1,941), representing the proportionate amount owed to the JV for the lots purchased in 2011 and 2012.

Genesis deferred $13,167 when it contributed its share of land to the JV in 2010. As at December 31, 2012, the Corporation had realized $5,605 of that amount as a result of sales to third parties (2011 – $2,409). Approximately $3,196 (2011 – $2,409) had been recognized during the year ended December 31, 2012. The remaining amount of $7,562 will be realized on future sale and development of lots and lands by the JV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

17. 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 reported the following activities for the years ended December 31, 2012 and 2011:

Year ended December 31, 2012	Land Development Segment Genesis	LP	Total	Home Building Segment	Corporate and Other Segment	Intersegment Elimination	**Total**
Revenues	109,992	4,461	114,453	39,497	-	(12,368)	**141,582**
Cost of sales	(70,016)	(3,504)	(73,520)	(34,910)	-	14,165	**(94,265)**
Write-down of real estate	(18,268)	(14,878)	(33,146)	-	-	-	**(33,146)**
Other expenses[1]	(7,257)	(1,766)	(9,023)	(6,012)	-	(1,797)	**(16,832)**
Earnings (loss) before income taxes and non-controlling interest	14,451	(15,687)	(1,236)	(1,425)	-	-	**(2,661)**
As at December 31, 2012:							
Segmented assets	278,499	65,707	344,206	38,093	10,005	(8,987)	**383,317**
Segmented liabilities	124,653	8,057	132,710	35,634	-	(11,336)	**157,008**
Year ended December 31, 2011							
Revenues	71,607	6,547	78,154	32,085	-	(14,479)	**95,760**
Cost of sales	(44,859)	(5,660)	(50,519)	(28,414)	-	15,439	**(63,494)**
(Write-down) recovery of real estate	(2,626)	179	(2,447)	(27)	-	-	**(2,474)**
Other expenses[1]	(9,909)	(1,559)	(11,468)	(3,723)	-	(960)	**(16,151)**
Earnings (loss) before income taxes and non-controlling interest	14,213	(493)	13,720	(79)	-	-	**13,641**
As at December 31, 2011							
Segmented assets	272,151	83,787	355,938	17,435	10,851	(6,206)	**378,018**
Segmented liabilities	131,156	7,749	138,905	12,769	-	(10,275)	**141,399**

(1) Other expense items include general and administrative, other expenses, finance income and expense, gain from joint venture, and gain or loss on disposal of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

18. RELATED PARTY TRANSACTIONS

Remuneration of the directors and other members of the key management personnel were as follows:

	2012	2011
Short-term benefits	1,433	1,795
Share-based payments	190	289
	1,623	2,084

Payments to the former Chief Executive Officer under an advisory service agreement for the year ended December 31, 2012 were $29 (2011 - Nil). The agreement ended March 31, 2012.

A director of Genesis, appointed on July 12, 2012, is an officer of a lender. At December 31, 2012, the Corporation had loans totaling $28,448 (December 31, 2011 – $53,196) outstanding with this lender. During the year ended December 31, 2012, Genesis paid interest and fees to the lender of $3,504 (2011 – $4,523), respectively. During the year ended December 31, 2012, the Corporation obtained no new financing or re-financing on existing loans (2011 – $70,185) with the lender. All transactions are under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements and a partner in a 50% real estate joint venture, which is discussed in detail in notes 4 and 16, respectively.

19. SUBSEQUENT EVENTS

On February 11, 2013, Genesis appointed a new senior executive team. Bruce Rudichuk joined Genesis as President and Chief Executive Officer and Mark Scott as Executive Vice President and Chief Financial Officer.

20. COMPARATIVE FIGURES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

21. PRINCIPAL SUBSIDIARIES AND JOINT VENTURE

The financial statements include the financial statements of Genesis and its subsidiaries and entities controlled by the Corporation. All entities are incorporated in Canada and are listed in the following table:

	% equity interest as at	
Name	December 31, 2012	December 31, 2011
Land Development		
Genpol Inc.	100%	100%
Genpol LP	100%	100%
1504431 Alberta Ltd.	0.0002%	0.0002%
Genesis Sage Meadows Partnership	99.9998%	99.9998%
Polar Hedge Enhanced Income Trust	100%	100%
New View Consulting Ltd.	100%	100%
No.114 Corporate Ventures Ltd.	100%	100%
Buena Vista Ranches Ltd.	100%	100%
LP 4/5 Group		
Genesis Limited Partnership #4	0.001%	0.001%
Genesis Limited Partnership #5	0%	0%
GLP5 GP Inc.	0%	0%
GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
LP 6/7 Group		
Genesis Limited Partnership #6	11.75%	11.65%
Genesis Limited Partnership #7	0%	0%
GP GLP7 Inc.	0%	0%
GLP7 Subco Inc.	0%	0%
LP 8/9 Group		
Genesis Limited Partnership #8	0.23%	0.23%
Genesis Limited Partnership #9	0%	0%
GP GLP8 Inc.	100%	100%
GP GLP9 Inc.	0%	0%
GLP9 Subco Inc.	0%	0%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	0%	0%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc.	0%	0%
LPLP 2007 Subco Inc.	0%	0%
GP RRSP 2007 #2 Inc.	0%	0%
LPLP 2007 Subco #2 Inc.	0%	0%
LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%
Joint Venture		
Kinwood Communities Inc.	50%	50%
Home Building		
Single-family		
Genesis Builders Group Inc.	100%	100%
Multi-family		
The Breeze Inc.	100%	100%
Generations Group of Companies Inc.	100%	100%
Life at Solana Inc.	100%	100%
Life at Waterstone Inc.	100%	100%
Montura Inc. (previously Life at Skye Inc.)	100%	100%

FIVE YEAR SUMMARY

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of Canadian dollars, except per share amounts)

	2012 (IFRS)	2011 (IFRS)	2010 (IFRS)	2009 (GAAP)	2008 (GAAP)
Assets					
Real estate held for development and sale	**271,845**	299,916	304,634	302,598	285,574
Amounts receivable	**85,230**	43,451	27,021	15,384	29,498
Cash and cash equivalents	**10,005**	10,850	2,455	4,578	4,503
Property and equipment	**478**	448	544		
Other operating assets	**15,759**	20,494	15,812	17,568	45,101
Deferred income taxes	**–**	2,859	–	2,213	778
	383,317	378,018	350,466	342,341	365,454
Liabilities					
Financings	**102,242**	88,231	81,320	115,210	132,704
Customer deposits	**4,352**	7,582	8,388	4,985	3,515
Accounts payable and accrued liabilities	**21,309**	16,415	13,025	8,350	24,203
Income taxes payable	**4,617**	12,970	6,988	11,139	9,587
Land development service costs	**24,428**	16,201	10,347	8,301	4,566
Deferred income taxes	**60**	–	3,387	–	–
Non-controlling interest	**–**			61,084	64,296
	157,008	141,399	123,455	209,069	238,871
Equity					
Share capital	**55,844**	55,122	54,798	54,097	54,164
Contributed surplus	**5,109**	4,950	4,575	4,120	4,120
Retained earnings	**128,637**	119,776	108,716	75,055	68,299
Shareholders' equity	**189,590**	179,848	168,089	133,272	126,583
Non-controlling interest	**36,719**	56,771	58,922		
	226,309	236,619	227,011	133,272	126,583
	383,317	378,018	350,466	342,341	365,454

CONSOLIDATED STATEMENT OF EARNINGS (LOSS)

(Expressed in thousands of Canadian dollars, except per share amounts)

	2012	2011	2010	2009	2008
Revenue					
Sales	**140,770**	95,316	136,651	85,851	82,558
Interest and other income	**812**	444	732	711	1,273
	141,582	95,760	137,383	86,562	83,831
Expenses					
Cost of sales	**94,265**	63,494	68,411	61,275	43,025
Write-down (recovery) of real estate held for development and sale	**33,146**	2,474		7,643	6,962
G&A and Selling and Marketing	**14,012**	12,479	12,267	10,946	11,026
Other operating expense	**1,039**	1,335	992	(377)	14,493
Finance expense and other	**1,781**	2,337	6,510	1,470	672
	144,243	82,119	88,180	80,957	76,178
(Loss) Earnings before income taxes	**(2,661)**	13,641	49,203	5,605	7,653
Provision for income taxes	**4,086**	4,264	12,845	3,579	3,099
Net (loss) earnings being comprehensive (loss) earnings	**(6,747)**	9,377	36,358	2,026	4,554
Attributable to non-controlling interest	**(15,608)**	(1,683)	2,844	(4,730)	(4,730)
Attributable to equity shareholders	**8,861**	11,060	33,514	6,756	9,284
Net earnings Per Share - Basic and Diluted	**$ 0.20**	**$ 0.25**	**$ 0.75**	**$ 0.15**	**$0.20**

SENIOR MANAGEMENT TEAM

BRUCE RUDICHUK, CA, CIRP
President and Chief Executive Officer

MARK SCOTT
Executive Vice President and
Chief Financial Officer

PS SIDHU, MBA
General Manager, Home Building

ARNIE STEFANIUK, P.ENG.
General Manager, Land Development

KRISTEN WILKINSON
General Manager, Sales & Marketing

BOARD OF DIRECTORS

MICHAEL BRODSKY
Chairman of the Board of Directors

STEVEN GLOVER, FCA
Director, Chairman of the Audit Committee

YAZDI BHARUCHA, CA
Director

MARK W. MITCHELL
Director

LOUDON OWEN
Director

SANDY POKLAR
Director

WILLIAM ("BILL") PRINGLE
Director

TRANSFER AGENT
Computershare Trust Company of Canada
600, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8

STOCK EXCHANGE
Toronto Stock Exchange
Stock Symbol - GDC

AUDITORS
MNP LLP
1500, 640 - 5th Avenue SW
Calgary, Alberta T2P 3G4

CORPORATE COUNSEL
Norton Rose Fulbright Canada LLP
Legal Counsel
Suite 3700, 400 - 3rd Avenue SW
Calgary, Alberta T2P 4H2

CORPORATE OFFICE
7315 - 8th Street NE
Calgary, Alberta T2E 8A2
Ph: 403 265 8079
Fx: 403 266 0746
Email: genesis@genesisland.com

Genesis Land Development Corporation

7315 - 8th Street NE
Calgary, Alberta Canada T2E 8A2
P 403 265 8079 F 403 266 0746
www.genesisland.com