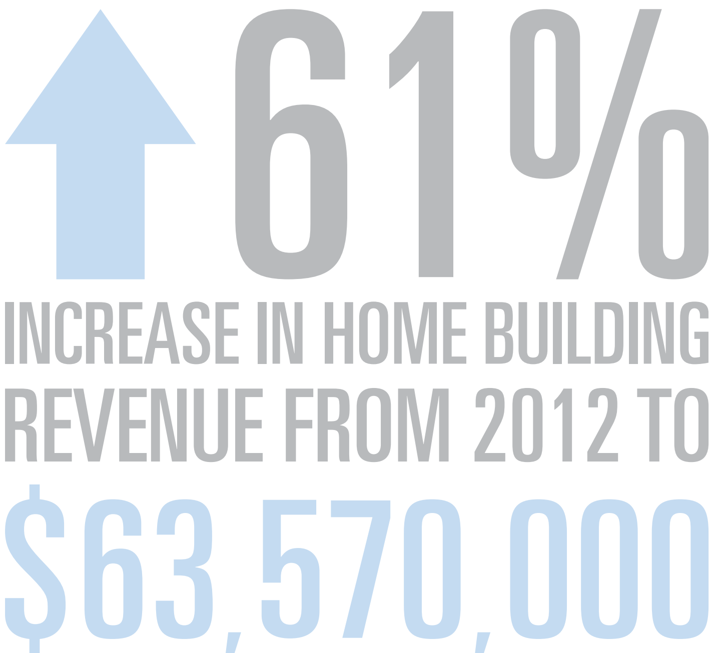
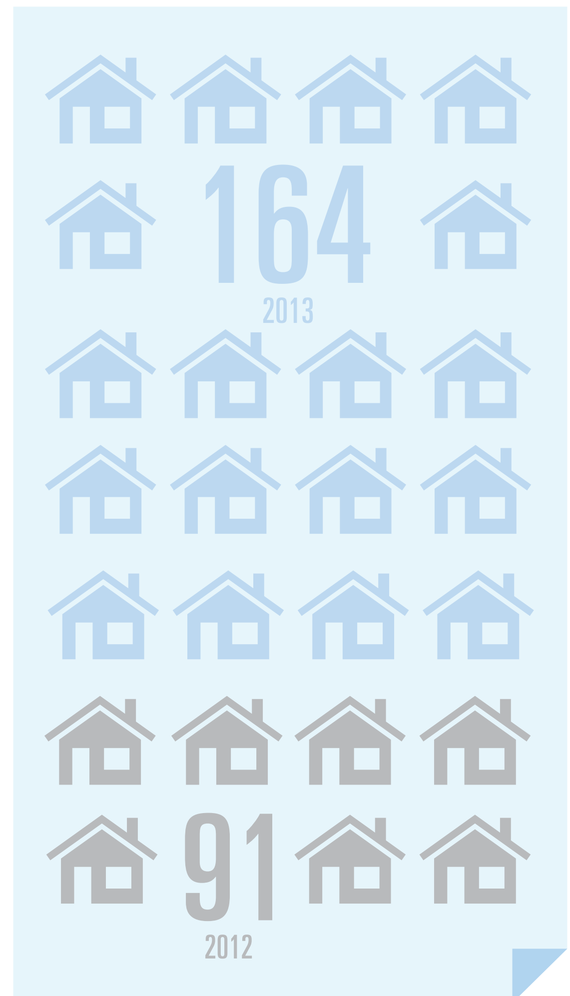
2013 ANNUAL REPORT / GENESIS LAND DEVELOPMENT CORP.

PRE-TAX NAV **$7.18**

AVG. TRADE PRICE **$3.51**

HOMES SOLD
80%
FROM 2012





DEBT HAS DECREASED TO
$50,373,000 (2013)
FROM
$97,224,000 (2012)

WE DREAM
WE DESIGN
WE BUILD

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

GENESIS

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TRANSFORMATION TOWARDS A BRIGHTER FUTURE

The past year was transformative for Genesis and its stakeholders. A number of significant changes were implemented to build a strong foundation upon which we can create our future.

In 2013, we focused on reviewing and re-engineering Genesis: investigating and evaluating our assets, businesses and markets in order to move forward strategically. We began the year with the execution of a three-point business initiative: to profitably grow our business; develop a people plan; and simplify our organization.

(continued on page 6)

BRUCE RUDICHUK
President & Chief Executive Officer

We have delivered on this initiative, and I'm proud to report on our accomplishments. During 2013, we:

- Achieved a turnaround in the home building business, increasing house sales from 91 to 164, managing costs and reaching profitability for the first time in several years;
- Simplified the organization through various initiatives, including identifying non-core assets. We implemented a sales process and closed on one parcel in March 2014, which represents the bulk of our non-core book value; and
- Began the development of our "People Plan" in order to align key values with staff throughout the organization.

A STRATEGIC DIRECTION, A STRONGER COMPANY

One of the most significant events over the past year has been the transformation of our Board of Directors. Our Board is now more aligned through its representation of significant shareholders, allowing for a stronger voice. It is much more involved, guiding our strategic direction. What's most evident is that there is more collaboration within the Board and with Management now, pulling in one direction for the company's future.

Together with the Board, we created a new strategic plan in late 2013. This is the first time in several years that a multi-year strategy has been developed for Genesis, and is a significant positive step towards our future success. We now have a coherent and cohesive direction to head towards for the next 12 to 24 months. Our goals are to:

1. **Maximize shareholder value** by increasing long-term sustainable earnings (inclusive of appreciation), shareholder liquidity, operating capacity and capability, and by implementing communication with stakeholders that builds trust, confidence and understanding; and
2. **Position the platform** through clean-up of the balance sheet, growth of our land development business and the establishment of profitable home building operations.

Once these steps are complete, we will consider longer-term strategies to identify additional opportunities for future growth.

In order to achieve these goals, we are pursuing several objectives throughout the organization. In 2014, we plan to:

- Continue to build a sustainable and highly profitable home building business, with a near-term goal of increasing home sales toward 300 per year to improve net margin and profitability;
- Grow land development operations, securing approvals and advancing development of our prime mixed-use land holdings while acquiring mid-term land for future development;
- Sell non-core assets that are either outside the Calgary Metropolitan Area or do not have development characteristics that fit within our core business;
- Simplify and streamline the organization to manage costs and improve efficiency;
- Improve communication with our investors;
- Focus on financing strategies to ensure the optimal allocation and use of our capital resources;
- Create liquidity by considering various alternatives for the return of capital to shareholders;
- Capitalize on new opportunities involving potential land acquisitions, our multi-family home building business and multi-use development projects; and
- Create a strategy to build a multi-family home building business in order to benefit from our large land base, which equates to a multi-year supply of product.

All of these things will position us for future profitable growth.

We couldn't achieve these things without a strong staff and management team focused on growing the business. We have that. I'm proud of the team's commitment and their response to driving Genesis forward. Our team has welcomed change, embracing the strategic plan and creating a company with higher value. In addition, we continue to focus on improving our customers' experience, knowing that if we do the right things by our customers, profitability will follow.

WHAT LIES AHEAD

We believe that 2014 is going to be a year of growth and profitability. We are land rich in a market where land development is being constrained and prices are increasing. Vertical integration and efficient operations will allow us to benefit from a growing economy. These factors should give us a number of wins over the next few years.

This is not to say we won't have some challenges to deal with. The approval process for land development is becoming more complicated and longer. Continuing to find mid-term viable development land opportunities is becoming harder. Fortunately, we have ample land for several years of development, but we do need to add to our portfolio for the future.

Our pace of growth presents unique challenges. We are simultaneously working on improving operating metrics, increasing the size/growth of our company and improving product quality. Such growth often taxes resources. To date, we have managed this well and expect to continue to do so in the future.

One of our major challenges is to close the gap between our net asset value and common share trading price. The last two years have been difficult for shareholders as we've undergone various changes to transition Genesis to where it is today. We are committed to improving shareholder communication, better explaining our assets, business and potential to the market to gain their understanding, trust and, eventually, the appropriate valuation. I expect shareholders will see a significant improvement in communications, enabling better decisions to be made regarding Genesis and its future opportunity.

Our future is bright and I believe that a greater possibility can unfold for our company. I base this belief on a combination of the things that provide our underlying value: our people, our teamwork, our assets, the growing economy and the marketplace in general. All of these are solid or improving and will result in a good year for Genesis and its stakeholders.

Once again, I'd like to thank our employees and directors for all their hard work over the past year, and the shareholders for their continuing support. I look forward to communicating our results, accomplishments and success as we execute our plan, delivering on our promises to build the platform and maximize shareholder value. It's time to build our future.

BRUCE RUDICHUK
President & Chief Executive Officer

March 28, 2014

BRUCE RUDICHUK, CA, CIRP
President & Chief Executive Officer

With 20 years of diverse experience in the real estate industry Bruce has been involved in a variety of markets and product offerings, but with an emphasis on home building. Prior to joining Genesis, Bruce was the CEO at Intracorp Projects Ltd., a privately held real estate company. He also served on the executive committee of BILD (Building Industry and Land Development Association) for the Greater Toronto Area. He is a Chartered Accountant (member of the Institute of Chartered Accountants of Ontario) and a Chartered Insolvency and Restructuring Professional (member of the Canadian Association of Insolvency and Restructuring Professionals). Bruce earned an Honours Bachelor of Economics and Business from York University.

MARK SCOTT
Executive Vice President & Chief Financial Officer

Mark has nearly 30 years of experience in real estate, investment banking and international business. His real estate experience is in finance, mergers and acquisitions, asset sales, and property asset management. Mark spent 17 years at Scotia Capital in Toronto, Hong Kong, and most recently, as Managing Director & Office Head in their Vancouver office. Prior to joining Genesis, he was a private investor and director. Mark earned a B.A. in Management and Economics from the University of Guelph and has served on the Board of Trustees of the Fraser Institute and various public companies.

RAUF MUHAMMAD, CPA
Corporate Controller

Rauf is a CPA (Certified as CPA in Colorado, USA) with 18 years of experience in financial reporting, internal controls, creating sustainable processes and controllership in Canada and abroad. He has experience in the public practice, media, oil and gas, and real estate sectors. Prior to joining Genesis, Rauf worked with Spectra Energy, KPMG, Middle East Broadcasting Centre, Ernst and Young, and Arthur Andersen. He joined Genesis in November 2011 and served as Manager of Financial Reporting and Assistant Controller prior to becoming Controller in 2013.

BOARD OF DIRECTORS

STEPHEN J. GRIGGS, B.A., J.D.
Chair of the Board of Directors

WILLIAM ("BILL") PRINGLE, B.Comm., C.A.
Vice Chair of the Board of Directors

YAZDI BHARUCHA, C.A., ICD.D
Director

MICHAEL BRODSKY, B.A., L.D., M.B.A.
Director

PS SIDHU, MBA
General Manager, Home Building

Since his appointment as General Manager of Home Building in 2008, PS has tripled division revenues. An MBA graduate who is enrolled in the Professional Home Builders Institute, PS has a strong background in organizational leadership and residential construction operations. He has been working with Genesis since 2005.

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

With over two decades of experience in land development and municipal engineering, Arnie has served as General Manager of Land Development at Genesis since 2010. His experience as a professional engineer, working in the field, led to a passion for community development. Arnie provides expertise in land investment, community design and construction.

KRISTEN WILKINSON
General Manager, Sales & Marketing

Kristen brings more than 15 years of strategic marketing and communications expertise to her role as General Manager of Sales & Marketing with Genesis. Her extensive experience in the real estate and land development sector includes marketing positions with the renowned North America resort real estate company, Intrawest, and the Lora Bay Corporation. Prior to joining Genesis in 2012, Kristen served as VP of Marketing & Communications with an energy solutions and renewables company.
In 2013, Kristen helped facilitate the successful redevelopment of Genesis' strategic vision and was able to deliver eighty percent growth of the home building division. She currently oversees the company's corporate brand assets.

STEVEN GLOVER, M.B.A., FCA
Chair of the Audit Committee

MARK W. MITCHELL, B.A., M.B.A.
Director

LOUDON OWEN, B.A., J.D., M.B.A.
Director

IAIN STEWART, B.Comm., C.A.
Director

THE GENESIS CENTRE OF COMMUNITY WELLNESS
CALGARY, AB

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 Northeast 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 Northeast 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.

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.

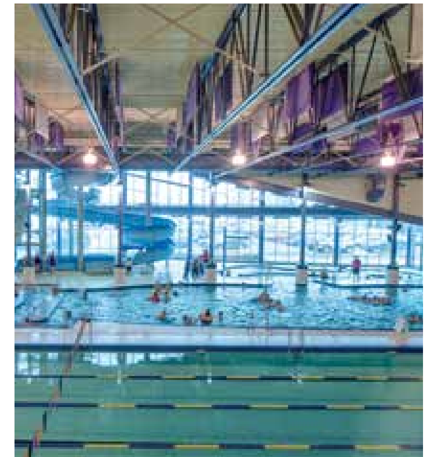
MAIN LOBBY - THE GENESIS CENTRE OF COMMUNITY WELLNESS

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 what it means to the quality of life for the community of Airdrie.

GENESIS PLACE AIRDRIE, AB



GENESIS PLACE - AQUATIC AREA

SAM AWARDS FINALIST FOR 2013

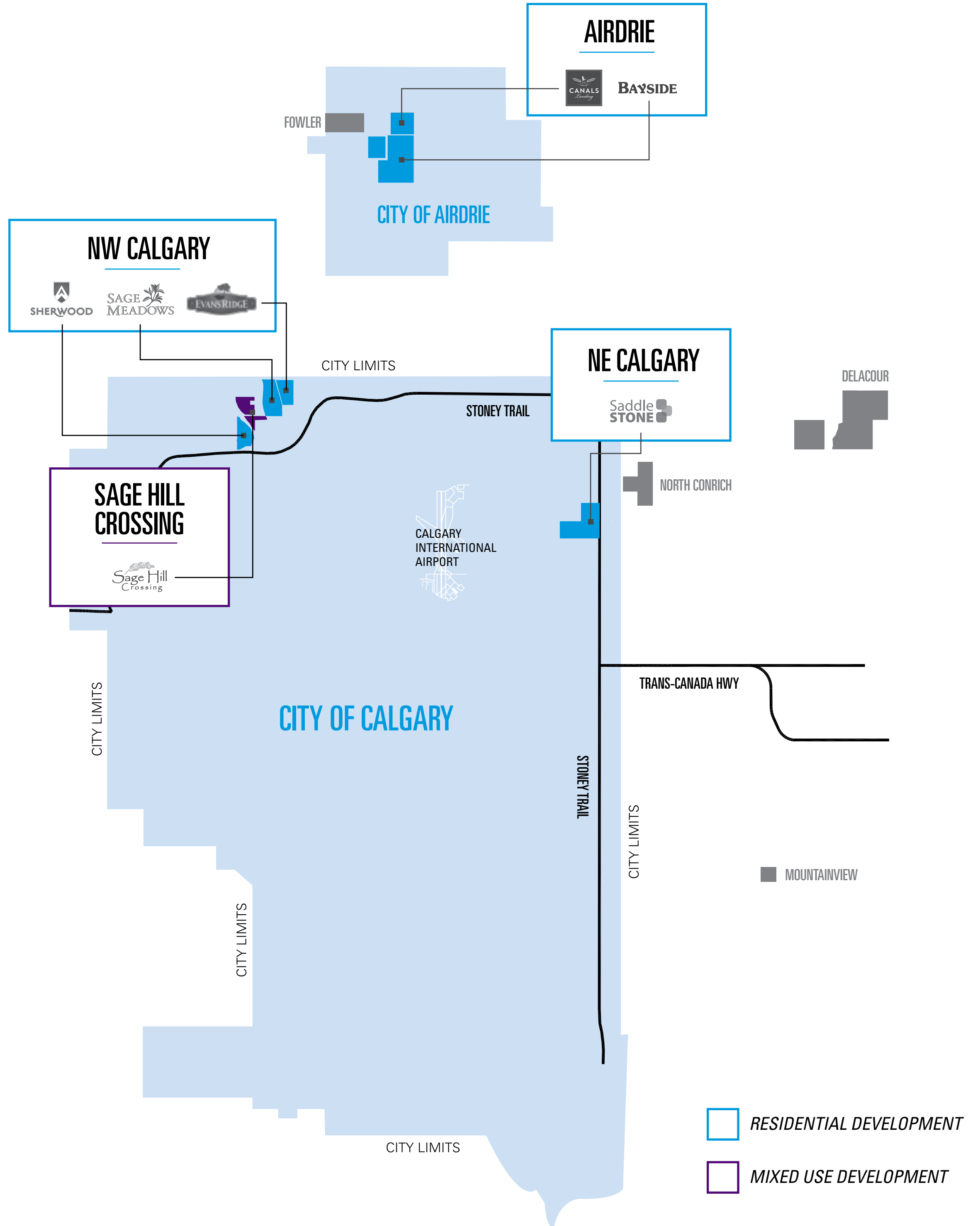
Best Moving Media
Canals Landing
Show Home
Grand Opening

Best New Design Villa/Duplex/Townhome up to 1,199 sq. ft.
The Roxbury
58 Sage Meadows Terrace NW, Calgary

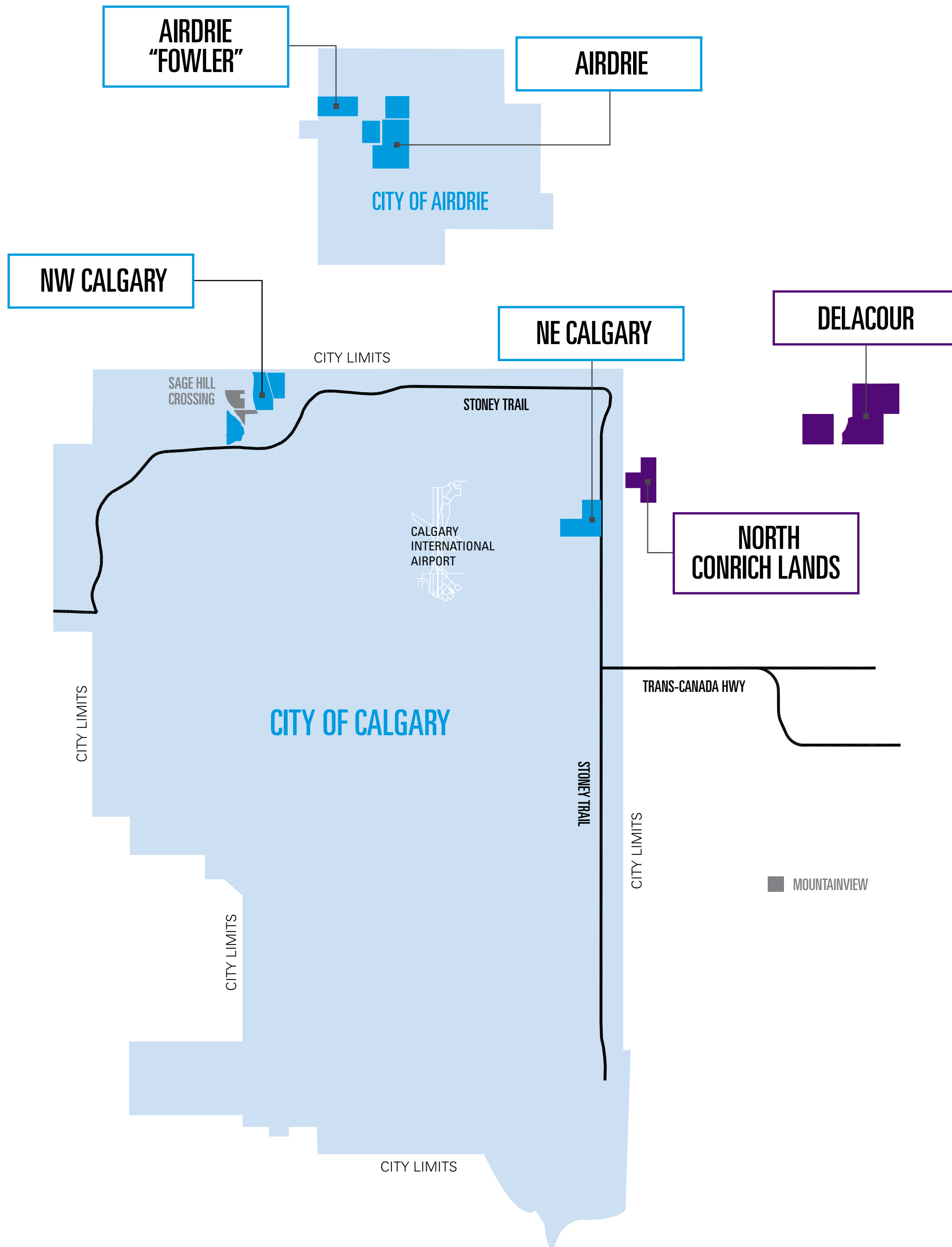
Best Townhomes $350,000 and over
The Brownstones at Sage Meadows
57 Sage Meadows Terrace NW, Calgary

Best New Home $270,000 - $309,999
The Roosevelt in EvansRidge
789 Evanston Drive NW, Calgary

LANDS UNDER DEVELOPMENT



LANDS HELD FOR FUTURE DEVELOPMENT



BAYSIDE
1,631 HOMES
BAYVIEW
1,386 HOMES

THE CANALS
1,689 HOMES

CANALS
Landing

SADDLESTONE

1,056 HOMES

SAGE MEADOW

2,441 HOMES

WS

MANAGEMENT'S DISCUSSION & ANALYSIS 2013

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 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, 2013 and 2012 prepared in accordance with International Financial Reporting Standards ("IFRS").

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

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of March 28, 2014.

NON-GAAP FINANCIAL MEASURES AND ADVISORIES

This MD&A includes references to certain financial measures which do not have standardized meanings prescribed by IFRS. As such, these financial measures are considered additional GAAP or non-GAAP financial measures and therefore are unlikely to be comparable with similar financial measures presented by other issuers. These additional GAAP and non-GAAP financial measures include, Net Asset Value, Gross Margin before impairment and Adjusted earnings per share. For a full description of these and other non-GAAP financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP Financial Measures" and "Forward Looking Statements" advisories contained at the end of this MD&A.

OVERVIEW

Genesis Land Development Corp. ("Genesis" or the "Corporation") is an integrated, award-winning land developer and residential homebuilder creating innovative and successful communities in the Calgary Metropolitan Area. Genesis is committed to supporting its communities through partnerships like the Genesis Centre of Community Wellness, and Genesis Place Recreational Centre.

We report our activities as two business segments: land development and home building. Land development involves the acquisition of land held for future development, and the planning, servicing and marketing of residential, commercial, industrial and urban communities. Home building includes the acquisition of lots, and the construction and sale of single- and multi-family homes.

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

MARKET OVERVIEW

Alberta's general economic conditions continue to be strong, supporting expectations of a robust pace of activity in Calgary's home building industry throughout the balance of 2014. Solid economic fundamentals include low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. These market dynamics provide a continued healthy environment for development and growth of our core land positions, sale of lots and expansion of our home building activities.

We own a large portfolio of entitled residential and mixed-use land, which is well positioned to benefit from the continued robust activity in the Alberta economy. Land values in Calgary are rising for both entitled land and home building lots, reflecting the tightening of entitled land supply and the continuing strong demand for homes in the Calgary Metropolitan Area.

CORPORATE HIGHLIGHTS

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

	Three months ended December 31,		Year ended December 31,	
	2013	2012[1]	2013	2012[1]
Key Financial Data				
Total revenues [2]	**26,331**	57,377	**96,077**	129,460
Cost of sales [3]	**(23,978)**	(76,768)	**(86,230)**	(120,409)
Gross margin	**2,353**	(19,391)	**9,847**	9,051
Impairment	**(4,155)**	(34,215)	**(16,282)**	(33,146)
Gross margin before impairment [4]	**6,508**	14,824	**26,129**	42,197
Gross margin before impairment (%) [4]	**24.7%**	25.8%	**27.2%**	32.6%
Earnings (loss) before income taxes	**2,485**	(24,529)	**(1,850)**	(2,661)
Net earnings (loss) [5] attributable to equity shareholders	**4,980**	(7,126)	**5,713**	8,861
Net earnings (loss) [5] per share - basic and diluted	**0.11**	(0.16)	**0.13**	0.20
Adjusted earnings per share - basic [4],[6]	**0.12**	0.15	**0.31**	0.51
Adjusted earnings per share - diluted [4],[6]	**0.12**	0.15	**0.31**	0.50
Cash flows from (used in) operating activities	**94**	(17,245)	**53,473**	(2,794)
Cash flows from (used in) operating activities per share [7]	**-**	(0.39)	**1.19**	(0.06)
Key Operating Data				
Residential lots sold to third parties (units)	**62**	46	**150**	238
Residential lots sold through the home building business segment (units)	**36**	25	**110**	56
Development land sold (acres)	**-**	37.59	**11.28**	49.37
Average revenue per lot sold to third parties	**154**	184	**171**	184
Average revenue per acre	**-**	929	**591**	921
Homes sold (units)	**42**	34	**164**	91
Average revenue per home sold	**396**	409	**387**	433
Net new home orders (units)	**54**	37	**189**	152

	As at December 31,	
	2013	2012[1]
Key Balance Sheet Data		
Cash and cash equivalents	**17,678**	10,005
Total assets	**313,846**	374,341
Loans and credit facilities	**50,373**	97,224
Total liabilities	**95,920**	148,032
Shareholders' equity	**195,483**	189,590
Total equity	**217,926**	226,309
Pre-tax net asset value per share [4]	**7.18**	7.23
After-tax net asset value per share [4]	**6.67**	6.70
Debt to total assets	**16.1%**	26.0%

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Includes other revenues
(3) Includes impairment of real estate held for development and sale
(4) Non-GAAP financial measure. Refer to page 40
(5) Net of income tax expense
(6) Before impairment related to equity shareholders and before proxy contest costs
(7) Basic and diluted amounts per share

HIGHLIGHTS

Improved cash flows from operations:

- Cash flows from (used in) operating activities for year ended December 31, 2013 were $53,473 or $1.19 per share compared to ($2,794) or ($0.06) per share in 2012.
- Accounts receivable decreased to $23,342 at December 31, 2013 from $73,239 at December 31, 2012 primarily due to the Sage Hill Crossing proceeds ($27,713) received in January 2013

Improved management of balance sheet:

- Significantly reduced Loans and Credit Facilities from $97,224 at December 31, 2012 to $50,373 at December 31, 2013
    - This was largely due to the proceeds from the sale of development land at Sage Hill Crossing and other cash flow from operating activities
    - Debt to equity ratio decreased to 0.44 at December 31, 2013 from 0.65 at December 31, 2012
    - Debt to total assets dropped by 10% to 16% for 2013 from 26% in 2012
- Total interest expense reduced by 34% to $3,771 in 2013 from $5,686 in 2012

Achieved turnaround in the home building business segment:

- This business segment achieved essentially a breakeven outcome for 2013
- Sales volume increased by 80% to 164 units in 2013 from 91 units in 2012
- Revenues increased to $63,570 from $39,497 for the year ended December 31, 2013 compared to 2012

Implemented comprehensive planning and control:

- The new management team and renewed board have led the establishment of sophisticated planning and control policies, systems and procedures that affect all aspects of the organization from accounting, administration, compensation to governance
    - All aspects of the administrative infrastructure and systems have been reviewed and necessary changes made or pending
    - Home building sales and administrative infrastructure and systems are substantially in place to support our continued turnaround
- A comprehensive and focused strategic plan is in place and we are executing related business plans with careful attention to economy, efficiency and effectiveness
- The interests of the new CEO and CFO are aligned with those of shareholders through a new compensation structure that includes an equity based incentive plan
    - Performance targets cover all aspects of operations, with a determined effort to close the gap between our net asset value and share value

Substantially completed asset rationalization:

- Identified non-core assets and appraised such assets accordingly, resulting in the majority of the impairment write-down of $26,453 on lands directly owned by Genesis over the last two years (plus $22,975 applicable to lands owned by the limited partnerships)
- Established a process to sell all non-core assets:
    - Completed the sale of the largest portion for proceeds of $14,000 in February 2014
    - Remaining non-core assets represent only 3.3% (2012 – 7.9%) of Genesis' land portfolio with an appraised value of $7,210 (2012 – $17,490) and carrying value of $5,843 (2012 – $14,015)
- Made significant progress on design and planning for the development of the Sage Hill Crossing mixed use development

Further information on the Corporation's performance is presented in the land development and home building sections of this MD&A. These sections are to be read in conjunction with note 19 (segmented information) in the consolidated financial statements for the year ended December 31, 2013 and 2012. These sections of the MD&A present the business segment revenues and expenses before inter-company eliminations.

STRATEGY AND BUSINESS FOCUS

We will continue to focus on our two core businesses of land development and home building in the Calgary Metropolitan Area, where our three primary residential communities continue to generate attractive earnings and cash flows. In addition to our residential strength, we own several major mixed-use land holdings in the greater Calgary area, which are expected to contribute future earnings and cash flows as the projects mature and sites are sold or developed.

Over the course of 2013, management and the Board of Directors ("Board") developed a comprehensive strategic plan focused towards building our existing land development and home building

businesses to maximize shareholder value and position the platform for future growth. This plan will drive our focus and activities in 2014 and beyond. We made substantial progress on the plan's strategies in 2013, which are outlined as follows:

1. Build a Sustainable and Highly Profitable Home Building Business

Home building unit volume grew 80% from 91 homes sold in 2012 to 164 in 2013, and we are well-advanced in meeting our objective of growing this by a further 41% to 231 home closings in 2014 and beyond. We have assembled a strong production team and sufficient infrastructure capable of building 300 homes per year, improving net margin and profitability of our home building business segment as volume rises.

As volume in the home building business segment rises, we expect improvements in both gross and net margins as a result of more efficient use of our home building platform. The land business generates regular revenue from the sale of home building lots, which is a relatively predictable business in normal market conditions. As mixed-use sites mature and are sold, Genesis will generate large, but irregular, increases in earnings and cash flow. The timing of these sales depends on the progress of development for these large, mixed-use land positions

Part of our strategy to increase growth and profitability is to use our developed lot supply primarily in our own home building business segment. This provides a reliable long-term supply of land to grow the home building business segment and enables us to capture additional margin from the sale of homes.

2. Grow Land Development Operations

We hold a valuable bank of residential land in our three primary communities in Airdrie, Calgary NE and Calgary NW in Alberta, which continues to fuel growth in our lot sales and home building business segment. Residential lot sales are expected to grow by 7% from 260 lots in 2013 to 277 lots in 2014. In addition, we are aggressively securing approvals and advancing development for our prime mixed-use land holdings at Sage Hill Crossing and North Conrich. These development lands represent some of the best located and developable mixed-use land in the Calgary Metropolitan Area.

3. Sell Non-core Assets

We have identified seven properties that are either outside the Calgary Metropolitan Area or do not have development characteristics that fit within our core business. The appraised value of these properties is $21,150. In order to more efficiently deploy our capital, we have decided to pursue the sale of these properties. We have largely met our short-term sale objectives with the sale of the first and largest of these properties for $14,000 in February 2014, and now have 98% of our real estate assets within the Calgary Metropolitan Area. The balance of the non-core properties is expected to be sold over the next 12 to 24 months. We continue to evaluate several other ancillary parcels to determine whether they fit into our long-term development and building program.

4. Simplify and Streamline the Organization

To provide cost savings and operating efficiencies, we are in the process of eliminating redundant and inefficient software systems. The implementation of a new accounting and operations software system is underway and planned to be fully operational in the third quarter of 2014. We will continue to examine our operations to identify future opportunities to improve efficiencies.

We are committed to improving communication with our shareholders and the market. In 2014, our shareholders can expect management to further increase its focus on investor communication through a variety of investor relations activities. We believe that better explaining our assets, business and potential to the market will help gain understanding, trust and, eventually, improved market valuation.

5. Focus on Financing Strategies

Genesis strengthened its balance sheet by reducing debt by $46,851 in 2013 (2012 - $8,993). Subsequent to the year end, Genesis' highest interest loan (excluding limited partnerships) was prime +2.5%. A comprehensive financing focus is being applied to ensure the optimal allocation and use of our capital resources, and achieve a prudent capital structure and long-term returns. Going forward, our objective is to better match the term of financing with the underlying land asset as follows:

- Obtain the maximum amount of financing available for land servicing and home building, which is generally at a lower rate due to the nature of the assets' short-term earnings potential and lower risk; and
- Finance long term land with equity, except in certain cases when acquisition financing is obtained from a vendor or other advantageous sources.

6. Create Liquidity for Shareholders

In management's opinion, Genesis' share price does not currently reflect the underlying net asset value of the Corporation. In an effort to help reduce this significant gap and improve trading liquidity of our common shares, we will be considering various alternatives for the return of capital to shareholders. Any strategy would be implemented if, and when, appropriate with sufficient retained cash flow to sustain and grow earnings over the long-term.

7. Capitalize on New Opportunities

We actively identify and evaluate potential, and appropriate, land acquisitions to sustain and grow the land development and home building businesses in the Calgary Metropolitan Area. We plan to create a strategy to enter the multi-family home building business in order to benefit from our large land base, which equates to a multi-year supply. In addition, our multi-use development projects present potentially significant opportunities to extend our development capabilities and enter joint venture arrangements to capitalize on potential profitable commercial opportunities.

RESULTS OF OPERATIONS

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

There three factors that affect the results of our operations:

1. The strategic decision to reserve a significant portion of developed lots for home building defers the related revenues and earnings from those lots until the house and lot are sold. When lots are sold to a third party home builder, lot sale revenue is recognized pursuant to the terms of the contract and corporate accounting policies. The impact on reported results will be less pronounced once housing volumes achieve optimal levels.
2. The development and sale of development land (typically multi-family, industrial or commercial developments) is a lengthy business cycle. The sales of such parcels do not occur on a predictable or regular schedule as is the general pattern for residential lots. Consequently, the sale of development land creates significant volatility in the revenues, earnings and cash flows from operating activities of Genesis.
3. The seasonal implications to land development and home construction in the Calgary Metropolitan Area impacts when costs are incurred and sales are generated, which again creates quarterly volatility.

Land Development

Our strategy is to profitably grow housing operations and sell more lots through our home building segment, thus realizing both the land development margin and the home building margin. In the short-term, land development revenue is expected to decline as those lots sold through the home building business segment, and related profits, are not recognized until the home is built and sold. Future quarters will benefit once the homes are built, and the home and lot sold to a third party.

	Three months ended December 31,			Year ended December 31,		
	2013	2012[1]	%	2013	2012[1]	%
Residential lot sales [2]	**14,421**	13,705	5.2%	**40,817**	55,360	(26.3%)
Development land sales	**-**	34,910	-	**6,668**	45,460	(85.3%)
Cost of sales	**(8,698)**	(32,551)	(73.3%)	**(27,912)**	(60,832)	(54.1%)
Gross margin before impairment [3]	**5,723**	16,064	(64.4%)	**19,573**	39,988	(51.1%)
Gross margin before impairment (%) [3]	**39.7%**	33.0%		**41.2%**	39.7%	
Impairment [4]	**(4,155)**	(34,215)	(87.9%)	**(16,282)**	(33,146)	(50.9%)
Equity income from joint venture	**3,213**	(277)	N/R [5]	**6,038**	4,505	34.0%
Proxy contest costs	**(64)**	-	N/R [5]	**(2,889)**	-	N/R [5]
Other net expenses [6]	**(2,369)**	(4,810)	(50.7%)	**(8,544)**	(12,318)	(30.6%)
Segmented EBIT [7]	**2,348**	(23,238)	N/R [5]	**(2,104)**	(971)	116.7%
Residential lots sold to third parties	**62**	46	34.8%	**150**	238	(37.0%)
Residential lots sold through the home building business segment	**36**	25	44.0%	**110**	56	96.4%
Total residential lots sold	**98**	71	38.0%	**260**	294	(11.6%)
Development land sold (acres)	**-**	37.59	-	**11.28**	49.37	(77.2%)
Average revenue per lot sold	**154**	193	(20.2%)	**155**	188	(17.6%)
Average revenue per acre sold	**-**	929	-	**591**	921	(35.8%)

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Includes residential lot sales and other revenue
(3) Non-GAAP financial measure. Refer to page 40
(4) Impairment of real estate held for development and sale
(5) Not reflective due to percentage increase
(6) Other expenses includes general and administrative, selling and marketing, finance expense and finance income
(7) Segmented earnings (loss) before income taxes ("EBIT")

Revenues for the three months and year ended December 31, 2013 were lower than those compared to 2012 due to our strategy of selling more lots through our home building business segment, thus realizing both the land development margin and the home building margin. In addition, the fourth quarter of 2012 included development land revenues from the sale of phases 1 and 2 in Sage Hill Crossing phases while there were lower development land sales in 2013.

The gross margin percentage before impairment increased for the three months and year ended December 31, 2013 compared to 2012. Gross margin on single family lots varies by community based on the nature of the development work to be undertaken before the lots are ready for sale. Gross margins from the sale of development lands also vary and are dependent on a variety of factors such as supply of land, zoning regulations and interest rates.

On July 26, 2013, Smoothwater Capital Corporation ("Smoothwater") announced that it would propose a slate of seven nominees for election to the Board of the Corporation, and would file and mail a dissident proxy circular in response to the Management Information Circular dated July 17, 2013, previously sent to shareholders of the Corporation. Subsequently, Smoothwater filed its dissident proxy circular on July 29, 2013, and a proxy contest ensued between

Genesis and Smoothwater. On August 19, 2013, the Corporation and Smoothwater announced that they arrived at a settlement in respect of Smoothwater's proposal to nominate an alternate slate of directors at the 2013 annual general and special meeting of shareholders. Pursuant to a settlement agreement (the "Settlement Agreement"), the Corporation and Smoothwater entered into a standstill agreement on August 28, 2013, whereby we agreed, subject to certain assumptions and the coverage of reasonable costs related to the proxy contest, to certain standstill provisions and to the support of Board nominees for election to the Board through to the close of the 2015 annual meeting of shareholders. A copy of the Settlement Agreement and the standstill agreement are available under the Corporation's profile at www.sedar.com.

As a result of the proxy contest, Genesis incurred $64 and $2,889 towards proxy contest costs for the three months and year ended December 31, 2013, respectively. This included an amount of $996 paid to cover the costs incurred by Smoothwater as part of the Settlement Agreement. The impact on basic and diluted earnings per share due to proxy contest costs for the three months and year ended December 31, 2013 were $Nil and $0.05 per share, respectively. Refer to the table on page 42 for the calculation of adjusted earnings per share.

Other expenses decreased during the three months and year ended December 31, 2013 as compared to the same periods in 2012. The decrease was due to the higher allocation of costs to the home building business segment and the decrease in selling and marketing costs, and finance expense. The selling and marketing costs decreased as we achieved greater efficiencies due to integration of the selling and marketing operations, which resulted in a decrease in combined costs for both segments. This decrease in costs was partially offset by an increase in the land development segment and corporate personnel to 27 at the end of 2013 from 25 in 2012, and severance paid to the former Chief Executive Officer.

Home Building

	Three months ended December 31,			Year ended December 31,		
	2013	2012[1]	%	2013	2012[1]	%
Revenues [2]	**16,668**	13,904	19.9%	**63,570**	39,497	60.9%
Cost of sales	**(14,700)**	(12,525)	17.4%	**(55,831)**	(34,817)	60.4%
Gross margin	**1,968**	1,379	42.7%	**7,739**	4,680	65.4%
Gross margin (%)	**11.8%**	9.9%		**12.2%**	11.8%	
Other expenses [3]	**(1,831)**	(2,670)	31.4%	**(7,485)**	(6,370)	17.5%
Segmented EBIT [4]	**137**	(1,291)	N/R [5]	**254**	(1,690)	N/R [5]
Homes sold	**42**	34	23.5%	**164**	91	80.2%
Average revenue per home sold	**396**	409	(3.2%)	**387**	433	(10.6%)

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Revenues include residential home sales and other revenue
(3) Other expenses includes general and administrative, selling and marketing and net finance expense
(4) Segmented earnings before income taxes
(5) Not reflective due to percentage increase

The increased revenues was due to a higher number of homes sold for the three months and year ended December 31, 2013 and reflected the growth that was achieved in the home building business segment during 2012 and early 2013. Revenues and volumes have increased to date, and more growth is expected in the future as the strategic plan is implemented and benefits are gradually realized.

Gross margin percentage for the three months and year ended December 31, 2013 increased compared to the same periods in 2012. Margins are expected to increase gradually as higher volumes and greater efficiencies are realized as part of the new operational strategy.

Average revenue per home sold was lower in 2013 compared to 2012 for both the

year and three month period due to the sales mix of homes sold during the period. During the three months ended December 31, 2013, we sold 29 single-family and 13 multi-family homes compared to 34 single-family homes and no multi-family homes in 2012. In 2013, a larger number of multi-family homes were sold as compared to 2012. We sold 113 single-family and 51 multi-family homes during 2013 compared to 90 single-family and one multi-family home during 2012.

During the fourth quarter of 2013, other expenses decreased due to a lower allocation of costs from the land development segment, which were offset by severance costs and increased personnel costs. On an annual basis, other expenses increased during 2013 compared to the same period in 2012 due to severance costs, higher personnel costs and higher finance expense from increased home building activity. The number of employees increased to 36 in 2013 from 25 in the previous year in order to support increased home building operations. The increase in other expenses was partially offset by lower selling and marketing costs due to integration of selling and marketing operations, resulting in a decrease in combined costs for both segments.

Impairment of Real Estate Held for Development and Sale

	Three months ended December 31,			Year ended December 31,		
	2013	2012	%	2013	2012	%
Impairment related to Genesis	(314)	(18,561)	98.3%	(8,185)	(18,268)	55.2%
Impairment related to limited partnerships	(3,841)	(15,654)	75.5%	(8,097)	(14,878)	45.6%
	(4,155)	(34,215)	87.9%	(16,282)	(33,146)	50.9%

During 2013, we completed the appraisal of our portfolio of properties. As a result, a provision for impairment of $4,155 and $16,282 was made for the three months and year ended December 31, 2013 compared to $34,215 and $33,146 in the comparative periods in 2012, respectively.

The impairment in value related to Genesis assets relates to properties that have been identified by management for disposal in the near term.

The pre-tax impact due to impairment on basic and diluted earnings per share for the three months and year ended December 31, 2013 is $0.01 and $0.18 per share (2012 - $0.41 and $0.41 per share). Refer to the table on page 42 for the calculation of adjusted earnings per share.

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2013	2012[(1)]	%	2013	2012[(1)]	%
Interest incurred	896	1,589	(43.6%)	3,771	5,686	(33.7%)
Financing fees accretion	378	508	(25.6%)	1,518	1,438	5.6%
Interest and financing fees capitalized	(1,042)	(1,036)	0.6%	(3,763)	(4,464)	(15.7%)
	232	1,061	(78.1%)	1,526	2,660	(42.6%)

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

Interest incurred relates to operating loans secured by land and single-family home building operations. The lower interest incurred during 2013 compared to 2012 was due to lower average outstanding loan balances, lower weighted average interest rates and lower fees paid on new and renewed loans. In January 2013, we repaid outstanding loan balances with the $31,411 proceeds received from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development and from lot payouts received.

SEGMENTED BALANCE SHEETS

	2013					2012
	Land Development		Home Building*	Eliminations	Consolidated	Consolidated
	Genesis	LPs				
Assets						
Real estate held for development and sale	175,086	52,625	33,170	(3,461)	257,420	264,184
Amounts receivable	23,305	-	37	-	23,342	73,239
Cash and cash equivalents	9,013	552	8,113	-	17,678	10,005
Other assets	13,886	419	6,018	(4,917)	15,406	26,913
Total assets	221,290	53,596	47,338	(8,378)	313,846	374,341
Liabilities						
Loans and credit facilities	31,543	7,843	10,987	-	50,373	97,224
Provision for future development costs	18,829	-	1,619	-	20,448	18,220
Other liabilities	(322)	590	29,748	(4,917)	25,099	32,588
Total liabilities	50,050	8,433	42,354	(4,917)	95,920	148,032
Net assets	**171,240**	**45,163**	**4,984**	**(3,461)**	**217,926**	**226,309**

**Other liabilities under the home building business segment includes $19,187 due to the land segment*

LIQUIDITY AND CAPITAL RESOURCES

Real Estate Held for Development and Sale

	December 31,		
	2013	2012[(1)]	%
Real estate held for development and sale	**317,602**	308,084	3.1%
Accumulated impairment	**(60,182)**	(43,900)	37.1%
	257,420	264,184	(2.6%)

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

Real estate held for development and sale decreased by $6,764 during the year ended December 31, 2013. This was due to the sale of real estate and a provision for impairment, which were partially offset by the development of lands.

The following table presents our real estate held for development and sale at December 31, 2013:

	Land under development				Land held for future development			Total			
Land Development Segment	Net book value	Appraised value	Acres	Lots	Net book value	Appraised value	Acres	Net book value	Appraised value	Acres	Lots
Residential											
Airdrie [1]	36,134	91,974	207	192	8,055	24,799	119	44,189	116,773	326	192
Calgary NW [2]	14,247	14,596	24	42	5,868	7,804	20	20,115	22,400	44	42
Calgary NE [3]	16,922	33,797	27	138	7,717	13,080	46	24,639	46,877	73	138
	67,303	140,367	258	372	21,640	45,683	185	88,943	186,050	443	372
Mixed use [4]	51,856	65,400	71	-	18,268	26,552	1,788	70,124	91,952	1,859	-
Other assets [5]	15,212	16,334	236	14	5,002	6,976	1,990	20,214	23,310	2,226	14
Total Land development segment [6]	**134,371**	**222,101**	**565**	**386**	**44,910**	**79,211**	**3,963**	**179,281**	**301,312**	**4,528**	**386**
Home Building Business Segment [6],[8]								**30,895**	**30,895**	**-**	**147**
Total land and home building segments								**210,176**	**332,207**	**4,528**	**533**
Limited Partnerships [7]								47,244	55,136	2,387	-
Real estate held for development and sale								**257,420**	**387,343**	**6,915**	**533**

(1) Airdrie comprises the communities of Bayside, Bayview and Canals
(2) Calgary NW comprises the communities of Sherwood, Sage Meadows and Evansridge
(3) Calgary NE comprises the community of Saddlestone
(4) Mixed use comprises Sage Hill Crossing, Delacour and North Conrich
(5) Other assets comprises Acheson, Kamloops, Brooks, Dawson Creek, Mitford Crossing, Mountain View Village, Prince George and Spur Valley
(6) Lots include 199 lots that have been reserved/contracted for sale to the home building business segment from the land segment
(7) Comprises Land held for future development and land under development. Refer to note 5 in the consolidated financial statements for the year ended December 31, 2013
(8) Housing projects under development. Refer to note 5 in the consolidated financial statements for the year ended December 31, 2013

The following table presents home building business segment's lot supply at December 31, 2103:

							Breakdown of unsold lots			
Project	Lots at Jan 1, 2013	Lot purchases made during 2013	Homes sold during 2013	Lots at Dec 31, 2013[1]	Lots with firm sale contracts	Unsold lots at Dec 31, 2013	Vacant lots	Spec. homes for quick possession	Show-homes	Price range of homes sold
Airdrie										
Bayside	66	-	(53)	13	(4)	9	5	4	-	$267-$742
Canals	-	51	(1)	50	(11)	39	3	33	3	$552-$552
	66	51	(54)	63	(15)	48	8	37	3	$267-$742
Calgary NW										
Evansridge	67	-	(25)	42	(12)	30	10	18	2	$301-$514
Kinwood	49	44	(11)	82	(39)	43	41	1	1	$418-$569
Sage Meadows	57	8	(30)	35	(8)	27	25	-	2	$452-$661
Sherwood	-	5	-	5	(3)	2	2	-	-	
	173	57	(66)	164	(62)	102	78	19	5	$301-$661
Calgary NE										
Saddlestone	85	78	(44)	119	(41)	78	63	13	2	$235-$561
Total	**324**	**186**	**(164)**	**346**	**(118)**	**228**	**149**	**69**	**10**	$235-$742

Amounts Receivable

	December 31,		
	2013	2012(1)	%
Amounts receivable	23,342	73,239	(68.1%)

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

Amounts receivable decreased by $49,897 in 2013 compared to 2012 mainly due to the receipt of payment of $27,713 for the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development.

In addition, the lower number of lots sold during the period and repayment of certain vendor take-back mortgages contributed to the reduction.

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

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31,			
	2013	% of Total	2012(1)	% of Total
Loans and credit facilities	50,373	16%	97,224	26%
Customer deposits	5,228	2%	4,352	1%
Accounts payable and accrued liabilities	16,759	5%	23,559	6%
Land development service costs	20,448	7%	18,220	5%
Income taxes payable	3,112	1%	4,617	1%
Deferred tax liabilities	-	0%	60	0%
Non-controlling interest	22,443	7%	36,719	10%
Shareholders' equity	195,483	62%	189,590	51%
	313,846	100%	374,341	100%

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

Loans and Credit Facilities

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

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet the above obligations as they become due. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements.

The following is a summary of drawn and outstanding loan and credit facility balances as at December 31, 2013 and as at this time period and as at the end of the previous four quarters:

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Land development loans	40,609	42,658	43,956	48,062	90,767
Home building loans	11,021	7,668	5,575	4,039	8,769
	51,630	50,326	49,531	52,101	99,536
Deferred financing fees	(1,257)	(1,420)	(1,589)	(1,967)	(2,312)
Balance, end of period	50,373	48,906	47,942	50,134	97,224

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

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

	December 31,	
	2013	2012[(1)]
Balance, beginning of period	**97,224**	86,066
Advances	**46,511**	89,941
Repayments	**(94,214)**	(77,906)
Finance expense	**1,143**	2,540
Interest and financing fees paid and capitalized	**(291)**	(3,417)
Balance, end of period	**50,373**	97,224

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

During the year ended December 31, 2013, Genesis received $46,511 (2012 - $89,941) in advances and made repayments of $94,214 ($77,906) on loans and credit facilities (see 'Related Party Transactions' on page 38).

The debt to equity ratio was as follows:

	December 31,	
	2013	2012
Total liabilities	**95,920**	148,032
Total equity	**217,926**	226,309
Debt to equity ratio [(2)]	**0.44**	0.65

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Calculated as total liabilities divided by total equity

The Corporation's debt decreased substantially in 2013 as funds received from the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development and from lot payouts were used to pay down related project debt. This reduced loans and credits facilities outstanding to $50,373 (2012 – 97,224) and the debt to equity ratio to 0.44 (2012 – 0.65) at December 31, 2013, substantially improving our financial strength.

Provision for Future Land Development Costs

Genesis sells lots where all the associated costs to service such lands have not been incurred. We recognize these obligations on completion of sales. Provision for future land development costs increased by $2,228 at December 31, 2013 over those at December 31, 2012 mainly due to the sale of lots in the communities of Saddlestone, Sage Meadows and Bayside. The overall increase in the provision for future land development costs was partially offset by

the completion of previously accrued land development service costs, mainly in Sage Hill Crossing.

Income Tax Payable

Income tax payable decreased by $1,505 (2012 - $8,353) to $3,112 at December 31, 2013 (2012 - $4,617) . We paid $3,925 of tax liability (2012 - $9,520), which was offset by a current tax provision of $2,420 (2012 - $1,167).

Non-Controlling Interest

Non-controlling interest decreased for the three months and year ended December 31, 2013 due to impairment, distributions made by a limited partnership and expenses incurred by the limited partnerships and paid by Genesis.

Refer to note 22 in the consolidated financial statements for the year ended December 31, 2013 and 2012 for additional information on the limited partnerships.

Shareholders' Equity

As at March 28, 2014, the Corporation had 44,861,200 common shares issued and outstanding. In addition, options to acquire 2,332,500 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 3.0% at December 31, 2013 compared to 4.8% at December 31, 2012, calculated on a rolling 12 month basis. Return on equity is calculated by dividing net income by average shareholders' equity. Return on equity decreased in 2013 due to lower sales revenues and impairment booked on real estate held for development and sale, resulting in lower net income.

Cash Flows from Operating Activities

	Three months ended December 31,		Year ended December 31,	
	2013	2012	2013	2012
Cash flows from operating activities	94	(17,245)	53,473	(2,794)
Cash flows from operating activities per share	-	(0.39)	1.19	(0.06)

Cash flows from (used in) operating activities per share for the three months and year ended December 31, 2013 were $Nil and $1.19 compared to ($0.39) and ($0.06) for the same periods in 2012. The increase was mainly due to the receipt $27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial use development and receipt of payments from purchasers of residential lots and homes for the three months and year ended December 31, 2013.

Contractual Obligations and Debt Repayment

Our contractual obligations as at December 31, 2013 were as follows, excluding accounts payable, income taxes payable, customer deposits and land development service costs:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	36,159	700	870	37,729
Years 2015 and 2016	15,471	1,400	1,738	18,609
Years 2017 and 2018	-	1,200	484	1,684
Thereafter	-	1,500	-	1,500
	51,630	4,800	3,092	59,522

(1) Excludes deferred financing fees

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to pay for operating expenses, incur development and construction costs, pay principal and interest on loans and credit facilities, and purchase lands.

Genesis has entered into a memorandum of understanding with the Northeast Community Society, whereby we will contribute $5,000 for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first two installments totaling $1,000 were made through 2013.

Genesis entered into an agreement with the City of Airdrie, whereby we 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 six installments totaling $1,200 were made through 2013.

Investment in naming rights demonstrates our commitment to the communities we are involved in, and helps in the positive recognition of our brand - not only in these communities, but also throughout the cities of Calgary and Airdrie.

Pursuant to the terms of a participating mortgage, the principal of which was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. At December 31, 2013, a liability of approximately $3,298 was recorded (December 31, 2012 - $3,051). Genesis is selling lots in the last phase covered under this development. The payout of the 20% participation to the participants will be made on completion of the sale of lots in the last phase and collection of related proceeds along with an accounting of all related costs.

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

Current Contractual Obligations

	December 31,	
	2013	2012[1]
Loans and credit facilities, excluding deferred financing fees	36,159	19,091
Accounts payable and accrued liabilities	16,759	23,559
Total short-term liabilities	52,918	42,650
Commitments [2]	1,570	1,406
	54,488	44,056

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangement.
(2) Commitments are composed of naming rights and lease obligations

At December 31, 2013, we had obligations due within the next 12 months of $54,488, of which $36,159 relates to loans and credit facilities. Repayment is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on our operating history, our relationship with 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.

SELECTED ANNUAL INFORMATION

	2013	2012[1]	2011
Total revenues	**96,077**	129,460	95,760
Gross margin	**9,847**	9,051	29,792
Net earnings attributable to equity shareholders	**5,713**	8,861	11,060
Net earnings per share - basic and diluted	**0.13**	0.20	0.25
Total assets	**313,846**	374,341	378,018
Loans and credit facilities	**50,373**	97,224	88,231

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements. The figures for 2011 are not affected as that year is prior to the effects of adoption of IFRS 11

Revenues were lower in 2013 compared to 2012 and similar to those in 2011 due to lower residential lot and development land sales. These lower sales were offset by higher residential home sales in 2013 compared to 2012 and 2011. Development land sales in 2012 were higher than those in 2013 and 2011 mainly due to the sale of sale of sites 1 and 2 in the Sage Hill Crossing commercial development. Gross margins in 2013 and 2012 were affected by higher impairment of real estate held for development and sale compared to 2011. Total assets decreased in 2013 when compared to the previous years due to the sale of real estate and due to impairment of real estate held for development and sale. Loans and credit facilities decreased in 2013 as the sale proceeds from Sage Hill Crossing were used to pay down debt.

SUMMARY OF QUARTERLY RESULTS

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012[1]	Q3 2012[1]	Q2 2012[1]	Q1 2012[1]
Revenues [1],[2]	26,223	19,678	22,327	27,560	57,281	23,281	29,708	18,378
EBIT [3]	2,485	(10,488)	1,500	4,653	(24,529)	7,788	6,240	7,840
Net earnings [4]	4,980	(4,644)	1,697	3,680	(7,126)	4,956	4,839	6,192
EPS [5]	0.11	(0.10)	0.04	0.08	(0.16)	0.11	0.11	0.14

(1) The figures for 2012 have been restated to incorporate the impact of adopting IFRS 11 Joint Arrangements
(2) Revenues exclude other revenue
(3) Earnings (loss) before income taxes and non-controlling interest
(4) Net earnings (loss) attributable to equity shareholders
(5) Net earnings (loss) per share - basic and diluted

Seasonality affects the land development and home building industry in Canada particularly as a result of weather conditions during winter operations. As a result, we will typically realize higher home building revenues in the summer and fall months when home building activity is at its peak. Revenues can be impacted by the timing of lot sales, which is less weather dependent.

In the fourth quarter of 2013, we sold 62 residential lots and 42 homes compared to 17 residential lots and 40 homes in the third quarter. Lower impairment of real estate, higher gross margins on residential lots, lower general and administrative costs and proxy contest costs in the fourth quarter contributed to improved EBIT, net earnings and EPS.

JOINT VENTURE

Genesis formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The development and sale of the real estate pertaining to the JV is expected to be completed by 2015.

Refer to note 3 of the consolidated financial statements dated December 31, 2013 and 2012 for the effects of change in accounting policy. Refer to note 18 of the consolidated financial statements dated December 31, 2013 and 2012 for the summarized financial information of the JV and reconciliation of the summarized financial information to the carrying amount

of the Corporation's interest in the JV, which is accounted for using the equity method.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

We have an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the subdivision plan registration process. As at December 31, 2013, these letters of credit totalled approximately $6,279, and provide a source of funds to the municipalities for completion of construction and maintenance improvements to the subdivision should the Corporation be unable to fulfill these obligations. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

Lease Agreements

We have 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, 2013.

RELATED PARTY TRANSACTIONS

Mr. Sandy Poklar, an officer of a lender, Firm Capital Corporation, served as a director from July 12, 2012 until September 4, 2013. The lender and the Corporation were consequently considered related parties for this period during which $4,748 of interest and fees were paid to the lender. Of this amount, $1,244, relates to 2013 and $3,504 relates to 2012. The related debt was in place prior to the director assuming office on July 12, 2012, and no new financing or refinancing occurred subsequent to July 12, 2012. All transactions were agreed to under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements (refer to note 22 of the consolidated financial statements for the years ended December 31, 2013 and 2012) and a 50% partner in the JV, as described above (refer to note 18 of the consolidated financial statements for the years ended December 31, 2013 and 2012).

SUBSEQUENT EVENTS

The Corporation was named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario for $10,700 plus punitive damages (the "Action"). The Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. Refer to note 16 (a) in the consolidated financial statements for the year ended December 31, 2013 and 2012 for further details.

The Corporation closed the sale of a 121.91 acre industrial site (Acheson) located in Parkland County, west of Edmonton, Alberta for $14,000 on February 28, 2014. The proceeds from the sale were used to retire approximately $6.5 million of related property debt and the balance was used for general corporate purposes.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted IFRS 11 Joint Arrangements effective January 1, 2013. Under IFRS 11, the Corporation's joint arrangements that are classified as joint ventures are now accounted for under the equity method of accounting, whereas they were previously proportionately consolidated. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings or earnings per share. Comparative data for 2012 has been restated and the effects of these changes on the Corporation's consolidated results for the three months and year ended December 31, 2012 are summarized in note 3 of the consolidated financial statements for the year ended December 31, 2013 and 2012. For additional information, refer to note 3, note 4, note 18 and note 23 of the consolidated financial statements for the year ended December 31, 2013 and 2012.

CHANGES TO FUTURE ACCOUNTING POLICIES

There were various accounting standards issued as at December 31, 2013 that were not yet effective as of that date. We continue to analyze these standards to determine the impact on our financial statements. Refer to note 3 of the consolidated financial statements for the year ended December 31, 2013 and 2012 for a description of changes in accounting policy effective in future periods.

CRITICAL ACCOUNTING 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 revenues, 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.

General Litigation

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

Impairment of real estate held for future development and sale

We estimate the net realizable value ('NRV') of real estate held for future development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. 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.

Provision for future land development costs

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.

Income 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 taxable income and expense already recorded.

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 the Corporation, 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, Genesis' ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework (1992) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In May 2013, the COSO released an updated Internal Control – Integrated Framework: 2013. The Corporation currently uses the COSO 1992 original framework and will transition to the updated framework during the transition period which extends to December 15, 2014. Management is currently assessing the impact of this transition and will report any significant changes to the Corporation's internal control over financial reporting that may result.

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, 2013. 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 the Corporation's ICFR during the three months and year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, we are exposed to certain risks and uncertainties inherent in the real estate development industry. Risks and uncertainties faced by Genesis are disclosed in the Corporation's AIF for the year ended December 31, 2013. There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to the AIF available on SEDAR at www.sedar.com.

TRADING AND SHARE STATISTICS

Trading and share statistics for the Corporation for 2013 and 2012 are provided below.

	2013	2012
Average daily trading volume	**35,436**	42,147
Share price ($/share)		
High	**3.85**	3.70
Low	**3.26**	2.87
Close	**3.41**	3.26
Market capitalization at December 31	**152,977**	145,936
Shares outstanding	**44,861,200**	44,765,728

NON-GAAP MEASURES

Non-GAAP measures do not have any standardized meaning according to IFRS, and therefore may not be comparable to similar measures presented by other companies.

Net Asset Value ("NAV") including pre-tax net asset value per share and after-tax net asset value per share is a non-GAAP financial measure and therefore may not be comparable to similar measures presented by other companies. The estimated NAV is calculated using independent appraisers total pre-tax land value plus additional balance sheet assets less balance sheet liabilities and corporate income tax as at December 31, 2013 and 2012. 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, 2013 and 2012 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.

There is no comparable IFRS financial measure presented in the Corporation's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial performance measure has been provided. Management believes this measure provides information useful to its shareholders in understanding the Corporation's value, and may assist in the evaluation of the Corporation's business relative to that of its peers.

	2013	2012[(1)]
Independent appraised value of land [(2)]	301,312	303,071
Housing projects under development	30,895	30,630
	332,207	333,701
Other balance sheet assets	56,426	110,157
Balance sheet liabilities	(95,920)	(148,032)
Add amount due from related entities	29,039	26,834
Estimated pre-tax NAV	321,752	322,660
Estimated pre-tax NAV per share	7.18	7.23
Estimated tax [(3)]	(22,784)	(23,532)
Estimated after-tax NAV	298,968	299,128
Estimated after-tax NAV per share	6.67	6.70
Total shares outstanding as at December 31	44,861	44,766

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

(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 2013 and 2012 to calculate taxes

Estimated pre-tax and after-tax NAV at December 31, 2013 were $7.18 and $6.67, respectively, compared to $7.23 and $6.70 at December 31, 2012. The slight decrease in the NAV in 2013 can be attributed to a small decrease in the appraised value of lands.

Details of other balance sheet assets and balance sheet liabilities used in the calculation of NAV are given below.

	2013	2012[(1)]
Other balance sheet assets		
Accounts receivable	23,342	73,239
Investment in joint venture	7,894	10,680
Deferred tax assets	397	-
Other operations assets	7,115	16,233
Cash	17,678	10,005
Total	56,426	110,157
Balance sheet liabilities		
Loans and credit facilities	50,373	97,224
Customer deposits	5,228	4,352
Accounts payable and accrued liabilities	16,759	23,559
Income taxes payable	3,112	4,617
Deferred tax liabilities	-	60
Land development service costs	20,448	18,220
Total	95,920	148,032

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

Gross margin before impairment is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other companies. Gross margin before impairment is calculated by adding back impairment of real estate held for development and sale to the gross margin. Gross margin before impairment is used to assess the performance of the business without the effects of impairment. Management believes it is useful to exclude impairment from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring. The most comparable IFRS financial measure is gross margin.

The table below shows the calculation of gross margin before impairment, which is derived from gross margin.

	Three months ended December 31,		Year ended December 31,	
	2013	2012[1]	2013	2012[1]
Total revenues	**26,331**	57,377	**96,077**	129,460
Gross margin	**2,353**	(19,391)	**9,847**	9,051
Add back impairment[2]	**4,155**	34,215	**16,282**	33,146
Gross margin, before impairment	**6,508**	14,824	**26,129**	42,197
Gross margin, before impairment (%)	**24.7%**	25.8%	**27.2%**	32.6%

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

Adjusted earnings per share is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other companies. Adjusted earnings per share is calculated as net earnings attributable to shareholders before impairment attributable to shareholders and proxy contest costs and net of income taxes relating to the impairment and proxy contest costs, divided by the weighted average number of common shares (basic or diluted) outstanding at a specific date. Adjusted earnings per share is used to assess the performance of the business without the effects of impairment and proxy contest costs. Management believes it is useful to exclude impairment and proxy contest costs from the analysis as it could affect the comparability of financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. The most comparable IFRS financial measure is earnings per share.

The following table shows the calculation of adjusted earnings per share which is derived from net earnings attributable to equity shareholders.

	Three months ended December 31,		Year ended December 31,	
	2013	2012[1]	2013	2012[1]
Net earnings (loss)[2]	4,980	(7,126)	5,713	8,861
Add back impairment[3]	314	18,561	8,185	18,268
Proxy contest costs	64	-	2,889	-
Tax effect of additions @ 25%	(95)	(4,640)	(2,769)	(4,567)
Adjusted earnings	5,263	6,795	14,018	22,562
Basic number of shares[4]	44,861,200	44,763,214	44,838,401	44,664,086
Diluted number of shares[4]	44,917,233	44,890,662	44,900,321	44,774,623
Adjusted earnings per share - basic[5]	0.12	0.15	0.31	0.51
Adjusted earnings per share - diluted[5]	0.12	0.15	0.31	0.50

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

OTHER

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

ADVISORIES

Non-GAAP Financial Measures

Net asset value, gross margin before impairment and adjusted earnings per share are non-GAAP measures that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. Refer to pages 40-42 for an explanation on calculation of the net asset value, gross margin before impairment and adjusted earnings per share. Net asset value has no comparable IFRS measure presented in the Corporation's financial statements and therefore no applicable quantitative reconciliation for such non-GAAP measure exists. These non-GAAP measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's performance, liquidity and value. Management is of the view that funds from operations ("FFO"), return on assets and debt to gross book value are not good performance indicators of a land development company and therefore the presentation of FFO, return on assets and debt to gross book value in the MD&A has been discontinued. Debt to gross book value has been replaced by debt to total assets.

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, , including Canadian Securities Administrators' National Instrument 51-102 'Continuous Disclosure Obligations', concerning the business, operations and financial performance and condition of Genesis.

Forward-looking statements include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated general economic and business conditions in 2014 including low unemployment and interest rates, low stable inflation rates, positive net migration, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building activities, the positive trend in the general economic conditions and the industry through 2014; the future development of raw lands held by LPLP 2007 which were annexed by the City of Airdrie in 2012; Genesis' business strategy, including the geographic focus of its activities in 2014, the expected capital contribution of future earnings and cash flow from land holdings in the Greater Calgary area, the ability to meet the objective to increase the closing of home builds in 2014 as compared to 2013, including the ability to significantly increase home builds per year without substantial addition to costs to our production team or infrastructure so as to increase the effect on net margin and profitability, the timing and operation of newaccounting and operating software, anticipated areas of focus for Genesis in 2014; and the ability of Genesis to develop projects (and the nature of such projects). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions,

events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic conditions in Canada, the United States and globally; the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; fluctuations in interest rates; ability to raise capital on favourable terms; the impact ofnewly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; not realizing on the anticipated benefits from transactions or not realizing on such anticipatedbenefits 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. Theappraisal 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.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

The consolidated financial statements and all information in the Management's Discussion and Analysis ("MD&A") 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 MD&A 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
President & Chief Executive Officer

Mark Scott
**Executive Vice President &
Chief Financial Officer**

March 28, 2014

**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 balance sheets as at December 31, 2013 and 2012 and January 1, 2012, and the consolidated statement of earnings, comprehensive income and retained earnings, and consolidated statement of cash flows for the years ended December 31, 2013 and 2012, and 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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 an 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 assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence 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, 2013 and 2012 and January 1, 2012, and their financial performance and their cash flows for the years ended December 31, 2013 and December 31, 2012 in accordance with International Financial Reporting Standards.

MNP

CHARTERED ACCOUNTANTS

Calgary, Alberta
March 28, 2014

(In thousands of Canadian dollars)

	Notes	December 31, 2013	December 31, 2012[1]	January 1, 2012[1]
Assets				
Real estate held for development and sale	5	**257,420**	264,184	290,512
Investment in joint venture	3, 18	**7,894**	10,680	9,648
Amounts receivable	6	**23,342**	73,239	34,386
Other operating assets	7	**7,115**	16,233	20,936
Deferred tax assets	8	**397**	-	2,859
Cash and cash equivalents		**17,678**	10,005	10,850
Total assets		313,846	374,341	369,191
Liabilities				
Loans and credit facilities	9	**50,373**	97,224	86,066
Customer deposits		**5,228**	4,352	7,582
Accounts payable and accrued liabilities		**16,759**	23,559	14,383
Income taxes payable	8	**3,112**	4,617	12,970
Deferred tax liabilities	8	**-**	60	-
Provision for future land development costs		**20,448**	18,220	11,571
Total liabilities		95,920	148,032	132,572
Commitments and contingencies	16			
Equity				
Share capital	10, 11	**56,122**	55,844	55,122
Contributed surplus		**5,011**	5,109	4,950
Retained earnings		**134,350**	128,637	119,776
Shareholders' equity		195,483	189,590	179,848
Non-controlling interest	22	**22,443**	36,719	56,771
Total equity		217,926	226,309	236,619
Total liabilities and equity		313,846	374,341	369,191

See accompanying notes to the consolidated financial statements

Loans and credit facilities (note 9)
Subsequent events (note 9, note 24)

(1) Refer to note 3 and note 23 for change in accounting policy

ON BEHALF OF THE BOARD:

Stephen Griggs
Chair of the Board

Steven Glover
Chair of the Audit Committee

(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31, 2013	2012[1]
Revenues			
Sales revenue		95,788	128,648
Other revenue		289	812
		96,077	129,460
Cost of sales			
Direct cost of sales		(69,948)	(87,263)
Write-down of real estate held for development and sale		(16,282)	(33,146)
		(86,230)	(120,409)
Gross margin		9,847	9,051
Income from joint venture	3,18	6,038	4,505
General and administrative	12	(11,172)	(9,294)
Selling and marketing	13	(2,358)	(3,948)
Other expenses	14	(3,187)	(1,039)
		(16,717)	(14,281)
Operating loss from continuing operations		(832)	(725)
Finance income		508	724
Finance expense	15	(1,526)	(2,660)
Loss before income taxes		(1,850)	(2,661)
Income tax expense	8	(1,963)	(4,086)
Net loss being comprehensive loss		(3,813)	(6,747)
Attributable to non-controlling interest	22	(9,526)	(15,608)
Attributable to equity shareholders		5,713	8,861
Net earnings per share - basic and diluted		0.13	0.20

See accompanying notes to the consolidated financial statements

(1) Refer to note 3 and note 23 for change in accounting policy

(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders						
	Common shares - Issued						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
At January 1, 2012 [(1)]	44,484,287	55,122	4,950	119,776	179,848	56,771	236,619
Share-based payments	281,441	722	159	-	881	-	881
Distributions [(2)]	-	-	-	-	-	(4,444)	(4,444)
Net earnings (loss) [(3)]	-	-	-	8,861	8,861	(15,608)	(6,747)
At December 31, 2012 [(1)]	44,765,728	55,844	5,109	128,637	189,590	36,719	226,309
Share-based payments	95,472	278	(98)	-	180	-	180
Distributions [(2)]	-	-	-	-	-	(4,750)	(4,750)
Net earnings (loss) [(3)]	-	-	-	5,713	5,713	(9,526)	(3,813)
At December 31, 2013	44,861,200	56,122	5,011	134,350	195,483	22,443	217,926

See accompanying notes to the consolidated financial statements

(1) Refer to note 3 and note 23 for change in accounting policy
(2) Distributions to unit holders of Limited Partnership 6/7
(3) Net earnings (loss) being comprehensive earnings (loss)

	Notes	Year ended December 31, 2013	2012[1]
Operating activities			
Receipts from residential lot and development land sales	6	87,532	49,077
Receipts from residential home sales		67,029	40,545
Other receipts		1,210	6,856
Paid to suppliers for land development		(39,143)	(41,560)
Paid to suppliers for residential home construction		(40,995)	(38,863)
Paid to other suppliers and employees		(18,743)	(10,053)
Interest received		508	724
Income taxes paid		(3,925)	(9,520)
Cash flows from (used in) operating activities		53,473	(2,794)
Investing activities			
Acquisition of property and equipment		(317)	(449)
Change in restricted cash		479	(3,730)
Distribution received from joint venture		9,500	4,000
Proceeds on disposal of property and equipment		-	36
Cash from (used in) investing activities		9,662	(143)
Financing activities			
Advances from loans and credit facilities		46,511	89,941
Repayments of loans and credit facilities		(94,214)	(77,906)
Interest and fees paid on loans and credit facilities		(2,983)	(6,043)
Distributions to unit holders of limited partnerships		(4,750)	(4,444)
Settlement of options		(237)	-
Issue of share capital		211	544
Cash (used in) from financing activities		(55,462)	2,092
Change in cash and cash equivalents		7,673	(845)
Cash and cash equivalents, beginning of period		10,005	10,850
Cash and cash equivalents, end of period		17,678	10,005

See accompanying notes to the consolidated financial statements

(1) Refer to note 3 and note 23 for change in accounting policy

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 primarily in the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building.

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.

The consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 28, 2014.

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 of the Corporation are 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 the Corporation controls. When the Corporation has less than 50% equity ownership in these limited partnership entities, the Corporation may still have 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, dividends and unrealized gains and losses resulting from intra-group transactions 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 consolidated statements of comprehensive income (loss) and within equity in the consolidated balance sheets. 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, Kinwood Communities Inc., which is a jointly controlled entity, by virtue of a contractual arrangement with another party. The Corporation recognizes its interest in the joint venture using the equity method of accounting. Under the equity method of accounting the net assets of the joint venture are presented in a single line "Investment in Joint Venture". The financial statements of the joint venture are prepared for the same reporting period as the Corporation.

All unrealized gains and losses resulting from transactions between the Corporation 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.

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

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 home 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 homes 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 at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. An impairment loss is recognized in the consolidated statements of comprehensive income (loss) 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.

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 interest rate for the Corporation's non-project specific borrowings, less any investment income arising on temporary investing of funds, to eligible capital assets. 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
  Lesser of 5 years or remaining term of the lease

An item of property and equipment is no longer recognized as an asset 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 consolidated statements of comprehensive income (loss).

All minor repair and maintenance costs are recognized in the consolidated statements of comprehensive income (loss) 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

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 22) and are not subject to income taxes. The income or loss for Canadian tax purposes is attributable to the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada). The calculation of income tax expense reflects the exclusion of taxable income allocated to partners that form part of the non-controlling interest.

(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 as 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 consolidated statements of comprehensive income (loss).

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. Cash is returned to the Corporation upon completion of its development obligation for that property.

l) Leases

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

m) 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 account.

Share-based payments may be settled in cash at the discretion of the Corporation and are accounted for as equity-settled plans. When options are settled in cash, the cash paid reduces the contributed surplus to the extent of previously recognized liability. Amounts paid in excess of previously recognized liability are expensed.

The dilutive effect of outstanding options is reflected in the computation of earnings per share.

n) Financial assets

All financial assets are initially recognized on the consolidated 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 they are included in the initial carrying amount.

The financial assets classified as FVTPL are cash and cash equivalents, and deposits and restricted cash. 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 consolidated balance sheet at fair value with changes in fair value recognized in the consolidated statements of comprehensive income (loss).

Financial assets classified as loans and receivables are amounts receivable. Financial assets 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 consolidated statements of comprehensive income (loss).

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.

o) Financial liabilities

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

All financial liabilities are initially recognized on the consolidated 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.

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

Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet 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.

p) Earnings per share

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

q) Provision for future land development costs

The provision for future land development costs 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 expected to be incurred during the remainder of the construction period net of expected recoveries of certain development costs. The provision for future land development 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 future land development costs and a corresponding adjustment is made to land under development and/or cost of sales.

r) 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 revenues, 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:

Judgments

(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 the Corporation 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 the activities, projects, financial and operating policies of the limited partnerships.

(iii) Income 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 taxable income and expense already recorded.

(iv) Net realizable value

NRV for land 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 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 it relates to the outcome of legal proceedings to determine whether a provision and disclosure in the consolidated financial statements is required. 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) Provision for future land development costs

Changes in the estimated future land 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 and sale

The Corporation estimates the NRV of real estate held for future development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. 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 debtors are taken into account when estimating recoverability.

3. CHANGE IN ACCOUNTING POLICY

The Corporation changed accounting for its interest in a joint venture from proportionately consolidated accounting to the equity method of accounting beginning January 1, 2013. This is required under IFRS 11, "Joint Arrangements", issued on May 12, 2011, which replaces 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 consolidated. The Corporation has applied IFRS 11 beginning on January 1, 2013 with retrospective application from the date of earliest period presented which is January 1, 2012. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

Refer to note 23 for the summarized adjustments made to the Corporation's consolidated balance sheets at January 1, 2012 and December 31, 2012, its consolidated statements of comprehensive income (loss) and cash flows for the year ended December 31, 2012.

4. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2013

The Corporation adopted new IFRSs and interpretations as of January 1, 2013, as noted below:

i) Application of new and revised IFRSs on consolidation, joint arrangements, associates and disclosures

The Corporation has applied the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"), IFRS 11 and IFRS 12 "Disclosures of Interests in Other Entities" ("IFRS 12") as well as the consequential amendments to IAS 27 (as revised in 2011) "Separate Financial Statements" ("IAS 27") and IAS 28 (as revised in 2011) "Investments in Associates" ("IAS 28") in the current period.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

As a result of the adoption of IFRS 10, the Corporation has changed its accounting policies with respect to determining whether it has control over and consequently consolidates its investees. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In accordance with the transitional provisions of IFRS 10, the Corporation has re-assessed the control conclusion for its investees at January 1, 2013 and concluded that the new standard will not change its control conclusion in respect of its investment in its subsidiaries.

Impact of the application of IFRS 11

Refer to note 3, Change in Accounting Policy, for a description of and the impact of the adoption of IFRS 11.

Impact of the application of IFRS 12

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in additional disclosures in the consolidated financial statements.

Impact of the application of IAS 28

IAS 28 was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Under IFRS 11, the Corporation determined that its joint venture has to be consolidated under the equity method as described by IAS 28. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

ii) Application of IFRS 13 "Fair Value Measurement"

improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In general, the application of IFRS 13 has resulted in additional disclosures in the consolidated financial statements as set out in note 17.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation.

RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

i) IFRS 9, "Financial Instruments"

On November 12, 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard was to be effective for annual periods beginning on or after January 1, 2015. In February 2014, the IASB tentatively decided the mandatory effective date of the final IFRS 9 would now be January 1, 2018. The final standard is expected in mid-2014. IFRS 9 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 the multiple classification options in IAS 39. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements.

ii) IAS 36, "Impairment of Assets" – Amendments to IAS 36

The amended standard requires entities to disclose the recoverable amount of an impaired Cash Generating Unit (CGU). The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and require retrospective application. This standard is not expected to have an impact on the Corporation's financial position or performance.

iii) IFRS 2, "Share-based payment"

"Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The definitions of 'vesting conditions' and 'market condition' were amended and the definitions of 'performance condition' and 'service condition' were added. An entity is required to prospectively apply that amendment to share-based payment transactions for which the grant date is on or after 1 July 2014. The Corporation will apply the improvements on share-based payment transactions, if any, made on or after July 1, 2014.

iv) IFRIC 21, "Levies"

In May 2013, the IASB issued IFRIC 21, "Levies" ("IFRIC 21") which provides guidance on accounting for levies in accordance with the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation clarifies that an entity is to recognize a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is to be accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. IFRIC 21 is effective for annual period commencing on or after January 1, 2014 and require retrospective application. The Corporation is currently evaluating the impact of IFRIC 21 on its financial statements.

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Land Under Development	Land Held for Future Development	Home Building	Total	Limited Partnerships	Consolidated Total
Gross book value						
As at January 1, 2012 [(1)]	135,956	77,820	10,422	**224,198**	77,068	**301,226**
Transfers	(17,393)	(1,938)	19,331	**-**	-	**-**
Acquisitions	-	-	23,914	**23,914**	-	**23,914**
Development	57,743	3,055	10,370	**71,168**	882	**72,050**
Sold	(52,285)	-	(33,407)	**(85,692)**	(3,454)	**(89,146)**
As at December 31, 2012 [(1)]	124,021	78,937	30,630	**233,588**	74,496	**308,084**
Transfers	(2,950)	(11,390)	14,340	**-**	-	**-**
Acquisitions	-	-	6,521	**6,521**	-	**6,521**
Development	40,998	4,403	34,699	**80,100**	99	**80,199**
Sold	(21,907)	-	(55,295)	**(77,202)**	-	**(77,202)**
As at December 31, 2013	140,162	71,950	30,895	**243,007**	74,595	**317,602**
Provision for write-downs						
As at January 1, 2012	3,296	4,072	-	**7,368**	3,386	**10,754**
Write-downs	1,849	16,419	-	**18,268**	14,878	**33,146**
As at December 31, 2012	5,145	20,491	-	**25,636**	18,264	**43,900**
Write-downs	646	7,539	-	**8,185**	8,097	**16,282**
As at December 31, 2013	5,791	28,030	-	**33,821**	26,361	**60,182**
Net book value						
As at January 1, 2012 [(1)]	132,660	73,748	10,422	**216,830**	73,682	**290,512**
As at December 31, 2012 [(1)]	118,876	58,446	30,630	**207,952**	56,232	**264,184**
As at December 31, 2013	134,371	43,920	30,895	**209,186**	48,234	**257,420**

(1) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3

During the year ended December 31, 2013, interest of $3,763 (2012 - $4,464) and other carrying costs of $Nil (2012 - $5), respectively, were capitalized.

6. AMOUNTS RECEIVABLE

	2013	2012
Agreements receivable	21,796	64,096
Mortgages receivable	1,524	9,501
Other receivables	314	1,285
	23,634	74,882
Allowance for doubtful accounts	(292)	(1,643)
	23,342	73,239

Agreements receivable for lot sales 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 which was realized in the current year on January 10, 2013. Certain agreements receivable and all mortgages receivable are interest bearing.

7. OTHER OPERATING ASSETS

	2013	2012
Deposits	5,004	4,989
Prepayments	151	1,151
Restricted cash	1,324	9,615
Property and equipment	636	478
	7,115	16,233

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 16 (d) for further details). Restricted cash is held in trust accounts.

8. INCOME TAXES

(a) Income tax was recognized in the consolidated statements of comprehensive income as follows:

	2013	2012
Current income tax	2,420	1,167
Deferred tax relating to origination and reversal of temporary differences	(457)	2,919
	1,963	4,086

(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% (2012 – 25%) to loss before income taxes. The difference resulted from the following:

	2013	2012
Loss before income taxes	(1,850)	(2,661)
Statutory tax rate	25.0%	25.0%
Expected income tax expense	(463)	(665)
Share-based payment transactions	52	84
Other non-deductible (recoveries) expenses	(8)	765
Non-controlling interest	2,382	3,902
Tax expense for the year	1,963	4,086

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

	2013	2012
Deferred tax assets	3,806	6,420
Deferred tax liabilities	(3,409)	(6,480)
	397	(60)

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

	2013	2012
Real estate held for development and sale	2,413	2,845
Non-capital loss carry-forwards*	84	497
Reserves from land sales	(3,409)	(4,532)
Unamortized financing costs	1,299	1,090
Other temporary differences	10	40
	397	(60)

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

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

	2013	2012
Real estate held for development and sale	(432)	270
Non-capital loss carry-forwards*	(413)	345
Reserves from land sales	1,123	(4,421)
Unamortized loan and credit facilities costs	209	827
Other temporary differences	(30)	60
	457	(2,919)

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

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

	2013	2012
Balance as at January 1	4,617	12,970
Provision	2,420	1,167
Payments	(3,925)	(9,520)
Balance as at December 31	3,112	4,617

9. LOANS AND CREDIT FACILITIES

	2013	2012[1]
Secured by land under development and agreements receivable	32,759	82,918
I. Land project loans, payable on collection of agreements receivable, bearing interest at rates ranging from prime +1.25% to the greater of 7.2% or prime +4.2% (the loan bearing interest at the greater of 7.2% or prime +4.2% was paid in full subsequent to the year end), secured by land held for development and sale with a carrying value of $126,516, due between March 1, 2014 and December 1, 2015.		
Secured by housing projects under development	2,305	2,281
II. 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.		
III. Projects loans, payable on collection of closing proceeds, bearing interest of prime +1.50%, secured by home building projects with a carrying value of $13,369, due by December 10, 2014.	8,716	6,487
Secured by land held for future development - Limited Partnership	7,850	7,850
IV. 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 $15,121 maturing March 1, 2014. The loan was renewed subsequent to the year end.		
	51,630	99,536
Deferred loans and credit facilities fees	(1,257)	(2,312)
	50,373	97,224

(1) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3

The weighted average interest rate of loan agreements was 5.83% (December 31, 2012 - 6.25%), based on December 31, 2013 balances.

During the year ended December 31, 2013, the Corporation received advances of $46,511 (2012 - $89,941) relating to various new and renewed loan facilities secured by real estate held for development and sale, and agreements receivable, bearing interest ranging from prime + 1.25% to the greater of 7.2% or prime + 4.2% per annum, with due dates ranging from March 1, 2014 to December 1, 2015.

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, 2014 to December 31, 2014	36,159
January 1, 2015 to December 31, 2015	15,471
	51,630

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. In addition, the Corporation has a secured revolving operating line repayable on demand to be used for its construction and serviced lot operations. This line has a financial covenant requiring that Genesis Builders Group Inc., the single-family home building business, maintain a net worth of at least $11.5 million at all times. Net worth, a non-IFRS financial measure, is defined as "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties".

As at December 31, 2013 and as at December 31, 2012, the Corporation and its subsidiaries were in compliance with all covenants.

10. 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 year ended December 31, 2013 and 2012:

	Year ended December 31,	
	2013	2012
Basic	44,838,401	44,664,086
Effect of dilutive securities - stock options	61,920	110,537
Diluted	44,900,321	44,774,623

In calculating diluted earnings per share for the year ended December 31, 2013, the Corporation excluded 235,000 options (2012 – 760,500) as their exercise prices were greater than the average market price of the Corporation's shares during those periods.

The Corporation has not issued any preferred shares.

11. STOCK OPTIONS

The Corporation has established a stock option plan for 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 not exceeding five years from the date of grant.

Details of outstanding stock options were as follows:

	Year ended December 31,			
	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	**1,231,722**	**$3.21**	1,788,221	$3.60
Options granted	**435,000**	**$3.43**	400,000	$3.35
Options exercised	**(95,472)**	**$2.21**	(281,441)	$1.93
Options expired	**(60,000)**	**$6.97**	(281,500)	$6.63
Options forfeited	**(61,500)**	**$3.45**	(356,808)	$3.73
Options settled in cash	**(389,250)**	**$2.77**	(36,750)	$2.01
Outstanding - end of period	**1,060,500**	**$3.32**	1,231,722	$3.21

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2013	Weighted Average Exercise Price	Number at December 31, 2013	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
0.01 - 3.00	51,500	$2.01	51,500	$2.01	0.91
3.01 - 4.00	1,009,000	$3.39	574,000	$3.38	3.45
	1,060,500	$3.32	625,500	$3.27	3.33

There were 435,000 options granted during the year ended December 31, 2013 (2012 – 400,000) with an average fair value of $0.81 per share (2012 - $1.03).

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:

	2013	2012
Risk-free interest rate	**0.99 - 1.24%**	1.12 - 1.16%
Estimated term period prior to exercise (years)	**2.50**	2.50
Volatility in the price of the Corporation's common shares	**34.46 - 38.27%**	45.44 - 51.40%
Forfeiture rate	**24.22%**	19.42 - 24.22%
Dividend yield rate	**0.00%**	0.00%

12. GENERAL AND ADMINISTRATIVE

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

	2013	2012
Corporate administration	2,132	1,967
Compensation and benefits *(note 20)*	7,450	4,981
Professional services	1,590	2,346
	11,172	9,294

13. SELLING AND MARKETING

Selling and marketing expenses of the Corporation consisted of the following:

	2013	2012
Advertising and marketing	2,023	3,530
Showhome expenses	335	418
	2,358	3,948

14. OTHER EXPENSES

Other expenses of the Corporation consisted of the following:

	2013	2012
Proxy contest costs	2,889	-
Share-based payments	206	337
Depreciation	159	336
Bad debt (recovery) expense	(82)	314
Other expenses	15	52
	3,187	1,039

15. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2013	2012
Interest expense	3,771	5,686
Loans and credit facilities fees	1,518	1,438
Interest and loans and credit facilities fees capitalized	(3,763)	(4,464)
	1,526	2,660

16. 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 "Action"). 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 (note 22). 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 Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. A cross claim against the Corporation by the third party co-defendant for $400 remains extant. The amount of additional liability, if any, which exceeds the non-controlling interest, is currently indeterminate.

b) The Corporation 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 two installments totaling $1,000 were made through 2013.

c) On February 19, 2008, the Corporation 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 six installments totaling $1,200 were made through 2013.

d) The Corporation has issued letters of credit pursuant to service agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As of December 31, 2013, the letters of credit amounted to $6,279 (December 31, 2012 – $3,801).

e) On July 15, 2011, a joint venture (note 18) obtained a credit facility in the amount of $17,000. The Corporation and a joint venture partner have each provided guarantees for 50% of this facility. The current balance of the credit facility is $Nil (2012 - $10,036).

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, 2013, a liability of approximately $3,298 (December 31, 2012 - $3,051) was recorded. The Corporation is selling lots in the last phase covered under this development. The payout of the 20% participation to the participants will be made on completion of the sale of lots in the last phase and collection of related proceeds along with an accounting of all related costs.

g) The Corporation has office and other operating leases with the following annual payments: not later than one year - $869; later than one year but not later than five years - $2,222; 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.

17. FINANCIAL INSTRUMENTS

a) Risks associated with financial instruments

(i) Credit risk

As at December 31, 2013, the Corporation carried $292 (2012 - $1,643) as allowance for doubtful accounts.

The Corporation 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. 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.

During the years ended December 31, 2013 and 2012, 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:

	2013	2012
Balance as at January 1	1,643	-
Recovery	(1,269)	-
Allowance	-	1,329
Bad debt (recovery) expense	(82)	314
As at December 31	292	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:

	2013	2012
Not past due	20,405	73,094
Past due 0 - 90 days	1,700	145
Past due 91 - 120 days	387	927
Past due 121 - 270 days	850	716
> 270 days	292	-
	23,634	74,882
Allowance for doubtful accounts	(292)	(1,643)
	23,342	73,239

Individual balances due from customers as at December 31, 2013, which comprise greater than 10% of total amounts receivable, totaled $19,877 from four customers (December 31, 2012 - $35,450 from two customers).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2013:

	< 1 Year	> 1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	16,759	-	**16,759**
Loans and credit facilities excl. deferred fees *(note 9)*	36,159	15,471	**51,630**
	52,918	15,471	**68,389**
Commitments			
Lease obligations *(note 16)*	869	2,222	**3,091**
Naming rights *(note 16)*	700	4,100	**4,800**
	54,487	21,793	**76,280**

At December 31, 2013, the Corporation had obligations due within the next 12 months of $54,487 (2012 - $46,824). Based on the Corporation' 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 $516 annually on floating rate loans.

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 the 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,			
	2013		2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss				
Cash and cash equivalents	**17,678**	**17,678**	10,005	10,005
Deposits	**5,004**	**5,004**	4,990	4,990
Restricted cash	**1,324**	**1,324**	9,615	9,615
Loans and receivables				
Amounts receivable	**23,342**	**22,750**	73,239	71,668
Other financial liabilities				
Accounts payable and accrued liabilities	**16,759**	**16,759**	23,559	23,559
Loans and credit facilities, excl. deferred loans and credit facilities fees	**51,630**	**51,554**	99,536	98,385

Fair value measurements recognized in the consolidated 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).

Cash and cash equivalents, deposits, and restricted cash are classified under Level 1 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

The fair values of the Corporation's amounts receivable and of loans and credit facilities were estimated based on current market rates for loans of the same risk and maturities. These are classified as Level 2 of the hierarchy. Accounts payable and accrued liabilities are classified under Level 2 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

During the year ended December 31, 2013 no transfers were made between the levels in the fair value hierarchy.

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,	
	2013	2012
Loans and credit facilities	50,373	97,224
Shareholders' equity	195,483	189,590
	245,856	286,814

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.

18. JOINT VENTURE

The Corporation formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. Refer to note 3 for the effects of change in accounting policy.

The following tables summarize the financial information of the JV and reconcile the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the equity method.

	December 31,		
	2013	2012	January 1, 2012
Assets			
Real estate held for development and sale	22,478	30,446	40,324
Amounts receivable	25,272	30,680	18,130
Other operating assets	-	-	10
Cash and cash equivalents	656	-	-
Total assets	48,406	61,126	58,464
Liabilities			
Loans and credit facilities	-	10,036	4,330
Accounts payable and accrued liabilities	4,228	2,973	4,064
Land development service costs	20,640	11,633	9,260
Total liabilities	24,868	24,642	17,654
Net assets	23,538	36,484	40,810
Corporation's share of net assets (50%)	11,769	18,242	20,405
Deferred gain and JV profit	(3,875)	(7,562)	(10,757)
Carrying amount on the consolidated balance sheets	7,894	10,680	9,648

	Year ended December 31,	
	2013	2012
Revenues		
Residential lot sales	36,276	20,266
Development land sales	-	7,860
	36,276	28,126
Cost of sales		
Residential lots	(28,558)	(15,756)
Development land	-	(7,464)
	(28,558)	(23,220)
General and administrative	(2,034)	(1,538)
Finance income	368	306
Earnings being comprehensive income	6,052	3,674
Corporation's share of earnings and comprehensive income (50%)	3,026	1,837
Deferred gain recognized	3,688	3,196
Deferred margin from JV on lots sold	(676)	(528)
Amount on consolidated statements of comprehensive income	6,038	4,505

	Year ended December 31,	
	2013	2012
Cash flows from operating activities	29,693	2,293
Cash flows (used in) financing activities	(29,037)	(2,293)
Net change in cash and cash equivalents	656	-

	Investment in JV	Income from JV
As at December 31, 2011	20,405	-
Gain deferred on lands sold to JV	(13,167)	-
Deferred gain recognized	2,410	-
At January 1, 2012	9,648	-
Share of net income in JV	1,837	1,837
Deferred gain recognized	3,195	3,196
Deferred margin from JV on lots sold	-	(528)
Distribution received	(4,000)	-
At December 31, 2012	10,680	4,505
At January 1, 2013	10,680	-
Share of net income in JV	3,026	3,026
Deferred gain recognized	3,688	3,688
Deferred margin from JV on lots sold	-	(676)
Distribution received	(9,500)	-
At December 31, 2013	7,894	6,038

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the year ended December 31, 2013 the JV sold 44 lots (2012 - 21) to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $8,096 (2012 - $3,880). The Corporation's accounts payable and accrued liabilities as at December 31, 2013 included $6,477 (December 31, 2012 - $6,740), related to the purchase of home building lots.

The Corporation deferred $13,167 when it contributed its share of land to the JV in 2010. As at December 31, 2013, the Corporation had realized $9,292 of that amount as a result of sales to third parties (2012 – $5,605). The remaining amount of $3,875 will be realized on future sale and development of lots and lands by the JV.

19. 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 earnings or loss 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 segment to the home building segment 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 year ended December 31, 2013 and 2012:

	Land Development Segment					
Year ended December 31, 2013	Genesis	LP	Total	Home Building Segment	Intersegment Elimination	Total[3]
Revenues	47,380	105	**47,485**	63,570	(14,978)	**96,077**
Cost of sales	(27,902)	(10)	**(27,912)**	(55,831)	13,795	**(69,948)**
Write-down of real estate	(8,185)	(8,097)	**(16,282)**	-	-	**(16,282)**
Gross margin	11,293	(8,002)	**3,291**	7,739	(1,183)	**9,847**
Income from JV	6,038	-	**6,038**	-	-	**6,038**
Proxy contest costs	(2,889)	-	**(2,889)**	-	-	**(2,889)**
G&A, selling & marketing, other expenses [1]	(6,863)	(1,681)	**(8,544)**	(7,485)	1,183	**(14,846)**
Earnings (loss) before income taxes and non-controlling interest	7,579	(9,683)	**(2,104)**	254	-	**7,997**
Segmented assets	221,290	53,596	**274,886**	47,338	(8,378)	**313,846**
Segmented liabilities	50,050	8,433	**58,483**	42,354	(4,917)	**95,920**
Net assets	171,240	45,163	**216,403**	4,984	(3,461)	**217,926**

	Land Development Segment					
Year ended December 31, 2012 [2]	Genesis	LP	Total	Home Building Segment	Intersegment Elimination	Total[3]
Revenues	96,042	4,778	**100,820**	39,497	(10,857)	**129,460**
Cost of sales	(57,334)	(3,498)	**(60,832)**	(34,817)	8,396	**(87,263)**
Write-down of real estate	(18,268)	(14,878)	**(33,146)**	-	-	**(33,146)**
Gross margin	20,440	(13,598)	**6,842**	4,680	(2,461)	**9,051**
Income from JV	4,505	-	**4,505**	-	-	**4,505**
G&A, selling & marketing, other expenses [1]	(10,547)	(1,771)	**(12,318)**	(6,370)	2,471	**(16,217)**
Earnings (loss) before income taxes and non-controlling interest	14,398	(15,369)	**(971)**	(1,690)	-	**(2,661)**
Segmented assets	272,198	66,102	**338,300**	42,165	(6,124)	**374,341**
Segmented liabilities	107,005	8,057	**115,062**	39,110	(6,140)	**148,032**
Net assets	165,193	58,045	**223,238**	3,055	16	**226,309**

(1) Includes other expenses, finance expense and finance income

(2) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3

(3) In view of the current strategic direction, cash and cash equivalents are no longer managed as a corporate asset and are now presented under the relevant segment. The Corporate segment has therefore been removed.

20. RELATED PARTY TRANSACTIONS

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

	2013	2012
Short-term benefits	2,848	1,433
Share-based payments	204	190
	3,052	1,623

Short-term benefits for 2013 included an amount of $609 paid out as severance to an-ex CEO of the Corporation.

An officer of a lender and significant shareholder served as a director from July 12, 2012 until September 4, 2013. The lender and the Corporation were consequently considered related parties for this period during which $4,748 of interest and fees were paid to the lender. Of this amount $1,244 relates to 2013 and $3,504 relates to 2012. The related debt was in place prior to the director assuming office on July 12, 2012 and no new financing or refinancing occurred subsequent to July 12, 2012. All transactions were agreed to under normal commercial terms and conditions.

The Corporation is the general partner in four limited partnership arrangements (note 22) and a 50% partner in the joint venture (note 18).

21. COMPARATIVE FIGURES

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

22. CONSOLIDATED ENTITIES

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.

The Corporation 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 Airdrie. All required capital repayments have been made to unit holders in LP 6/7.

The Corporation is entitled to management fees of 10% of the gross proceeds of the LP 6 offering memorandum payable to the Corporation as lands and lots are sold. The Corporation also owns 11.75% of LP 6'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. The Corporation 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 and losses 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, the Corporation is entitled to 50% of the remaining profits on the single-family lots. The Corporation 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, the Corporation 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, the Corporation completed the transaction with its own funds and assumed the loan obligations of LPLP 2007.

The Corporation has no ownership interest in LPLP 2007. However, as manager of LPLP 2007 properties, the Corporation 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.

LPLP 2007 has a loan amounting to $21,167 (2012 - $19,481) due to the Corporation. The loan is secured by a charge on land held by LPLP 2007.

All entities are incorporated in Canada and are listed in the following table:

	% equity interest as at	
Name	December 31, 2013	December 31, 2012
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%
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%
Joint Venture		
Kinwood Communities Inc.	50%	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4	0.001%	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
LP 6/7 Group		
Genesis Limited Partnership #6	11.75%	11.75%
Genesis Limited Partnership #7, GP GLP7 Inc., GLP7 Subco Inc.	0%	0%
LP 8/9 Group		
Genesis Limited Partnership #8	0.23%	0.23%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	0%	0%
GP GLP8 Inc.	100%	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	0%	0%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc., GP RRSP 2007 #2 Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1 0%		0%
LP RRSP Limited Partnership #2	0%	0%

The following tables summarize the information relating to the Corporation's subsidiaries that have material non-controlling interests (NCI) before any intra-group eliminations:

	December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,922	6,615	4,219	33,870	**52,626**
Other operating assets	-	418	-	-	**418**
Cash and cash equivalents	-	439	1	112	**552**
Total assets	7,922	7,472	4,220	33,982	**53,596**
Liabilities					
Loans and credit facilities	-	-	-	7,843	**7,843**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	-	418	-	169	**587**
Due to related parties	160	201	470	21,167	**21,998**
Total liabilities	160	619	470	29,181	**30,430**
Net assets	7,762	6,853	3,750	4,801	**23,166**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,822	8,212	4,530	40,059	**60,623**
Amounts receivable	-	4,876	-	-	**4,876**
Other operating assets	-	210	-	-	**210**
Cash and cash equivalents	-	314	1	79	**394**
Total assets	7,822	13,612	4,531	40,138	**66,103**
Liabilities					
Loans and credit facilities	-	-	-	7,798	**7,798**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	3	219	3	34	**259**
Due to related parties	70	189	448	19,481	**20,188**
Total liabilities	73	408	451	27,315	**28,247**
Net assets	7,749	13,204	4,080	12,823	**37,856**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	January 1, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,709	10,584	6,696	54,537	**79,526**
Amounts receivable	-	5,248	-	2	**5,250**
Other operating assets	-	-	2	-	**2**
Cash and cash equivalents	-	698	2	32	**732**
Total assets	7,709	16,530	6,700	54,571	**85,510**
Liabilities					
Loans and credit facilities	-	-	-	7,694	**7,694**
Customer deposits	1	-	-	28	**29**
Accounts payable and accrued liabilities	-	25	-	-	**25**
Due to related parties	1	650	444	17,772	**18,867**
Total liabilities	2	675	444	25,494	**26,615**
Net assets	7,707	15,855	6,256	29,077	**58,895**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	19	265	-	86	**370**
Net earnings (loss) being comprehensive income (loss)	12	(1,342)	(331)	(8,022)	**(9,683)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	50	5,044	-	124	**5,218**
Net earnings (loss) being comprehensive income (loss)	43	2,027	(2,175)	(15,265)	**(15,370)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	5,134	-	33	**5,167**
Cash flows used in financing activities	-	(5,009)	-	-	**(5,009)**
Net increase in cash and cash equivalents	-	125	-	33	**158**

	Year ended December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	4,292	-	47	**4,339**
Cash flows used in financing activities	-	(4,676)	-	-	**(4,676)**
Net (decrease) increase in cash and cash equivalents	-	(384)	-	47	**(337)**

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS

The following tables summarize the adjustments made to the Corporation's balance sheets at January 1, 2012 and December 31, 2012, its statement of comprehensive income (loss) and cash flows for the year ended December 31, 2012.

CONSOLIDATED BALANCE SHEET (In thousands of Canadian dollars)

	January 1, 2012		
	Previously reported	Adjustments	As restated
Assets		(a), (b)	
Real estate held for development and sale	299,916	(9,404)	290,512
Investment in joint ventures	-	9,648	9,648
Amounts receivable	43,451	(9,065)	34,386
Other operating assets	20,942	(6)	20,936
Deferred tax assets	2,859	-	2,859
Cash and cash equivalents	10,850	-	10,850
Total assets	378,018	(8,827)	369,191
Liabilities			
Loans and credit facilities	88,231	(2,165)	86,066
Customer deposits	7,582	-	7,582
Accounts payable and accrued liabilities	16,415	(2,032)	14,383
Income taxes payable	12,970	-	12,970
Land development service costs	16,201	(4,630)	11,571
Total liabilities	141,399	(8,827)	132,572
Equity			
Share capital	55,122	-	55,122
Contributed surplus	4,950	-	4,950
Retained earnings	119,776	-	119,776
Shareholders' equity	179,848	-	179,848
Non-controlling interest	56,771	-	56,771
Total equity	236,619	-	236,619
Total liabilities and equity	378,018	(8,827)	369,191

CONSOLIDATED BALANCE SHEET (In thousands of Canadian dollars)

	December 31, 2012		
	Previously reported	Adjustments	As restated
Assets		(a), (b)	
Real estate held for development and sale	271,845	(7,661)	264,184
Investment in joint ventures	-	10,680	10,680
Amounts receivable	85,230	(11,991)	73,239
Other operating assets	16,237	(4)	16,233
Cash and cash equivalents	10,005	-	10,005
Total assets	383,317	(8,976)	374,341
Liabilities			
Loans and credit facilities	102,242	(5,018)	97,224
Customer deposits	4,352	-	4,352
Accounts payable and accrued liabilities	21,309	2,250	23,559
Income taxes payable	4,617	-	4,617
Deferred tax liabilities	60	-	60
Land development service costs	24,428	(6,208)	18,220
Total liabilities	157,008	(8,976)	148,032
Equity			
Share capital	55,844	-	55,844
Contributed surplus	5,109	-	5,109
Retained earnings	128,637	-	128,637
Shareholders' equity	189,590	-	189,590
Non-controlling interest	36,719	-	36,719
Total equity	226,309	-	226,309
Total liabilities and equity	383,317	(8,976)	374,341

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (In thousands of Canadian dollars except per share amount)

	Year ended December 31, 2012		
	Previously reported	Adjustments	As restated
Revenues		(a), (c)	
Residential lot sales	51,933	(8,193)	43,740
Development land sales	49,389	(3,929)	45,460
Residential home sales	39,448	-	39,448
Other revenue	812	-	812
	141,582	(12,122)	129,460
Cost of sales			
Residential lots [1]	(24,412)	4,458	(19,954)
Development lands [1]	(38,694)	2,544	(36,150)
Residential homes [1]	(31,159)	-	(31,159)
Impairment of real estate held for development and sale [1]	(33,146)	-	(33,146)
	(127,411)	7,002	(120,409)
Gross margin	14,171	(5,120)	9,051
Equity income from joint venture	-	4,505	4,505
General and administrative [1]	(10,064)	770	(9,294)
Selling and marketing [1]	(3,948)	-	(3,948)
Other expenses	(1,039)	-	(1,039)
	(15,051)	770	(14,281)
Operating earnings from continuing operations	(880)	155	(725)
Finance income	862	(138)	724
Finance expense	(2,643)	(17)	(2,660)
Earnings before income taxes	(2,661)	-	(2,661)
Income taxes	(4,086)	-	(4,086)
Net earnings being comprehensive loss	(6,747)	-	(6,747)
Attributable to non-controlling interest	(15,608)	-	(15,608)
Attributable to equity shareholders	8,861	-	8,861
Net earnings per share - basic and diluted	0.20	-	0.20

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands of Canadian dollars except per share amount)

	Year ended December 31, 2012		
	Previously reported	Adjustments	As restated
Operating activities		(a), (d)	
Cash receipts from residential lot and development land	61,933	(12,856)	49,077
Cash receipts from residential home sales	40,545	-	40,545
Other cash receipts	6,856	-	6,856
Cash paid to suppliers for land development	(51,360)	9,800	(41,560)
Cash paid to suppliers for residential home construction	(37,909)	(954)	(38,863)
Cash paid to other suppliers and employees	(13,079)	3,026	(10,053)
Interest received	862	(138)	724
Incomes taxes paid	(9,520)	-	(9,520)
	(1,672)	(1,122)	(2,794)
Investing activities			
Acquisition of property and equipment	(449)	-	(449)
Change in restricted cash	(3,724)	(6)	(3,730)
Distribution received from joint venture	-	4,000	4,000
Proceeds on disposal of property and equipment	36	-	36
	(4,137)	3,994	(143)
Financing activities			
Advances from loans and credit facilities	102,303	(12,362)	89,941
Repayments of loans and credit facilities	(87,396)	9,490	(77,906)
Interest and loans and credit facilities fees paid	(6,043)	-	(6,043)
Distributions to unit holders of limited partnerships	(4,444)	-	(4,444)
Issue of share capital	544	-	544
	4,964	(2,872)	2,092
Change in cash and cash equivalents	(845)	-	(845)
Cash and cash equivalents, beginning of period	10,850	-	10,850
Cash and cash equivalents, end of period	10,005	-	10,005

a) This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

b) Equity accounting presents the net assets of the joint venture in a single line "Investment in Joint Venture". The change from proportionate consolidation therefore results in the reduction of various asset and liability line items. There has been no change in the Corporation's shareholders' equity as a result of adoption of IFRS 11.

c) The changes made to the consolidated statements of comprehensive income has resulted in the removal of various line items that were consolidated under the proportionate method and by bringing in the Corporation's share of the net income of the joint venture into a single line, "Equity income from joint venture". There has been no change in the net earnings or comprehensive income of the Corporation as a result of adoption of IFRS 11.

d) The changes made to the consolidated balance sheets and statements of comprehensive income due to the adoption of IFRS 11 has resulted in reclassification of various amounts on the consolidated statements of cash flows but has no impact on actual cash flows of the Corporation.

24. SUBSEQUENT EVENTS

The Corporation was named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario for $10,700 plus punitive damages (the "Action"). The Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. Refer to note 16 (a) for further details.

The Corporation closed the sale of a 121.91 acre industrial site (Acheson) located in Parkland County, west of Edmonton, Alberta for $14,000 on February 28, 2014. The proceeds from the sale were used to retire approximately $6.5 million of related property debt and the balance was used for general corporate purposes.

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