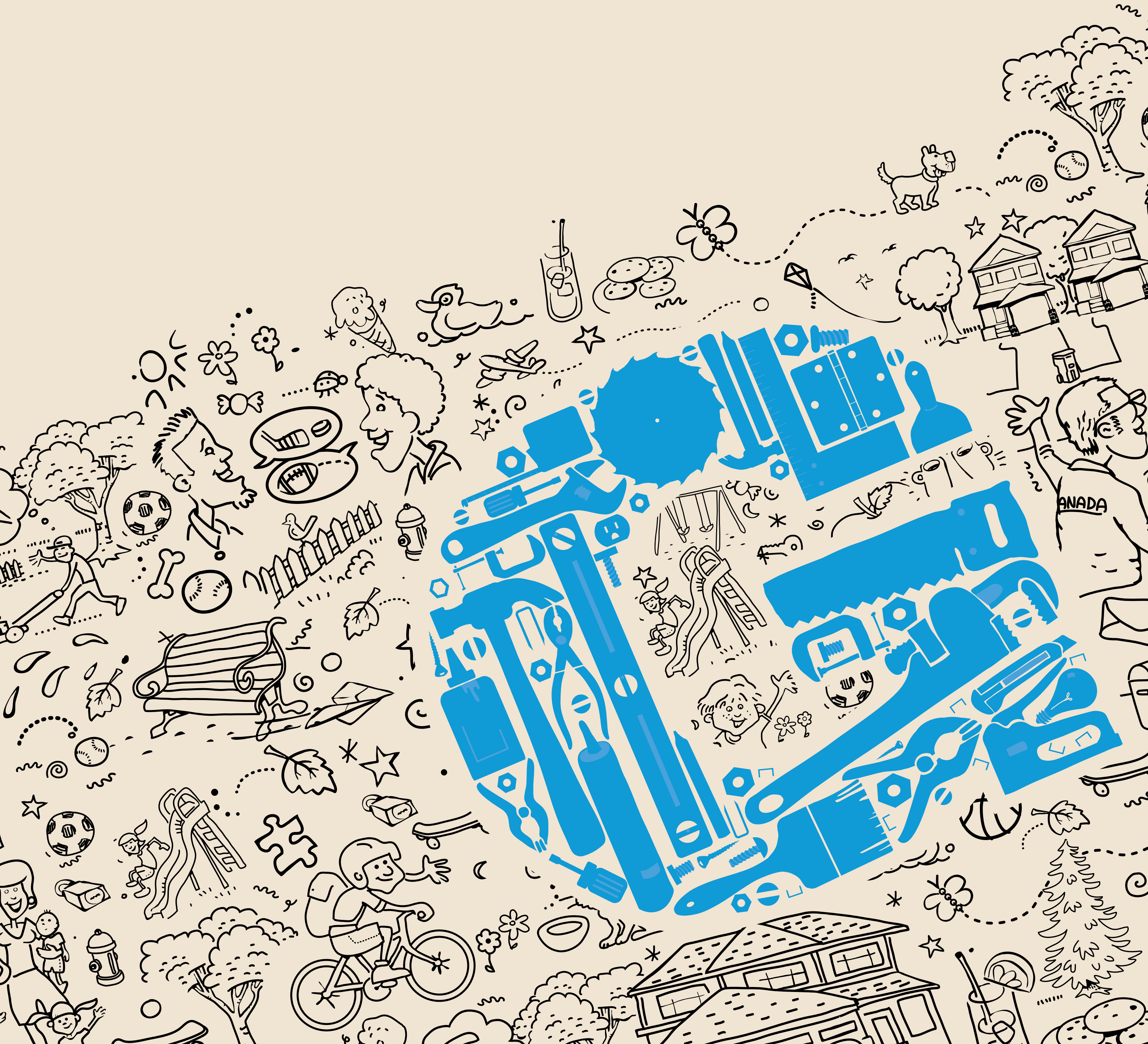
2014 ANNUAL REPORT

GENESIS LAND DEVELOPMENT CORP.



ENRICHING LIVES THROUGH INSPIRED COMMUNITIES

GENESIS

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A TURNAROUND YEAR FOR GENESIS

Last year, we predicted that 2014 was going to be 'a year of growth and profitability' for Genesis. I am pleased to report that this transpired – 2014 was our most successful year since inception, both financially and operationally. We achieved significantly improved results in our land development business and a fundamental turnaround in our home building business. This was a direct result of the successful execution of our strategic plan, supported by strong general economic conditions in Alberta over the majority of 2014.

Our team drove this success – by implementing the strategic plan and making lasting operational and financial changes that will add value to our company. This was the first opportunity this team had to show their strength and abilities, and they proved that Genesis is more than capable of delivering great results. We are now well positioned to build on these results for future success.

I'm proud to report that we achieved some significant milestones in 2014. During this time, we:

- Built a profitable home building business, achieving record growth in home sales from 164 to 220 and significantly improving margins and profitability;
- Completed the sale of the majority of our non-core lands by value;
- Acquired 350 acres of Calgary's finest mid-term land in Southeast Calgary, our first purchase in seven years. The Southeast Lands provide long-term growth potential in one of the most sought after communities in Calgary due to its near proximity to the South Calgary Health Campus/Regional Hospital and beautiful views of the Bow River Valley;
- Rolled out our investor relations plan, increasing and improving communication with shareholders;
- Paid our first ever special dividend payment of $0.12 per share to shareholders; and
- Greatly strengthened our financial position in the areas of profitability, cash flow, and reduced debt levels, resulting in a balance sheet poised to support our operations during economic uncertainty, future growth and, when appropriate, shareholder distributions.

While we have a much stronger company today than we did three years ago, our work is not complete. We will continue to strive to improve and maximize the value of Genesis. We will utilize our solid foundation to maintain our continued growth, adjust our operations to deal with varying market conditions and most importantly, continue to enrich lives – for our customers, our employees and our shareholders.

REFINING THE PLAN FROM A POSITION OF STRENGTH

We formally implemented a new strategic plan in early 2014 that provided a coherent and cohesive directional framework. Its primary focus is on building, and integrating, our existing land development and home building businesses in order to maximize shareholder value and position the platform for future growth, amongst other supporting initiatives. We've seen positive results to date from the successful integration of our land development and home building businesses focused on the Calgary Municipal Area ("CMA") market, resulting in improved strength for Genesis.

However, we recognize the need to continually re-evaluate and prepare for and adapt to change. The Board and Management have been working on refining the plan, building on its core strategies as we continue its execution going forward. We have created a number of strategic principles that define the company and clarify how we will operate over the next several years:

- Genesis is a sustainable and growing long-term business. We manage our land holdings to deliver growing unit volumes, cash flow, earnings and returns to shareholders well into the future;
- Genesis focuses its investments in residential lands in clearly aligned ownership structures;
- Genesis operates and structures itself to withstand and profit from the volatility of the CMA market;
- Genesis balances the allocation of capital between dividends to shareholders and sustaining and growing the business; and
- Genesis will continue to consult with shareholders regarding options to optimize shareholder liquidity over the longer term.

We are striving to achieve greater benefits through economies of scale by growing our single-family home business and entering into the four storey multi-family market to take better advantage of our existing land holdings. At the same time, we will regularly assess our inventory to ensure that we have the future capability to supply our businesses and to opportunistically acquire assets when circumstances warrant.

Looking forward, we expect a more competitive and challenging market in 2015. During the second half of 2014 and into 2015, Alberta saw a softening of economic fundamentals, primarily due to a significant drop in crude oil and natural gas prices that began in the middle of 2014. In addition, the overall economy is expected to be flat this year with a depressed Canadian dollar, which will likely contribute to some substantial headwinds. These factors are expected to constrain margins, erode profitability and the pace of activity in our local home building industry throughout 2015. More uncertainty surrounds 2016, depending on how long this softening continues. The depth of any potential impact will be highly dependent on changes to the economy, and more specifically to the oil and gas industry in Alberta, in the second half of 2015.

Fortunately, we stand in a position of strength that will allow us to respond to market fluctuations as needed. Today, Genesis is a well-managed company with solid financials, a wealth of developable assets, a strong team, and a good but challenging market overall. We provide affordable homes to our customers, many of which are first-time home buyers. As they do not need to sell existing homes, we believe this segment of the market is more resilient in a downturn and lessens any potential impact on our results. Targeting this group also aligns with our strategic and operational focus to build a sustainable and highly profitable home building business. I feel confident about our success in 2015 due to the strength of our order book of firm home sales contracts. As of the beginning of 2015, approximately two-thirds of our 2015 home building sales were firm sales that we expect to close this year (137 contracts). We are well on our way to meeting our target of 200 homes sold.

We expect that our debt will increase modestly in 2015 as we execute our development programs, but we will maintain a strong balance sheet with a conservative debt to equity ratio. In order to advance our plans and maximize value of our businesses, we will continue to push through development applications, look for sale or joint venture opportunities on lands such as the Sage Hill Crossing Town Centre development, and plan for our expansion into the four storey multi-family market.

With the strength of our operations and cash position, the most pressing question we have to answer this year is 'what are we going to do with the excess generated cash?' Do we invest in our existing assets? Should we consider new acquisitions to further supplement our land base and grow operations? Provide dividends to shareholders? Retain our cash until the economy shows signs of full recovery? The answer lies in a balance of the above. Your Board is carefully evaluating both timing and weighting of options in light of the current economic environment.

WELL-POSITIONED FOR THE FUTURE

We believe that 2015 is going to be a year of possibility for Genesis. We approach the year with a number of factors working in our favour. We have created a strong company with a solid financial position, more cash on hand than outstanding loans and significant unutilized debt capacity. Our core businesses are running more efficiently. Our current large portfolio of entitled residential and mixed-use land is capable of supporting our business for years to come as we continue to grow our profitable home building business. We have a strong team capable of translating actions into results and focused on continuing to improve Genesis on all fronts – operating efficiencies, financial standing and reputation.

We will celebrate our success, but temper it with a diligent, methodological approach to building the company and its future. This is not to say that 2015 and 2016 won't have challenges, but we are well situated to withstand market fluctuations and changes in the economic environment as well as seizing opportunities if they arise. As such, Genesis will benefit significantly as, and when, a rebound and strengthening of the Alberta economy occurs.

Our future continues to be bright. We have the ability to grow our businesses while balancing the needs of all our stakeholders, including shareholders. I'd like to thank the Genesis team and the Board for their commitment and response to driving Genesis forward, and shareholders for their continued belief and support in what we are doing. I'm proud of what we've accomplished, and look forward to continuing our success as we deliver results, further grow the company and maximize value.

Enriching lives through inspired communities – that is what we love to do – and we do it one home, one family, one neighbourhood at a time.

BRUCE RUDICHUK

President & Chief Executive Officer

March 28, 2015

BRUCE RUDICHUK, CA, CIRP

President & Chief Executive Officer

With over 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 of a privately held real estate company. He currently serves on the board of the Urban Development Institute - Calgary and previously 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 Alberta) 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 19 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 PRINGLE, B.Comm., C.A.

Vice Chair of the Board of Directors

YAZDI BHARUCHA, C.A., ICD.D

Director

MICHAEL BRODSKY, B.A., J.D., M.B.A.

Director

SENIOR MANAGEMENT

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 16 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 received her Digital Marketing Leadership Certificate from the Interactive Advertising Bureau of Canada. She has also gained accreditation from the Professional Home Building Institute for Sales Management. She currently sits on the Marketing Council for the Calgary Home Builders' Association.

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.

STEVEN GLOVER, M.B.A., FCA

Chair of the Audit Committee

MARK W. MITCHELL, B.A., MBA

Director

LOUDON OWEN, B.A., J.D., MBA

Director

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

Director

305% INCREASE IN EARNINGS FROM 2013

$17,395,000

HOMES WITH FIRM SALES CONTRACTS AT YEAR END

16% FROM 2013

137 2014

118 2013

NEW HOME ORDERS

26% FROM 2013

239 2014

189 2013

DEBT

53% FROM 2013

$23,892,000

CASH ON HAND

$33,048,000

CASH FLOW FROM OPERATIONS

$42,169,000

CASH FLOW PER SHARE

$0.94

THE GENESIS CENTRE

Inspiring Community Wellness

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 – a 225,000 square foot, $120 million multi-purpose complex built to enrich the health, wellness, and unity of communities in Northeast Calgary.

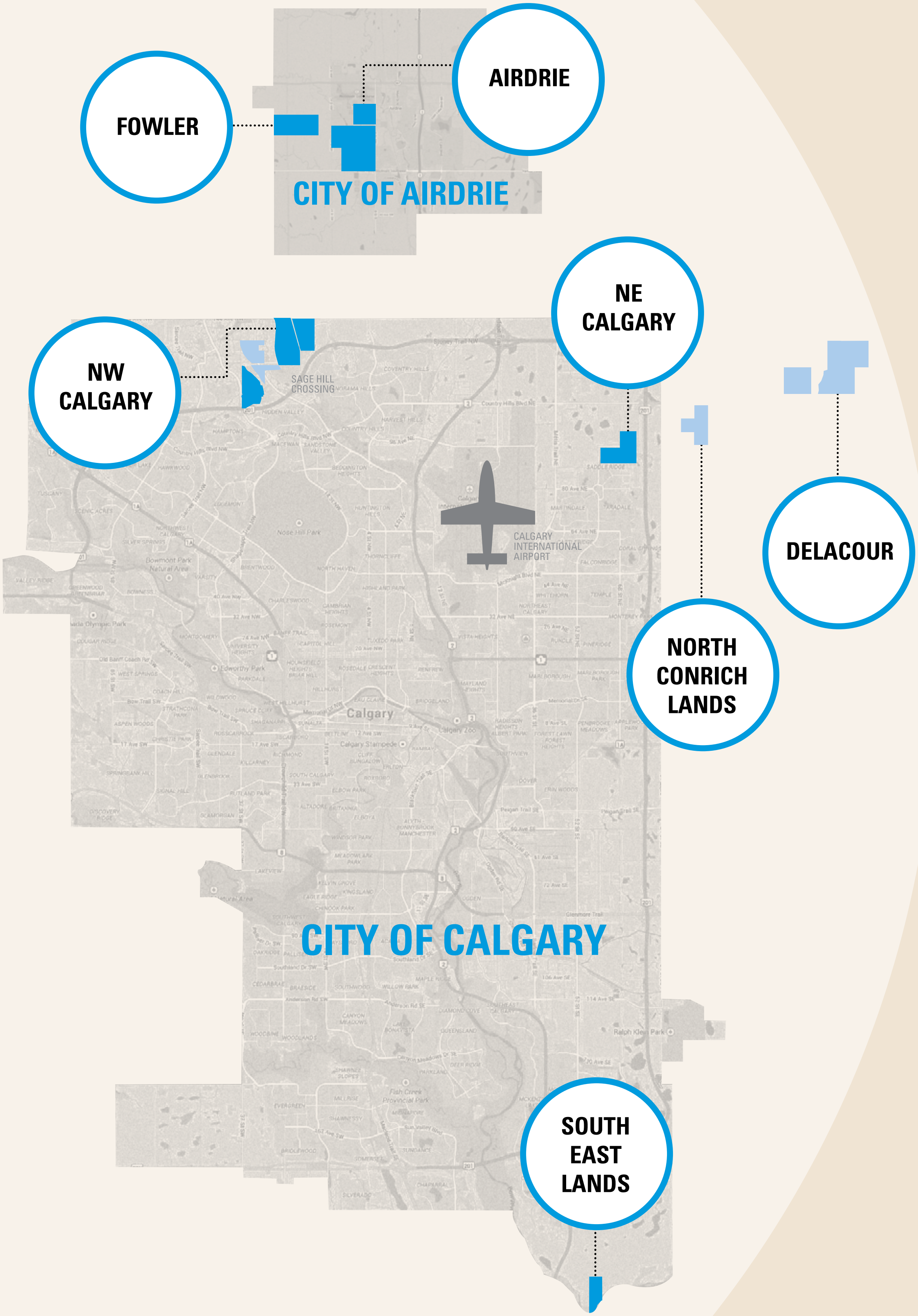
GENESIS PLACE

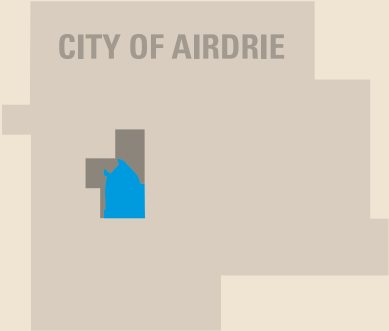
Genesis Place, the amazing recreation facility in Airdrie, acts as a gathering place, hub of activity and true heart of the community. We are proud of our commitment and on-going support of Genesis Place and what it means to the quality of life for the community of Airdrie.

SAM AWARDS FINALIST FOR 2014

Community of the Year – Calgary Region
Canals Landing, Airdrie

CURRENT PROJECTS


FOWLER
AIRDRIE
CITY OF AIRDRIE
NE CALGARY
NW CALGARY
SAGE HILL CROSSING
CALGARY INTERNATIONAL AIRPORT
DELACOUR
NORTH CONRICH LANDS
CITY OF CALGARY
SOUTH EAST LANDS

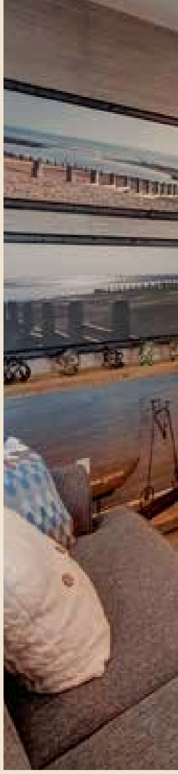


BAYSIDE

BAYSIDE
ESTATES

BAYSIDE

PIER11
BAYSIDE


BAYVIEW

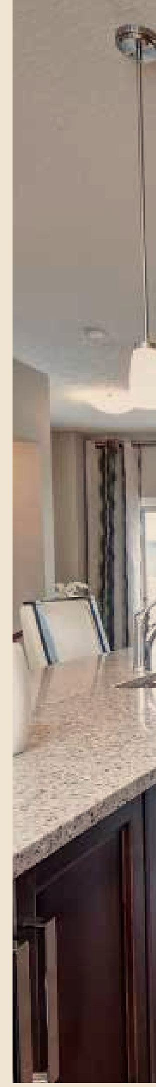
BIG SKY LIVING
BAYVIEW
· AIRDRIE ·

CANALS


5&

SADDLESTONE

Saddle STONE


SAGE MEADOWS

SOUTH EAST LANDS

MANAGEMENT'S DISCUSSION & ANALYSIS 2014

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2014

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, 2014 and 2013, prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements and comparative information have been reviewed by the Corporation's Audit Committee, consisting of three independent directors, and approved by the Board of Directors. Additional information, including the Corporation's Annual Information Form ("AIF") are 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 26, 2015.

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 reporting issuers. These additional GAAP and non-GAAP financial measures include net asset value, gross margin before recovery or write-down, and adjusted earnings per share. For a full description of these non-GAAP financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP Financial Measures" on page 40. Please also refer to page 43 for the "Non-GAAP Financial Measures" advisory and the "Forward Looking Statements" advisory.

OVERVIEW

Genesis is an integrated, award-winning land developer and residential home builder 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 under the symbol "GDC".

MARKET OVERVIEW

Alberta's general economic conditions were strong throughout the majority of 2014, based on continuing low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. Our current financial strength is a direct result of the execution of our strategic plan which, among other things, has a focus on reducing debt to enable Genesis to withstand market disruptions, consider shareholder distributions and pursue opportunistic investments.

In the second half of 2014 and into 2015, Alberta saw a softening of economic fundamentals, primarily due to a significant drop in crude oil and natural gas prices that began in the middle of 2014. These factors have resulted in a more competitive and challenging market in 2015, which is expected to constrain margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly into 2016. How long this softening continues and the depth of any potential impact will be highly dependent on changes to the economy, and more specifically to the oil and gas industry in Alberta, in the second half of 2015.

Entering 2015, Genesis had 137 homes with firm sales contracts that we expect to close in 2015. Our core businesses are running more efficiently, supported by a large portfolio of entitled residential and mixed-use land, which is well positioned and will benefit significantly from a rebound and strengthening of the Alberta economy. These various factors, along with more cash on hand than outstanding loans and significant unutilized debt capacity, provide management with the flexibility to adjust to a variety of changes in the economic environment.

CORPORATE HIGHLIGHTS

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

	Three months ended December 31,		Year ended December 31,	
	2014	2013	**2014**	2013
Key Financial Data				
Total revenues	**28,509**	26,331	**134,245**	96,077
Cost of sales (1)	**(21,122)**	(23,697)	**(95,244)**	(84,942)
Gross margin	**7,387**	2,634	**39,001**	11,135
Gross margin (%)	**25.9%**	10.0%	**29.1%**	11.6%
(Write-down) recovery of real estate held for development and sale	**(184)**	(4,155)	**4,177**	(16,282)
Gross margin before (write-down) recovery (2)	**7,571**	6,789	**34,824**	27,417
Gross margin before (write-down) recovery (%) (2)	**26.6%**	25.8%	**25.9%**	28.5%
Earnings (loss) before income taxes	**3,125**	2,485	**24,117**	(1,850)
Net earnings (3) attributable to equity shareholders	**2,858**	4,980	**17,395**	5,713
Net earnings per share – basic and diluted	**0.07**	0.11	**0.39**	0.13
Adjusted earnings per share – basic and diluted (2)	**0.06**	0.12	**0.37**	0.26
Cash flows from operating activities	**4,099**	1,086	**42,169**	53,952
Cash flows from operating activities per share – basic and diluted	**0.09**	0.02	**0.94**	1.20
Key Operating Data				
Residential lots sold to third parties (units)	**3**	62	**124**	150
Residential lots sold through the home building business segment (units)	**18**	36	**147**	110
Development land sold (acres)	**-**	-	**121.91**	11.28
Average revenue per lot sold to third parties	**208**	154	**192**	171
Average revenue per acre	**-**	-	**115**	591
Homes sold (units)	**66**	42	**220**	164
Average revenue per home sold	**422**	396	**436**	387
New home orders (units)	**38**	54	**239**	189

	As at December 31,	
	2014	2013
Homes with firm sale contracts (units)	**137**	118

	As at December 31,	
	2014	2013
Key Balance Sheet Data		
Cash and cash equivalents	**33,048**	17,678
Total assets	**309,742**	313,846
Loans and credit facilities	**23,892**	50,373
Total liabilities	**78,468**	95,920
Shareholders' equity	**208,101**	195,483
Total equity	**231,274**	217,926
Loans and credit facilities ("Debt") to total assets	**7.7%**	16.1%

(1) Includes (write-down) recovery of real estate held for development and sale.
(2) Non-GAAP financial measure. Refer to page 40 for further information.
(3) Net of income tax expense.

STRATEGY AND BUSINESS FOCUS

Highlights

The ongoing successful implementation of our strategic plan drove solid performance across the Corporation in both our land development and home building business segments in 2014. We realized a turnaround in our home building business and in our overall financial position throughout the year, taking advantage of a robust land and housing market in the Calgary Metropolitan Area during the majority of 2014. These factors resulted in the best overall year of operating results for Genesis, achieving rapidly growing home sales, strengthening profitability, strong cash flow, a reduction in debt levels and a balance sheet poised to support future growth. While there has been softening of economic fundamentals in Alberta during the second half of 2014 and into 2015, we are well situated to weather the expected challenges and continue to achieve positive results.

Earnings rose substantially to new levels:

- Earnings of $2,858 (2013 – $4,980) and $17,395 (2013 – $5,713) for the fourth quarter of 2014 ("Q4 2014") and the year ended December 31, 2014 ("YE 2014"), respectively.
- Large gains in our home building segment resulted in total revenue growth of 8.3% and 39.7% to $28,509 (2013 – $26,331) in Q4 2014 and $134,245 (2013 – $96,077) for YE 2014. Revenue for YE 2014 included the sale of Acheson development land for $14,000.

Continued strong cash flows from operations:

- Cash flow from operating activities for Q4 2014 was $4,099 ($0.09 per share) compared to $1,086 ($0.02 per share) in the fourth quarter of 2013 ("Q4 2013") and was $42,169 ($0.94 per share) at YE 2014 compared to $53,952 ($1.20 per share) at December 31, 2013 ("YE 2013").
- Receipts for YE 2014 included $13,784 from the sale of the non-core Acheson development land parcel while YE 2013 included the receipt of $27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development.

Balanced sheet strengthened:

- Significantly reduced utilization of loans and credit facilities to $23,892 at YE 2014 from $50,373 at YE 2013.
    - Genesis had more cash on hand at YE 2014 ($33,048) than drawn loans and credit facilities ($23,892), largely due to strong cash flows from operating activities and the sale of the non-core Acheson development land parcel in the first quarter of 2014 ("Q1 2014").
    - Debt to total assets dropped to 7.7% at YE 2014 from 16.1% at YE 2013. We have significant unutilized debt capacity to execute our strategic plan, further grow our business and to provide support in the event of a deeper economic downturn.

Home building profitability accelerated:

- The home building business segment achieved continued performance improvements with revenues, gross margins, earnings and volumes up significantly in Q4 2014 and YE 2014 compared to the same periods in 2013.
- Improved efficiencies and higher sales volumes produced increased gross margins of 15.9% and 16.7% for Q4 2014 and YE 2014, respectively, compared to 13.5% and 14.2% for the same periods in 2013.
- Earnings before income taxes and non-controlling interest ("NCI") increased for Q4 2014 and YE 2014 to $1,818 (2013 - $137) and $5,108 (2013 - $254).

Sharply higher increase in YE 2014 new home orders and firm sale contracts:

- Home sales were 66 and 220 for Q4 2014 and YE 2014, compared to 42 and 164 from the same periods in 2013.
- New home orders were 38 and 239 for Q4 2014 and YE 2014 as compared to 54 and 189 in the same periods in 2013. New home orders for the year increased by 26.5% despite a 29.6% decline in new home orders for the quarter.
- Homes with firm sale contracts increased 16.1% to 137 at YE 2014 compared to 118 homes with firm sale contracts at YE 2013, providing a strong base of committed revenue for 2015.

The land development segment continued revenue growth and improved profitability:

- Revenues increased by 24.3% for YE 2014 despite a decrease of 71.1% for Q4 2014.
- Earnings before income taxes and NCI for Q4 2014 and YE 2014 were $1,463 (2013 – $6,716) and $19,629 (2013 – $7,579), respectively.

First ever dividend payment:

- In 2014, Genesis took advantage of its strong earnings and balance sheet to pay its first dividend, a special dividend of $0.12 per share.

Major land acquisition:

- We acquired approximately 350 acres of land located in southeast Calgary along the Bow River for $52.5 million with $40.0 million payable over 5 years at 0% interest rate. The community is expected to include nearly 2,100 homes, parkland and supporting community commercial development. Once completed it will encompass a large scale residential community with multiple product categories in a rapidly growing area within the City of Calgary, and the development time-frame will support the planned growth of both our land development and homebuilding businesses. This transaction closed on January 6, 2015.

The Highlights section of this MD&A should be read in conjunction with the rest of this MD&A, which contains additional information and analysis. Further information on the Corporation's performance is also presented in the Land Development and Home Building sections of this MD&A. These sections are to be read in conjunction with note 17 (segmented information) in the consolidated financial statements for the years ended December 31, 2014 and 2013. These sections of the MD&A present the business segment revenues and expenses before inter-company eliminations.

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 Calgary Metropolitan Area. All costs are segmented, including selling costs, general and administrative costs and finance expense.

Major factors affect the results of our operations, including:

1. The strategic decision to reserve a significant portion of developed lots for our rapidly growing home building business segment defers the related revenues and earnings from those lots until the sale of the home and lot. 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 as home building volume growth moderates.
2. The development and sale of land (typically represented by a community with one, or a combination, of multi-family, industrial or commercial zoned components) occurs over a substantial period of time. The sales of such parcels do not occur on a predictable schedule as is the general pattern for residential lots. Consequently, the sale of development land and collection of proceeds can create significant volatility in the revenues, earnings and cash flows from operating activities of Genesis.
3. 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 typically realize higher lot and home building revenues in the summer and fall months when home building sales peak.
4. Lot prices and 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, and are dependent on how long the Corporation has owned the land.

Land Development

Our strategy is to continue to profitably grow our land development and housing operations in unison, thereby enabling more lots to be sold through our home building business segment. This strategy allows us to realize both the land development margin and the home building margin. In the short-term, and to the extent that lots sold through our home building business segment would otherwise have been sold to third party builders, land development revenue would be deferred as those lots sold through the home building business segment and related profits are not recognized until the home is built and delivered. The impact of the deferral will be reduced as targeted growth in our home building business segment is achieved.

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% change	2014	2013	% change
Key Financial Data						
Residential lot sales [1]	**4,169**	14,421	(71.1%)	**45,026**	40,817	10.3%
Development land sales	**-**	-	-	**14,000**	6,668	110.0%
Total revenue	**4,169**	14,421	(71.1%)	**59,026**	47,485	24.3%
Direct cost of sales	**(1,851)**	(8,698)	(78.7%)	**(38,715)**	(27,912)	38.7%
Gross margin before recovery (write-down) [2]	**2,318**	5,723	(59.5%)	**20,311**	19,573	3.8%
Gross margin before recovery (write-down) (%) [2]	**55.6%**	39.7%		**34.4%**	41.2%	
(Write-down) recovery of real estate held for development and sale	**(184)**	(4,155)	(95.6%)	**4,177**	(16,282)	N/R [5]
Equity income from joint venture	**903**	3,213	(71.9%)	**4,580**	6,038	(24.1%)
Other net expenses [3]	**(2,558)**	(2,433)	5.1%	**(8,528)**	(11,433)	(25.4%)
Land development EBIT [4]	**479**	2,348	(79.6%)	**20,540**	(2,104)	N/R [5]
Key Operating Data						
Residential lots sold to third parties	**3**	62	(95.2%)	**124**	150	(17.3%)
Residential lots sold through the home building business segment	**18**	36	(50.0%)	**147**	110	33.6%
Total residential lots sold	**21**	98	(78.6%)	**271**	260	4.2%
Development land sold (acres)	**-**	-	-	**121.91**	11.28	N/R [5]
Average revenue per lot sold	**199**	147	35.4%	**166**	157	5.7%
Average revenue per acre sold	**-**	-	-	**115**	591	(80.5%)

(1) Includes residential lot sales and other revenue.
(2) Non-GAAP financial measure. Refer to page 40 for further information.
(3) Other net expenses includes general and administrative, selling and marketing and net finance expense.
(4) Segmented earnings (loss) before income taxes ("EBIT").
(5) Not reflective due to percentage increase.

Revenues were lower for Q4 2014 than in Q4 2013 due to decreased volumes of residential lot sales, both to third parties and to the home building business segment. The volume of lot sales are usually higher when new sub-divisions are brought on stream and are also impacted by the pace at which pool lots are picked up by partner builders. Gross margin percentage on residential lots increased to 55.6% in Q4 2014 from 39.7% in Q4 2013. Other net expenses were slightly higher in Q4 2014 compared to Q4 2013 mainly due to an increase in land development segment and corporate personnel that were required for the increase in activities in 2014.

Revenues for YE 2014 were higher than those for YE 2013 due to higher residential lot sales and the sale of a non-core development land parcel and a small multi-family parcel. 2014 included the sale of the non-core Acheson property for $14,000 which was close to its carrying value and thus generated a low gross margin. Eliminating the impact of the sale of this non-core property on both revenue and cost of sales results in a gross margin of 44.1% which is similar to 2013. Gross margin from the sale of development lands is dependent on a variety of factors such as location, supply of land, zoning regulations, interest rates and how long the Corporation has owned the land.

Gross margin on single family lots was higher at YE 2014 at 44.1% compared to 41.9% at YE 2013. This typically varies by community, based on the nature of the development work to be undertaken before the lots are ready for sale and how long the Corporation has owned the land.

Other expenses decreased by 25.4% during YE 2014 compared to YE 2013, mainly due to one-time proxy contest costs incurred in the third quarter of 2013 ("Q3 2013"). In YE 2014, we incurred higher selling and marketing expenses related to the sale of the non-core Acheson development land parcel and increased community marketing activity, offset by lower net finance expenses. The land development segment and corporate personnel increased to 32 at YE 2014 from 27 at YE 2013.

Home Building

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% change	2014	2013	% change
Key Financial Data						
Revenues [1]	**27,832**	16,668	67.0%	**96,029**	63,570	51.1%
Cost of sales	**(23,407)**	(14,419)	62.3%	**(79,985)**	(54,543)	46.6%
Gross margin	**4,425**	2,249	96.8%	**16,044**	9,027	77.7%
Gross margin (%)	**15.9%**	13.5%		**16.7%**	14.2%	
Other net expenses [2]	**(2,607)**	(2,112)	23.4%	**(10,936)**	(8,773)	24.7%
Home building EBIT [3]	**1,818**	137	N/R [4]	**5,108**	254	N/R [4]
Key Operating Data						
Homes sold	**66**	42	57.1%	**220**	164	34.1%
Average revenue per home sold	**422**	396	6.6%	**436**	387	12.7%

(1) Revenues include residential home sales and other revenue.
(2) Other net expenses includes general and administrative, selling and marketing and net finance expense.
(3) Segmented earnings before income taxes.
(4) Not reflective due to percentage increase.

Genesis realized higher revenues as well as higher average revenues per home during Q4 2014 and YE 2014 compared to the same periods in 2013 due to a combination of the sales mix and the larger number of homes sold compared to the same periods in 2013. Single-family homes typically command higher sale prices than multi-family homes or attached duplexes. Of the 66 homes sold during Q4 2014, 54 were single-family homes and 12 were multi-family homes compared to 29 single-family and 13 multi-family homes in Q4 2013. Of the 220 homes sold in 2014, 207 were single-family homes and 13 were multi-family homes compared to 113 single-family homes and 51 multi-family homes in 2013.

Gross margin percentage for 2014 was higher compared to the same periods in 2013 due to a combination of significantly higher volumes, greater operating efficiencies and the overall strength of the home building market in the Calgary Metropolitan Area during the year. The strong housing market in the Calgary Metropolitan Area in 2014 allowed for increases in the selling price of quick possession homes, adding to the improved gross margin percentage.

Other expenses increased by 23.4% and 24.7% in Q4 2014 and YE 2014, respectively, due to higher general and administrative expenses and selling and marketing expenses, but were at a much slower pace of increase than home building revenues. These expenses were necessary to achieve aggressive revenue and profitability targets. The number of employees at YE 2014 increased to 49 from 36 at YE 2013 in order to achieve increased home building volume and customer service targets. The increase in other expenses was partially offset by lower net finance expenses due to reduced debt levels and lower interest rates.

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% change	2014	2013	% change
Interest incurred	**360**	896	(59.8%)	**1,853**	3,771	(50.9%)
Financing fees amortized	**201**	378	(46.8%)	**991**	1,518	(34.7%)
Interest and financing fees capitalized	**(294)**	(1,042)	(71.8%)	**(1,736)**	(3,763)	(53.9%)
	267	232	15.1%	**1,108**	1,526	(27.4%)

Interest incurred relates to operating loans secured by land and home building operations. The lower interest incurred during Q4 2014 and YE 2014 compared to the same periods in 2013 was mainly due to significantly lower average outstanding loans and credit facilities. The weighted average interest rate of loan agreements was 5.57% (YE 2013 – 5.83%), based on YE 2014 balances. This was 4.65% (YE 2013 – 5.58%), based on YE 2014 balances, after excluding $7,850 relating to a limited partnership.

SEGMENTED BALANCE SHEETS

	December 31, 2014						December 31, 2013
	Land Development						
	Genesis	LPs	Intra -segment Eliminations	Home Building[1]	Eliminations	Consolidated	Consolidated
Assets							
Real estate held for development and sale	152,429	55,528	-	35,557	(3,391)	**240,123**	257,420
Amounts receivable	17,516	4	-	140	-	**17,660**	23,342
Cash and cash equivalents	21,019	477	-	11,552	-	**33,048**	17,678
Other assets	55,512	1,059	(25,146)	4,781	(17,295)	**18,911**	15,406
Total assets	246,476	57,068	(25,146)	52,030	(20,686)	**309,742**	313,846
Liabilities							
Loans and credit facilities	8,310	7,804	-	7,778	-	**23,892**	50,373
Provision for future development costs	18,279	-	-	3,666	-	**21,945**	20,448
Other liabilities [2]	17,018	25,190	(25,146)	32,870	(17,301)	**32,631**	25,099
Total liabilities	43,607	32,994	(25,146)	44,314	(17,301)	**78,468**	95,920
Net assets	**202,869**	**24,074**	-	**7,716**	**(3,385)**	**231,274**	217,926

(1) Other liabilities under the home building business segment includes $14,164 (2013 – $19,187) due to the land development segment related to land and lot purchases.
(2) Other liabilities under the LPs segment comprises customer deposits and accounts payable and accrued liabilities and includes $24,091 (2013 – $21,998) due to Genesis. Refer to note 20 in the consolidated financial statements for the years ended December 31, 2014 and 2013.

LIQUIDITY AND CAPITAL RESOURCES

Genesis had more cash on hand than outstanding loans and also had significant unutilized debt capacity, providing management with the flexibility to adjust to a variety of changes in the economic environment. We are able to meet our operating and capital needs through a number of sources, including cash flows from operations and from our short-term and long-term borrowings under our credit facilities. Our debt decreased substantially during 2014 as funds received from the sale of the non-core Acheson development land, lot payouts, and residential home sales were used to pay down related project debt. These activities improved our financial strength by reducing loans and credit facilities outstanding to $23,892, total liabilities to equity ratio to 0.34 and debt to total assets to 7.7% at YE 2014 compared to $50,373, 0.44 and 16.1%, respectively at YE 2013. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. Genesis and its subsidiaries were in compliance with all covenants as at YE 2014 and YE 2013.

Real Estate Held for Development and Sale

	December 31, 2014	2013	% change
Real estate held for development and sale	**292,013**	317,602	(8.1%)
Provision for write-downs	**(51,890)**	(60,182)	(13.8%)
	240,123	257,420	(6.7%)

Real estate held for development and sale decreased by $17,297 at YE 2014 compared to the YE 2013. This was primarily due to the sale of the non-core Acheson development land parcel, recoveries of shared costs and the sale of residential lots. This decrease was partially offset by land development activities and recovery of write-downs previously made. Refer to note 4 in the consolidated financial statements for the years ended December 31, 2014 and 2013.

The following table presents our real estate held for development and sale at YE 2014. For additional information on Appraised Value below, see the Non-GAAP measures section of this MD&A on page 40:

	Land under development				Land held for future development			Total			
Land Development Segment	Net carrying value	Appraised value	Acres	Lots	Net carrying value	Appraised value	Acres	Net carrying value	Appraised value	Acres	Lots
Residential											
Airdrie [1]	32,814	96,636	213	166	8,018	31,860	90	40,832	128,496	303	166
Calgary NW [2]	18,877	39,089	44	27	-	-	-	18,877	39,089	44	27
Calgary NE [3]	14,532	33,315	4	184	7,394	16,000	46	21,926	49,315	50	184
	66,223	169,040	261	377	15,412	47,860	136	81,635	216,900	397	377
Mixed use [4]	51,037	79,919	71	-	18,448	26,552	1,788	69,485	106,471	1,859	-
Other assets [5],[9]	1,673	2,380	114	14	5,018	6,780	1,990	6,691	9,160	2,104	14
Total Land development segment [6]	**118,933**	**251,339**	**446**	**391**	**38,878**	**81,192**	**3,914**	**157,811**	**332,531**	**4,360**	**391**
Home Building Business Segment [6],[8]								**32,165**	**35,557**	**-**	**151**
Total land and home building segments								**189,976**	**368,088**	**4,360**	**542**
Limited Partnerships [7]								50,147	60,170	2,387	-
Real estate held for development and sale								**240,123**	**428,258**	**6,747**	**542**

(1) Airdrie comprises the communities of Bayside, Bayview and Canals.
(2) Calgary NW comprises the community of Sage Meadows.
(3) Calgary NE comprises the community of Saddlestone.
(4) Mixed use comprises Delacour, North Conrich and Sage Hill Crossing.
(5) Other assets comprises Brooks, Dawson Creek, Kamloops, Mitford Crossing, Mountain View Village, Prince George and Spur Valley.
(6) Lots include 308 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 4 in the consolidated financial statements for the year ended December 31, 2014.
(8) Housing projects under development. Refer to note 4 in the consolidated financial statements for the year ended December 31, 2014.
(9) Other assets includes non-core assets which represent 3.7% (2013 – 10.8%) of Genesis' Land portfolio with a carrying value of $5,789 (2013 – $19,382).

The following table presents the home building business segment's lot supply at YE 2014:

Project	Lots at Jan 1, 2014	Lot purchases in 2014	Homes sold during 2014	Lots at December 31, 2014[1]	Lots with firm sale contracts	Unsold lots at December 31, 2014	Breakdown of unsold lots: Vacant lots	Spec. homes for quick possession	Show-homes	Price range of homes sold
Airdrie										
Bayside	13	149	(23)	139	(4)	135	105	26	4	$277-$479
Canals	50	-	(43)	7	(5)	2	-	-	2	$298-$646
	63	149	(66)	146	(9)	137	105	26	6	$277-$646
Calgary NW										
Evansridge[2]	42	22	(35)	29	(7)	22	22	-	-	$371-$562
Kinwood[3]	82	32	(39)	75	(44)	31	10	20	1	$433-$667
Sage Meadows	35	-	(8)	27	(27)	-	-	-	-	$383-$737
Sherwood	5	-	(2)	3	(3)	-	-	-	-	$789-$1065
	164	54	(84)	134	(81)	53	32	20	1	$371-$1065
Calgary NE										
Saddlestone	119	130	(70)	179	(47)	132	132	-	-	$254-$705
Total	**346**	**333**	**(220)**	**459**	**(137)**	**322**	**269**	**46**	**7**	$254-$1065

(1) Closing supply of lots at YE 2014 includes 459 lots, of which 308 have been reserved/contracted for sale to the home building business segment from the land development segment and 151 lots have been purchased from the land development segment and from the joint venture at market prices.
(2) Lots purchased from third parties.
(3) Lots purchased from joint venture.

Amounts Receivable

	December 31, 2014	December 31, 2013	% Change
Amounts receivable	17,660	23,342	(24.3%)

Amounts receivable decreased by $5,682 for YE 2014 as compared to the prior year. This was mainly as a result of collections of receivables from third parties and change in mix of sales due to our strategy to grow the home building segment, resulting in lower sales to third party builders. Genesis generally retains title to lots and homes until full payment is received in order to mitigate credit exposure.

Cash Flows from Operating Activities

	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Cash flows from operating activities	4,099	1,086	42,169	53,952
Cash flows from operating activities per share – basic and diluted	0.09	0.02	0.94	1.20

Cash flows from operating activities were higher in Q4 2014 compared to Q4 2013 due to an increase in the number of sales of residential homes. This increase was partially offset by lower cash receipts from the sale of residential lots to third parties.

Cash flows from operating activities was $42,169 for YE 2014 compared to $53,952 for YE 2013 due to lower receipts from land sales and from the sale of residential lots in 2014. Receipts for YE 2014 included $13,784 from the sale of the non-core Acheson development land parcel while YE 2013 included the receipt of $27,713 from the sale of sites 1 and 2 in the Sage Hill Crossing commercial development. Lower receipts from the sale of residential lots in 2014 were partially offset by higher receipts from the sale of residential homes.

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31,		December 31,	
	2014	% of Total	2013	% of Total
Loans and credit facilities	**23,892**	**8%**	50,373	16%
Customer deposits	**5,515**	**2%**	5,228	2%
Accounts payable and accrued liabilities	**22,683**	**7%**	16,759	5%
Provision for future land development costs	**21,945**	**7%**	20,448	7%
Income taxes payable	**4,433**	**1%**	3,112	1%
Total liabilities	**78,468**	**25%**	95,920	31%
Non-controlling interest	**23,173**	**7%**	22,443	7%
Shareholders' equity	**208,101**	**68%**	195,483	62%
	309,742	**100%**	313,846	100%

Loans and Credit Facilities

Loans and credit facilities are used primarily to finance the costs of developing land, building houses and for land purchases, in certain circumstances.

Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet the above liabilities 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 YE 2014 and as at the end of the previous four quarters:

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Land development loans	16,600	16,788	16,168	23,473	40,609
Home building loans	7,818	457	4,525	10,569	11,021
	24,418	17,245	20,693	34,042	51,630
Unamortized deferred financing fees	(526)	(726)	(820)	(1,074)	(1,257)
Balance, end of period	23,892	16,519	19,873	32,968	50,373

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

	For the year ended December 31,	
	2014	2013
Balance, beginning of period (1)	**50,373**	97,224
Advances	**27,484**	46,511
Repayments	**(55,347)**	(94,214)
Interest and financing fees incurred	**2,693**	3,835
Interest and financing fees paid	**(1,311)**	(2,983)
Balance, end of period (1)	**23,892**	50,373

(1) Loans and credit facilities includes $7,850 related to a limited partnership which is guaranteed by Genesis.

Total liabilities to equity ratio was as follows:

	December 31,	
	2014	2013
Total liabilities	78,468	95,920
Total equity	231,274	217,926
Total liabilities to equity ratio [(1)]	0.34	0.44

(1) Calculated as total liabilities divided by total equity.

The Corporation's debt decreased substantially during 2014 as funds received from the sale of the non-core Acheson development land, lot payouts, and residential home sales were used to pay down related project debt. These activities improved our financial strength by reducing loans and credit facilities outstanding to $23,892 and the total liabilities to equity ratio to 0.34 at YE 2014 compared to $50,373 and 0.44 at YE 2013.

Genesis 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 material changes in the Corporation's ownership structure. In addition, the home building business segment has a secured revolving operating line repayable on demand to be used for home construction and the acquisition of serviced lots. This line has a financial covenant requiring that Genesis Builders Group Inc. ("GBG") maintain a net worth of at least $11,500 at all times. Net worth, a non-GAAP financial measure, as defined by the lender is "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties". Genesis and its subsidiaries were in compliance with all covenants as at YE 2014 and YE 2013.

Provision for Future Land Development Costs

Genesis sells lots for which it is responsible to pay for costs-to-complete. The cost of these remaining services is recognized as a liability when the related revenue is recognized. Provision for future land development costs increased by $1,497 at YE 2014 compared to YE 2013, mainly due to larger sale volumes net of recoveries from Sage Hill Crossing active phases.

Income Tax Payable

The changes in income tax payable are as follows:

	For the year ended December 31,	
	2014	2013
Balance, beginning of period	3,112	4,617
Provision for current income tax	6,953	2,420
Net payments	(5,632)	(3,925)
Balance, end of period	4,433	3,112

The increase in income tax provision is due to the improved profitability of the Corporation in 2014.

Non-Controlling Interest

Non-controlling interest increased at YE 2014 compared to YE 2013 mainly due to recovery of write-downs on real estate held for development and sale ($2,903), offset, in part, by expenses incurred by the limited partnerships and paid by Genesis.

Refer to note 20 in the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information on the limited partnerships.

Shareholders' Equity

As at March 26, 2015, the Corporation had 44,931,200 common shares issued and outstanding. In addition, options to acquire 2,691,000 common shares of Genesis were issued and outstanding under our stock option plan.

Return on equity was 8.6% at YE 2014 (YE 2013 – 3.0%) calculated on a rolling 12 month basis. Return on equity is calculated by dividing net income by average shareholders' equity. Return on equity increased at YE 2014 as the net income calculated on a rolling 12 month basis was significantly higher than that at YE 2013. Average shareholders' equity as at YE 2014 was higher than that at YE 2013 even after payment of a special cash dividend of $5,386 ($0.12 per share). Changes in the Corporation's net asset value are not reflected in the calculation of return on equity mentioned above.

Contractual Obligations and Debt Repayment

Our contractual obligations as at YE 2014 were as follows, excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future land development costs:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Southeast Land Purchase	Total
Current	16,568	700	934	10,000	**28,202**
January 2016 to December 2016	7,850	700	953	8,000	**17,503**
January 2017 to December 2017	-	700	574	8,000	**9,274**
January 2018 and thereafter	-	2,000	62	24,000	**26,062**
	24,418	4,100	2,523	50,000	**81,041**

(1) Excludes deferred financing fees.

Management believes that Genesis has sufficient liquidity from its operating activities, supplemented by credit facilities, to meet all obligations.

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.

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 three installments totaling $1,500 were made up to and through 2014.

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 seven installments totaling $1,400 were made up to and through 2014.

Genesis entered into an agreement with Morguard Real Estate Investment Trust ("Morguard") to lease the Genesis' office building. The basic rent per annum was $349 in the first year, which increases progressively to $426 in the fifth year. The lease with Morguard commenced on August 1, 2012 and terminates on July 31, 2017. The lease includes an option in favor of Genesis to extend the term for an additional five-year period at market rent. Genesis has other minor operating leases as well.

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 note 14 of the consolidated financial statements.

Current Contractual Obligations

	December 31, 2014	December 31, 2013
Loans and credit facilities, excluding deferred financing fees	**16,568**	36,159
Accounts payable and accrued liabilities	**22,683**	16,759
Total short-term liabilities	**39,251**	52,918
Commitments[1]	**11,634**	1,570
	50,885	54,488

(1) Commitments comprise naming rights, lease obligations and payments for the southeast land acquisition.

As at YE 2014, Genesis had obligations due within the next 12 months of $50,885, of which $16,568 related 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

	2014	2013	2012(1)
Total revenues	**134,245**	96,077	129,460
Gross margin	**39,001**	11,135	9,051
Net earnings attributable to equity shareholders	**17,395**	5,713	8,861
Net earnings per share – basic and diluted	**0.39**	0.13	0.20
Total assets	**309,742**	313,846	374,341
Loans and credit facilities	**23,892**	50,373	97,224

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

SUMMARY OF QUARTERLY RESULTS

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenues	28,509	32,984	34,765	37,987	26,331	19,734	22,402	27,610
Net earnings (1)	2,858	4,366	7,231	2,940	4,980	(4,644)	1,697	3,680
EPS (2)	0.07	0.09	0.16	0.07	0.11	(0.10)	0.04	0.08

(1) Net earnings (loss) attributable to equity shareholders.
(2) 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 typically realize higher home building revenues in the summer and fall months when home building sales peak. Revenues can be impacted by the timing of lot sales, which is less weather dependent. The sale of development land is periodic and not predictable.

In Q4 2014, we sold 3 residential lots and 66 homes (comprising 54 single- and 12 multi-family units) compared to 21 residential lots and 62 homes (comprising 61 single- and 1 multi-family units) in Q3 2014. As a result, revenues and gross margins for both residential lot sales and home sales were lower. Gross margins were lower as residential lots generally have a higher gross margin percentage than homes, which are a blend of lot and home construction costs. In addition, single-family homes typically have a higher gross margin percentage than multi-family homes. In addition, Q4 2014 had lower income from our joint venture compared to Q3 2014. These were the main factors that resulted in lower net earnings and EPS in Q4 2014 compared to Q3 2014.

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 in 2016.

Refer to note 16 of the consolidated financial statements for the years ended December 31, 2014 and 2013 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 YE 2014, these letters of credit totalled approximately $2,641 (YE 2013 – $6,279), and provide a source of funds for the municipalities to complete 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. In the event of a letter of credit, provided to a municipality, is cancelled by the issuing bank for any reason, Genesis will be required to secure the cancelled letter of credit with cash.

Lease Agreements

We have certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases and lease payments are included in general and administrative expenses. No asset value or liability has been assigned to these leases in the balance sheet as of YE 2014 and at YE 2013. In the event the lease for the office building is terminated early, Genesis is liable to pay to Morguard for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by Morguard, if any.

RELATED PARTY TRANSACTIONS

There were no related party transactions for YE 2014 (2013 - $1,244).

CONSOLIDATED ENTITIES

The Corporation is the general partner in four limited partnership arrangements (refer to note 20 of the consolidated financial statements for the years ended December 31, 2014 and 2013) and a 50% partner in the joint venture (refer to note 16 of the consolidated financial statements for the years ended December 31, 2014 and 2013).

SUBSEQUENT EVENTS

In January 2015, Genesis paid $10,000 towards the acquisition of 350 acres of land located in southeast Calgary. The community is expected to include nearly 2,100 homes, parkland and supporting community commercial development and supplements the existing asset base of the Corporation while ensuring a long term supply of land. This transaction closed on January 6, 2015. Refer to note 14(a) of the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information.

Also in January 2015, the Corporation paid $1,777 to the former mortgage holders of a participating mortgage as a partial payout of the 20% participation in profits of a development activity. Refer to note 14(f) of the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information.

In February 2015, the Corporation signed a commitment letter for a loan facility of $10,000 to be used for general corporate purposes and this will strengthen the Corporation's liquidity resources. The annual interest rate on this facility is prime + 1% and is secured by a continuing collateral mortgage representing a first charge on certain properties held by the Corporation and a general security agreement representing a first charge on all the Corporation's personal property.

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted IFRIC 21 Levies, amendments to IAS 36 Impairment of assets, amendments to IFRS 2 Share-based payments, amendments to IAS 24 Related party disclosure, amendments to IFRS 8 Operating segments and amendments to IFRS 3 Business combinations during 2014 and concluded that these do not have a material impact on the Corporation's financial position or performance. Refer to note 3 of the consolidated financial statements for the years ended December 31, 2014 and 2013 for a description of these IFRS amendments and interpretations.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to note 3 of the consolidated financial statements for the years ended December 31, 2014 and 2013 for information pertaining to accounting pronouncements that were adopted during 2014 and for those that will be 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 for the land development and the home building business segments. 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. There were no material changes made to the critical accounting estimates for YE 2014 and for YE 2013. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2014 and 2013 for additional information on judgments and estimates.

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.

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, among other factors.

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.

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.

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 (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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, 2014. 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, 2014 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 and home building industries. Real estate development and home building are cyclical businesses; as a result, our profitability could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis are industry risk, competition, supply and demand, geographic risk, development and construction costs, credit and liquidity risks, finance risk, interest risk, management risk, mortgage rates and financing risk, general uninsured losses, environmental risk and government regulations. 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 our Annual Information Form available on SEDAR at **www.sedar.com**.

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2014 and 2013 are provided below.

	2014	2013
Average daily trading volume	**45,322**	35,436
Share price ($/share)		
High	**5.10**	3.85
Low	**3.30**	3.26
Close	**3.85**	3.41
Market capitalization at December 31	**172,985**	152,977
Shares outstanding	**44,931,200**	44,861,200

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 reporting issuers. Refer to Advisories on page 43 of this MD&A.

NAV, and NAV per share are non-GAAP financial measures and therefore may not be comparable to similar measures presented by other companies. 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. There are risks and uncertainties associated with appraisals and valuations and the NAV provided may not be realizable.

NAV is calculated on a before tax basis, using total land value (prepared by independent certified real estate appraisers) plus additional balance sheet assets less balance sheet liabilities. The value of housing projects under development used in the calculation of NAV is the book value of the work in progress and the appraised value of lots of the home building business. The book value of all remaining assets and liabilities as set forth in the consolidated financial statements of the Corporation has been added to calculate NAV.

The appraised value of lands is the sum of the estimated market value of each property or phase. No discount, if any, has been taken for potential en-bloc sale of assets. Appraisals obtained by Genesis reflect values as of YE 2014. It should be noted that Genesis' real estate appraisals primarily rely on comparable sale transactions for their valuations. In rising markets, valuations tend to lag current values since comparable transactions are often negotiated months in advance of the recorded closing date. In falling markets, valuations also tend to lag due to the absence of comparable sales transactions as buyers and sellers adjust to new market conditions. Management acknowledges that market conditions have softened since YE 2014, however, the independent appraisals are the best estimates of value.

In the second half of 2014 and early 2015, Alberta saw a softening of economic fundamentals primarily due to a significant drop in crude oil and natural gas prices. Genesis obtains appraisals at least annually for all of its properties, with the exception of non–core properties that are actively being marketed for sale. It is our practice to appraise approximately half of our portfolio every six months, and provide and update of NAV at that time.

The following table shows the calculation of NAV:

	December 31, 2014	2013
Appraised value of land[1]	332,531	301,312
Housing projects under development	35,557	30,895
	368,088	332,207
Other balance sheet assets	69,619	56,426
Balance sheet liabilities	(78,468)	(95,920)
Add amount due from related entities	31,033	29,039
NAV	390,272	321,752
NAV per share	8.69	7.18
Total shares outstanding	44,931	44,861

(1) 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.

NAV per share at YE 2014 was $8.69 compared to $7.18 at YE 2013. The increase in the NAV in 2014 can be mainly attributed to increases in the appraised value of the Corporation's land throughout the Calgary Metropolitan Area and profits from the operation of the homebuilding business segment.

Other Items Used in the Calculation of Net Asset Value

	December 31, 2014	2013
Other balance sheet assets [1]		
Accounts receivable	17,660	23,342
Investment in joint venture	3,560	7,894
Deferred tax assets	1,358	397
Other operating assets	13,993	7,115
Cash	33,048	17,678
Total	69,619	56,426
Balance sheet liabilities [1]		
Loans and credit facilities	23,892	50,373
Customer deposits	5,515	5,228
Accounts payable and accrued liabilities	22,683	16,759
Income taxes payable	4,433	3,112
Provision for future land development costs	21,945	20,448
Total	78,468	95,920

(1) Book value per financial statements.

Gross margin before recovery or write-down is a non-GAAP measure, and therefore may not be comparable to similar measures presented by other reporting issuers. Gross margin before recovery or write-down is calculated by adjusting for recovery or write-down of real estate held for development and sale to the gross margin. Gross margin before recovery or write-down of real estate held for development and sale is used to assess the performance of the business without the effects of recovery or write-down of real estate held for development and sale. Management believes it is useful to exclude recovery or write-down 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 GAAP financial measure is gross margin.

The table below shows the calculation of gross margin before recovery or write-down, which is derived from gross margin.

	Three months ended December 31,		Year ended December 31,	
	2014	2013	**2014**	2013
Total revenues	**28,509**	26,331	**134,245**	96,077
Gross margin	**7,387**	2,634	**39,001**	11,135
Adjust for (recovery) write-down [1]	**184**	4,155	**(4,177)**	16,282
Gross margin before (recovery) write-down	**7,571**	6,789	**34,824**	27,417
Gross margin before (recovery) write-down (%)	**26.6%**	25.8%	**25.9%**	28.5%

(1) Recovery or write-down 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 reporting issuers. Adjusted earnings per share is calculated as net earnings attributable to shareholders before recovery or write-down of real estate held for development and sale attributable to shareholders and net of income taxes relating to the recovery or write-down of real estate held for development and sale, 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 recovery or write-down of real estate held for development and sale. Management believes it is useful to exclude recovery or write-down of real estate held for development and sale 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 that it is non-recurring. The most comparable GAAP 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,	
	2014	2013	**2014**	2013
Net earnings attributable to equity shareholders	**2,858**	4,980	**17,395**	5,713
Adjust for (recovery) write-down [1],[2]	**(244)**	314	**(1,274)**	8,185
Tax effect of adjustments @ 25%	**61**	(79)	**319**	(2,046)
Adjusted earnings	**2,675**	5,215	**16,440**	11,852
Weighted average number of shares – basic	**44,891,526**	44,861,200	**44,874,652**	44,838,401
Weighted average number of shares – diluted	**45,351,368**	44,917,233	**45,276,574**	44,900,321
Weighted average number of shares – basic and diluted [3]	**0.06**	0.12	**0.37**	0.26

(1) Recovery or write-down of real estate held for development and sale.
(2) Excludes recovery or write-down related to properties held by limited partnerships.
(3) Adjusted earnings per share – basic and diluted after adjusting for after-tax recovery or write-down.

OTHER

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

ADVISORIES

Non-GAAP Financial Measures

NAV, gross margin before recovery or write-down 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 NAV, gross margin before recoveries or impairment and adjusted earnings per share. NAV 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 after-tax NAV is not commonly reported in the industry and therefore the presentation of after-tax NAV in this MD&A has been discontinued. After-tax NAV was calculated by deducting estimated taxes payable if all properties had been sold at their market values.

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 positive general economic and business conditions in 2015 and beyond, 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, Genesis' business strategy, including the geographic focus of its activities in 2015 and beyond, the constraint on margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly 2016, the expected capital contribution of future earnings and cash flow from land holdings in the Calgary Metropolitan Area, the ability to close the book of homes with firm sales contracts, the ability to meet the objective to increase the closing of home builds in 2015 as compared to 2014, 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, net asset value and profitability, the timing and operation of new accounting and operating software and the ability of management to close the gap between net asset value and share price. 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 of newly-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 anticipated benefits within the expected time frame; and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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 26, 2015

TO THE SHAREHOLDERS OF GENESIS LAND DEVELOPMENT CORP.:

We have audited the accompanying consolidated financial statements of Genesis Land Development Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Genesis Land Development Corp. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Accountants

Calgary, Alberta
March 26, 2015

GENESIS LAND DEVELOPMENT CORP. **CONSOLIDATED BALANCE SHEETS**
(In thousands of Canadian dollars)

	Notes	December 31, 2014	2013
Assets			
Real estate held for development and sale	4	**240,123**	257,420
Investment in joint venture	16	**3,560**	7,894
Amounts receivable	5	**17,660**	23,342
Other operating assets	6	**13,993**	7,115
Deferred tax assets	7	**1,358**	397
Cash and cash equivalents		**33,048**	17,678
Total assets		309,742	313,846
Liabilities			
Loans and credit facilities	8	**23,892**	50,373
Customer deposits		**5,515**	5,228
Accounts payable and accrued liabilities		**22,683**	16,759
Income taxes payable	7	**4,433**	3,112
Provision for future land development costs		**21,945**	20,448
Total liabilities		78,468	95,920
Commitments and contingencies	14		
Equity			
Share capital	9, 10	**56,393**	56,122
Contributed surplus		**5,349**	5,011
Retained earnings		**146,359**	134,350
Shareholders' equity		208,101	195,483
Non-controlling interest	20	**23,173**	22,443
Total equity		231,274	217,926
Total liabilities and equity		309,742	313,846

See accompanying notes to the consolidated financial statements.

Subsequent events (note 21).

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)

		Year ended December 31,	
	Notes	2014	2013
Revenues			
Sales revenue		133,667	95,788
Other revenue		578	289
		134,245	96,077
Direct cost of sales		(99,421)	(68,660)
Recovery (write-down) of real estate held for development and sale	4	4,177	(16,282)
		(95,244)	(84,942)
Gross margin		39,001	11,135
Income from joint venture	16	4,580	6,038
General and administrative	11	(13,272)	(14,359)
Selling and marketing	12	(5,451)	(3,646)
		(14,143)	(11,967)
Operating earnings (loss) from continuing operations		24,858	(832)
Finance income		367	508
Finance expense	13	(1,108)	(1,526)
Earnings (loss) before income taxes		24,117	(1,850)
Income tax expense	7	(5,992)	(1,963)
Net earnings (loss) being comprehensive earnings		18,125	(3,813)
Attributable to non-controlling interest	20	730	(9,526)
Attributable to equity shareholders		17,395	5,713
Net earnings per share – basic and diluted		0.39	0.13

See accompanying notes to the consolidated financial statements.

GENESIS LAND DEVELOPMENT CORP. **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (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 December 31, 2012	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 (1)	-	-	-	-	-	(4,750)	(4,750)
Net earnings (loss) (2)	-	-	-	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
At December 31, 2013	44,861,200	56,122	5,011	134,350	195,483	22,443	217,926
Share-based payments	70,000	271	338	-	609	-	609
Dividends (3)	-	-	-	(5,386)	(5,386)	-	(5,386)
Net earnings (2)	-	-	-	17,395	17,395	730	18,125
At December 31, 2014	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274

See accompanying notes to the consolidated financial statements.

(1) Distributions to unit holders of Limited Partnership 6/7.
(2) Net earnings (loss) being comprehensive earnings.
(3) A special cash dividend of $5,386 ($0.12 per share) was paid on June 30, 2014.

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In thousands of Canadian dollars)

	Notes	Year ended December 31, 2014	2013
Operating activities			
Receipts from residential lot and development land sales		43,835	87,532
Receipts from residential home sales		95,815	67,508
Other receipts		600	1,210
Paid to suppliers for land development		(20,259)	(39,143)
Paid to suppliers for land acquisition	14(a)	(2,500)	-
Paid to suppliers for residential home construction		(48,159)	(39,707)
Paid to other suppliers and employees		(21,898)	(20,031)
Interest received		367	508
Income taxes paid		(5,632)	(3,925)
Cash flows from operating activities		42,169	53,952
Investing activities			
Acquisition of property and equipment		(864)	(317)
Distribution received from joint venture	16	8,500	9,500
Cash flows from investing activities		7,636	9,183
Financing activities			
Advances from loans and credit facilities	8	27,484	46,511
Repayments of loans and credit facilities		(55,347)	(94,214)
Interest and fees paid on loans and credit facilities		(1,311)	(2,983)
Distributions to unit holders of limited partnerships		-	(4,750)
Cash settlement of options	10	(79)	(237)
Dividends paid		(5,386)	-
Issue of share capital	10	204	211
Cash (used in) financing activities		(34,435)	(55,462)
Change in cash and cash equivalents		15,370	7,673
Cash and cash equivalents, beginning of period		17,678	10,005
Cash and cash equivalents, end of period		33,048	17,678

See accompanying notes to the consolidated financial statements.

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.

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 are 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 26, 2015.

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, which is the Corporation's functional currency, 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., (the "JV") which is a jointly controlled entity, by virtue of a contractual arrangement with another party. The Corporation recognizes its interest in the JV using the equity method of accounting. Under the equity method of accounting the Corporation's share of the net assets of the JV are presented in a single line "Investment in Joint Venture". The financial statements of the JV are prepared for the same reporting period as the Corporation.

All unrealized gains and losses resulting from transactions between the Corporation and the JV 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 JV are recognized in the Corporation's consolidated financial statements only to the extent of interests in the JV 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**
- Computer software - **3 years**
- Showhome furniture - **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

Income taxes comprise the following:

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 basis 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).

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 20) 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.

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. 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.

l. 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 share options issued are either regular options or performance options. The costs of 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 of regular options are determined using the Black-Scholes Option-Pricing Model while the fair values of performance options are determined using the Black-Scholes Option-Pricing Model incorporating the Monte Carlo simulation. 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 related contributed surplus, 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.

m. 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.

n. 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.

o. 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 period.

p. 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 in proportion to the amount of such phase that has been sold. 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.

q. 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. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS DURING 2014

The Corporation adopted new IFRSs and interpretations during 2014, as noted below:

i) 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 periods commencing on or after January 1, 2014 and requires retrospective application.

The Corporation has analyzed the impact of IFRIC 21 and concluded that this standard does not have a material impact on the Corporation's financial position or performance.

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.

The Corporation has analyzed the impact of the amended standard and concluded that this standard does not have a material 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 is prospectively applying the revised standard on share-based payment transactions, if any, made on or after July 1, 2014.

The Corporation has analyzed the impact of the amended standard and concluded that this standard does not have a material impact on the Corporation's financial position or performance.

iv) IAS 24, "Related party disclosures"

"Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The amendments to IAS 24, issued in March 2014, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments require that an entity disclose the amounts incurred for key management personnel services provided by a separate management entity. The amendments affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

The Corporation has analyzed the impact of the amended standard and concluded that this standard does not have a material impact on the Corporation's financial position or performance.

v) IFRS 8, "Operating segments"

"Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The amendments to IFRS 8 require that an entity disclose the judgments made by management in applying the aggregation criteria to allow two or more operating segments to be aggregated. The amendments affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

The Corporation has analyzed the impact of the amended standard and concluded that this standard does not have a material impact on the Corporation's financial position or performance.

vi) IFRS 3, "Business combinations"

"Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The amendments to IFRS 3 clarify the accounting

for contingent consideration in a business combination. At each reporting period, an entity measures the contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments are effective for business combination for which the acquisition date is on or after July 1, 2014. Additional amendments also clarify that IFRS 3 does not apply to accounting for the formation of all types of joint ventures in the financial statements of the joint arrangements itself. The amendments are effective for annual periods beginning on or after July 1, 2014.

The Corporation has analyzed the impact of the amended standard and concluded that this standard does not have a material impact on the Corporation's financial position or performance.

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:

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. 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 has not yet considered the impact of IFRS 9 on its financial statements.

IFRS 15, "Revenue from contracts with customers"

On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers. The Corporation has not yet considered the impact of IFRS 15 on its financial statements.

4. 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 December 31, 2013	140,162	71,950	30,895	**243,007**	74,595	317,602
Transfers	(10,311)	(10,501)	20,812	**-**	-	-
Development	29,914	4,230	60,443	**94,587**	-	94,587
Sold	(40,191)	-	(79,985)	**(120,176)**	-	(120,176)
As at December 31, 2014	119,574	65,679	32,165	**217,418**	74,595	292,013
Provision for write-downs						
As at December 31, 2013	5,791	27,040	-	**32,831**	27,351	60,182
Sold	(4,115)	-	-	**(4,115)**	-	(4,115)
(Recovery) of write-downs	(1,035)	(239)	-	**(1,274)**	(2,903)	(4,177)
As at December 31, 2014	641	26,801	-	**27,442**	24,448	51,890
Net book value						
As at December 31, 2013	134,371	44,910	30,895	**210,176**	47,244	257,420
As at December 31, 2014	118,933	38,878	32,165	**189,976**	50,147	240,123

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

The Corporation obtained third party appraisals on its real estate held for development and sale as at December 31, 2014. There was a recovery of write-downs previously made to certain properties (2013 – write-down), due to the increasing demand for and the tightening supply of land in the Calgary Metropolitan area.

During the year ended December 31, 2014, interest of $1,736 (2013 – $3,763) was capitalized.

5. AMOUNTS RECEIVABLE

	2014	2013
Agreements receivable	17,122	21,796
Mortgages receivable	-	1,524
Other receivables	538	314
	17,660	23,634
Allowance for doubtful accounts	-	(292)
	17,660	23,342

Agreements receivable for lot sales are secured by the underlying real estate assets and have various terms of repayment. Purchasers generally have between 6 and 24 months to pay the balance owing for the purchased lots. Certain agreements receivable and all mortgages receivable are interest bearing.

6. OTHER OPERATING ASSETS

	2014	2013
Deposits *(notes 14, 21)*	11,343	5,004
Prepayments	146	151
Restricted cash	1,360	1,324
Property and equipment	1,144	636
	13,993	7,115

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development and deposits on future land acquisitions. The deposits are refundable upon completion of the related projects and earn interest at rates approximating those earned on guaranteed investment certificates. The Corporation has further provided letters of credit as security to guarantee the completion of construction projects (see note 14(d) for additional information). Restricted cash is held in trust accounts.

7. INCOME TAXES

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

	2014	2013
Current income tax	6,953	2,420
Deferred tax relating to origination and reversal of temporary differences	(961)	(457)
	5,992	1,963

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% (2013 – 25%) to income (loss) before income taxes. The difference resulted from the following:

	2014	2013
Income (loss) before income taxes	24,117	(1,850)
Statutory tax rate	25.0%	25.0%
Expected income tax expense	6,029	(463)
Share-based payment transactions	116	52
Other non-deductible expenses (recoveries)	30	(8)
Non-controlling interest	(183)	2,382
Tax expense for the year	5,992	1,963

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

	2014	2013
Deferred tax assets	4,019	3,806
Deferred tax liabilities	(2,661)	(3,409)
	1,358	397

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

	2014	2013
Real estate held for development and sale	2,587	2,413
Non-capital loss carry-forwards*	114	84
Reserves from land sales	(2,658)	(3,409)
Unamortized financing costs	1,318	1,299
Other temporary differences	(3)	10
	1,358	397

**Non-capital losses carry-forward amounts expire between 2030 and 2044.*

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

8. LOANS AND CREDIT FACILITIES

	2014	2013
Secured by real estate held for development and sale and agreements receivable	8,750	32,759
I. Land project loans, payable on collection of agreements receivable, bearing interest at rates ranging from prime +1.25% to prime +2.5%, secured by real estate held for development and sale with a carrying value of $20,205, due between February 1, 2015 and October 30, 2015.		
Secured by housing projects under development	2,839	2,305
II. Demand operating line of credit up to $6,500, bearing interest at prime +1.5% per annum, secured by a general security agreement over assets of the home building division.		
III. Project loans, payable on collection of closing proceeds, bearing interest at prime +1.5%, secured by home building projects with a carrying value of $8,299 (2013 - $13,369) due by September 11, 2015.	4,979	8,716
	16,568	43,780
Secured by land held for future development – Limited Partnership	7,850	7,850
IV. Land loan, bearing interest at the greater of 7.5% or prime +4.5% per annum, secured by land held for future development and sale with a carrying value of $15,121 maturing March 1, 2016. [*note 14 (h)*]		
	24,418	51,630
Deferred loans and credit facilities fees	(526)	(1,257)
	23,892	50,373

The weighted average interest rate of loan agreements was 5.57% (December 31, 2013 – 5.83%), based on December 31, 2014 balances.

During the year ended December 31, 2014, the Corporation received advances of $27,484 (2013 – $46,511) 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 prime + 2.0% per annum, with due dates ranging from September 11, 2015 to October 30, 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, 2015 to December 31, 2015	16,568
January 1, 2016 to December 31, 2016	7,850
	24,418

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 material changes in the Corporation's ownership structure. In addition, the home building business segment has a secured revolving operating line repayable on demand, to be used for home construction and for the acquisition of serviced lots. This line has a financial covenant requiring that Genesis Builders Group Inc., ("GBG") maintain a net worth of at least $11,500 at all times. Net worth, a non-GAAP 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, 2014 and at December 31, 2013, the Corporation and its subsidiaries were in compliance with all covenants.

9. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

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, 2014 and 2013:

	Year ended December 31, 2014	Year ended December 31, 2013
Basic	**44,874,652**	44,838,401
Effect of dilutive securities – stock options	**401,922**	61,920
Diluted	**45,276,574**	44,900,321

In calculating diluted earnings per share for the year ended December 31, 2014, the Corporation excluded 500,000 options (2013 – 235,000) as their exercise price was greater than the average market price of the Corporation's shares during those periods.

The Corporation has not issued any preferred shares.

10. 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.

Regular options

Details of outstanding regular options were as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding – beginning of period	**1,060,500**	**$3.32**	1,231,722	$3.21
Options granted	**500,000**	**$4.71**	435,000	$3.43
Options exercised	**(70,000)**	**$2.91**	(95,472)	$2.21
Options expired	-	-	(60,000)	$6.97
Options forfeited	-	-	(61,500)	$3.45
Options settled in cash	**(71,500)**	**$2.71**	(389,250)	$2.77
Outstanding – end of period	**1,419,000**	**$3.86**	1,060,500	$3.32
Exercisable – end of period	**870,663**	**$3.66**	625,500	$3.27

There were 500,000 regular options granted during the year ended December 31, 2014 with an average fair value of $0.72 per option (2013 – 435,000 options with an average fair value of $0.81 per option).

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

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2014	Weighted Average Exercise Price	Number at December 31, 2014	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
3.01 – 4.00	919,000	$3.40	703,999	$3.41	2.63
4.01 – 5.00	500,000	$4.71	166,664	$4.71	4.81
	1,419,000	$3.86	870,663	$3.66	3.40

Performance Options

The Corporation granted performance options to the senior executives of the Corporation in respect of long-term compensation. These performance options would reward the executives only if the Corporation's share price achieves and sustains certain prescribed levels. Performance options vest on a time basis, equally over three years commencing from January 1, 2015.

Details of outstanding performance options were as follows:

	Year ended December 31,			
	2014		2013	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Outstanding – beginning of period	-	-	-	-
Options granted	**1,272,000**	**$3.35**	-	-
Outstanding – end of period	**1,272,000**	**$3.35**	-	-
Exercisable – end of period	-	-	-	-

	Outstanding		Exercisable		
Exercise Price ($)	Number at December 31, 2014	Exercise Price	Number at December 31, 2014	Exercise Price	Weighted Average Remaining Contractual Life in Years
3.35	1,272,000	$3.35	-	-	4.00

There were 1,272,000 performance options granted during the year ended December 31, 2014 (2013 – Nil), with a fair value of $0.30 per option (2013 - $Nil) and an exercise price of $3.35 per option. The fair value of each performance option granted was estimated on the date of grant using the Black-Scholes Option-Pricing Model incorporating the Monte Carlo simulation.

The following assumptions were used in estimating the fair value of options granted using the Black-Scholes Option-Pricing Model:

	2014	2013
Risk-free interest rate	**1.10 - 1.13%**	0.99 - 1.24%
Estimated term/period prior to exercise (years)	**2.50**	2.50
Volatility in the price of the Corporation's common shares	**25.13 - 31.88%**	34.46 - 38.27%
Forfeiture rate	**16.93%**	24.22%
Dividend yield rate	**0.00%**	0.00%

11. GENERAL AND ADMINISTRATIVE

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

	2014	2013
Corporate administration	2,645	2,224
Compensation and benefits	8,537	7,656
Professional services	2,090	4,479
	13,272	14,359

Compensation and benefits of the directors and key management personnel were as follows:

	2014	2013
Salaries, wages and benefits	2,307	2,848
Share-based payments	465	204
	2,772	3,052

Salaries, wages and benefits for 2013 included an amount of $609 paid out as severance to an-ex CEO of the Corporation.

12. SELLING AND MARKETING

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

	2014	2013
Advertising and marketing	2,681	2,358
Sales commissions	2,770	1,288
	5,451	3,646

13. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2014	2013
Interest expense	1,853	3,771
Financing fees amortized	991	1,518
Interest and financing fees capitalized	(1,736)	(3,763)
	1,108	1,526

14. COMMITMENTS AND CONTINGENCIES

a) The Corporation entered into a firm purchase and sale agreement for the acquisition of approximately 350 acres of land located in southeast Calgary for $52,500 in October 2014. A total of $12,500 was due on closing. The Corporation paid $2,500 during 2014 and $10,000 in January 2015. The transaction closed on January 6, 2015. The remainder of $40,000 is to be paid in 5 installments of $8,000 each, without interest, on the anniversary of the closing date, over five years. Refer to note 21, Subsequent events.

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

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

Wellness", a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first three installments totaling $1,500 were made up to and through 2014.

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 seven installments totaling $1,400 were made up to and through 2014.

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, 2014, the letters of credit amounted to $2,641 (December 31, 2013 – $6,279).

e) On July 15, 2011, a joint venture (note 16) 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 $2,485 (2013 – $Nil).

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. A liability for the payment has been recorded. The Corporation is selling lots in the last phase covered under this development. The payout will be made on completion of the sale of lots in the last phase and collection of all related proceeds along with an accounting of all related costs. A partial payout was made to the former mortgage holders subsequent to December 31, 2014. Refer to note 21, Subsequent events.

g) The Corporation has office and other operating leases with the following annual payments: not later than one year – $934; later than one year but not later than five years – $1,589; 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 (note 8) in the consolidated financial statements. The Corporation has provided a guarantee for this facility.

15. FINANCIAL INSTRUMENTS

a. Risks associated with financial instruments

i) Credit risk

As at December 31, 2014, the Corporation carried $Nil (2013 – $292) 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, 2014 and 2013, 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:

	2014	2013
Balance as at January 1	292	1,643
Recovery	(242)	(1,269)
Bad debt (recovery)	(50)	(82)
	-	292

Recovery of bad debt expense is included in the Corporations general and administrative expenses. 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:

	2014	2013
Not past due	17,660	20,405
Past due 0 - 90 days	-	1,700
Past due 91 - 120 days	-	387
Past due 121 - 270 days	-	850
> 270 days	-	292
	17,660	23,634
Allowance for doubtful accounts	-	(292)
	17,660	23,342

Individual balances due from customers as at December 31, 2014, which comprise greater than 10% of total amounts receivable, totaled $17,122 from four customers (December 31, 2013 – $19,877 from four customers).

ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2014:

	< 1 Year	> 1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	22,683	-	22,683
Loans and credit facilities excl. deferred fees *(note 8)*	16,568	7,850	24,418
	39,251	7,850	47,101
Commitments			
Land purchase *(note 14)*	10,000	40,000	50,000
Lease obligations *(note 14)*	934	1,589	2,523
Naming rights *(note 14)*	700	3,400	4,100
	11,634	44,989	56,623
	50,885	52,839	103,724

At December 31, 2014, the Corporation had obligations due within the next 12 months of $50,885 (2013 - $54,487). 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. A 1% change in interest rates would result in a change in interest incurred of approximately $244 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.

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

	December 31,			
	2014		2013	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss				
Cash and cash equivalents	33,048	33,048	17,678	17,678
Deposits	11,342	11,342	5,004	5,004
Restricted cash	1,360	1,360	1,324	1,324
Loans and receivables				
Amounts receivable	17,660	17,175	23,342	22,750
Other financial liabilities				
Accounts payable and accrued liabilities	22,683	22,683	16,759	16,759
Loans and credit facilities, excl. deferred loans and credit facilities fees	24,418	24,366	51,630	51,554

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 years ended December 31, 2014 and 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:

	2014	2013
Loans and credit facilities	23,892	50,373
Shareholders' equity	208,101	195,483
	231,993	245,856

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

16. JOINT VENTURE

The Corporation formed the JV on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The Corporation is a 50% partner in the JV.

The following tables summarize the financial information of the JV, prepared under the historical cost convention, 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,	
	2014	2013
Assets		
Real estate held for development and sale	7,199	22,478
Amounts receivable	14,542	25,272
Cash and cash equivalents	-	656
Total assets	21,741	48,406
Liabilities		
Loans and credit facilities	2,485	-
Accounts payable and accrued liabilities	841	4,228
Provision for future land development costs	7,381	20,640
Total liabilities	10,707	24,868
Net assets	11,034	23,538
Corporation's share of net assets (50%)	5,517	11,769
Deferred gain	(1,957)	(3,875)
Carrying amount on the consolidated balance sheets	3,560	7,894

	Year ended December 31,	
	2014	2013
Revenues	17,661	36,276
Cost of sales	(12,419)	(28,558)
	5,242	7,718
General and administrative	(1,140)	(2,034)
Finance income	394	368
Earnings being comprehensive earnings	4,496	6,052
Corporation's share of earnings and comprehensive earnings (50%)	2,248	3,026
Deferred gain recognized	1,918	3,688
Deferred margin recognized on JV lots sold	414	(676)
Amount on consolidated statements of comprehensive income	4,580	6,038

	Year ended December 31,	
	2014	2013
Cash flows from operating activities	13,858	29,693
Cash flows used in financing activities	(14,514)	(29,037)
Net change in cash and cash equivalents	(656)	656

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

	Investment in JV	Income from JV
At December 31, 2013	7,894	-
Share of net income in JV	2,248	2,248
Deferred gain recognized	1,918	1,918
Deferred margin from JV on lots sold	-	414
Distribution received	(8,500)	-
At December 31, 2014	3,560	4,580
At December 31, 2012	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, 2014, the JV sold 32 lots at $5,998 (2013 – 44 lots at $8,096) to GBG, a wholly owned subsidiary of the Corporation. The Corporation's accounts payable and accrued liabilities as at December 31, 2014 included $4,809 (2013 – $6,477), related to the purchase of home building lots.

The Corporation deferred $13,167 of gain when it contributed its share of land to the JV in 2010. As at December 31, 2014, the Corporation had realized $11,210 (2013 – $9,292) of that amount as a result of sales through its home building business segment and directly to third parties. The remaining amount of $1,957 will be realized on future sale and development of lots and lands by the JV.

17. SEGMENTED INFORMATION

The Corporation operates in two reportable segments, land development and home building, which represent separately managed strategic business units with aligned but distinct 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 business 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, 2014 and 2013:

	Land Development Segment						
Year ended December 31, 2014	Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment Elimination	Total[(2)]
Revenues	58,929	97	-	**59,026**	96,029	(20,810)	**134,245**
Cost of sales	(38,705)	(10)	-	**(38,715)**	(79,985)	19,279	**(99,421)**
Recovery of real estate write-down	1,274	2,903	-	**4,177**	-	-	**4,177**
Gross margin	21,498	2,990	-	**24,488**	16,044	(1,531)	**39,001**
Income from JV	4,580	-	-	**4,580**	-	-	**4,580**
G&A, selling & marketing, other expenses[(1)]	(6,449)	(2,079)	-	**(8,528)**	(10,936)	-	**(19,464)**
Earnings before income taxes and non-controlling interest	19,629	911	-	**20,540**	5,108	(1,531)	**24,117**
Segmented assets	246,476	57,068	(25,146)	**278,398**	52,030	(20,686)	**309,742**
Segmented liabilities[(3),(4)]	43,607	32,994	(25,146)	**51,455**	44,314	(17,301)	**78,468**
Segmented net assets[(3),(4)]	202,869	24,074	-	**226,943**	7,716	(3,385)	**231,274**

Year ended December 31, 2013	Land Development Segment Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment Elimination	Total[(2)]
Revenues	47,380	105	-	**47,485**	63,750	(14,978)	**96,077**
Direct cost of sales	(27,902)	(10)	-	**(27,912)**	(54,543)	13,795	**(68,660)**
Write-down of real estate	(8,185)	(8,097)	-	**(16,282)**	-	-	**(16,282)**
Gross margin	11,293	(8,002)	-	**3,291**	9,027	(1,183)	**11,135**
Income from JV	6,038	-	-	**6,038**	-	-	**6,038**
G&A, selling & marketing, other expenses[(1)]	(9,752)	(1,681)	-	**(11,433)**	(8,773)	1,183	**(19,023)**
Earnings (loss) before income taxes and non-controlling interest	7,579	(9,683)	-	**(2,104)**	254	-	**(1,850)**
Segmented assets as at December 31, 2013	263,401	53,596	(23,054)	**293,943**	47,338	(27,435)	**313,846**
Segmented liabilities December 31, 2013[(3),(4)]	69,237	31,487	(23,054)	**77,670**	43,410	(25,160)	**95,920**
Segmented net assets[(3),(4)]	194,164	22,109	-	**216,273**	3,928	(2,275)	**217,926**

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

(2) 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.

(3) Segmented liabilities under the home building segment include $14,164 (December 31, 2013 – $19,187) due to the land development segment.

(4) Segmented liabilities under the LP segment comprises customer deposits and accounts payable and accrued liabilities and includes $24,091 (December 31, 2013 – $21,998) due to Genesis.

18. RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended December 31, 2014 (2013 - $1,244).

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. For the year ended December 31, 2013, the Corporation re-classed $1,288 from direct cost of sales to selling and marketing expenses and $3,187 of other expenses to general and administrative expenses as this reflects the classification of expense more accurately.

20. CONSOLIDATED ENTITIES

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

Limited Partnership Land Pool (2007) ("LPLP 2007") has a loan amounting to $23,181 (2013 – $21,167) due to the Corporation. The loan has been secured by a second mortgage on a property owned by LPLP 2007. The loan agreement has also been registered as a caveat on the titles of two properties held by LPLP 2007.

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

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

	% equity interest as at	
Name	December 31, 2014	December 31, 2013
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%
Genesis Land Development (Southeast) Corp.	100%	-
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 before any intra-group eliminations:

BALANCE SHEETS

	December 31, 2014				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,922	8,212	3,177	36,217	**55,528**
Amounts receivable	-	3	-	1	**4**
Cash and cash equivalents	-	439	1	37	**477**
Total assets	7,922	8,654	3,178	36,255	**56,009**
Liabilities					
Loans and credit facilities	-	-	-	7,804	**7,804**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	-	10	-	28	**38**
Due to related parties	151	264	495	23,181	**24,091**
Total liabilities	151	274	495	31,015	**31,935**
Net assets	7,771	8,380	2,683	5,240	**24,074**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	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%	

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

SUMMARIZED INCOME STATEMENTS

	Year ended December 31, 2014				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	19	-	-	78	**97**
Net earnings (loss) being comprehensive income (loss)	10	1,527	(1,064)	438	**911**
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%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2014				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from (used in) operating activities	-	-	-	(75)	**(75)**
Net increase (decrease) in cash and cash equivalents	-	-	-	(75)	**(75)**

	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**

21. SUBSEQUENT EVENTS

In January 2015, Genesis paid $10,000 towards the acquisition of 350 acres of land located in southeast Calgary. This transaction closed on January 6, 2015. See note 14(a) for additional information.

In January 2015, the Corporation paid $1,777 to the former mortgage holders of a participating mortgage as a partial payout of the 20% participation in profits of a development activity. See note 14(f) for additional information.

In February 2015, the Corporation signed a commitment letter for a loan facility of $10,000 to be used for general corporate purposes. The annual interest rate on this facility is prime + 1% and is secured by a continuing collateral mortgage representing a first charge on certain properties held by the Corporation and a general security agreement representing a first charge on all the Corporation's personal property.

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