GENESIS

GENESIS LAND DEVELOPMENT CORPORATION

2011 ANNUAL REPORT

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CEO'S MESSAGE

"2011 has been a year of change for Genesis Land Development Corp (GDC)."

Following record earnings in 2010 the company entered 2011 on a positive note with the announcement of a $25.6 Million conditional sale to Rio-Can Acquisitions Inc. of a commercial site within the Sage Hill Crossing development in NW Calgary. This agreement was subsequently amended to include additional lands bringing the total value of the sale to $31.7 Million.

In April, Genesis received an unsolicited conditional offer for the purchase of all the outstanding shares of the company for $5.80 per share. The proposed transaction fell through when the purchaser failed to waive the financing condition of their offer. While this offer was unsuccessful, Genesis set in motion a strategic alternatives process aimed at evaluating opportunities for enhancing shareholder value.

This process concluded subsequent to the year end in February of 2012 and determined that shareholder value could best be enhanced by focusing on Genesis' core business and streamlining current operations, ramping up home sales, simplifying the corporate structure and disposing of non-core assets. Genesis is committed to the implementation of these objectives.

In the midst of the Strategic alternatives process the corporation was also faced with the challenge of replacing Mr. Gobi Singh, the then president, CEO and founder of the company. The resignation arose from an investigation and subsequent settlement agreement with the Alberta Securities Commission. The details of which are available at www.albertasecurities.com. As a result of Mr. Singh's resignation I was appointed Interim CEO to provide continuity to ongoing operations and oversight and guidance in the strategic alternatives review process.

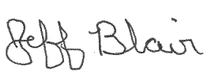
Despite the challenges of 2011, Genesis was successful in generating $0.24 EPS in a relatively flat market. Non-income producing debt has been reduced by $11.5 million and borrowing costs have been reduced from 8.21% to 6.57%. During the year, GDC completed the servicing of 332 lots, sold 255 residential lots, sold 3 multi-family sites representing 16.02 acres and sold a 6.47 acre commercial site. In 2012, Genesis development operations will focus on streamlining engineering approvals, lot servicing and production to efficiently serve the home building division's sales cycle.

Genesis Builder Group (GBG) opened 6 new show homes in four communities in 2011 greatly enhancing market presence and opportunities to showcase its products. In 2011 GBG sold 100 residential units and closed 68 dwelling units including 3 MF units which completed the sale of all units in the Breeze Multi Family development in Airdrie.

In 2012, GBG has opened 3 additional show homes in 2 new locations bringing their total exposure to 9 show homes in 6 communities. This increased exposure is being accompanied by an emphasis on enhancing home buyer experience and satisfaction. These initiatives, and improvements in the Calgary new home market, should result in increased home sales in 2012.

During 2011 Genesis completed a challenging transition and strategic alternatives process. Throughout this period, employees of the company have remained loyal and steadfast, and for this, I am grateful. We emerge from 2011 with an invigorated staff and management team with a renewed enthusiasm focused on maximizing the value that can be realized from GDC's strategic asset base.

Regards



Jeff Blair
Interim CEO

COMMUNITY INVOLVEMENT

GENESIS CENTRE OF COMMUNITY WELLNESS

After 17 years on the drawing board, the residents of north east Calgary can be proud of The Genesis Centre of Community Wellness, located right in the heart of the north east Calgary. This project will feature for the first time in Calgary an educational, recreational, leisure and cultural centre all in one location. The 225,000 square foot complex when completed will include:

- A branch of the Calgary Public Library
- A full service YMCA with a full size swimming pool
- Two indoor soccer fields
- Three outdoor soccer fields
- Large gymnasium
- Indoor running track
- Climbing wall
- Community meeting rooms
- Community kitchen facilities
- Counselling services for immigration, career and family

Built at a cost of $120 million the Genesis Centre of Community Wellness will evolve into a meeting place for all the people of the surrounding areas. The centre will be a vibrant place of activity for social functions, cultural events, sporting events, indoor concerts in an intimate setting, meetings etc.

Families will be able to enrol their children in swimming lessons, gymnastics, dance etc while they browse through books in the library. Seniors will be able to meet at the centre and exchange or gather information from other seniors or get help from the various counselling services that will be available.

Genesis Land Development Corporation is the naming sponsor. Jeff Blair was in attendance at the Grand Opening to receive his congratulations and be part of the ribbon cutting ceremony.

HABITAT FOR HUMANITY

On Thursday, October 6, 2011 on a cold and blustery day in Airdrie, Habitat for Humanity Calgary broke ground in Airdrie to start construction of the first Habitat for Humanity homes in Bayside 7, Airdrie. Supporters and partners gathered at the site to commemorate the event with a ribbon cutting ceremony. Genesis Land Development Corporation is an active partner in building the Side by Side homes, raising money for the fortunate family and participating in the Habitat VIP Build Day.

Habitat for Humanity Calgary is a non-profit organization working for a world where everyone has a safe and decent place to live. It has consistently provided affordable housing in Calgary and surrounding areas for the past 20 years. Building homes and making a difference in the lives of local families - that is what Habitat for Humanity does best.

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

For the three months and year ended December 31, 2011

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

DATED MARCH 5, 2012

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 audited consolidated financial statements and the notes thereto for the years ended December 31, 2011 and 2010 prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010 prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). These financial statements have been reviewed by the Corporation's Audit Committee, consisting of three independent directors and adopted by the Board of Directors. Additional information, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation concerning the business, operations and financial performance and condition of Genesis. Forward-looking statements include, but are not limited to, statements with respect to the estimated corporate tax rate and the number of dwelling sites that Genesis will actually develop and sell. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, general economic conditions; local real estate conditions, including the development of properties in close proximity to Genesis' properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; economic conditions in Western Canada, not realizing on the anticipated benefits from the transaction or not realizing on such anticipated benefits within the expected time frame and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

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

NON-IFRS MEASURES

This MD&A refers to funds from operations ("FFO") that does not have any standardized meaning within IFRS and therefore may not be comparable to similar measures provided by other companies. FFO is provided as it is considered informative for management, shareholders and analysts.

THE CORPORATION

Genesis is a Calgary-based real estate development corporation focusing primarily on the development and sale of residential, commercial and light industrial properties.

The Corporation's vertically integrated operations include:

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

The Corporation owns development lands primarily in and around the cities of Calgary and Airdrie. The Corporation also has lands in the city of Edmonton and the town of Cochrane in Alberta; and in and around the cities of Prince George, Kamloops and the town of Radium in British Columbia.

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

EXECUTIVE SUMMARY

On January 1, 2011, Genesis transitioned from Canadian GAAP to IFRS with the first quarter of 2010 being the first comparative period under IFRS.

The Corporation achieved net earnings of $0.05 and $0.25 per share – basic for the three months and year ended December 31, 2011, respectively, compared to $0.24 and $0.76 per share – basic for the same periods in 2010. The decrease is attributable to the sale of a large development land parcel in 2010, a drop in the number of homes sold, while partially offset by an increase in residential lot revenues. The home division was affected by weather conditions in the first and second quarters of 2011, thus also impacting the rest of the year as the show home openings were delayed affecting the sales traffic. The multi-family project, The Breeze, had only 1 unit remaining in inventory as at December 31, 2011, and that was sold subsequent to the year end.

The Corporation's debt increased by $6,911 during the year ended December 31, 2011. During the year, the Corporation completed refinancing of $54,185 of loans to more favourable terms improving the Corporation's cash flows and decreasing interest costs.

OUTLOOK

The Western Canadian real estate market appears to be weathering the global economic storm and may even be poised for a period of stable modest growth. Investment in Alberta's energy sector is robust and Calgary's downtown office vacancies have dropped significantly. Net in-migration to the Calgary area is expected to approach 30,000 people per year, resulting in an increased housing demand. Canada Mortgage and Housing forecasts new housing starts for the Calgary metropolitan area of 10,300 in 2012 and 10,700 in 2013 after reporting starts of 9,263 in 2010 and 9,292 in 2011.

Genesis is well positioned to capitalize on this market environment. Our home building division, GBG, will have 9 completed and professionally-staged show-homes in 6 communities to support its sales objectives and is expected to significantly increase its home sales in 2012. GBG will also launch three row housing projects in 2012; 23 units at The Brownstones in Sage Meadows, 29 units at Saffron in Saddlestone and 15 units at The Gardens in Saddlestone. The existing show-homes will be used to sell into these projects.

The Corporation's land development division has completed servicing of 132 lots in the community of Saddlestone that will be available to the market in the first quarter of 2012. The 2012 development program calls for the servicing of an additional 153 lots in Saddlestone and 148 lots at the Canals in Airdrie. In addition to the single family lot production Genesis is seeing growing interest in our commercial and multifamily assets.

While Genesis is generally bullish on the Calgary market, to mitigate its risks, Genesis will limit the number of spec homes it will produce in GBG, and it will also seek pre-sales on its 2012 development projects.

Genesis is seeking to sell additional parcels of land within Sage Hill Crossing ("SHC") development before commencing servicing of the North half of SHC, and is also advancing engineering and planning approvals on its mid to long term lands to provide a future inventory of residential, commercial and industrial projects.

KEY FINANCIAL PERFORMANCE INDICATORS

The Key Financial Performance Indicators ("KPIs") that the management of Genesis use to measure the performance of the Corporation are as follows:

1. Funds From Operations is an earnings measure.
2. Funds From Operations per share is an earnings measure.
3. Earnings Per Share is an earnings measure.
4. Debt to Gross Book Value is a leverage measure.
5. Debt to Equity ratio is a leverage measure.
6. Return on Equity is a measure of return on shareholders' capital at risk.
7. Return on Assets is a measure of return on asset value.

Key Performance Indicators are calculated as follows:

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	**2011**	2010
Funds From Operations	**7,290**	17,803	**23,579**	56,186
Funds From Operations per Share	**0.16**	0.40	**0.53**	1.27
Earnings Per Share - Basic	**0.05**	0.24	**0.25**	0.76
Earnings Per Share - Diluted	**0.05**	0.23	**0.25**	0.75
Return on Equity			**6.4%**	23.9%
Return on Assets			**3.0%**	10.3%
Debt to Equity Ratio			**0.60**	0.54
Debt to Gross Book Value			**23.6%**	23.5%

For the calculation of debt to equity ratio, refer to the 'Liquidity and Capital Resources' section.

Funds from operations were calculated as follows:

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Cash provided (used) by operating activities (IFRS)	**(4,579)**	(9,021)	(4,442)	(49%)	**17,553**	58,251	(40,698)	(70%)
Changes in non-cash working capital	**11,869**	26,824	(14,955)	(56%)	**6,026**	(2,065)	8,091	392%
Funds from operations	**7,290**	17,803	(10,513)	(59%)	**23,579**	56,186	(32,607)	(58%)

The decrease in FFO is mainly due to the sale of a large development land parcel in 2010, and a drop in the number of homes sold due to seasonal factors, offset by an increase in the sale of residential lots and income from a joint venture.

Debt to Gross book value is calculated as follows:

($'s)	December 31, 2011	December 31, 2010
Debt		
Financings excluding deferred financing fees	**89,989**	82,963
Gross Book Value		
Real estate held for development and sale	**299,916**	304,634
Property and equipment	**2,062**	2,004
Other assets	**77,654**	45,288
Deferred financing fees	**1,758**	1,643
Gross Book Value	**381,390**	353,569
Debt to Gross Book Value	**23.6%**	23.5%

Gross book value means the book value of the assets of the Corporation and its consolidated subsidiaries plus accumulated depreciation in respect of property and equipment, and deferred financing fees. Other assets include amounts receivable, other operating assets, deferred income taxes and cash and cash equivalents.

SELECTED ANNUAL INFORMATION

The following table sets out audited consolidated financial information of the Corporation for the last three fiscal years ended December 31:

($'s)	2011	2010	2009
			Canadian GAAP
Total revenues	**95,760**	137,383	86,562
Net earnings attributable to equity holder's	**11,060**	33,514	6,756
Total assets	**378,018**	350,466	344,770
Total financings	**88,231**	81,320	117,639
Net earnings attributable to equity holder's			
- Basic	**0.25**	0.76	0.15
- Diluted	**0.25**	0.75	0.15

RESULTS OF OPERATIONS

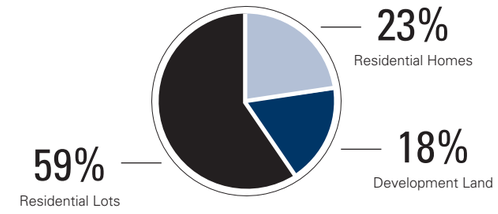
The following table sets out audited consolidated financial information of the Corporation for the last three fiscal years ended December 31:

	Three months ended December 31,				Year ended December 31,			
($'s)	2011	2010	Change	%	2011	2010	Change	%
Net earnings attributable to equity holders of the parent	**2,057**	10,454	(8,397)	(80%)	**11,060**	33,514	(22,454)	(67%)
Net earnings per share - Basic	**0.05**	0.24	(0.19)	(79%)	**0.25**	0.76	(0.51)	(67%)
Net earnings per share - Diluted	**0.05**	0.23	(0.18)	(78%)	**0.25**	0.75	(0.50)	(67%)

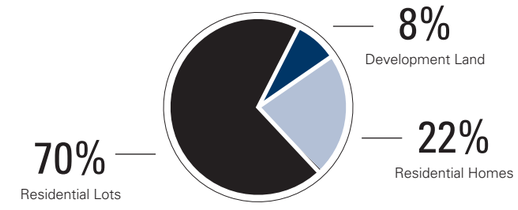
REVENUE, COST OF SALES AND GROSS MARGIN

The revenue mix for the three months and year ended December 31, 2011 and 2010 is as follows:

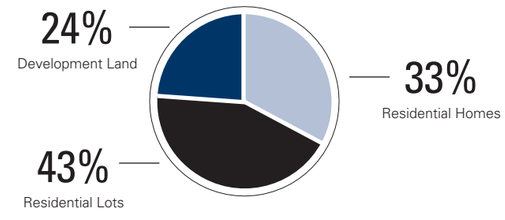
THREE MONTHS ENDED DECEMBER 31, 2011



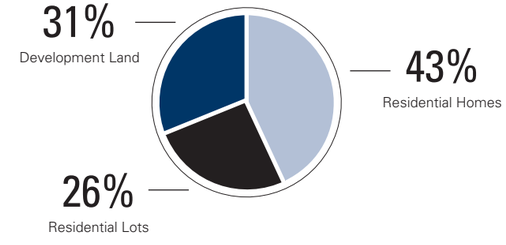
THREE MONTHS ENDED DECEMBER 31, 2010



YEAR ENDED DECEMBER 31, 2011



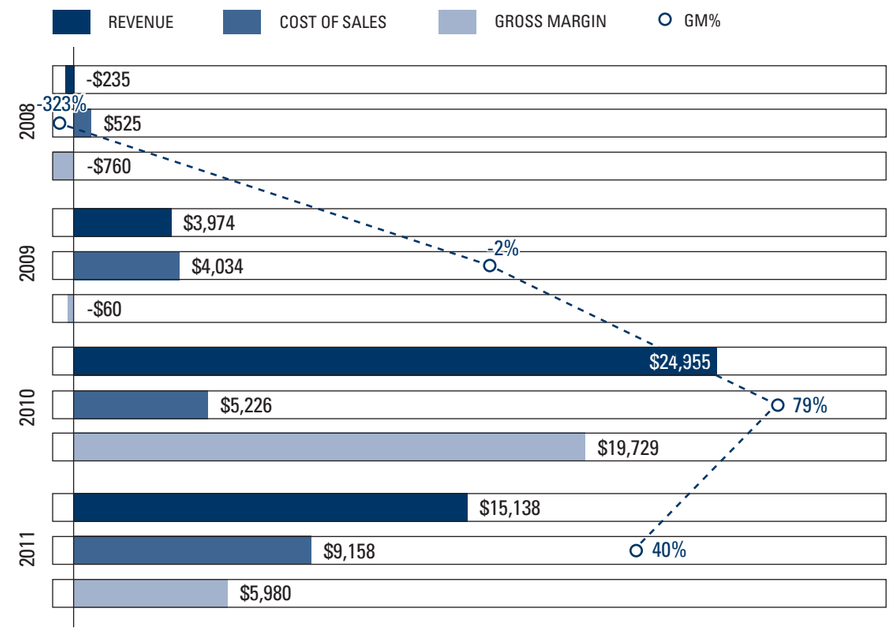
YEAR ENDED DECEMBER 31, 2010



RESIDENTIAL LOTS

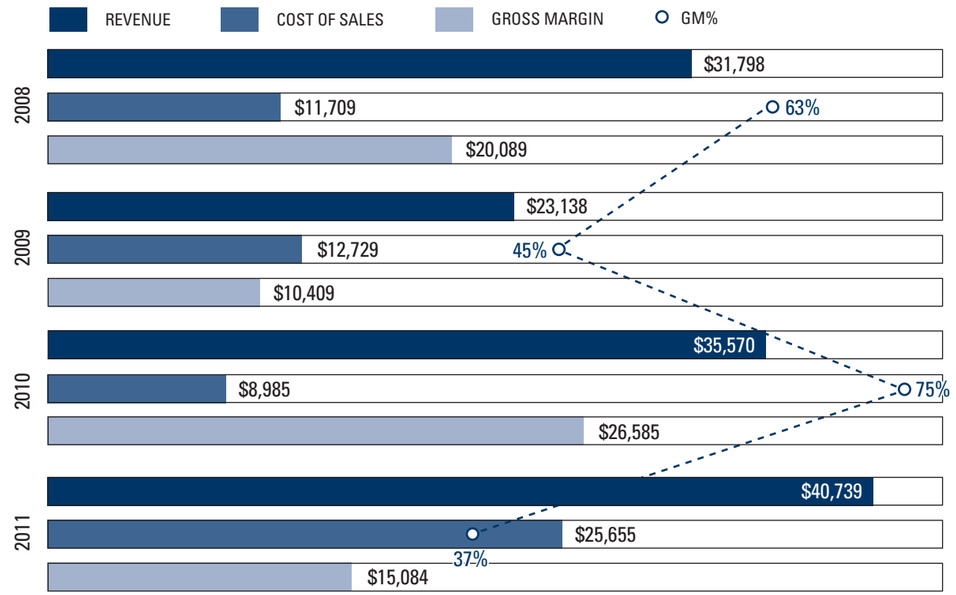
THREE MONTHS ENDED DECEMBER 31

($ in thousands)



RESIDENTIAL LOTS

YEAR ENDED DECEMBER 31
($ in thousands)



	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Residential lot revenue	**15,138**	24,955	(9,817)	(39%)	**40,739**	35,570	5,169	15%
Cost of sales	**(9,158)**	(5,226)	3,932	75%	**(25,655)**	(8,985)	16,670	186%
Gross margin	**5,980**	19,729	(13,749)	(70%)	**15,084**	26,585	(11,501)	(43%)
Gross margin %	**40%**	79%			**37%**	75%		
Number of lots sold	**93**	128	(35)	(27%)	**255**	184	71	39%
Average revenue per lot	**163**	195	(32)	(16%)	**160**	193	(33)	(17%)
Average cost of sales per lot	**98**	41	57	139%	**101**	49	52	106%

Residential lot revenue decreased during three months ended December 31, 2011 compared to the same period in 2010 as the three months ended December 31, 2010 included the newly released phases 1 and 2 of the Calgary community of Saddlestone. The lot revenue for the year ended December 31, 2011 is higher due primarily to the completion and sale of lots in phases 1 and 2 of the Calgary community of Sage Meadows, and the release of phases, 7 and 9 of Bayside in Airdrie. The 15% year over year lot revenue increase reflects the Calgary housing market's improvements in 2011, establishing a positive trend for 2012.

The revenue per lot for the three months and year ended December 31, 2010 was higher than 2011 due to sales of higher priced amenity lots in the Calgary community of Sherwood averaging $215 per lot.

The cost of sales per lot was higher for the three months and year ended December 31, 2011 compared to 2010 resulting in decreased gross margins. The increased cost of sales is largely associated with the community of Sage Meadows. Sage Meadows has a higher cost base per saleable square foot due to the infrastructure requirements as follows:

- The Sage Meadows community has a lower net saleable area as a large portion of the lands were required to be dedicated to the City of Calgary as environmental reserve in addition to the land normally required for school sites and a neighborhood parks. This resulted in the land and development cost being allocated to a smaller net saleable area. The Corporation also incurred additional costs due to the City requirement that the Sage Meadows lands provide storm water management facilities to service adjacent land not controlled by Genesis, thus increasing the land cost base.

DEVELOPMENT LAND

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Development land revenue	**4,475**	2,800	1,675	60%	**22,523**	42,512	(19,989)	(47%)
Cost of sales	**(8,239)**	(1,059)	7,180	678%	**(17,885)**	(15,822)	2,063	13%
Gross margin	**(3,764)**	1,741	(5,505)	(316%)	**4,638**	26,690	(22,052)	(83%)
Gross margin %	**(84%)**	62%			**21%**	63%		

The decrease in development land sales for the year ended December 31, 2011 compared to the same period in 2010 is a result of a large, one-time, residential land parcel sale of $35,000 included in 2010.

The decrease in margin for the year ended December 31, 2011 compared to 2010 is due to the sales mix and partial write-downs of the book value of one development land parcel in Acheson (Parkland County of Alberta) and two land parcels (Duhn and Worthington) in Delacour (east of Calgary). The Worthington parcel is under the LPLP 2007 ownership.

The development land sold in 2011 was mainly comprised of commercial and multi-family land parcels which generally have lower margins than the single-family land parcels sold in 2010.

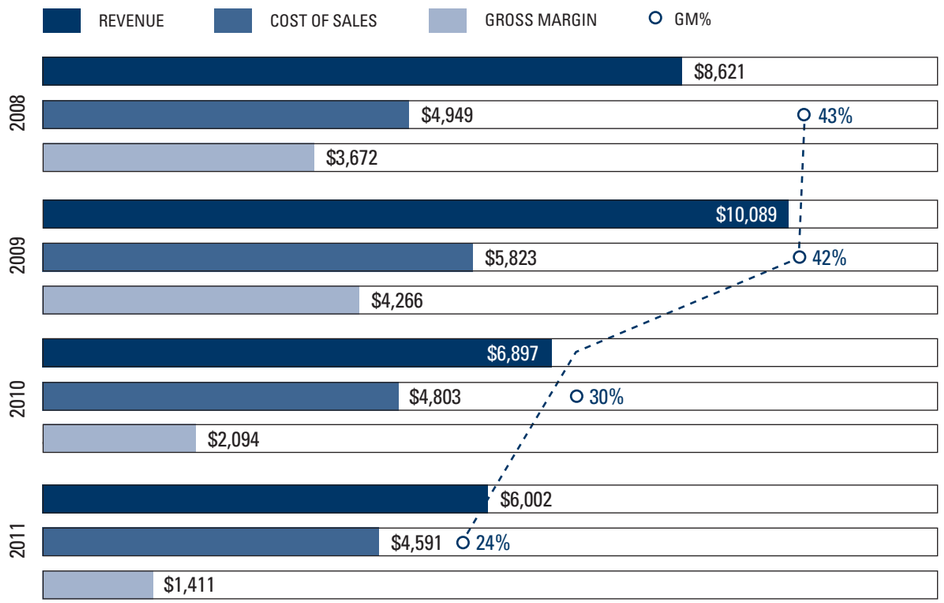
The negative gross margin for three months ended December 31, 2011 is due to the write-down of the land parcels and a cost to complete adjustment for a development land parcel sold during three months ended September 30, 2011. The gross margin before the adjustment and the write-down is $401 or 9%. The decrease in gross margin for the three months ended December 31, 2011 is due to a multi-family site sale in 2011 with a 9% gross margin versus a more favorable sale of a land parcel in 2010 which generated a 62% margin. The multi-family parcel sold in 2011 had unique characteristics that required additional on-site development costs which affected its selling price.

RESIDENTIAL HOME BUILDING

Single-family

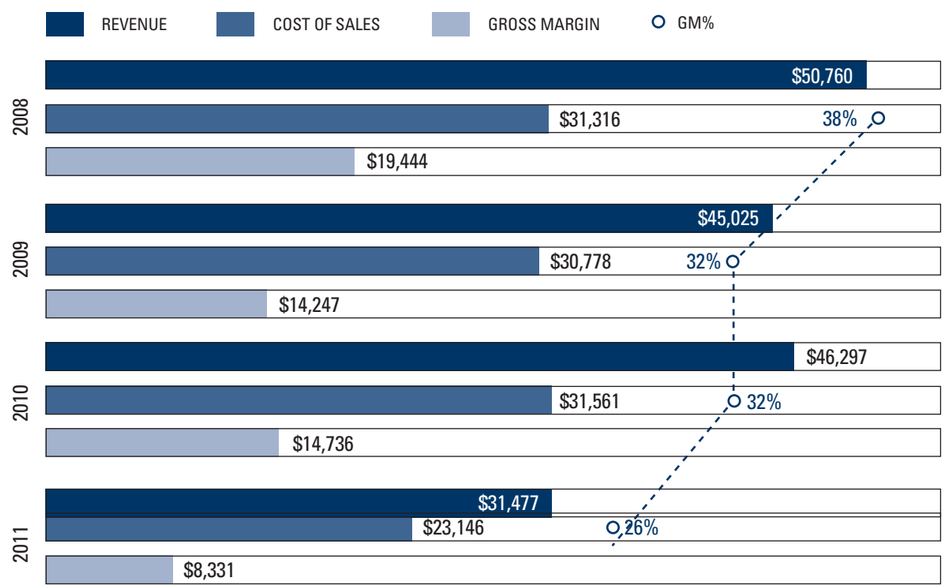
THREE MONTHS ENDED DECEMBER 31

($ in thousands)



YEAR ENDED DECEMBER 31

($ in thousands)



	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Single-family revenue	**6,002**	6,897	(895)	(13%)	**31,477**	46,297	(14,820)	(32%)
Cost of sales	**(4,591)**	(4,803)	(212)	(4%)	**(23,146)**	(31,561)	(8,415)	(27%)
Gross margin	**1,411**	2,094	(683)	(33%)	**8,331**	14,736	(6,405)	(43%)
Gross margin %	**24%**	30%			**26%**	32%		
Number of homes sold	**11**	15	(4)	(27%)	**65**	101	(36)	(36%)
Average revenue per home	**546**	460	86	19%	**484**	458	26	6%
Average cost of sales per home	**417**	320	97	30%	**356**	312	44	14%

The decrease in the number of single family homes sold during the year ended December 31, 2011 compared to the same period in 2010 was a result of multiple factors. Wet weather in the spring of 2011 delayed the completion of services and the start of construction of four showhomes in three communities for the spring selling season. These showhomes didn't open until May. The closings of a majority of the sales generated through these showhomes were carried forward into 2012.

The market for move-up homes also became extremely competitive due to the availability of both new and resale product. The corporation chose to reduce its blended margins to generate sales in the initial phases of certain new communities. In the three months ended December 31, margins started to improve, suggesting a trend towards a balanced market.

The number of home sales closed by community during the three months and year ended December 31, 2011 and 2010 in Calgary and Airdrie are as follows:

	Three months ended December 31,				Year ended December 31,			
	# of single-family homes closed		Average amount per home ($'s)		# of single-family homes closed		Average amount per home ($'s)	
($'s)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Calgary								
Kincora*	**–**	–	**–**	–	**–**	33	**–**	441
Sherwood	**1**	6	**959**	617	**4**	25	**659**	590
Saddlestone	**2**	–	**401**	–	**25**	–	**440**	–
Sage Meadows	**3**	–	**759**	–	**12**	–	**648**	–
Taralake	**–**	–	**–**	–	**1**	3	**461**	519
Airdrie								
Bayside	**5**	9	**397**	355	**23**	40	**417**	386
Total	**11**	15	**484**	460	**65**	101	**484**	458

**Sold out in 2010.*

Multi-family

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Multi-family revenue	**-**	812	(812)	(100%)	**577**	12,272	(11,695)	(95%)
Cost of sales	**(30)**	(762)	(732)	(96%)	**(571)**	(12,043)	(11,472)	(95%)
Gross margin	**(30)**	50	(80)	(160%)	**6**	229	(223)	(97%)
Gross margin %	**-**	6%			**1%**	2%		
Number of homes sold	**-**	4	(4)	(100%)	**3**	49	(46)	(94%)
Average revenue per home	**-**	203	(203)	(100%)	**192**	250	(58)	(23%)
Average cost of sales per home	**-**	191	(191)	(100%)	**190**	246	(56)	(23%)

The last unit in The Breeze multi-family project sold subsequent to the year end.

During the year ended December 31, 2011, Genesis commenced design work on the Montura project, a multi-family rental project with approximately 160 units in the Calgary community of Saddlestone.

The Corporation currently has additional serviced multi-family sites. However, management is currently investigating the opportunities to develop or divest itself of these sites.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Corporate administration	**571**	606	(35)	(6%)	**2,886**	3,038	(152)	(5%)
Compensation and benefits	**1,574**	1,610	(36)	(2%)	**5,173**	5,001	172	3%
Professional services	**980**	765	215	28%	**4,476**	3,172	1,304	41%
Advertising and marketing	**136**	243	(107)	(44%)	**1,064**	1,056	8	1%
	3,261	3,224	37	1%	**13,599**	12,267	1,332	11%

The overall general and administrative expense for the year ended December 31, 2011 compared to the same period last year increased mainly due to costs associated with settlements of some legal disputes and fees paid for professional services.

FINANCE EXPENSE

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Interest expensed	**1,416**	1,379	37	3%	**6,549**	7,973	(1,424)	(18%)
Financing fees accretion	**394**	499	(105)	(21%)	**1,557**	2,995	(1,438)	(48%)
Interest and financing fees capitalized	**(825)**	(953)	(128)	(13%)	**(2,937)**	(3,337)	(400)	(12%)
	985	925	60	6%	**5,169**	7,631	(2,462)	(32%)

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

During the year ended December 31, 2011, the Corporation refinanced five of its existing loans amounting to $54,185 into three loans. As a result, the Corporation reduced the interest rate by approximately 3 percentage points and the term was increased to 30 months.

The decrease in interest expense for the year ended December 31, 2011 compared to 2010 was mainly due to lower average outstanding loan balances and lower interest rates and fees paid on new and renewed loans.

INCOME TAX EXPENSE

	Three months ended December 31,				Year ended December 31,			
($'s)	**2011**	2010	Change	%	**2011**	2010	Change	%
Income tax expense	**957**	4,062	(3,105)	(76%)	**4,264**	12,845	(8,581)	(67%)

Income tax expense decreased for the year ended December 31, 2011 compared to 2010 primarily due to lower taxable income.

FINANCIAL POSITION

ASSETS

($'s)	**December 31, 2011**	**%**	December 31, 2010	%
Real estate held for development and sale	**299,916**	**80%**	304,634	86%
Property and equipment	**448**	**–**	544	–
Amounts receivable	**43,451**	**11%**	27,021	8%
Other operating assets	**20,494**	**5%**	15,812	5%
Deferred income taxes	**2,859**	**1%**	–	–
Cash and cash equivalents	**10,850**	**3%**	2,455	1%
	378,018	**100%**	350,466	100%

REAL ESTATE HELD FOR DEVELOPMENT AND SALE

($'s)	**December 31, 2011**	December 31, 2010	Change	%
Real estate held for development and sale	**310,670**	315,006	(4,336)	(1%)
Provision for write-down	**(10,754)**	(10,372)	382	4%
	299,916	304,634	(4,718)	(2%)

During the year ended December 31, 2011, carrying value of real estate held for development and sale decreased primarily as a result of sales of residential lots, development land parcels and housing inventory and the write-down of a development land parcel. The decrease is offset by on-going residential land development and home construction expenditures relating to the Calgary communities of Sage Meadows, Saddlestone and Sage Hill Crossing, and the Airdrie community of Bayside. During 2011, the Corporation recognized partial write-downs of the book value of Acheson ($1,941), Duhn ($620) and Worthington ($990) lands. The Corporation also recognized a recovery of previously recognized write-downs in the amount of $1,153 relating to Fowler property in Airdrie driven by a higher valuation at December 31, 2011.

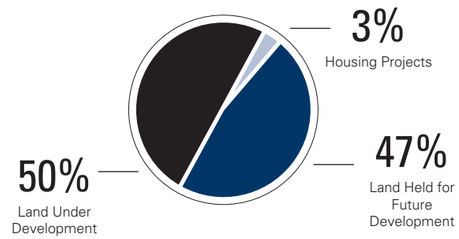
Real estate held for development and sale changed during the year ended December 31, 2011 as follows:

($'s)	Land Under Development	Land Held for Future Development	Housing Projects	Intersegment Elimination	Total
December 31, 2010	156,149	139,486	8,999	–	**304,634**
Acquisitions & Transfers	5,243	(3,551)	15,410	(17,102)	**–**
Development	29,220	5,121	13,967	17,102	**65,410**
Sold	(39,483)	–	(30,263)	–	**(69,746)**
Impairment adjustments	(1,941)	(457)	2,016	–	**(382)**
December 31, 2011	**149,188**	**140,599**	**10,129**	**–**	**299,916**

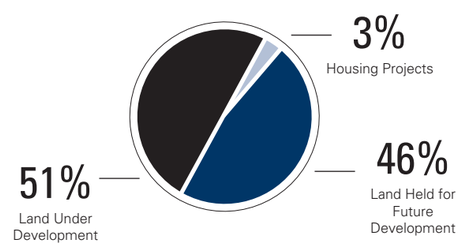
The corporation holds more than 7,000 acres of land including land held under limited partnerships. The inventory mix based on the book value was as follows:

INVENTORY MIX - BOOK VALUE

DECEMBER 31, 2011



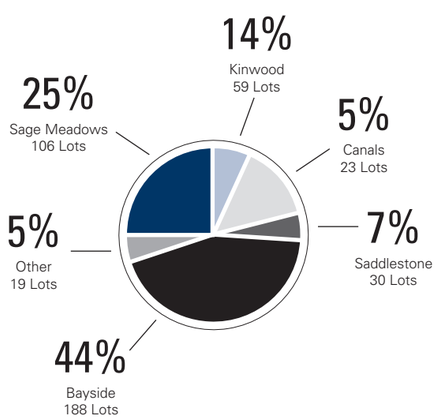
DECEMBER 31, 2010



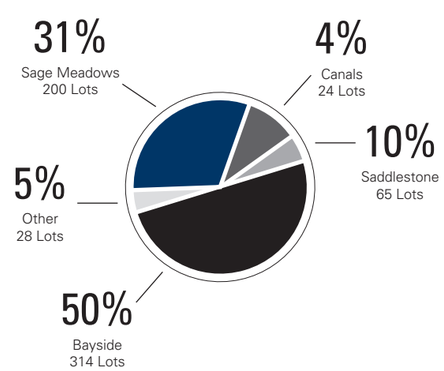
The Corporation had 425 single-family lots in inventory as at December 31, 2011 (December 31, 2010 – 631). The lot inventory by community was as follows:

TOTAL NUMBER OF SINGLE-FAMILY LOTS IN INVENTORY BY COMMUNITY

DECEMBER 31, 2011



DECEMBER 31, 2010



Amounts Receivable

($'s)	December 31, 2011	December 31, 2010	Change	%
Amounts receivable	**43,451**	27,021	16,430	61%

Amounts receivable increased at December 31, 2011 compared to December 31, 2010 mainly due to an increase in lot sales achieved for phases 1 and 2 of the Calgary community of Sage Meadows and phases 7 and 9 of the Airdrie community of Bayside, sales of lots achieved by the joint venture in the Calgary community of Kinwood, and two vendor take back mortgages issued for sales of commercial and multi-family parcels. There are no receivables for which an allowance for doubtful accounts is required.

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

LIABILITIES AND EQUITY

($'s)	December 31, 2011	%	December 31, 2010	%
Financings	**88,231**	**23%**	81,320	23%
Customer deposits	**7,582**	**2%**	8,388	2%
Accounts payable and accrued liabilities	**16,415**	**4%**	13,025	4%
Income taxes payable	**12,970**	**3%**	6,988	2%
Deferred income taxes	**–**	**–**	3,387	1%
Land development service costs	**16,201**	**4%**	10,347	3%
Non-controlling interest	**56,771**	**15%**	58,922	17%
Shareholders' equity	**179,848**	**49%**	168,089	48%
	378,018	**100%**	350,466	100%

Financings from lending institutions, gross of deferred financing fees of $1,758, at December 31, 2011 totaled $89,989 of which $16,807 or 19% relates to balances due in 1 year or less, repayment of which is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. During the year ended December 31, 2011, Genesis received $91,023 of financing proceeds and made repayments of $83,613.

Land Development Service Costs

($'s)	December 31, 2011	December 31, 2010	Change	%
Land development service costs	**16,201**	10,347	5,854	57%

Accrued land development service costs increased at December 31, 2011 compared to December 31, 2010 mainly due to lot sales by the joint venture (See 'Joint Venture' below) in the Calgary community of Kinwood. The increase is also attributable to increases in the development levies and surface maintenance costs for certain properties. The overall increase was partially off-set by performance of planned service work, thus incurring previously accrued completion costs.

Shareholders' Equity

As at March 5, 2012, the Corporation had 44,486,162 common shares issued and outstanding. In addition, there were options to acquire 1,665,096 common shares of the Corporation issued under the Corporation's stock option plan.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2011, the Corporation generated net earnings of $11,060 for funding its operating activities. At December 31, 2011, the consolidated cash balance was $10,850 as compared to $2,455 as at December 31, 2010.

The short-term liabilities and commitments include:

($'s)	**December 31, 2011**	December 31, 2010
Financings, excluding deferred financing fees	**16,807**	45,006
Accounts payable and accrued liabilities	**16,415**	13,025
Total short-term liabilities	**33,222**	58,031
Commitments	**10,035**	4,977
	43,257	63,008

At December 31, 2011, Genesis has obligations due within the next 12 months of $43,257. If Genesis is unable to generate sufficient sales and renew existing credit facilities or secure additional financing, it will impact the Corporation's ability to meet its obligations as they become due. Based on Genesis' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

The following is a summary of the Corporation's divisional financings balances as at December 31, 2011 and as at the end of the previous four quarters:

Financings

($'s)	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010
Land & land project loans	88,047	75,275	86,192	86,686	81,862
Home building operations	1,254	–	–	–	442
Other	688	681	673	667	659
	89,989	75,956	86,865	87,353	82,963
Deferred financing fees	(1,758)	(1,829)	(1,428)	(1,422)	(1,643)
	88,231	74,127	85,437	85,931	81,320

The movement in the Corporation's financings was as follows:

($'s)	**Year ended December 31, 2011**	Year ended December 31, 2010
Balance, beginning of year	**81,320**	115,210
Advances	**91,023**	125,850
Repayments	**(83,613)**	(162,057)
Finance expense	**5,169**	7,631
Interest and financing fees paid and capitalized	**(5,668)**	(5,314)
Balance, end of year	**88,231**	81,320

The financings decreased mainly due to the pay down of project loans by lot closings achieved in the Calgary communities of Saddlestone and Sage Meadows. The Corporation obtained $13,020 and $38,020 of new loans during the three months and year ended December 31, 2011.

The following table shows the debt to equity ratio calculated as total liabilities divided by total equity.

($'s)	**December 31, 2011**	December 31, 2010
Total Liabilities	**141,399**	123,455
Total Equity	**236,619**	227,011
Debt to Equity ratio	**0.60**	0.54

The Corporation uses a combination of project-specific credit facilities, limited partnership capital and cash generated from operations to fund its capital requirements. Management believes that the Corporation has sufficient liquidity to pay for operating expenses, incur development costs, and pay principal and interest on financings. The Corporation regularly reviews its credit facilities and manages the requirements in accordance with project development plans and operating requirements.

Contractual Obligations

The Corporation's contractual obligations, other than accounts payable, income taxes payable, customer deposits and land development service costs, stated as of December 31, 2011, are as follows:

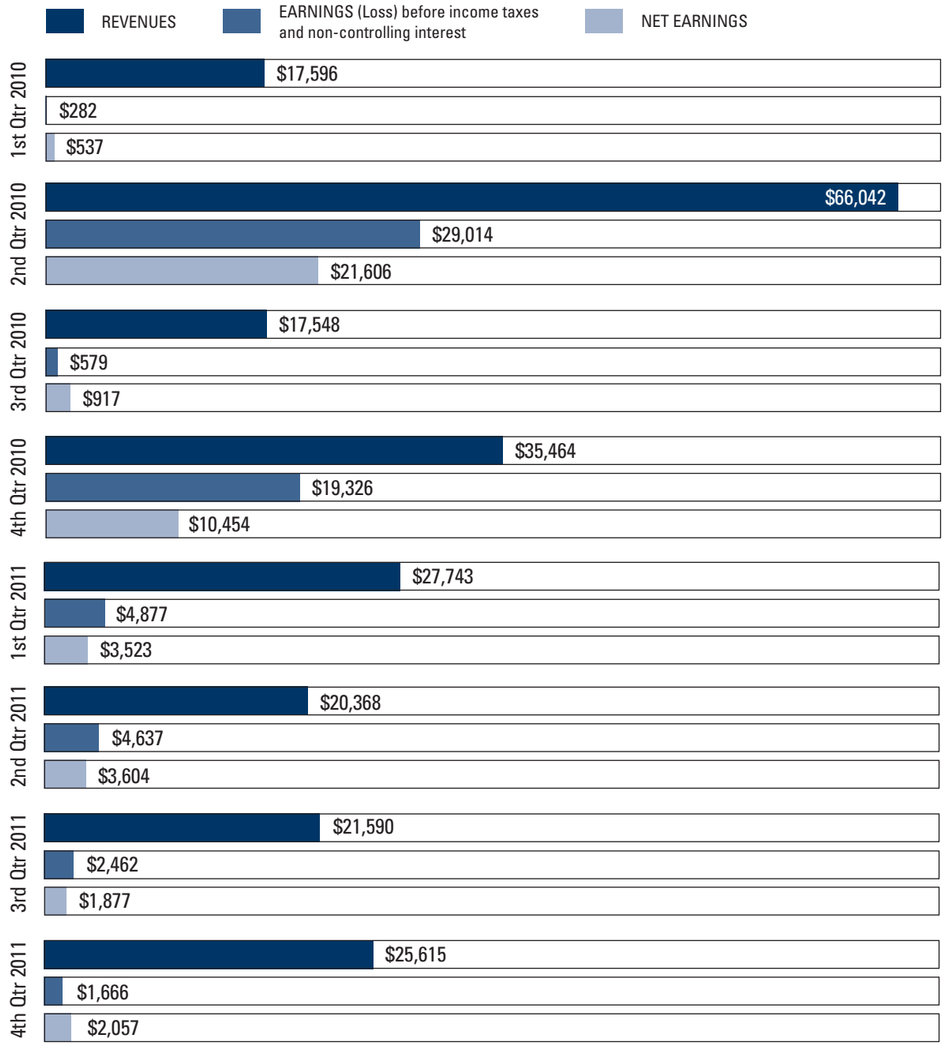
($'s)	Financings (excl. deferred financing fees)	Purchase of Land and Other	Naming Rights	Lease Obligations	**Total**
Current	16,807	8,433	1,200	402	**26,842**
Years 2 and 3	73,182	–	1,400	80	**74,662**
Years 4 and 5	–	–	1,400	18	**1,418**
Thereafter	–	–	2,200	–	**2,200**
	89,989	8,433	6,200	500	**105,122**

Genesis has entered into a memorandum of understanding with a community society in North East Calgary, whereby Genesis will contribute $5,000 over the next ten years for the naming rights to the "Genesis Centre for Community Wellness", a recreation complex in north east Calgary.

Genesis has entered into an agreement with the City of Airdrie, whereby Genesis will contribute $200 per year for ten years, commencing June 1, 2008, for the naming rights to "Genesis Place", a recreation complex in the city of Airdrie. The first four payments have been remitted as scheduled and recorded as part of general and administrative expense.

SUMMARY OF QUARTERLY RESULTS

($ in thousands)



($'s)	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010
Revenues	25,615	21,590	20,368	27,743	35,464	17,548	66,042	17,596
Earnings before income taxes and non-controlling interest	1,666	2,462	4,637	4,877	19,326	579	29,014	282
Net earnings being comprehensive income	2,057	1,877	3,604	3,523	10,454	917	21,606	537
Net earnings per share:								
- Basic	0.05	0.04	0.08	0.08	0.24	0.02	0.49	0.01
- Diluted	0.05	0.04	0.08	0.08	0.23	0.02	0.49	0.01

JOINT VENTURE

On April 30, 2010, Genesis entered into a joint venture agreement with another real estate development corporation to form a joint venture corporation ("JV") with a purpose of conducting residential development of certain real estate holdings. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in the JV. The development is comprised of 4 phases. The first phase has been serviced and is comprised of 194 lots and two multi-family sites. The JV sold 135 lots in 2011, including 30 lots sold to the home building division of the Corporation.

On July 15, 2011, the JV obtained a credit facility in the amount of $17,000. The Corporation and the JV partner have provided a guarantee for this facility. At December 31, 2011, the balance of the facility was $4,330, 50% of which the Corporation recognized in its 2011 financial statements.

OFF BALANCE SHEET ARRANGEMENTS

LETTERS OF CREDIT

The Corporation has an ongoing requirement to provide letters of credit to municipalities as part of the subdivision plan registration process. As at December 31, 2011, these letters of credit totaling approximately $13,738, would provide a source of funds to the municipalities that would allow them to complete the construction and maintenance of improvements to the subdivision should the Corporation not be able to. The amount of any particular letter of credit is reduced at various stages of construction. Once the municipality issues a certificate acknowledging completion of the improvements to the project, the letter of credit is returned and cancelled.

LEASE AGREEMENTS

The Corporation has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of December 31, 2011.

RELATED PARTY TRANSACTIONS

On August 29, 2011, the Corporation's then Chief Executive Officer ("former CEO") resigned as an officer and director of Genesis pursuant to a settlement agreement with Alberta Securities Commission. On November 30, 2011, the Corporation entered into an Advisory Services Agreement with the former CEO to provide support and advisory services on an as-needed basis during the strategic alternatives evaluation process. The terms and scope of the agreement extend to March 31, 2012. The amount of payments made to the former CEO for the year ended December 31, 2011 were $67 (2010 - $Nil). On December 7, 2011, the former CEO completed the purchase of a single-family home for $1,114 representing terms offered to employees and measured at the exchange amount.

The Corporation engaged a former officer ("former CFO") of the Corporation as a Senior Financial Advisor, the term for which expired December 31, 2011. The amount of payments made to the former CFO for the year ended December 31, 2011 were $148 (2010 - $178). On March 26, 2011, the former CFO also completed the purchase of a single-family home for $947 representing terms offered to employees and measured at the exchange amount. At December 31, 2011, amounts receivable from the former CFO were $Nil (December 31, 2010 - $21). The Corporation also engaged an entity under the control of the former CFO's spouse to provide interior design services and supply of materials for its home building division.

During the year ended December 31, 2011, the Corporation's Corporate Controller entered into a contract with the Corporation for the purchase of a single-family home for $693 representing terms offered to employees. At December 31, 2011, the home was still under construction.

SUBSEQUENT EVENTS

On February 21, 2012, the Corporation announced the conclusion of strategic review process that was commenced on June 20, 2011. A Special Committee of independent members of Genesis' Board of Directors conducted a thorough review of the strategic alternatives available to the Corporation including consideration of corporate transactions. The process did not result in a transaction adequately reflecting value. The Special Committee determined that it is in the best interest of Genesis' shareholders to terminate the process.

CRITICAL ACCOUNTING ESTIMATES

Certain estimates are necessary until amounts are finalized pursuant to transactional or legal proceedings. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates.

GENERAL LITIGATION

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

VALUATION OF LAND

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

COSTS TO COMPLETE

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

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

TRANSITION TO IFRS

This MD&A reflects the adoption of IFRS effective January 1, 2010, with information for 2010 being restated from what was previously issued under Canadian GAAP. Periods prior to January 1, 2010 have not been restated.

Note 3 of the consolidated financial statements for the year ended December 31, 2011 provides a description of the Corporation's transition to IFRS and the detailed impact on the previously reported Canadian GAAP financial information for 2010.

The most significant impacts of the change in accounting standards on the quarterly information are:

BORROWING COSTS

On transition to IFRS, in accordance with IAS 23, "Borrowing Costs", the Corporation recognized the borrowing costs related to projects that were not considered in the development stage to the statement of comprehensive income. The costs were capitalized only to those properties relating to which the Corporation incurred expenditures, incurred borrowing costs and carried out development work to prepare an underlying asset for its intended use or sale. In the case of extended delays in development, borrowing costs were not capitalized to a project. The general funds used for obtaining qualifying assets were capitalized using a rate that was calculated as the weighted average of the borrowing costs applicable to the borrowings that were outstanding for the period.

In 2010, certain properties stated at net realizable value ("NRV") were reduced to an amount below NRV after borrowing costs capitalized under Canadian GAAP were charged to the statement of comprehensive income on transition to IFRS. An adjustment was made to reverse the write-down taken on the real estate inventory in previous years in order to state the value of the inventory at NRV.

SHARE BASED PAYMENTS

The Corporation elected to use the exemption provided by IFRS 1, First-time adoption of IFRS, and accordingly IFRS 2 Share-based Payments was not applied to equity settled transactions to equity instruments granted after November 7, 2002 that have been vested before January 1, 2010.

RISKS AND UNCERTAINTIES

In the normal course of business, the Corporation is exposed to certain risks and uncertainties inherent in the real estate development industry. Real estate development is a cyclical business; as a result, the profitability of the Corporation could be adversely affected by external factors beyond the control of management. The markets started to gradually stabilize in 2010 from the general downturn of 2008 and 2009 in the national and local economies, and the modest, but positive, trend continued into 2011. However, concerns still exist as to the sustainability of the recovery, as government and consumer debt levels continue to rise. Genesis continues to pursue a strategy of using this economic correction to strongly position itself when the market turns around. With a diversified land base, the Corporation is well positioned to focus on the real estate projects offering the best return in the market place going forward.

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

Genesis is exposed to a number of risks including:

GENERAL ECONOMIC RISKS:

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

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

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

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

SPECIFIC RISKS:

Credit Risk: This arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. The corporation does sell to a variety of builders to alleviate this risk. As well, thorough credit

assessments are conducted with respect to all new builders and the Corporation also obtains a non-refundable deposit and retains title to lots that are sold until payment is received in full.

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

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

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

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

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

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their direct supervision, Genesis' disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that:

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

ii. material information required to be disclosed in the annual and interim filings is recorded, processed, summarized, and reported on a timely basis.

The Company is required to perform an evaluation of disclosure controls and procedures and internal control over financial reporting annually and to disclose Management's conclusions about the effectiveness & design of these disclosure controls and procedures and internal controls over financial reporting in its Annual MD&A.

Genesis' management, including the CEO and the CFO, has reviewed and evaluated the effectiveness of the Corporation's disclosure controls and procedures and internal controls over financial reporting as of December 31, 2011. In conformance with National Instrument 52-109 ("52-109"), the Corporation has filed certificates signed by the CEO and CFO that deal with the matter of disclosure controls and procedures and internal controls over financial reporting.

Based on that evaluation, senior management determined that the disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under 52-109) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Genesis' internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Genesis' internal controls over financial reporting as of December 31, 2011 and concluded that the design and operating effectiveness of these internal controls over financial reporting are effective.

There were no changes in the Corporation's internal controls over financial reporting during the three months ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect the Corporation's internal controls over financial reporting. The conversion to IFRS from Canadian GAAP impacts the presentation of financial results and accompanying disclosures. The Corporation evaluated the impact of the conversion on financial reporting systems, processes, and controls and determined that no material changes were required to its internal control and disclosure control environment.

While Genesis' CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure framework and may make modifications from time to time as considered necessary or desirable.

The CEO and CFO oversee all material transactions and related accounting records. In addition, the Audit Committee reviews the financial statements and key risks of the Corporation on a quarterly basis and queries management about significant transactions, and there is daily oversight by the senior management of the Corporation.

The CEO and CFO have limited the scope of the design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of Kinwood Communities Inc., a joint venture in which the Corporation has 50% interest. The design was excluded from evaluation as the Corporation does not have the ability to design and evaluate controls policies and procedures carried out by that entity. Our assessment is limited to the internal controls over the inclusion of our share of the joint venture and its results in our consolidated financial statements. To help mitigate the impact and to ensure quality financial reporting, the Corporation had specified procedures performed by an independent accounting firm on certain balance sheet and income statement items.

OTHER

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

TO THE SHAREHOLDERS OF
GENESIS LAND DEVELOPMENT CORP.

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

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

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

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 provide an independent auditors' opinion.

Jeff Blair

JEFF BLAIR
Interim Chief Executive Officer

SIMON FLETCHER
Chief Financial Officer

March 5, 2012

TO THE SHAREHOLDERS OF
GENESIS LAND DEVELOPMENT CORP.:

We have audited the accompanying consolidated financial statements of Genesis Land Development Corp. and its subsidiaries, which comprise the balance sheets as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statement of earnings, comprehensive income and retained earnings, and consolidated statement of cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Genesis Land Development Corp. and its subsidiaries as at December 31, 2011 and 2010 and January 1, 2010, and their financial performance and their cash flows for the years ended December 31, 2010 and December 31, 2011 in accordance with International Financial Reporting Standards.

March 5, 2012
Calgary, Canada

MNP LLP

Chartered Accountants

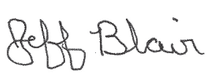
MNP

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

	December 31, 2011	December 31, 2010[1]	January 1, 2010[1]
Assets			
Real estate held for development and sale[4]	**299,916**	304,634	302,598
Property and equipment[6]	**448**	544	568
Amounts receivable[7]	**43,451**	27,021	15,384
Other operating assets[8]	**20,494**	15,812	17,000
Deferred income taxes[9]	**2,859**	–	2,213
Cash and cash equivalents	**10,850**	2,455	4,578
Total assets	**378,018**	350,466	342,341
Liabilities			
Financings[13]	**88,231**	81,320	115,210
Customer deposits	**7,582**	8,388	4,985
Accounts payable and accrued liabilities	**16,415**	13,025	8,351
Income taxes payable	**12,970**	6,988	11,139
Deferred income taxes[9]	**–**	3,387	–
Land development service costs	**16,201**	10,347	8,300
Total liabilities	**141,399**	123,455	147,985
Commitments and contingencies[16]			
Equity			
Share capital[14]	**55,122**	54,798	54,097
Contributed surplus	**4,950**	4,575	3,973
Retained earnings	**119,776**	108,716	75,202
Shareholders' equity	**179,848**	168,089	133,272
Non-controlling interest[5]	**56,771**	58,922	61,084
Total equity	**236,619**	227,011	194,356
Total liabilities and equity	**378,018**	350,466	342,341

Related party transactions (note 18 and 20)
Subsequent events (note 21)
See accompanying notes to the consolidated financial statements
[1]Refer to note 3 for the effects of adoption of IFRS



JEFF BLAIR
Interim Chief Executive Officer

SIMON FLETCHER
Chief Financial Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2011 and 2010

(In thousands of Canadian dollars except per share amounts)

	2011	2010[1]
Revenues		
Residential lot sales	**40,739**	35,570
Development land sales	**22,523**	42,512
Residential home sales	**32,054**	58,569
Other revenue	**444**	732
	95,760	137,383
Cost of sales		
Residential lots	**25,655**	8,985
Development lands	**17,885**	15,822
Residential homes	**23,717**	43,604
	67,257	68,411
Gross margin	**28,503**	68,972
General and administrative[10]	**13,599**	12,267
Other expense[11]	**1,338**	992
	14,937	13,259
Operating earnings from continuing operations	**13,566**	55,713
Finance income	**(631)**	(518)
Finance expense[12]	**5,169**	7,631
Gain on de-recognition of SPE[5(b)]	**–**	(613)
Gain from joint venture[18]	**(4,610)**	–
Loss (gain) on disposal of property and equipment	**(3)**	10
Earnings before income taxes	**13,641**	49,203
Income taxes[9]	**4,264**	12,845
Net earnings being Comprehensive Income	**9,377**	36,358
Attributable to:		
Equity holders of the parent	**11,060**	33,514
Non-controlling interest[5]	**(1,683)**	2,844
Net earnings being Comprehensive Income	**9,377**	36,358
Net earnings per share attributable to common shareholders		
Basic[14]	**0.25**	0.76
Diluted[14]	**0.25**	0.75

See accompanying notes to the consolidated financial statements
[1]Refer to note 3 for the effects of adoption of IFRS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2011 and 2010

(In thousands of Canadian dollars except number of shares)

	COMMON SHARES - ISSUED						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	**Total Equity**
At January 1, 2010[1]	44,111,757	54,097	3,973	75,202	133,272	61,084	**194,356**
Share-based payment transactions	–	–	813	–	813	–	**813**
Proceeds from shares issued on exercise of options	267,691	490	–	–	490	–	**490**
Transferred from contributed surplus on exercise of options	–	211	(211)	–	–	–	**–**
De-recognition of SPE	–	–	–	–	–	(2,120)	**(2,120)**
Distributions to unit holders of limited partnerships	–	–	–	–	–	(2,886)	**(2,886)**
Net earnings being comprehensive income	–	–	–	33,514	33,514	2,844	**36,358**
At December 31, 2010[1]	44,379,448	54,798	4,575	108,716	168,089	58,922	**227,011**
Share-based payment transactions	–	–	458	–	458	–	**458**
Proceeds from shares issued on exercise of options	104,839	241	–	–	241	–	**241**
Transferred from contributed surplus on exercise of options	–	83	(83)	–	–	–	**–**
Distributions to unit holders of limited partnerships	–	–	–	–	–	(468)	**(468)**
Net earnings being comprehensive income	–	–	–	11,060	11,060	(1,683)	**9,377**
At December 31, 2011	44,484,287	55,122	4,950	119,776	179,848	56,771	**236,619**

See accompanying notes to the consolidated financial statements

[1]Refer to note 3 for the effects of adoption of IFRS

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

(In thousands of Canadian dollars)

	2011	2010[1]
Operating activities		
Cash receipts from residential lot and development land sales	**52,235**	70,612
Cash receipts from residential home sales	**32,009**	57,395
Other cash receipts	**667**	1,136
Cash paid to suppliers for land development	**(35,676)**	(40,973)
Cash paid to suppliers for residential home construction	**(17,626)**	(16,562)
Cash paid to other suppliers and employees	**(14,056)**	(13,357)
	17,553	58,251
Interest received	**631**	518
Income taxes paid	**(4,528)**	(11,396)
	13,656	47,373
Investing activities		
Acquisition of property and equipment	**(68)**	(204)
Change in restricted cash	**(4,324)**	(713)
Proceeds on disposal of property and equipment	**4**	45
	(4,388)	(872)
Financing activities		
Advances from financings[13]	**91,023**	127,298
Repayments of financing	**(83,613)**	(162,057)
Interest and financing fees paid	**(8,056)**	(9,962)
Decrease in non-controlling interest	**–**	(1,507)
Distributions to unit holders of limited partnerships	**(468)**	(2,886)
Issue of share capital	**241**	490
	(873)	(48,624)
Change in cash and equivalents	**8,395**	(2,123)
Cash and cash equivalents, beginning of year	**2,455**	4,578
Cash and cash equivalents, end of year	**10,850**	2,455

See accompanying notes to the consolidated financial statements

[1]Refer to note 3 for the effects of adoption of IFRS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

1. DESCRIPTION OF BUSINESS

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

The Corporation is engaged in the acquisition, development, subdivision, construction, sale and leasing of land, residential lots and homes and commercial property in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and home building, both operating in one geographic area. All business activities of Genesis are conducted in Western Canada.

The consolidated financial statements of the Corporation for the year ended December 31, 2011 were authorized for issue in accordance with a resolution of the directors on March 5, 2012.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". The registered office of the Corporation is located at Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3. The Corporation's head office is located at 200, 3115 - 12th Street N.E., Calgary, Alberta T2E 7J2.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of Compliance

The consolidated financial statements represent the financial statements of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Corporation adopted IFRS in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") as discussed in note 3. Consequently, the comparative figures for 2010 and the Corporation's statement of financial position as at January 1, 2010 have been restated from accounting principles generally accepted in Canada ("Canadian GAAP") to comply with IFRS.

(b) Basis of Presentation

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

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

The most significant estimates and judgments relate to net realizable value of real estate held for development and sale, costs to complete, valuation of deferred income tax amounts, impairment testing, valuation of amounts receivable and the calculation of share-based payments.

(c) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation, its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities which the Corporation controls. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All intra-group transactions, balances, and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

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

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

(d) Interests in Joint Ventures

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

(e) Revenue Recognition

(i) Residential lot and development land sales

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

(ii) Residential home sales

Revenue is recognized when an agreement is signed and the completed unit is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured.

Deposits received from customers upon signing of contracts for purchases of completed units for which revenue recognition criteria have not been met are recorded as customer deposits.

(iii) Interest income

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

(iv) Other revenue

Rental income is recognized on straight-line basis over the term of the rental agreement. Deposits forfeited are recognized as incurred.

(f) Real Estate Held for Development and Sale

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

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

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

NRV is the estimated selling price in the ordinary course of the business based on market prices 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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds.

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

(h) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on all operating property and equipment to write-off the cost less estimated residual value based on declining balance method, at the following rates:

- Vehicles and other equipment 30%
- Office equipment and furniture 20% - 30%
- Computer equipment 30%
- Leasehold improvements 20% - 30%

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

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

(i) Income Taxes

(i) Current income tax

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

(ii) Deferred income tax

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

Deferred income 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 income 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 income tax relating to items that are directly recognized in equity is recognized in equity and not in the statement of comprehensive income.

(j) Cash and Cash Equivalents

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

(k) Restricted Cash

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

(l) Provisions

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

(m) Leases

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

(n) Share-based Payments

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

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

(o) Financial Assets

All financial assets are initially recognized on the balance sheet at fair value and designated at inception into one of the following classifications; at fair value through profit or loss ("FVTPL") and loans and receivables. Loans and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010
(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

receivables are recognized on the date of origination. All financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

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

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

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

Financial assets are de-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 which have had a negative effect on the estimated future cash flows of the asset.

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

(p) Financial Liabilities

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

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

The financial liabilities classified as other financial liabilities are accounts payable and accrued liabilities, and financings.

Financial liabilities are de-recognized when the contractual obligations are discharged, cancelled or expire.

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

(q) Impairment of Non-financial Assets

The Corporation assesses at each balance sheet date whether there is an indication that an asset may be impaired,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010
(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

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

(r) Earnings per Share

The 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 amounts are calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price over the year.

(s) Land Development Service Costs

The land development service costs liability represents the construction costs expected to be incurred for each project phase currently under development to the extent that revenue has been recognized. The liability includes all direct construction costs and indirect costs including interest and property taxes expected to be incurred during the remainder of the construction period. The land development service costs are reviewed on a phase by phase basis. When the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for estimated land development service costs and a corresponding adjustment is made to land under development and/or cost of sales.

(t) Significant Judgements, Accounting Estimates and Assumptions

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

(i) Net realizable value

NRV for land parcels and housing projects is estimated with reference to market prices and conditions existing at the balance sheet date and is determined by the Corporation having considered suitable external advice and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(ii) 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. The uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax income and expense

already recorded.

(iii) Costs to complete

Changes in the estimated future development costs directly impact the amount recorded for the future development liability, cost of sales, gross margin and in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty as it is based on estimates prepared by independent consultants and management.

(u) Change in Accounting Policy

The Corporation amended its accounting policy choice for presenting the statement of cash flows. IAS 7 "Statement of Cash Flows" provides an option to use either the direct or indirect method to present cash flows from operating activities. The Corporation has elected to change the presentation to the direct method. Prior to the change, cash flows from operating activities were presented using the indirect method. The change has been applied to the consolidated financial statements for the year ended December 31, 2011 and comparative figures for 2010 have been restated to reflect the change. This amendment improves disclosures of cash flows by major classes and does not have a material impact on the consolidated financial statements.

(v) Changes to Future Accouting Policies

(i) IAS 1: Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1 requiring items within other comprehensive income that may be reclassified to the profit or loss section of the income statement to be grouped together. The amendments are to be applied retrospectively and will be effective for annual periods commencing on or after July 1, 2012, with earlier application permitted. This amendment will have no impact on the Corporation after initial application.

(ii) IFRS 9: Financial Instruments: Classification and Measurement

On November 12, 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. It applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements.

(iii) IFRS 10: Consolidated Financial Statements and IAS 27: Consolidated and Separate Financial Statements

IFRS 10, "Consolidated Financial Statements", issued by IASB on May 12, 2011, will replace Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The Corporation is currently evaluating the impact of IFRS 10 on its financial statements.

(iv) IFRS 11: Joint Arrangements

IFRS 11, "Joint Arrangements", issued on May 12, 2011, will replace IAS 31, "Interest in Joint Ventures". The standard is effective for annual periods beginning on or after January 1, 2013. The new standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted. The Corporation is currently evaluating the impact of IFRS 11 on its financial statements.

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(v) IFRS 12: Disclosure of Interests in Other Entities

IFRS 12, "Disclosure of Interests in Other Entities", issued by IASB on May 12, 2011, outlines the required disclosures for interests in subsidiaries and joint arrangements. The standard is effective for annual periods beginning on or after January 1, 2013. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. The Corporation is currently evaluating the impact of IFRS 12 on its financial statements

(vi) IFRS 13, "Fair Value Measurement"

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

(vii) IAS 12: Income Taxes

In December 2010, the IASB made amendments to IAS 12, "Income Taxes" ("IAS 12"), that are applicable to the measurement of deferred tax liabilities and deferred tax assets where investment property is measured using the fair value model in IAS 40, "Investment Property". The amendments introduce a rebuttable presumption that, for the purposes of determining deferred tax consequences associated with temporary differences relating to investment properties, the carrying amount of an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments to IAS 12 are effective for annual periods beginning on or after January 1, 2012. The Corporation is currently evaluating the impact of the amendments to IAS 12 on its financial statements.

3. FIRST TIME ADOPTION OF IFRS

The Corporation adopted IFRS effective January 1, 2010 ("transition date"). An opening balance sheet has been prepared as of the effective transition date. The Corporation followed Canadian GAAP prior to adoption of IFRS.

(a) Exemptions Elected

IFRS 1 allows certain optional exemptions from full retrospective application of IFRS. The Corporation applied the following exemptions in the preparation of these consolidated financial statements:

(i) Share-based payments

This exemption provides the Corporation with the option of not applying IFRS 2 Share-based Payment ("IFRS 2") to equity-settled share-based payment transactions issued after November 7, 2002 and which have vested before the date of transition. The Corporation has elected to apply the exemption and accordingly IFRS 2 was applied to all equity-settled instruments granted after November 7, 2002 and which have not vested by the transition date.

(ii) Capitalization of borrowing costs

This exemption provides the Corporation with the option of applying IAS 23 Borrowing Costs ("IAS 23") prospectively from the transition date. The Corporation has elected to apply IAS 23 prospectively.

(b) Mandatory Expectations

IFRS 1 requires certain mandatory exemptions from full retrospective application of IFRS. In accordance with IFRS 1, the Corporation has not used hindsight to create or revise estimates.

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The following is a reconciliation of the Corporations' total equity as reported under Canadian GAAP to IFRS at the transition date:

	Share Capital	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	**Total Equity**
At December 31, 2009 under Canadian GAAP	54,097	4,120	75,055	133,272	–	**133,272**
Reclassification of non-controlling interest to equity[i]	–	–	–	–	61,084	**61,084**
Share-based payments[ii]	–	(147)	147	–	–	**–**
At January 1, 2010 under IFRS	54,097	3,973	75,202	133,272	61,084	**194,356**

The following is a reconciliation of the Corporation's total equity as reported under Canadian GAAP to IFRS at December 31, 2010:

	Share Capital	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	**Total Equity**
At December 31, 2010 under Canadian GAAP	54,798	4,913	111,459	171,170	–	**171,170**
Reclassification of non-controlling interest to equity[i]	–	–	–	–	58,920	**58,920**
Share-based payments[ii]	–	(338)	338	–	–	**–**
Borrowing costs[iii]	–	–	(3,722)	(3,722)	(1,512)	**(5,234)**
Inventory[iv]	–	–	641	641	1,514	**2,155**
At December 31, 2010 under IFRS	54,798	4,575	108,716	168,089	58,922	**227,011**

The following is a reconciliation of the Corporation's net earnings being comprehensive income attributable to common shareholders, as reported under Canadian GAAP to IFRS for the year ended December 31, 2010:

	Year Ended December 31, 2010
Net earnings being comprehensive income under Canadian GAAP	**36,404**
Share-based payments[ii]	**191**
Borrowing costs[iii]	**(3,722)**
Inventory[iv]	**641**
Net earnings being comprehensive income under IFRS	**33,514**

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(i) Reclassification of non-controlling interest to equity

Non-controlling interest has been classified as a component of equity in accordance with IAS 1, "Presentation of Financial Statements ("IAS 1").

(ii) Share-based payments

The Corporation applied IFRS 2 retrospectively, which resulted in using forfeiture estimates in the calculation of periodic compensation expense. Under Canadian GAAP, the Corporation accounted for forfeitures as they occurred.

(iii) Borrowing costs

Borrowing costs not eligible for capitalization in accordance with IAS 23 have been expensed. Non-controlling interest was impacted to the extent the borrowing costs related to interests of limited partnership unit holders.

(iv) Inventory

The carrying value of inventory was reduced below net realizable value due to the application of IAS 23, which resulted in a reversal of write-down to present the inventory at net realizable value in accordance with IAS 2, "Inventories" ("IAS 2").

The first time adoption of IFRS has not impacted the actual cash flows of the Corporation. The changes made to the balance sheets and statements of comprehensive income have resulted in the reclassification of various amounts on the statements of cash flows.

4. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Gross	Provision for Write-down	**Net**
Land held for future development	147,295	(6,696)	**140,599**
Land under development	153,246	(4,058)	**149,188**
Housing projects under construction	10,129	–	**10,129**
Balance - December 31, 2011	310,670	(10,754)	**299,916**
Land held for future development	145,725	(6,239)	**139,486**
Land under development	158,266	(2,117)	**156,149**
Housing projects under construction	11,015	(2,016)	**8,999**
Balance - December 31, 2010	315,006	(10,372)	**304,634**
Land held for future development	168,676	(12,119)	**156,557**
Land under development	129,066	(762)	**128,304**
Housing projects under construction	19,413	(1,676)	**17,737**
Balance - January 1, 2010	317,155	(14,557)	**302,598**

During the year ended December 31, 2011, interest of $2,937 (2010 - $3,337) and other carrying costs of $448 (2010 - $381), respectively, were capitalized.

As at December 31, 2011, land held for future development of $67,952 (December 31, 2010 - $67,859; January 1, 2010 - $62,799) and land under development of $10,584 (December 31, 2010 - $15,285; January 1, 2010 - $15,796) are held in the limited partnerships controlled by Genesis (see note 5(a)).

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The Corporation recognized the following write-downs (recoveries) relating to impairment of carrying value of certain real estate held for development and sale during the years ended December 31, 2011 and 2010:

	2011	2010
Land held for future development	**457**	(5,670)
Land under development	**1,941**	1,355
Housing projects under development	**–**	340
Miscellaneous write-offs directly against carrying value	**76**	261
Write-down (recovery) of real estate held for development and sale and other	**2,474**	(3,714)
Less: Miscellaneous write-offs directly against carrying value	**(76)**	(261)
Adjustment from existing provision to carrying value of asset	**(2,016)**	(210)
Change in provision for write-down	**382**	(4,185)

5. NON-CONTROLLING INTEREST

(a) Limited Partnerships

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

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

Details of each of the limited partnerships are as follows:

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

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

Genesis has a nominal ownership interest in LP 4 and is entitled to a management fee of 10% of the future development service costs payable on a per-lot basis as lots are sold.

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

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

Genesis is entitled to management fees of 10% of the gross proceeds of the LP 6 offering memorandum payable to Genesis as lands and lots are sold. Genesis also owns 11.75% of LP 6/7's units and participates proportionately in the profits of the partnership.

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

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

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

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in LP 8 and is responsible for securing financing for the project development.

Limited Partnership Land Pool 2007 (LPLP 2007):

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

Additionally, Genesis has no ownership interest in LPLP 2007 and can earn management fees of up to 50% of the remaining profits of the project upon achieving and exceeding 50% gross return to the LPLP 2007 external unit holders.

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

	Gross	Provision for Write-down	**Net**
Limited Partnership 4&5	7,709	–	**7,709**
Limited Partnership 6&7	11,346	(762)	**10,584**
Limited Partnership 8&9	6,696	–	**6,696**
Limited Partnership Land Pool 2007	57,161	(3,614)	**53,547**
Balance - December 31, 2011	82,912	(4,376)	**78,536**
Limited Partnership 4&5	7,766	–	**7,766**
Limited Partnership 6&7	16,047	(762)	**15,285**
Limited Partnership 8&9	6,733	–	**6,733**
Limited Partnership Land Pool 2007	57,137	(3,777)	**53,360**
Balance - December 31, 2010	87,683	(4,539)	**83,144**
Limited Partnership 4&5	7,765	–	**7,765**
Limited Partnership 6&7	16,558	(762)	**15,796**
Limited Partnership 8&9	6,722	–	**6,722**
Limited Partnership Land Pool 2007	57,007	(8,695)	**48,312**
Balance - January 1, 2010	88,052	(9,457)	**78,595**

(b) Special Purpose Entity ("SPE")

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

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

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In February 2010, Genesis entered into an agreement whereby the sale of the 107 single family lots as stated above was effectively cancelled and the sale of the multi-family site was retained.

As part of the amended transaction, Genesis also agreed to take over the remaining loan balance ($4,000 at December 31, 2009) that was originally obtained to finance the initial deposit under the terms of the transaction. Repayment of the remaining loan balance was completed on March 26, 2010.

At December 31, 2009, the entity was assessed as a SPE to Genesis by virtue of subordinated financial support provided by the Corporation. In accordance with SIC 12, Consolidation – Special Purpose Entities, as a result of the transaction that closed on March 26, 2010 (see above), Genesis has removed the subordinated financial support from the entity and subsequently de-recognized the entity's financial accounts from its own consolidated accounts. As a result of this de-recognition, the Corporation has removed the assets and liabilities of the entity from the accompanying consolidated financial statements and any assets and liabilities of the entity that were eliminated in consolidation are restored at fair value.

Prior to March 26, 2010, the Corporation has absorbed SPEs losses by consolidating the accounts of the entity. This resulted in a net gain on de-recognition of $613 recorded as a separate line item in the consolidated financial statements.

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6. PROPERTY AND EQUIPMENT

	Vehicles and Other Equipment	Office Equipment and Furniture	Computer Equipment	Leasehold Improvements	**Total**
Cost					
As at January 1, 2010	589	462	797	129	**1,977**
Additions	46	25	134	–	**205**
Disposals	(143)	(15)	(20)	–	**(178)**
As at December 31, 2010	**492**	**472**	**911**	**129**	**2,004**
Additions	–	–	68	–	**68**
Disposals	(10)	–	–	–	**(10)**
As at December 31, 2011	**482**	**472**	**979**	**129**	**2,062**
Accumulated depreciation					
As at January 1, 2010	427	261	635	86	**1,409**
Depreciation	47	51	63	12	**173**
Disposals	(114)	(7)	(1)	–	**(122)**
As at December 31, 2010	**360**	**305**	**697**	**98**	**1,460**
Depreciation	39	41	74	9	**163**
Disposals	(9)	–	–	–	**(9)**
As at December 31, 2011	**390**	**346**	**771**	**107**	**1,614**
Net book value					
January 1, 2010	162	201	162	43	**568**
December 31, 2010	132	167	214	31	**544**
December 31, 2011	92	126	208	22	**448**

7. AMOUNTS RECEIVABLE

	December 31, 2011	December 31, 2010	January 1, 2010
Agreements receivable	**32,805**	23,540	27,521
Mortgages receivable	**9,863**	3,131	–
Other receivables	**783**	350	754
	43,451	27,021	28,275
Allowance for doubtful accounts	–	–	(12,891)
	43,451	27,021	15,384

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Agreements receivable 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.

8. OTHER OPERATING ASSETS

	December 31, 2011	December 31, 2010	January 1, 2010
Deposits	**11,830**	11,307	12,611
Prepayments	**2,773**	2,938	3,534
Restricted cash	**5,891**	1,567	855
	20,494	15,812	17,000

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.

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

9. INCOME TAXES

(a) Income tax recognized in the statement of comprehensive income:

	2011	2010
Current tax:		
Current income tax	**10,510**	7,245
Deferred tax:		
Relating to origination and reversal of temporary differences	**(6,246)**	5,600
	4,264	12,845

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(b) Income tax expense differs from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 26.5% (2010 - 28%) to income before income taxes.

The difference results from the following:

	2011	2010
Earnings before income taxes	**13,641**	49,203
Statutory tax rate	**26.50%**	28%
Expected income tax expense	**3,615**	13,777
Change in future income taxes resulting from tax rate reduction	**69**	(569)
Share-based payment transactions	**122**	228
Other non-deductible expenses	**12**	205
Non-controlling interest	**446**	(796)
Tax expense for the period	**4,264**	12,845

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

	December 31, 2011	December 31, 2010	January 1, 2010
Deferred tax assets	**5,716**	6,746	4,555
Deferred tax liabilities	**(2,857)**	(10,133)	(2,342)
	2,859	(3,387)	2,213

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

	December 31, 2011	December 31, 2010	January 1, 2010
Real estate held for development and sale	**2,575**	3,038	3,551
Non-capital loss carry-forwards*	**152**	114	103
Reserves from land sales	**(111)**	(6,659)	(1,480)
Unamortized financing costs	**263**	127	50
Other temporary differences	**(20)**	(7)	(11)
	2,859	(3,387)	2,213

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

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

	2011	2010
Real estate held for development and sale	**(463)**	(513)
Non-capital loss carry-forwards*	**38**	11
Reserves from land sales	**6,548**	(5,179)
Unamortized financing costs	**136**	77
Other temporary differences	**(13)**	4
	6,246	(5,600)

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

10. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation is comprised of the following:

	2011	2010
Corporate administration	**2,886**	3,038
Compensation and benefits	**5,173**	5,001
Professional services	**4,476**	3,172
Advertising and marketing	**1,064**	1,056
	13,599	12,267

11. OTHER EXPENSE

Other expense of the Corporation is comprised of the following:

	2011	2010
Share-based payments	**459**	813
Depreciation	**163**	173
Bad debt expense	**716**	6
	1,338	992

12. FINANCE EXPENSE

The finance expense of the Corporation is comprised of the following:

	2011	2010
Interest expense	**6,549**	7,973
Financing fees accretion	**1,557**	2,995
Interest and financing fees capitalized	**(2,937)**	(3,337)
	5,169	7,631

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13. FINANCINGS

	December 31, 2011	December 31, 2010	January 1, 2010
Secured by land held for future development			
I. Land loan, maturing March 1, 2014, bearing interest at the greater of 7.2% or prime +4.2% per annum, secured by land held for development and sale with a carrying value of $33,441	**7,850**	18,244	21,420
II. Other mortgages payable, bearing interest at 7% per annum, payable on demand	**688**	659	839
Secured by land under development and agreements receivable			
III. Land project loans, payable on collection of agreements receivable, bearing interest rates ranging from prime +1.5% to greater of 7.2% or prime +4.2%, secured by land held for development and sale with a carrying value of $151,120, due between February 1, 2012 and March 1, 2014	**80,197**	63,618	81,127
IV. Other mortgage payable, bearing interest at the greater of 10.25% or prime +3.25% per annum. The loan has been fully repaid.	**–**	–	4,000
Secured by housing projects under development			
V. Demand operating line of credit up to $3,000 subject to certain levels of assets with a sublimit of $1,500, bearing interest at prime +1.5% per annum, secured by a general security agreement over assets of the home building division.	**1,254**	442	–
VI. Project loan, payable on collection of closing proceeds, bearing interest at prime +2.5% per annum due September 30, 2010. The loan has been fully repaid.	**–**	–	10,253
	89,989	82,963	117,639
Deferred financing fees	**(1,758)**	(1,643)	(2,429)
	88,231	81,320	115,210

During the year ended December 31, 2011, the Corporation received advances of $91,023 (2010 - $127,298) relating to various new and renewed loan facilities secured by real estate held for development and sale, and agreements receivable, bearing interest ranging from the prime + 1.5% to the greater of 7.2% or prime + 4.2% per annum with due dates ranging from April 1, 2012 to March 1, 2014.

The weighted average interest rate of loan agreements, based on December 31, 2011 balances, was 6.57% (December 31, 2010 - 8.21%).

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

January 1, 2012 to December 31, 2012	16,807
January 1, 2013 to December 31, 2013	2,165
January 1, 2014 to December 31, 2014	71,017
Subsequent	-
	89,989

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

As at December 31, 2011, the Corporation is in compliance with all covenants.

14. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

(b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the net earnings per share calculation purposes for the years ended December 31, 2011 and 2010:

	2011	2010
Basic	**44,462,869**	44,245,435
Effective of dilutive securities - stock options	**301,914**	413,981
Diluted	**44,764,783**	44,659,416

In calculating diluted earnings per share for the year ended December 31, 2011, the Corporation excluded 1,142,000 options (2010 – 891,500) as the exercise price was greater than the average market price of its shares during those periods.

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

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

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15. STOCK OPTIONS

Details of outstanding stock options are as follows:

	Twelve Months Ended			
	December 31, 2011		December 31, 2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	**2,262,934**	**$3.73**	1,962,750	$3.51
Options granted	**–**	**–**	868,500	$3.46
Options exercised	**(104,839)**	**$2.30**	(267,691)	$1.83
Options expired	**(116,000)**	**$5.48**	-	-
Options forfeited	**(253,874)**	**$4.47**	(300,625)	$3.20
Outstanding - end of period	**1,788,221**	**$3.60**	2,262,934	$3.73
Exercisable - end of period	**1,333,793**	**$3.81**	1,070,815	$3.95

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2011	Weighted Average Exercise Price	Number at December 31, 2011	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
0.00 - 2.00	60,000	$1.13	50,000	$1.17	2.37
2.01 - 4.00	1,341,721	$2.80	903,793	$2.73	3.17
4.01 - 8.00	291,500	$6.06	285,000	$6.02	0.65
8.01 - 11.00	95,000	$8.86	95,000	$8.86	0.83
	1,788,221	$3.60	1,333,793	$3.81	2.61

16. COMMITMENTS AND CONTINGENCIES

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

(b) In 2009, the Corporation was served with a statement of claim in the amount of $250 asserting that the Corporation did not take steps to prevent the spread of dust and soil to the plaintiffs' property. The outcome of the claim is unknown at this time and no amounts have been accrued in these consolidated financial statements relating to this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

(c) The Corporation had been named as a co-defendant to a lawsuit that commenced on December 6, 2001. The claim was settled on December 16, 2011 and has been accounted for by the Corporation. Pursuant to a confidentiality agreement, the Corporation is not permitted to disclose the amount of the settlement.

(d) At December 31, 2011, the Corporation has certain obligations and commitments pursuant to service agreements with municipalities totaling $22,235 (December 31, 2010 - $17,251; January 1, 2010 – $14,161) of which $16,201 (December 31, 2010 - $10,347; January 1, 2010 – $8,300) have been accrued in the consolidated financial statements as land development service costs. Pursuant to these obligations, the Corporation has granted irrevocable standby letters of credit, issued by financial institutions, to the municipalities to indemnify them in the event the Corporation does not perform its contractual obligations. As of December 31, 2011, the letters of credit amounted to $13,738 (December 31, 2010 - $15,343; January 1, 2010 – $17,259).

(e) The Corporation has a commitment pursuant to an agreement to pay $8,433 for the purchase of 68 completed residential lots for its home building division due in two equal installments on July 31, 2012 and November 15, 2012.

(f) The Corporation announced the termination of the strategic review process on February 21, 2012. While the process did not yield a transaction, the financial advisor engaged for the strategic review process is entitled to a success fee if a qualifying transaction arises within six months of the termination of the process.

(g) Pursuant to the terms of a participating mortgage that was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. At December 31, 2011, a liability of approximately $1,876 (December 31, 2010 - $1,772; January 1, 2010 – $1,697) has been recorded.

(h) Genesis has entered into a memorandum of understanding with the Northeast Community Society, whereby Genesis will contribute $5,000 ($500 each year, terminating October 31, 2021) for the naming rights to "Genesis Centre for Community Wellness", a recreation complex in north east Calgary.

(i) On February 19, 2008, Genesis entered into an agreement with the City of Airdrie, whereby Genesis will contribute $2,000 ($200 each year, terminating June 1, 2017) for the naming rights to "Genesis Place", a recreation complex in the city of Airdrie. The first four installments totaling $800 were made through 2011.

(j) On July 15, 2011, the joint venture (see note 18) obtained a credit facility in the amount of $17,000. The Corporation and a JV partner have provided guarantees for this facility.

(k) The Corporation has office and other operating leases with the following annual payments: not later than one year - $402; later than one year but not later than 5 years - $98; later than five years - $Nil.

17. FINANCIAL INSTRUMENTS

(a) Risks associated with financial instruments

(i) Credit risk

As at December 31, 2011 and December 31, 2010, the Corporation carried no 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, whereby lots for which related amounts receivable were written off or allowed for are taken back into the Corporation's lot inventory. Lots that have been recovered subsequent to impairment are relieved from the Corporation's lot inventory. The difference between an impaired amount receivable and the related bad debt expense or recovery is the cost of a lot for which an impairment has been assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

During the years ended December 31, 2011 and 2010, the Corporation recognized the following bad debt expense (recovery) and change in allowance for doubtful accounts relating to amounts receivable on sold lots net of the return of the real estate held for development and sale:

	Bad debt expense (recovery)	Allowance for doubtful accounts
As at January 1, 2010	**–**	**(12,891)**
Subsequent collections of previously allowed for lots	(468)	728
Re-sale of previously allowed for lots	–	1,115
Reversal of partial allowance on collections in full	–	10,742
Reversal of full allowance due to forfeitures	–	306
Miscellaneous bad debt expense incurred	474	–
For the year ended December 31, 2010	**6**	
As at December 31, 2010		**-**
Write-off of receivables deemed uncollectible	716	
For the year ended December 31, 2011	**716**	
As at December 31, 2011		**-**

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

Aging of amounts receivable is as follows:

Aging	**December 31, 2011**	December 31, 2010	January 1, 2010
Not past due	**43,451**	26,812	15,484
Past due 0-90 days but not impaired	**–**	209	–
Past due 91-120 days (impaired)	**–**	–	5,774
Past due 121-270 days (impaired)	**–**	–	1,681
Past due >270 days (impaired)	**–**	–	5,336
	43,451	27,021	28,275
Allowance for doubtful accounts	**–**	–	(12,891)
	43,451	27,021	15,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

Individual balances due from customers as at December 31, 2011, which comprise greater than 10% of total trade receivables total to $9,856 from 3 customers (December 31, 2010 - $18,767 from 4 customers; January 1, 2010 - $3,592 from 1 customer).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2011:

	< 1 Year	> 1 Year	**Total**
Financial Liabilities			
Accounts payable and accrued liabilities	16,415	–	**16,415**
Financings, excl. deferred financing fees (note 13)	16,807	73,182	**89,989**
	33,222	73,182	**106,404**
Commitments			
Purchase of land and other	8,433	–	**8,433**
Lease obligations	402	98	**500**
Naming rights	1,200	5,000	**6,200**
	43,257	78,280	**121,537**

Land development service costs of $16,201 (December 31, 2010 - $10,347; January 1, 2010 - $8,301) at December 31, 2011 have not been included in the table stated above due to uncertainties of timing of the related payments.

At December 31, 2011, Genesis has obligations due within the next 12 months of $43,257. If Genesis is unable to generate sufficient sales, renew existing or secure additional financing, it will impact the Corporation's ability to meet its obligations as they become due. Based on Genesis' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

(iii) Market risk

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain financings are at a floating rate of interest. The Corporation is also exposed to fair value risk to the extent that certain financings, mortgages receivable and loans receivable are at a fixed rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately $893 annually on floating rate loans, with approximately $796 impacting pre-tax net earnings.

(b) Fair value of financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

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

	December 31, 2011		December 31, 2010		January 1, 2010	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss						
Cash and cash equivalents*	**10,850**	**10,850**	2,455	2,455	4,578	4,578
Deposits*	**11,830**	**11,830**	11,307	11,307	12,611	12,611
Restricted cash*	**5,891**	**5,891**	1,567	1,567	855	855
Loans and receivables						
Amounts receivable	**43,451**	**41,500**	27,021	25,213	15,384	14,882
Other financial liabilites						
Accounts payable and accrued liabilities	**16,415**	**16,415**	13,025	13,025	8,351	8,351
Financings, excl. deferred financing fees	**89,989**	**86,943**	82,963	82,692	117,639	115,747

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

Fair value measurements recognized in the balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

The three fair value hierarchy levels are as follows:

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

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

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

(c) Capital management

The Corporation's policy is to maintain a strong 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 considers its capital structure to specifically include:

	December 31, 2011	December 31, 2010	January 1, 2010
Financings	**88,231**	81,320	115,210
Shareholders' equity	**179,848**	168,089	133,272
	268,079	249,409	248,482

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

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

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

18. JOINT VENTURE

					Cash Flow From (Used In)		
	Assets	Liabilities	Revenue	Earnings (Losses)	Operating Activities	Investing Activities	Financing Activities
As at and for the twelve months ended December 31, 2011	29,232	8,827	11,575	1,403	(2,290)	–	2,280
As at December 31, 2010	18,914	27	–	–	–	–	–

The amounts in the above table include the Corporation's proportionate share of the assets, liabilities, revenue, earnings and cash flow information of a joint venture ("JV") that is proportionately consolidated in these financial statements. The Corporation's proportionate interest of this joint venture is 50% ownership.

A deferred gain of $2,201 (December 31, 2010 - $2,201; January 1, 2010 - $Nil) has been recognized in the statement of comprehensive income as a result of collecting in full a vendor take-back mortgage on April 30, 2011, pertaining to parcel of land sold to the JV partner.

Additionally, during 2011, the Corporation recognized a gain in the amount of $2,409, for the lots sold by the JV representing proportionate recognition of gain that was deferred on land contribution to the JV in exchange for a 50% ownership interest.

The JV sold 30 lots in December 2011 to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $4,853. The Corporation's accounts payable and accrued liabilities include $1,941 representing the proportionate amount owed to the JV for the lots purchased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

19. SEGMENTED INFORMATION

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

The income producing business units of the Corporation report the following activities for the years ended December 31, 2011 and 2010:

Year ended December 31, 2011	Land Development Segment Genesis	LP	Total	Home Building Segment	Corporate and Other Segment	Intersegment Elimination	**Total**
Revenues	71,607	6,547	78,154	32,085	–	(14,479)	**95,760**
Cost of sales	(46,431)	(5,660)	(52,091)	(28,131)	–	15,439	**(64,783)**
(Write-down) Recovery of real estate	(2,626)	179	(2,447)	(27)	–	–	**(2,474)**
Other expenses[1]	(8,337)	(1,559)	(9,896)	(4,006)	–	(960)	**(14,862)**
Earnings (loss) before income taxes and non-controlling interest	14,213	(493)	13,720	(79)	–	–	**13,641**
Segmented assets (as at December 31, 2011)	272,151	83,787	355,938	17,435	10,851	(6,206)	**378,018**
Segmented liabilities (as at December 31, 2011)	131,156	7,749	138,905	12,769	–	(10,275)	**141,399**
Year ended December 31, 2010							
Revenues	95,128	2,355	97,483	57,646	–	(17,746)	**137,383**
Cost of sales	(37,649)	(3,748)	(41,397)	(52,423)	–	21,695	**(72,125)**
(Write-down) Recovery of real estate	182	3,872	4,054	(340)	–	–	**3,714**
Other expenses[1]	(10,011)	(1,513)	(11,524)	(4,296)	–	(3,949)	**(19,769)**
Earnings before income taxes and non-controlling interest	47,650	966	48,616	587	–	–	**49,203**
Segmented assets (as at December 31, 2010)	259,702	78,791	338,493	15,064	2,455	(5,546)	**350,466**
Segmented assets (as at January 1, 2010)	229,264	89,047	318,311	27,067	4,578	(7,615)	**342,341**
Segmented liabilities (as at December 31, 2010)	116,981	10,718	127,699	11,237	–	(15,481)	**123,455**
Segmented liabilities (as at January 1, 2010)	136,390	8,970	145,360	21,647	–	(19,022)	**147,985**

1) Other expense Items include general and administrative, other expense, finance income and expense, gain on de-recognition of SPE, gain from joint venture, and gain or loss on disposal of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

20. RELATED PARTY TRANSACTIONS

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

	2011	2010
Short-term benefits	**1,795**	1,643
Share-based payments	**289**	694
	2,084	2,337

On August 29, 2011, the Corporation's then Chief Executive Officer ("former CEO") resigned as an officer and director of Genesis pursuant to a settlement agreement with Alberta Securities Commission. On November 30, 2011, the Corporation entered into an Advisory Services Agreement with the former CEO to provide support and advisory services on an as-needed basis during the strategic alternatives evaluation process. The terms and scope of the agreement extend to March 31, 2012. The amount of payments made to the former CEO for the year ended December 31, 2011 were $67 (2010 - $Nil). On December 7, 2011, the former CEO completed the purchase of a single-family home for $1,114 representing terms offered to employees and measured at the exchange amount.

The Corporation engaged a former officer ("former CFO") of the Corporation as a Senior Financial Advisor, the term for which expired December 31, 2011. The amount of payments made to the former CFO for the year ended December 31, 2011 were $148 (2010 - $178). On March 26, 2011, the former CFO also completed the purchase of a single-family home for $947 representing terms offered to employees and measured at the exchange amount. At December 31, 2011, amounts receivable from the former CFO were $Nil (December 31, 2010 - $21). The Corporation also engaged an entity under the control of the former CFO's spouse to provide interior design services and supply of materials for its home building division.

During the year ended December 31, 2011, the Corporation's Corporate Controller entered into a contract with the Corporation for the purchase of a single-family home for $693 representing terms offered to employees. At December 31, 2011, the home was still under construction.

21. SUBSEQUENT EVENTS

On February 21, 2012, the Corporation announced the conclusion of strategic review process that was commenced on June 20, 2011. A Special Committee of independent members of Genesis' Board of Directors conducted a thorough review of the strategic alternatives available to the Corporation including consideration of corporate transactions. The process did not result in a transaction adequately reflecting value. The Special Committee determined that it is in the best interest of Genesis' shareholders to terminate the process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010

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

22. PRINCIPAL SUBSIDIARIES AND JOINT VENTURE

The financial statements include the financial statements of Genesis Land Development Corp. and its subsidiaries, all of which are incorporated in Canada, listed in the following table:

	% equity interest as at		
Name	**December 31, 2011**	December 31, 2010	January 1, 2010
Land Development			
Genpol Inc.	**100%**	100%	100%
Genesis Sage Meadows Partnership	**100%**	100%	N/A
Polar Hedge Enhanced Income Trust	**100%**	100%	100%
LP 4/5 Group			
Genesis Limited Partnership #4	**0.001%**	0.001%	0.001%
Genesis Limited Partnership #5	**0%**	0%	0%
GLP5 GP Inc.	**0%**	0%	0%
GLP5 NE Calgary Development Inc.	**0%**	0%	0%
Genesis Northeast Calgary Ltd.	**100%**	100%	100%
LP 6/7 Group			
Genesis Limited Partnership #6	**11.75%**	11.65%	11.65%
Genesis Limited Partnership #7	**0%**	0%	0%
GP GLP7 Inc.	**0%**	0%	0%
GLP7 Subco Inc.	**0%**	0%	0%
LP 8/9 Group			
Genesis Limited Partnership #8	**0.23%**	0.23%	0.23%
Genesis Limited Partnership #9	**0%**	0%	0%
GP GLP8 Inc.	**100%**	100%	100%
GP GLP9 Inc.	**0%**	0%	0%
GLP9 Subco Inc.	**0%**	0%	0%
LP 2007 Group			
Limited Partnership Land Pool (2007)	**0%**	0%	0%
GP LPLP 2007 Inc.	**100%**	100%	100%
GP RRSP 2007 Inc.	**0%**	0%	0%
LPLP 2007 Subco Inc.	**0%**	0%	0%
GP RRSP 2007 #2 Inc.	**0%**	0%	0%
LPLP 2007 Subco #2 Inc.	**0%**	0%	0%
LP RRSP Limited Partnership #1	**0%**	0%	0%
LP RRSP Limited Partnership #2	**0%**	0%	0%
Joint Venture			
Kinwood Communities	**50%**	50%	N/A
Home Building			
Single-family			
Genesis Builders Group Inc.	**100%**	100%	100%
Multi-family			
The Breeze Inc.	**100%**	100%	100%
Generations Group of Companies Inc.	**100%**	100%	100%
Life at Solana Inc.	**100%**	100%	100%
Life at Waterstone Inc.	**100%**	100%	100%
Montura Inc. (previously Life at Skye Inc.)	**100%**	100%	100%
Life at Watercolors Inc.	**100%**	100%	100%

FIVE YEAR SUMMARY

CONSOLIDATED BALANCE SHEETS

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

	2011 (IFRS)	2010 (IFRS)	2009 (GAAP)	2008 (GAAP)	2007 (GAAP)
Assets					
Real estate held for development and sale	**299,916**	304,634	302,598	285,574	221,264
Amounts receivable	**43,451**	27,021	15,384	29,498	47,587
Cash and cash equivalents	**10,850**	2,455	4,578	4,503	11,007
Property and equipment	**448**	544			
Other operating assets	**20,494**	15,812	17,568	45,101	22,565
Deferred income taxes	**2,859**	–	2,213	778	–
	378,018	350,466	342,341	365,454	302,423
Liabilities					
Financings	**88,231**	81,320	115,210	132,704	85,160
Customer deposits	**7,582**	8,388	4,985	3,515	3,196
Accounts payable and accrued liabilities	**16,415**	13,024	8,350	24,203	20,637
Income taxes payable	**12,970**	8,310	11,139	9,587	1,781
Land development service costs	**16,201**	10,347	8,301	4,566	8,681
Deferred income taxes	**–**	3,387	–	–	5,098
Non-controlling interest			61,084	64,296	58,877
	141,399	124,776	209,069	238,871	183,430
Equity					
Share capital	**55,122**	54,798	54,097	54,164	56,383
Contributed surplus	**4,950**	4,913	4,120	4,120	3,333
Retained earnings	**119,776**	111,459	75,055	68,299	59,277
Shareholders' equity	**179,848**	171,170	133,272	126,583	118,993
Non-controlling interest	**56,771**	58,922			
	236,619	230,092	133,272	126,583	118,993
	378,018	354,868	342,341	365,454	302,423

CONSOLIDATED STATEMENT OF EARNINGS (LOSS)

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

	2011	2010	2009	2008	2007
Revenue					
Sales	**95,316**	136,651	85,851	82,558	97,776
Interest and other income	**444**	732	711	1,273	1,198
	95,760	137,383	86,562	83,831	98,974
Expenses					
Cost of sales	**67,257**	68,411	61,275	43,025	52,613
Write-down (recovery) of real estate held for development and sale			7,643	6,962	387
General and administrative	**13,599**	12,267	10,946	11,026	11,425
Other operating expense	**1,338**	992	(377)	14,493	2,087
Finance expense and other	**(75)**	6,510	1,470	672	432
	82,119	88,180	80,957	76,178	66,944
Earnings before income taxes	**13,641**	49,203	5,605	7,653	32,030
Provision for income taxes	**4,264**	12,845	3,579	3,099	12,147
Net Earnings, Being Comprehensive Income	**9,377**	36,358	2,026	4,554	19,883
Attributable to:					
Equity holders of the parent	**11,060**	33,514	6,756	9,284	23,218
Non-controlling interest	**(1,683)**	2,844	(4,730)	(4,730)	(3,335)
Net Earnings, Being Comprehensive Income	**9,377**	36,358	2,026	4,554	19,883
Net Earnings Per Share - Basic and Diluted	**$ 0.25**	**$ 0.75**	**$ 0.15**	**$0.20**	**$0.50**

SENIOR MANAGEMENT TEAM

JEFFREY BLAIR, MCIP
Interim Chief Executive Officer

SIMON FLETCHER, CA
Chief Financial Officer

VAL SALOV, MBA, CPA
Corporate Controller

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

PS SIDHU, MBA
General Manager, Single Family Homes

GRAHAM DUFF, B.SC.
General Manager of Commercial

SALLY SALAMA, CPA, CIA
Manager of Internal Controls

BOARD OF DIRECTORS

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

STEVEN GLOVER, FCA
Director, Chairman of Audit Committee

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

YAZDI BHARUCHA, CA
Director, Chairman of the Executive Committee

ELIAS A. FOSCOLOS
Director

MARK W. MITCHELL
Director

TRANSFER AGENT

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STOCK EXCHANGE

Toronto Stock Exchange
Stock Symbol - GDC

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