

CEO'S MESSAGE



**"THIS IS
ONLY THE
BEGINNING
OF THINGS
TO COME FOR
GENESIS."**

Refocusing Direction & Building on Strengths

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

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

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

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

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

A STRONG FOUNDATION

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

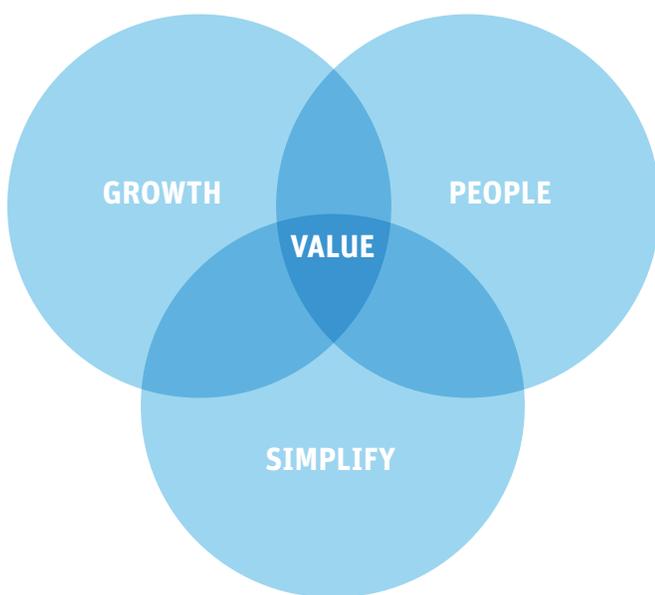
In addition, positive general economic conditions are expected through 2013 with solid fundamentals, including low unemployment and interest rates, low and stable inflation rates, positive net in-migration and above average earnings. The Alberta economy has evolved from the boom/bust cycle of petroleum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

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

ALIGNING STRATEGY WITH STRENGTHS

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

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



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

Profitably grow our existing businesses.

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

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

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