



Genesis Land Development Corp

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2012

March 20, 2013

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DEFINITIONS

In this Annual Information Form, the capitalized terms set forth below have the following meanings:

“**ABCA**” means the *Business Corporations Act*, R.S.A. (Alberta) 2000, c. B-9, as the context requires, together with any amendments thereto and all regulations promulgated thereunder;

“**AIF**” means this Annual Information Form;

“**Area Structure Plan**” means a statutory plan that outlines land uses and establishes the general planning framework for turning undeveloped areas into new subdivisions and usually has several land owners within it;

“**Board**” means the Board of Directors of the Corporation;

“**Breeze**” means The Breeze Inc.;

“**Common Shares**” means the common shares in the share capital of Genesis;

“**Corporation**” or “**Genesis**” means Genesis Land Development Corp. and the subsidiaries through which it conducts all of its land development and homebuilding operations;

“**GBG**” means Genesis Builders Group Inc.;

“**Generations**” means Generations Group of Companies Inc.;

“**GLP#6**” means Genesis Limited Partnership #6;

“**GSMP**” means Genesis Sage Meadows Partnership;

“**ICOFR**” means Internal Controls Over Financial Reporting;

“**IFRS**” means International Financial Reporting Standards;

“**JV**” means joint venture;

“**Kinwood**” means Kinwood Communities Inc.;

“**LPLP 2007**” means Limited Partnership Land Pool 2007;

“**NE Calgary Lands**” means Northeast Calgary lands;

“**NI 51-102**” means Canadian Securities Administrators’ National Instrument 51-102 - *Continuous Disclosure Obligations*;

“**NI 52-110**” means Canadian Securities Administrators’ National Instrument 52-110 - *Audit Committees*;

“**Outline Plan**” means a plan for a portion of the Area Structure Plan that provides additional details such as zoning for lots, street types, school sites etc.;

“**PHT**” means Polar Hedge Enhanced Income Trust;

“**Preferred Shares**” means preferred shares in the share capital of Genesis;

“**SEDAR**” means the computer system for the transmission, receipt, acceptance, review and dissemination of information filed in electronic format known as the System for Electronic Document and Retrieval maintained by CDS Inc. and available at www.sedar.com; and

“TSX” means the Toronto Stock Exchange.

CURRENCY

All dollar amounts are expressed in Canadian dollars, except per share amounts or unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All forward-looking statements contained herein that are not clearly historical in nature constitute forward-looking statements, and the words “may”, “will”, “should”, “could”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “propose”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology are generally intended to identify forward-looking statements. Such statements represent the Corporation’s internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures, anticipated future revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking statements in this AIF include, but are not limited to statements with respect to real estate development, including: the Corporation’s corporate strategy related to the development of current properties and acquisition/disposition of real estate opportunities; plans for development including the project economies, timing, completion and closing dates of projects and sales; possible litigation to the Corporation or its subsidiaries; the impact of census estimates on future costs; expectations regarding the ability to raise capital as needed; and statements attributed to third party industry sources. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements.. Genesis believes that the expectations reflected in these forward-looking statements are reasonable; however, undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this AIF include, but are not limited to:

- general economic and business conditions in Canada, the United States and globally;
- the ability of management to execute its business strategy and plan;
- current and expected future expense levels being more than what is forecast;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- risks inherent in marketing operations, including credit risk;
- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- stock market volatility and market valuations;
- mortgage rate and availability changes;
- availability of suitable undeveloped land at acceptable prices;
- availability of labour or materials;
- confidence levels of consumers;
- ability to raise capital on favourable terms;
- the Corporation’s debt and leverage;
- adverse weather conditions and natural disasters;
- relations with the residents of the Corporation’s communities;
- risks associated with increased insurance costs or unavailability of adequate coverage;
- ability to obtain surety bonds;
- competitive conditions in the homebuilding industry, including product and pricing pressures;
- ability to retain the Corporation’s executive officers; and

- other factors considered under “Risk Factors” in this AIF and other filings by Genesis with Canadian securities authorities.

Forward-looking statements contained in this AIF are based on key assumptions. The reader is cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the forward-looking statements provided in this AIF as a result of numerous known and unknown risks and uncertainties and other factors. With respect to forward-looking statements contained in this AIF, the Corporation has made assumptions regarding: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain qualified staff and services in a timely and cost efficient manner; the ability of the Corporation to obtain financing on acceptable terms; interest rates; and the ability of the Corporation to successfully market its projects. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. These forward-looking statements are made as of the date of this AIF and the Corporation disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results, or otherwise, other than as required by applicable Canadian securities laws.

CORPORATE STRUCTURE

Genesis Land Development Corp. ("**Genesis**" or the "**Corporation**") was incorporated as "Genesis Capital Corp." under the ABCA on December 2, 1997. The Corporation amended its Articles of Incorporation by Certificate of Amendment dated January 30, 1998 to remove the private company restrictions. The Corporation further amended its articles by a Certificate of Amendment dated October 29, 1998, whereby the name of the Corporation was changed from "Genesis Capital Corp." to "Genesis Land Development Corp." On January 2, 2002, the Corporation and its then wholly owned subsidiary, Genesis Land Developers Ltd., amalgamated pursuant to the ABCA and continued under the name "Genesis Land Development Corp."

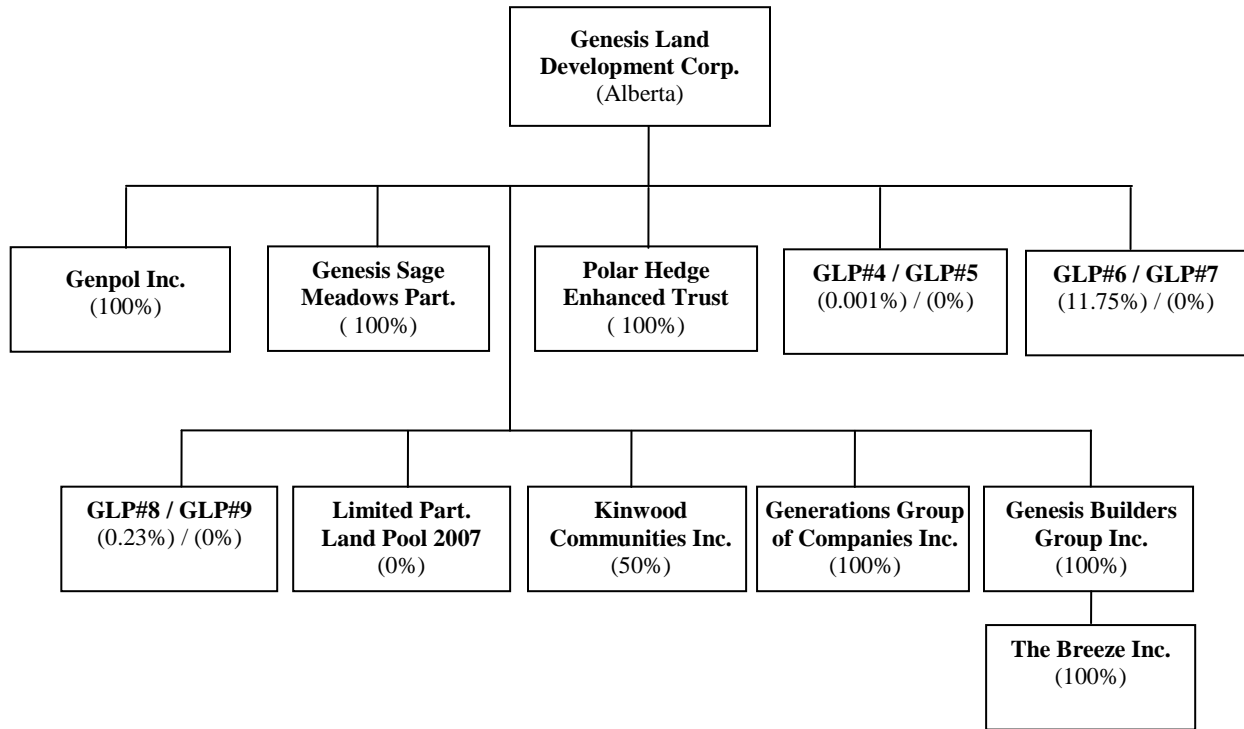
The Corporation is a reporting issuer under the applicable securities legislation in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Prince Edward Island. The Common Shares are listed and posted on the TSX under the trading symbol "GDC".

The head office, registered and records office of the Corporation is located at 7315 - 8th Street N.E., Calgary.

INTERCORPORATE RELATIONSHIPS

The percentage of votes attached to all voting securities of the Corporation's material subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by Genesis, as well as the jurisdiction where the material subsidiary was incorporated, continued, formed or organized, as the case may be, is set forth below.

All subsidiaries listed below are incorporated in the province of Alberta unless otherwise indicated.



- 1) Genpol was formed on August 3, 2004 to hold and develop certain lands in northeast Calgary transferred from the Corporation. The Corporation subscribed for 19.88% of the units in Genpol with PHT obtaining the remaining 80.12%. The Corporation had acquired PHT in order to gain access to substantial non-capital losses that had accumulated in PHT. Genpol was formed to make efficient use of these losses from an income tax perspective.
- 2) GSMP is a registered partnership that was formed on March 31, 2010. The partnership was created to hold the Evansridge/Sage Meadows land parcel in Symons Valley.
- 3) PHT was wholly acquired by the Corporation on October 9, 2003 for an aggregate consideration of \$6,562,000. PHT was an income trust that provided the Corporation with tax losses, and is currently inactive. PHT will terminate on April 30, 2015.
- 4) GLP#4 and GLP#5 were formed in 2005 to acquire the NE Calgary Lands, comprised of 610 acres of land adjacent to the eastern boundary of the City of Calgary. GLP#4 and GLP#5 collectively raised a total of \$9,000,000 and acquired a 48.8% interest in the NE Calgary Lands. Genesis retained a 51.2% ownership of the NE Calgary Lands, which it continues to retain.
- 5) Genesis formed GLP#6 on December 29, 2005 and GLP#7 on April 6, 2006 to obtain further cash liquidity on seven zoned and developed properties already owned by the Corporation and valued at approximately \$27,545,000. Combined, GLP #6 and GLP #7 raised \$25,035,000 in cash with the intention to conduct joint ventures to construct multi-family dwellings, single-family homes, and commercial centres on these seven properties. Genesis retains an interest of 11.75% in GLP#6.
- 6) On December 20, 2006, Genesis formed GLP#8 and GLP#9 to raise capital for the purchase of 1,140 acres of land near Radium, British Columbia. These limited partnerships raised \$10,742,000 in 2007 to complete the land purchase.

- 7) On June 29, 2007, Genesis formed LPLP 2007 to raise capital for the purchase of 319 acres of land adjacent to the city of Airdrie, Alberta, and 618 acres of land near the hamlet of Delacour (10 minutes east of the Calgary International Airport). The goal was to raise \$100,000,000 to complete the land purchases. LPLP RRSP #1 and LPLP RRSP #2 were formed on July 25, 2007 and January 15, 2008, respectively, to enable RRSP investors to indirectly acquire units of LPLP 2007. Combined LPLP 2007 and LPLP RRSP #1 and #2 have raised \$44,042,000.
- 8) Kinwood was formed on April 30, 2010. Genesis and another real estate development corporation formed a joint venture corporation for the purpose of conducting residential development of certain real estate holdings. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in Kinwood.
- 9) The Single-Family Home Building division of Genesis was started in 2005 as Reliant Homes Inc. The Corporation purchased the assets of Point Grey Homes Ltd. in June 2006, and created GBG as a result of the purchase. It is focused on single-family home building.
- 10) The multi-family home building group is composed of five subsidiaries: Breeze, Generations, Life at Solana Inc., Life at Waterstone Inc., and Montura Inc.
 - a) Generations is a wholly owned subsidiary of Genesis, and was formed in 2008 to construct multi-family projects;
 - b) Breeze is a wholly owned subsidiary of GBG. It was formed as 'Bayside Phase 2 Multi-family Inc.', and renamed as 'The Breeze Inc.', to construct the Breeze project in Airdrie in partnership with GLP#6. This project was completely sold out in 2012;
 - c) Life at Solana Inc. is a wholly owned subsidiary of Generations and was formed on January 30, 2008;
 - d) Life at Waterstone Inc. is a wholly owned subsidiary of Generations and was formed in January 30, 2008; and
 - e) Montura Inc. is a wholly owned subsidiary of Generations and was formed in January 15, 2008.

For a complete list of subsidiaries, please refer to Note 22 of the consolidated financial statements for the year ended December 31, 2012, which can be found on SEDAR and on the Corporation's website.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Significant events that occurred during last three financial years and to the date of this AIF are described below.

2010

The year 2010 was the most profitable year in the history of the Corporation with a net profit of \$0.76 per share and total revenue of \$137.4 million. This was partially due to the sale of four development land parcels for a total amount of \$42,512,000. From the total proceeds, \$35,000,000 was applied to the Corporation's debt.

The Corporation initiated the servicing of the new communities of Saddlestone and Sage Meadows, all in the City of Calgary. The servicing of the first two phases of both communities was substantially completed during 2010, which added 363 single-family lots and four multi-family sites to the Corporation's land inventory.

In February 2010, Genesis entered into an agreement to cancel the sale transaction of 107 fully serviced lots previously sold to a special purpose entity ("**SPE**"), while retaining the sale contract of a 207 unit multi-family site to this same entity for \$6,650,000. In March 2010, Genesis used these 107 lots as security for a \$10,000,000 financing, which was partially used to pay out the remaining \$4,000,000 balance of the loan that was obtained by the SPE to finance the initial deposit of the original sales contract. These lots presently are being marketed to external builders and will include participation from GBG, the Corporation's building subsidiary. The VTB on multi-family site was settled on January 28, 2013, for \$4,000,000.

In September 2010, Genesis acknowledged that the Alberta Securities Commission ("**ASC**") issued a Notice of Hearing alleging the Corporation's President and Chief Executive Officer and director, Gobi Singh, and former Chief Financial Officer, Frank Devcich, breached Alberta securities laws by allowing Genesis to file consolidated financial statements for the three and nine months ended September 30, 2008 and 2007 (the "**Financial Statements**") that were not prepared in accordance with the Canadian Generally Accepted Accounting Principles, and by falsely certifying that the Financial Statements were fairly presented. The ASC staff also alleged that the Corporation's current Chief Financial Officer, Simon Fletcher, failed to correct a misrepresentation made by Mr. Devcich to the Genesis auditors. Genesis filed restated Financial Statements on February 4, 2009. The Corporation was not named as a respondent in the Notice of Hearing.

During the year, Messrs. Elias Foscolos, Mark W. Mitchell, Yazdi Bharucha, Doug N. Baker and Steven Glover were appointed to the Board. Mr. Kevin Reed and Mr. Keith Ferrel resigned from the Board, and Mr. Doug N. Baker was appointed as the Chairman of the Board.

2011

On January 5, 2011, the Corporation announced that it had entered into a conditional purchase and sale agreement with a real estate development company to sell an approximate 27.5-acre parcel of zoned commercial land within Genesis' Sage Hill Crossing project for approximately \$25.6 million. The purchaser exercised an option to increase the sale to 33.45 acres for approximately \$31.7 million. The agreement was subject to the purchaser completing due diligence, and Genesis completing servicing and subdivision of the site. The purchaser satisfied or waived the conditions on September 7, 2011. The servicing by Genesis was completed in 2012 resulting in sale of 34.35 acres for approximately \$32.5 million.

On April 7, 2011, the Corporation announced that it had entered into a Letter Agreement (the "**Letter Agreement**"), dated April 5, 2011 with Jupiter Acquisition Ltd. ("**Jupiter**"), whereby Jupiter proposed to acquire all of the issued and outstanding common shares of Genesis and all common shares issuable upon the exercise of currently outstanding stock options at a price of \$5.80 per common share (the "**Proposed Transaction**"). The Proposed Transaction was subject to a number of conditions including, but not limited to, Jupiter arranging for satisfactory financing to complete the transaction. The Letter Agreement terminated as Jupiter was unable to satisfy or waive the conditions to complete the Proposed Transaction on or before June 7, 2011. A special committee of the Board was established to evaluate and oversee the Proposed Transaction, and was comprised of independent members of Genesis's Board. On June 20, 2011, the Corporation announced that the Board initiated a process to explore and

consider possible strategic alternatives for enhancing shareholder value, including a possible sale of the Corporation, and engaged Desjardins Securities Inc. as its financial advisor.

On August 29, 2011, Mr. Gobi Singh resigned as an officer and director of the Corporation pursuant to the terms of a Settlement Agreement and Undertaking (“SAU”) reached with the ASC, arising from a restatement of Genesis’ financial statements. Under the SAU, Mr. Singh agreed to a seven year ban from acting as an officer and director of any issuer. On November 30, 2011, the Corporation entered into an advisory services agreement with Mr. Singh to provide support and advisory services on an as-needed basis during the strategic review process.

On October 13, 2011, Mr. Jeff Blair was appointed as the interim Chief Executive Officer of the Corporation.

2012

On February 21, 2012, the Corporation announced that it had concluded the strategic alternatives process that was commenced on June 20, 2011, as the process did not result in a transaction adequately reflecting value. Genesis concluded the consulting arrangement entered into with its former CEO, Gobi Singh, on March 31, 2012, as he was retained to provide support during the strategic review process.

On March 24, 2012, 319 acres of raw land held by LPLP 2007 originally purchased for \$20.7 million were annexed into the City of Airdrie. Annexation into the City of Airdrie enhances the likelihood that these lands can be developed in the future. Pursuant to a management agreement dated June 29, 2007, and assuming a minimum 50% return to LPLP investors, Genesis can either acquire these lands at a discount or participate in the profits if sold.

The Corporation completed servicing and released lots for sale in Phase 6 of the Calgary community of Saddlestone and Phase 6 of the Airdrie community of Canals, which contain 153 lots and 148 lots, respectively. In addition, Kinwood completed servicing of 126 lots in Phase 2 of the Calgary community of Kinwood.

On June 8, 2012, ASC dismissed all allegations it made against the Corporation’s Chief Financial Officer, Simon Fletcher.

On October 30, 2012, the Corporation entered into a commitment letter in the amount of \$71.5 million to receive development financing for its Sage Hill Crossing commercial project. The financing was used to repay loans amounting to \$16.7 million and to complete servicing of the Sage Hill Crossing commercial project.

During 2012, Messrs. Michael Brodsky, Sandy Poklar, Mark Scott and Bill Pringle were appointed to the Board with Mr. Michael Brodsky appointed as Chairman. Messrs. Elias Foscolos, Doug N. Baker, and Akhil Manro resigned from the Board. On September 21, 2012, the Chief Financial Officer of the Corporation resigned.

General economic conditions were positive in 2012 in Canada and in the land development/housing industry, resulting in an improved market over 2011. Genesis realized a 48% increase in revenues to \$141,582 in 2012, largely due to a major sale of 34.35 acres in the Sage Hill Crossing property (amounting to \$32,526), and higher lot and residential home sales.

2013

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

In January 2013, Genesis received proceeds from the 2012 sale in the Sage Hill Crossing property to Riocan Real Estate Investment Trust. The proceeds from the sale were used to repay credit facilities subsequent to year end, reducing the balance of loans and credit facilities by a further \$31,411.

On February 8, 2013, Mr. Jeff Blair resigned as Chief Executive Officer for the Corporation and Mr. Mark Scott resigned from the Board.

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

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

DESCRIPTION OF THE BUSINESS

General Description

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

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

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

Corporate Objective and Strategy

Genesis' corporate objective is to maximize shareholder returns through the development and sale of its properties. In order to achieve this objective, the Corporation executes the following strategies:

Focus on Core Business Activity. Genesis implements innovative planning to develop lands and maximize market share through creative marketing and packaging of the developed product, including single-family homes, multi-family homes and commercial and industrial development. A significant component of the Corporation's growth is anticipated through the development of existing and approved land inventory.

Development Strategy. The Corporation is focused on developing residential, commercial and mixed-used properties with a long-term revenue generating potential. To increase property values, Genesis takes rezoned properties and services them to provide inventory to the Corporation's single and multi-family home construction divisions, and to external builders. Genesis will also look at market conditions and sell the approved but undeveloped subdivision or developed property to another party if this is economically attractive.

Asset Management. The management team optimizes the asset portfolio of lands by identifying non-core properties and divesting such properties as appropriate. The funds generated are used to strengthen the Corporation's core property base or to pay down existing debt.

Acquisition strategy. Genesis acquires strategically located land in areas where there is an expectation of a significant market upturn, where development can commence between 2 - 10 years, and where there is the expectation of capturing a significant market share. This is accomplished by creating communities that include recreational amenities such as parks, biking and walking trails, efficient traffic flows, schools and public service facilities. This entails integrating land planning and development with housing product design in order to deliver lifestyle, comfort and value. With strong land reserves, the Corporation acquires land JV participation, earning ownership in lands through the use of its development expertise.

Management of Business Segments. The Corporation operates through two segments: land development and home building. Within the business segments there are four business divisions, which are structured to create vertical integration: Land Division develops and sells lots; Single-Family Home Building under GBG constructs single-family homes; Multi-Family Home Building under Generations constructs multi-family units; and Commercial Division develops and markets retail, office and industrial properties.

Sales Strategy. The Corporation has a strong sales and marketing team in place, dedicated to a consistent and sustainable increase of market share. The team uses innovative and effective sales techniques and competitive pricing to attract new customers and strategies to ensure satisfaction of customers.

Cost Reduction. While quality of development is of prime importance, Genesis monitors its operating costs to ensure that operations are efficient and cost effective. In addition, the Corporation uses its relationships with trades and service providers to obtain optimal pricing while maintaining acceptable quality standards.

Personnel and Employee Strategy. The Corporation strives to establish good working relationships by (a) promoting team work, open communication and professional standards to all participants, (b) enhancing employee productivity through flexible work environment, and (c) increasing employee satisfaction by offering benefits and compensation in line with the market and providing a respectful environment for working.

Corporate Identity. The Corporation strives to develop a solid corporate identity in its targeted market areas by producing consistent results of the highest quality standards while providing exceptional customer service.

Ethics and Compliance. The Corporation continues to build and sustain an ethical and honest culture, promote a strong compliance environment and supports the integration of effective controls within the Corporation. Genesis maintains a comprehensive system that communicates behaviour expectations, training and coaching on ethics and compliance issues, and professional accountability.

Financial Management. The Corporation uses a balanced approach to using debt financing to fund its operations. Genesis strives to use debt financing mainly for projects and to reduce any non-project related financing, and at the same time maintain a conservative liquidity position. Management monitors accounts receivable and ensure timely collection from debtors.

Diversification. The Corporation reviews various diversification options such as spreading activities across various regions, cities, and across communities as well as across various types of properties including development land, single-family, multi-family, commercial and industrial.

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

- Constant monitoring of market trends and conditions;
- Establishing substantial pre-sales before commencing a project, where prudent to do so;
- Financing raw land acquisitions with equity while funding development costs with development financing;
- Monitoring the costs of services and materials, securing long-term commitments for prices wherever possible;

- Selling to a variety of builders where considered appropriate in the context of overall market conditions and the ongoing requirements of GBG. In addition, Genesis:
 - Conducts thorough credit assessments with respect to all new builders;
 - Obtains a non-refundable deposit; and
 - Maintains title to lots that are sold until payment is received in full;
- Ensuring, as far as possible, that Genesis has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risk to the Corporation;
- Establishing relationships with a number of different lenders to mitigate against renewal risk;
- Meeting all regulatory requirements on time;
- Providing coaching, training and educational opportunities to employees, as well as periodically evaluating the need to attract high quality professionals with appropriate experience;
- Establishing adequate financing prior to commencement of project development;
- Undertaking strategic planning of current and future land development projects; and
- Making the necessary capital expenditures to comply with environmental laws and regulations.

As the market and general economic environment improve, Genesis will continue to pursue a strategy of positioning itself for future growth. With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

Operations

The Corporation reports its activities as two business segments: land development and residential home building. Within the business segment of land development there are two areas: development of land and residential lots. The Corporation currently has four operating divisions: (1) Land Development (2) Single-Family Home Building; (3) Multi-Family Home Building; and (4) Commercial Development.

In 2012, total revenues, net of interest and other income, were as follows:

	Year ended December 31	
	2012	2011
Residential lot revenue	51,933,000	40,739,000
Development land sales	49,389,000	22,523,000
Residential home sales	39,448,000	32,054,000
	140,770,000	95,316,000

Genesis uses project specific credit facilities to fund land development costs and a construction operating line for home construction purposes. It is the intention of the Corporation to avoid the use of debt to finance acquisitions of raw lands.

Land Development

The Land Development division principally develops residential lots in the cities of Calgary and Airdrie, Alberta. There is also a development in Prince George, B.C. that has 58 lots partially serviced. These lots will be completed when local economic conditions are favourable. In addition, the Corporation has land holdings in Spur Valley (Regional District of East Kootenay) and Kamloops, B.C.

The Land Development division will continue to pursue subdivision opportunities in its core development area of Calgary and surrounding communities, and will consider, on a selected basis, development opportunities elsewhere.

In 2010, the markets started to gradually stabilize from the general downturn of 2008 and 2009 in the national and local economies. The modest positive trend in general economic conditions and the industry continued through 2011 and in 2012, and is expected through 2013. During this time, Genesis will continue to pursue a strategy of positioning itself for future growth. With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

The following is a brief summary of the land projects (developed and undeveloped) that the Corporation owns as at the date of this AIF. Detailed descriptions of projects currently being developed by Genesis follows the tables.

Development Projects

Project	Location	Acreage Remaining		Scheduled	Scheduled
		Gross ⁽²⁾	Net ⁽²⁾	Start Date	Completion Date
Saddlestone	NE Calgary	75	75	2010	2017
Sage Meadows	NW Calgary	44	44	2002	2015
Kinwood	NW Calgary	40	40	2002	2015
Sage Hill Crossing	NW Calgary	73	73	2002	2015
Mountain View Village	East Calgary	144	144	⁽⁵⁾	⁽⁵⁾
Canals/Bayside	Airdrie	362	351	1997	2023
Mitford Crossing	Cochrane	153	153	⁽⁵⁾	⁽⁵⁾
LP 4/5 Northeast Calgary Lands ⁽³⁾	Country of Rocky View	610	312	⁽⁵⁾	⁽⁵⁾
LPLP 2007	Airdrie	319	-	2019	2033
LPLP 2007	Delacour	617	-	⁽⁵⁾	⁽⁵⁾
Delacour	County of Rocky View	1,476	1,476	⁽⁵⁾	⁽⁵⁾
Acheson	Parkland County	122	122	⁽⁶⁾	⁽⁶⁾
Alberta Totals		4,035	2,790		
Buena Vista/Ranches	Kamloops	1,653	1,653	⁽⁵⁾	⁽⁵⁾
Woodlands ⁽⁴⁾	Prince George	114	114	2013	2023
Dawson Creek	Dawson Creek	4	4	⁽⁵⁾	⁽⁵⁾
Spur Valley	Radium	32	32	⁽⁵⁾	⁽⁵⁾
LP 8/9	Radium	1,140	-	⁽⁵⁾	⁽⁵⁾
British Columbia Totals		2,943	1,803		
Company Totals		6,978	4,593		

(1) *Lots refer to single-family lots and acres refer to multi-family, commercial retail and office development acres.*

(2) *Gross refers to total acreage; net refers to Genesis' percentage ownership of total.*

(3) *This project is being participated in as a limited partnership.*

(4) *This project is being participated in as a joint venture.*

(5) *Development not scheduled yet.*

Current Projects

The Corporation specializes in the development of various residential subdivisions in western Canada. A brief description of key properties follows.

The Canals and Bayside (100% interest), Airdrie, AB

In 1997, the Corporation commenced development of this 720-acre parcel located in the City of Airdrie, located 25 minutes north of downtown Calgary. All lands within the 720 acres have land use. The concept plan of this property provides for a linear park system running parallel to a unique canal system, consisting of two lakes and a canal system that provides year round recreation facilities such as canoeing and ice skating. The concept plan also provides for more multi-family and commercial sites within the property along with an additional school site.

The Canals consists of nine phases, all of which are fully developed and seven fully sold out. Servicing of Canals Phase 6, the final phase in the community, was completed in 2012. Canals Phase 6 consisted of 148 single-family lots and a 3.50-acre multi-family site. There are 109 unsold single-family lots and one multi-family site in Canals Phase 6, and one multi-family site in Phase 5A.

Bayside consists of 15 phases. Six phases have been developed and an additional nine phases are available for the future. Bayside Phases 1 to 4 are completely developed and sold out. At Bayside Phase 6, all single-family lots were sold and the 8-acre multi-family site was sold subsequent to year end 2012. The development of Bayside Phase 7 (150 lots) was completed in late 2010, and 90 lots have been sold to date. Bayside Phase 9 (107 lots) was developed and all but one was sold to the SPE along with the Bayside Phase 6 multi-family site. The SPE surrendered the 106 lots back to Genesis in 2010. Only 42 lots remain to be sold.

Future lands (Bayview) to the west of the existing Bayside and Canals communities are in the planning stage.

Taralake/Saddlestone (100% interest), Calgary, AB

This project is a comprehensive community package of affordable housing, adult and senior living with convenient amenities, located approximately 20 minutes from downtown Calgary. The development comprises of a variety of single-family houses with prices ranging from \$250,000 to in excess of \$800,000, and an interconnected parks system, three storm water retention lakes, and an 8-acre shopping centre along with several school and multi-family sites.

Saddlestone consists of 166 acres, which has received outline plan and land use approval. This project is being developed in 12 phases. Development is complete on Phases 1, 2, 3, 4, 5 and 12 with 295 single-family lots, five multi-family sites and one commercial site. Approximately 238 lots are sold, and 57 remaining single-family lots and two multi-family are expected to be sold in 2013. Saffron, which comprises three multi-family sites in phase 2, is being developed as a row-housing project consisting of 42 town homes. The first stage of the project containing 29 units was under development in 2012.

Symons Valley (100% interest), Calgary, AB

The Corporation commenced development of this 775-acre parcel in northwest Calgary in the fall of 2002. The entire project comprises approximately 4,200 lots, plus multi-family parcels, mixed-use sites and a 136-acre regional commercial lot. The area consists of the communities of Sherwood, Kincora, Sage Meadows and Evansridge along with the Sage Hill Crossing commercial site.

This development has several topographical features including West Nose Creek, valley escarpments, ravines and coulees, providing the Corporation with development opportunities, including Symons Valley's system of natural areas and parks connected to Nose Hill Regional Park to the south. This project has been designed to include an interconnected pedestrian pathway system, which will provide walking, jogging and cycling facilities, surrounded by scenic views of the natural topography. The area is directly north of the new Stoney Trail Ring Road, which greatly improves access to the area. The Symons Valley Community Plan (Area Structure Plan) received the approval of Calgary's City Council in April 2001, paving the way for submission of detailed development and

rezoning plans. Outline plan and land use approval has now been completed on all the Corporation's lands in Symons Valley.

- *Sherwood* – The community of Sherwood consists of seven phases, all of which were completely developed and sold out except for five lots, which will be marketed in 2013.
- *Kincora* – This project consisted of one phase (152 lots and a 5.02-acre multi-family site), which was completely sold out in 2011.
- *Sage Meadows* – The community of Sage Meadows consists of six phases adjacent to Symons Valley Road and West Nose Creek. This project will take advantage of the excellent access off Symons Valley Road and the natural area amenity along West Nose Creek. Development is complete on the first two residential phases, consisting of 200 lots. GBG participates as a builder in the development. Planning has commenced on the third phase, a 9.58-acre mixed-use site (residential/office/retail). Design has started on the concept plan for the site. The community also includes a 2-acre site for the new Symons Valley Fire Hall, which has been sold to the City of Calgary. Sage Meadows Phases 1 and 2 were serviced and 123 of the total 200 lots were sold as of December 31, 2012. The remaining lots are expected to be sold in 2013. Servicing is underway on Phase 4 that will contain approximately 73 lots. Servicing is scheduled for completion in 2013. The home building division of the Corporation is developing part of phase 2 of Sage Meadows as a row housing project. The project is called 'The Brownstones' and contains 46 town homes.
- *Kinwood* – The community of Kinwood consists of approximately 150 acres of land, including 26.9 acres of multi-family parcels. Genesis is involved in a JV arrangement in this community and is entitled to 50% of all lots and multi-family parcels as per the agreement with its partner. Phase 1 and 2 servicing is complete and contains 320 lots and three multi-family sites. Phase 1 is sold out, and 65 lots remain unsold in Phase 2. In addition, GBG purchased 51 lots in Kinwood. The remaining lots are expected to sell in 2013.
- *Evansridge* - The Evansridge property is situated on the top of the escarpment overlooking West Nose Creek Valley, and formed part of the Sage Meadow/Evansridge outline plan and land use approval area. By way of a purchase and sale agreement, the approximately 147 acres Evansridge property was sold in 2010 for \$35,000,000.
- *Sage Hill Crossing* – Genesis has a 136-acre mixed-use/regional commercial project under the area structure plan called 'Sage Hill Crossing'. Sage Hill Crossing commenced development in 2007 (see "Description of Business - Commercial Division").

Mountain View Village (100% interest), Calgary, AB

The Corporation has re-commenced development planning of this 144-acre parcel, located four minutes east of Calgary city limits on Glenmore Trail and a short 20 minute drive to downtown Calgary. The community was initially proposed to consist of single-family homes on larger lots, providing country living for workers in the nearby Foothills and Blackfoot Industrial Parks. However, due to recent recommendations of the Calgary Regional Plan, the site is now being reconsidered for industrial/commercial uses.

Delacour (100% interest), Rocky View, AB

These 1,476 acres of raw land are adjacent to the hamlet of Delacour and the Delacour LPLP 2007 lands (617 acres) and thus provide opportunities to incorporate utility infrastructure that will support LPLP 2007. This property will also provide for future growth and expansion upon completion of the initial development within the Delacour area. Planning has commenced for development of the lands as a self-sustaining community with employment and recreational opportunities.

Home Building

Single-Family

The Single-Family Home Building division of Genesis was started in 2005 as Reliant Homes Inc., now GBG. In its first year of operation, the Corporation realized and closed one housing unit. In 2006, the Corporation purchased an established home building company, Point Grey Homes Ltd., to provide itself with established market presence and integration within the home building market. The vision of the Single-Family Home Building division has evolved since its inception and now operates as GBG, which builds single-family and multi-family product in the starter, move-up and estate markets.

GBG emerged as an extension of Genesis' mission to continuously provide innovative products such as spice kitchens, nanny suites and side-by-side bungalows. Home sales by GBG help accelerate lot sales in all Genesis communities. With customer satisfaction as the ultimate goal, GBG builds exceptional homes through solid relationships with its homeowners, trades and suppliers.

GBG has sold 90, 65 and 101 homes in 2012, 2011 and 2010, respectively. GBG is active in northeast and northwest Calgary, and Airdrie, building for homeowners entering the market for the first time as well as those moving up to estate homes. In 2013, GBG will be active in six communities in north Calgary and Airdrie with six professionally designed and staged show homes.

Multi-Family

In 2008, the Corporation started a Multi-Family Building Home division called 'Generations'. The division completed construction of its first project, The Breeze, in Genesis' community of Bayside in 2009. The project, a joint venture between Breeze and GLP#6, consisted of 36 town homes and an 89-unit apartment complex for a total of 125 units. The Corporation sold 1, 3 and 49 units in 2012, 2011 and 2010, respectively.

GBG introduced row housing projects in The Brownstones of Sage Meadows in northwest Calgary, and The Saffron in northeast Calgary in 2012. GBG will also be introducing row housing project in The Gardens in northeast Calgary.

Commercial Division

In 2006, Genesis created a Commercial division that is responsible for servicing and sales or leasing and developing of all commercial properties within the land holdings of the Corporation. The division aims to develop innovative mixed-use centers, community shopping centres and industrial developments within its communities. These next generation mixed-use centers will include a mix of leisure shopping, theatre, restaurants and residential living, all synthesized within an attractive village environment.

The long range planning that goes into the Corporation's new communities provides a gateway to commercial and mixed-use opportunities within residential projects. Genesis also acquired land holdings exclusively for commercial or mixed-use developments.

Current Projects

Saddlestone Commercial (100% interest)

This 1.56-acre commercial site is located in the centre of one of Genesis' two new communities. Genesis entered into a purchase and sale agreement to sell this site in June 2010.

Sage Hill Crossing Town Centre (100% interest)

This well-positioned 106-acre mixed-use site located in Calgary's northwest was approved for land use in October of 2005. Revised land use was approved in 2008, providing for 130 acres of mixed-use development of 1.2 million square feet of retail, approximately one million square feet of office, 4,450 residential units, cinemas, hotel, a community recreation center, and an integrated transit hub.

In 2010, Genesis executed a Purchase and Sale Agreement to sell 27.5 acres in Stage I of the project to a real estate income trust, which increased to 34.35 acres in 2012. Stage I servicing was completed in 2012 which resulted in completion of the sale of sites 1 and 2 to Riocan Real Estate Investment Trust for \$32,526,000.

Sage Meadows Mixed-Use

This 9.52-acre mixed-use site is located in Genesis' new community of Sage Meadows, ideally located adjacent to Symons Valley Road. It will include a combination of multi-family residential, office and retail uses. Genesis has received several offers to purchase this site. Development is on hold until a sanitary trunk is installed in Symons Valley Road.

NE Industrial (51.2% undivided interest)

This 610-acre parcel of raw land borders the Calgary city limits in northeast Calgary (80th Ave. and 84th St.) within the county of Rocky View. Genesis raised \$9,000,000 via limited partnerships to finance the land acquisition. The Corporation retains a 51.2% undivided interest in the lands. The planning process has begun and the Corporation is evaluating various development opportunities for this site, including mixed-use commercial, industrial and residential development. The completed east leg of the Stoney Trail ring road, located adjacent to this property provides exceptional access and exposure. Genesis is considering on developing a commercial/industrial park on these lands. Genesis has initiated the process required to rezone these lands.

South Acheson Industrial (100% interest)

The Acheson Industrial Area is located west of the City of Edmonton in Parkland County between Edmonton and Spruce grove. This project has 122 acres with highway frontage onto Highway 16A. The lands are zoned for commercial/industrial uses and have now been stripped and graded.

Challenges concerning the Rights of Way for the access road from the adjacent land owners were resolved, allowing development of these lands. On March 15, 2013, Genesis entered into a conditional purchase and sale agreement with a real estate development company to sell this property.

Employees

The Corporation currently employs 50 employees, all of which are located in Calgary, Alberta.

Code of Conduct

The Corporation has a Code of Conduct (the "**Code**") that sets out the expected conduct of its directors, officers, and employees, contractors, consultants, representatives and agents and its subsidiaries. The Code is intended to assist the Board and all company personnel in understanding their responsibilities to uphold the goals and values to which the Corporation aspires and to conduct business in accordance with applicable laws and regulations.

The Board has approved the Code, copies of which are available on SEDAR at www.sedar.com.

RISK FACTORS

General

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. In 2010, the markets started to gradually stabilize from the general downturn of 2008 and 2009 in the national and local economies. The modest positive trend continued through 2011 and in 2012. However, concern still exists as to the sustainability of the recovery due to increasing government and consumer debt levels. In addition, shifts in population patterns can impact the rate and location of development in the real estate industry.

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.

Competition

Each segment of the real estate business is competitive. Numerous residential developers and builders compete for potential customers. Although it is Genesis' strategy to be the leading 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 can have a material adverse effect on Genesis' ability to sell lots, single and multi-family homes, or commercial properties and can adversely affect Genesis' revenues and ability to meet its obligations.

Supply and Demand

The Corporation's performance could be affected by the supply and demand for land, single-family housing, multi-family housing and commercial properties in its geographic areas of ownership. Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes over abundant, thereby driving down prices for the Corporation's properties or impacting the availability of land for purchase by Genesis.

Development and Construction Costs

The Corporation may experience loss due to higher prices of labour and consulting fees, and costs of materials. . . Costs of development and building have fluctuated over the past several years and are typically passed on to the customer through higher pricing by Genesis. Any significant increase that the Corporation cannot pass on to the customer may have a negative material impact on Genesis.

Credit and Liquidity Risk

Credit risk arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. Liquidity risk is the risk that Genesis will not be able to meet its financial obligations as they fall due. 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.

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 and the possibility that at the time of maturity of a mortgage Genesis would be unable to renew the maturing debt either with the existing lender or with a new lender. The Corporation structures its debt so as to stagger the maturity dates, thus reducing exposure to any short-term fluctuations in interest rates. The Corporation has historically been successful in obtaining refinancing on maturing debt where it has sought it. Should Genesis experience a loss due to this risk, the future development activities of the Corporation could be impacted.

Management Risk

The success of the Corporation is largely dependent on the quality of its management and personnel. Loss of such personnel, a reduced availability of labour, or the inability to attract personnel of equivalent ability could materially affect the operations and prospects of the Corporation

Mortgage Rates and Financing

Virtually all of the Corporation's customers finance their home acquisitions through lenders providing mortgage financing. Increases in mortgage rates or decreases in the availability of mortgage financing could depress the market for new homes because of the increased monthly mortgage costs to potential homebuyers. Even if potential customers do not need financing, changes in mortgage interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage availability could adversely affect the Corporation's ability to sell new homes and the price at which Genesis can sell them.

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 that are either uninsurable or not economically insurable, such as those of a catastrophic nature. Such uninsured losses could materially affect the ability of the Corporation to continue operations or complete specific project development.

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. Environmental laws and regulations can change rapidly, and the Corporation may become subject to more stringent environmental laws and regulations in the future, which could impact its business.

Governmental Regulation

Genesis must comply with extensive and complex regulations affecting the land development and homebuilding process. These regulations impose additional costs and delays, which adversely affects the Corporation's business and results of operations. In particular, Genesis is required to obtain the approval of numerous governmental authorities regulating matters such as permitted land uses, levels of density, the installation of utility services, zoning and building standards. These regulations often provide broad discretion to the administering governmental authorities as to the conditions Genesis must meet prior to being approved for a particular development or project, if approved at all. Delays in the receipt of regulatory approvals could impact the timing and implementation of the Corporation's project development plans.

In addition, new development projects may be subject to various assessments for schools, parks, streets and highways and other public improvements, the costs of which can be substantial. When made, these assessments can have a negative impact on the Corporation's sales by raising the price that homebuyers must pay for its homes. Genesis must also comply with a variety of local, state and federal laws and regulations concerning the protection of health and the environment, including with respect to hazardous or toxic substances. These environmental laws sometimes result in delays, causing additional costs, or severely restricting land development and homebuilding activity in environmentally sensitive regions or areas.

CAPITAL STRUCTURE

Genesis is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date of this AIF, 44,486,162 Common Shares are issued and outstanding as fully paid and non-assessable. In

addition, 1,665,096 Common Shares are reserved for issuance pursuant to options granted to directors, officers, employees and consultants of Genesis. The Corporation is also authorized to issue an unlimited number of Preferred Shares without nominal or par value. To date, no Preferred Shares have been issued.

Common Shares

The holders of Common Shares are entitled to dividends as and when declared by the Board, to one vote per share at meetings of shareholders of Genesis and, upon liquidation, to receive such assets of Genesis as are distributable to the holders of the Common Shares.

Preferred Shares

The Preferred Shares may be issued from time to time in one or more series. The Board may fix the number of Preferred Shares, the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares.

With respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Genesis, whether voluntary, or involuntary, or any other distribution of the assets of Genesis among its shareholders for the purpose of winding-up its affairs, the Preferred Shares of each series shall rank equally with the Preferred Shares of every other series and shall be entitled to preference over the Common Shares, and the shares of any other class ranking junior to the Preferred Shares.

DIVIDENDS

Since incorporation, neither Genesis nor any of its subsidiaries have declared any cash dividends or made any distributions on any of their securities other than distributions made to unit holders of the limited partnerships. Dividends on securities of Genesis or its subsidiaries will be paid (or made) solely at the discretion of the Board after taking into account the financial condition of Genesis and the economic environment in which it is operating. Certain of the Corporation's financing agreements presently do not allow for dividend payments. It is the Corporation's intention to make dividend payments in a future period as allowed by financing agreements and cash flow streams.

The Corporation paid the following cash distributions to unit holders of the limited partnerships during the years ended December 31, 2012, 2011 and 2010, respectively:

	2012	2011	2010
GLP#6 and GLP#7	4,445,000	140,000	2,886,000
GLP#8	-	328,000	-
	4,445,000	468,000	2,886,000

MARKET FOR SECURITIES

The outstanding Common Shares of the Corporation are listed on the TSX under the symbol GDC. The following table sets out the high and low closing prices and average trading volumes for the Common Shares as reported by the TSX, for the periods indicated.

Date	Price Range (\$)		Monthly Trading Volume
	High	Low	
January	3.12	2.87	1,721,800
February	3.30	2.94	594,000
March	3.25	3.00	764,900
April	3.27	3.05	1,391,100
May	3.50	3.18	1,321,100
June	3.59	3.06	800,800
July	3.25	3.09	245,600
August	3.50	3.10	303,000
September	3.70	3.22	904,800
October	3.57	3.35	1,239,600
November	3.46	3.33	724,600
December	3.45	3.26	567,600
2012	3.70	2.87	10,578,900

PRIOR SALES

The following table sets forth, for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the period from January 1, 2012 to December 31, 2012 and the number of securities of the class issued at that price and the date on which the securities were issued.

<u>Date of Issue/Grant</u>	<u>Number and Designation of Securities</u>	<u>Issue Price</u>
March 13, 2012	100,000 options	\$ 3.21
September 12, 2012	300,000 options	\$3.40

For more information regarding the Corporation's Stock Option Plan, please see note 13 of the Annual Consolidated Financial Statements dated March 20, 2013 filed on SEDAR at www.sedar.com.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date hereof, and to the knowledge of the officers and directors of Genesis, there are no securities that are pooled, subject to escrow, held under a voting trust agreement or other similar agreement or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets forth, as at the date hereof, the residence of the directors and executive officers of the Company, their offices or positions with the Company, their principal occupations during the past five years and the period during which each director has served as a director. The term of the directors' office expires at the next annual meeting of Shareholders. The Board of Directors has established an Audit Committee, comprised of independent directors. In addition, Transaction Review Committee, and Compensation and Governance Committee, have been established, composed of a majority of independent directors.

Name and Municipality of Residence	Director Since	Principal Occupation
Yazdi J. Bharucha ⁽¹⁾⁽²⁾ , CA, ICD.D Ontario, Canada	November 18, 2010	Chief Financial Officer of Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) from 1997 until September 2009. Chair of the Corporation's Transaction Review Committee
Michael Brodsky ⁽¹⁾ Chevy Chase, Maryland. U.S.A.	July 12, 2012	Partner with Spring Valley Partners, a consulting firm. Co-Chief Executive Officer of Federated Sports & Gaming Inc. from December 2010 to March 2012. Managing Partner of New World Opportunity Partners, June 2005 to August 2010. Chairman, Chief Executive Officer and director of Youbet.com, Inc. from April 2008 to June 2010.
Steven J. Glover ⁽¹⁾ , FCA Alberta, Canada	November 23, 2010	Currently serves as financial consultant to oil and gas companies including serving as Chief Financial Officer for Clearview Resources Ltd. Chair of the Audit Committee of an Alberta crown corporation, Travel Alberta. Chair of the Corporation's Audit Committee.
Mark W. Mitchell ⁽³⁾ British Columbia, Canada	June 29, 2010	President of Reliant Capital Limited, Chairman of the Canadian Constitution Foundation, Vice-Chairman of the Fraser Institute, Trustee of The W. Garfield Weston Foundation and Trustee of the Free Market Research Foundation. Chair of the Corporation's Compensation and Governance Committee
Sandy I. Poklar ⁽²⁾⁽³⁾ Toronto, Canada	July 12, 2012	Chief of Operations and Managing Director, Capital Markets & Strategic Developments of Firm Capital Corporation since June 2012. Vice President of Macquarie Capital Group from January 2010 to January 2012 and Associate of TD Securities Inc. from March 2007 to August 2009. Mr. Poklar is a Chartered Accountant.
William Pringle ⁽²⁾⁽³⁾ , CA Alberta, Canada	September 12, 2012	Founder and Executive Chair of Bordeaux Properties Inc., a Calgary based land developer. Senior roles with Brookfield Asset Management Group from 1987 to 2001.
Bruce Rudichuck, CA, CIRP Alberta, Canada Chief Executive Officer	N/A	Mr. Rudichuk has spent over 20 years in real estate and has experience in various senior capacities. Most recently, Mr. Rudichuk was the President & CEO of many of the entities within the Intracorp group of companies, a Canadian residential developer and builder with operations in Ontario and British Columbia. Prior to that Mr. Rudichuk was with KPMG LLP Financial Advisory Services practice providing advice on corporate reorganizations. Mr. Rudichuk has been a member of the Board of Directors and Executive Committee of BILD (Building Industry and Land Development Association) and predecessor organizations since 2004. Mr. Rudichuk earned an Honours Bachelor of Economics and Business from York University. He is a member of the Institute of Chartered Accountants of Ontario and a member of the Canadian Association of Insolvency and Restructuring Professionals.

Name and Municipality of Residence	Director Since	Principal Occupation
Mark Scott British Columbia, Canada Executive Vice President and Chief Financial Officer	N/A	Mr. Scott was a senior banker with Scotia Capital Inc., serving as Managing Director and Office Head in Vancouver, as well as Managing Director, Asia and as a Director in Scotia's real estate group in Toronto. Prior to his time at Scotia, Mr. Scott was a Director of Asian Capital Partners, a mergers & acquisitions firm in Hong Kong and was with Morguard Investments as Manager, Asset Management. He was most recently owner of a private investment company in Vancouver. Mr. Scott holds a Bachelor of Arts in Management and Economics from the University of Guelph.

- (1) Member of the Audit Committee
(2) Member of the Transaction Review Committee
(3) Member of the Compensation and Governance Committee

As at the date hereof, the directors and officers of Genesis as a group beneficially owned, controlled or directed, directly or indirectly, 1,216,433 Common Shares or approximately 2.72% of the issued and outstanding Common Shares. None of the directors or officers held a sufficient number of Common Shares to materially affect the control of Genesis.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Other than as set forth below, to the best of Genesis's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that: (a) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (b) was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the best of Genesis's knowledge, other than as set forth below, none of the directors or executive officers of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as at the date of this AIF, or has been within the past 10 years, a director or executive officer of any corporation (including the Corporation) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the past 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Brodsky was the Co-Chief Executive Officer of Federated Sports & Gaming Inc. ("**Federated Sports**") until his resignation from Federated Sports effective March 1, 2012. On February 28, 2012, Federated Sports filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. Mr. Brodsky was the Co-Chief Executive Officer of Federated Heartland, Inc. ("**Federated Heartland**") until his resignation from Federated Heartland effective March 1, 2012. On February 28, 2012, Federated Heartland filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland.

Mr. Scott is a director of D&M Publishers Inc. (“**D&M**”). On October 21, 2012, D&M filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act of Canada. On February 6, 2013, D&M obtained the most recent extension to its Notice of Intention to Make a Proposal which expires on April 4, 2013.

Penalties or Sanctions

To the best of Genesis’s knowledge, no director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Genesis will be subject in connection with the operations of Genesis. In particular, certain of the directors and officers of Genesis and its subsidiaries are involved in managerial or director positions with other companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of Genesis. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

The Corporation has received various loans from Firm Capital Corporation (“**Firm Capital**”) of 1244 Caledonia Road, Toronto, Ontario. Sandy I. Poklar is the Chief of Operations of Firm Capital and was appointed to the Board on July 12, 2012. In July of 2011, five existing loans extended by Firm Capital, with varying maturities and capital repayment requirements were consolidated into three loans due in 30 months. The loans bear interest at the greater of 7.2% or prime +4.2% and have no scheduled capital repayments. The security for the loans was unchanged.

- During the year ended December 31, 2011, the Corporation received advances of \$70.2 million from Firm Capital, made repayments of \$59.9 million and paid \$4.4 million of interest and fees. At December 31, 2011, the total debt outstanding and owing to Firm Capital was \$53.2 million.
- During the year ended December 31, 2012, the Corporation obtained no new financings or re-financings of existing loans, made repayments of \$24.7 million and paid \$3.5 million of interest and fees. At December 31, 2012, the Corporation had loans totaling \$28.4 million outstanding with Firm Capital.
- From January 1, 2013 to the date of the AIF, interest of \$0.3 million and principal repayments of \$2 million were paid by the Corporation to Firm Capital in respect of these loans. As of the date of the AIF, the balance of these loans was \$26.5 million.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Corporation, there are no legal proceedings material to Genesis to which the Corporation is or was a party to or of which any of its properties is or was the subject of, during the financial year ended December 31, 2012, nor are there any such proceedings known to the Corporation to be contemplated.

To the knowledge of the Corporation, there were no: (i) penalties or sanctions imposed against Genesis by a court relating to securities legislation or by a securities regulatory authority during the Corporation’s last financial year, (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the last financial year.

AUDIT COMMITTEE

Under NI 52-110, the Corporation is required to include in its AIF the disclosure required under Form 52-110F1 with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor. This information is provided in Appendix A.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Genesis or a subsidiary of Genesis: (a) a director or executive officer of Genesis; (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the issued and outstanding Common Shares; and (c) an associate or affiliate of any of the persons or companies referred to (a) or (b).

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta at 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8 and Toronto, Ontario at 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Corporation has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year, that are still in effect.

INTEREST OF EXPERTS

There is no person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by Genesis during, or relating to the Corporation's most recently completed financial year, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, other than MNP LLP, the independent auditor of Genesis.

MNP LLP, Chartered Accountants, prepared an opinion with respect to the consolidated financial statements as at and for the fiscal year ended December 31, 2012. MNP LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

No director, officer or employee of MNP LLP is or is expected to be elected, appointed or employed as a director, officer or employee of Genesis, as the case may be, or of any associate or affiliate of Genesis.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Corporation prepared in connection with the most recent annual meeting of Shareholders that involved the election of directors. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2012. Copies of these and other documents relating to the Corporation may be found on SEDAR at www.sedar.com and on the Corporation's website at www.genesisland.com.

APPENDIX "A"
INFORMATION CONCERNING AUDIT COMMITTEE

I. The Audit Committee's Terms of Reference

The following is the text of the Audit Committee's Terms of Reference:

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Genesis Land Development Corp. (the "**Corporation**") shall have the oversight responsibility, authority and specific duties as described below.

Composition

The Committee will be comprised of three or more directors as determined by the Board, none of whom shall be an officer or employee of the Corporation or any associated entity and whom shall be independent and financially literate as those terms are defined in National Instrument 52-110 audit committees (NI 52-110").

Members of the Committee shall be appointed by the Board. Each member shall serve until his or her successor is appointed, unless such member shall resign, be removed by the Board or otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.

Communication, Authority to Engage Advisors and Expenses

The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

Operation, Meetings and Record Keeping

Meetings of the Committee shall be conducted as follows:

1. The Committee shall meet at least once quarterly at such times and at such locations as the Chair of the Committee shall determine;
2. A resolution in writing, signed by all of the members of the Committee is as valid as if it had been passed at a meeting of the Committee;
3. The Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
5. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;

6. The Chair shall, in consultation with management, auditors and Committee members, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting;
7. Forty-eight (48) hours' notice is required for meetings, unless Committee members unanimously waive the notice period;
8. Every question at a Committee meeting shall be decided by a majority of the votes cast;
9. The President and Chief Executive Officer and the Chief Financial Officer shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
10. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting (except for in-camera sessions) shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

Responsibilities

The Committee is part of the Board. Its primary function is to meet the regulatory responsibilities prescribed for an Audit Committee and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and audit matters. The regulatory responsibilities include:

1. Providing oversight of the accounting, financial reporting, internal audit and financial risk management functions, and procedures, practices and policies of the Corporation related thereto;
2. Reviewing and recommending to the Board for acceptance, prior to their public release, all material financial information required to be disclosed by the Corporation;
3. Overseeing management designed and implemented accounting and financial reporting systems and internal controls;
4. Overseeing the appointment and the ongoing relationship with the external auditor to the Corporation

Specific Duties

In addition to any tasks assigned by the Board of Directors the Committee shall:

1. External auditors:

- (a) Ensure the external auditor reports directly to the Audit Committee;
- (b) Recommend to the Board the external auditor to be nominated;
- (c) Review and approve the external auditor's compensation and pre approve all audit services;
- (d) Evaluate the external auditor's qualifications, performance and independence;
- (e) Review and pre-approve any engagements for non-audit services to be provided by the external auditor and its affiliates in light of the estimated fees and impact on the external auditor's independence;

- (f) Delegate, as considered appropriate authority to pre-approve any engagements for non-audit services to the Chair of the Audit Committee or any member of the Audit Committee, in which case the pre-approval is reported to the next meeting of the Audit Committee;
- (g) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including meeting regularly with the external auditor in camera;
- (h) Review with the external auditor:
 - (i) proposed changes in accounting policies;
 - (ii) New accounting standards likely to have an impact on the Corporation;
 - (iii) The presentation and impact of significant risks and uncertainties; and
 - (iv) Key estimates and judgments that may be material to financial reporting.
- (i) Resolve disagreements between management and the external auditor;
- (j) Ensure that the external auditor is answerable to the Committee, as representatives of the shareholders and monitor the rotation of partners on the audit engagement team in accordance with applicable regulations;
- (k) Meet with the external auditor prior to the audit to review and approve the annual audit plan, including the scope and general extent of the annual audit planning and staffing the audit and the factors considered in determining the audit scope, including risk factors;
- (l) Review significant changes to the audit plan, if any, and any disputes or difficulties with management encountered during the audit, including any disagreements which, if not resolved, would have caused the external auditor to issue a non-standard report on the Corporation's financial statements;
- (m) Monitor the level of co-operation received by the external auditor during its audit including access to all requested records, data and information;
- (n) Review with the internal and external auditors the degree of coordination between the two audit groups to determine the efficiency, effectiveness and completeness of the audit programs and the appropriate reliance on internal controls and systems;
- (o) Review control weaknesses identified by the external auditor, any significant communications to and from regulators, and any incidents of fraud, misstatement or similar incidents and management's response;
- (p) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives; and
- (q) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation in compliance with the requirements set out in section 2.4 of NI 52-110.

2. Financial statements, management discussion and analysis and all external reporting or disclosure of financial statements or information (prior to public disclosure):

- (a) Review annual or quarterly financial statements, including the specific items noted below and develop a recommendation to the Board of Directors regarding the filing of the financial statements:
 - (i) financial statements and management discussion and analysis of financial condition and results of operations;

- (ii) significant accounting judgments and reporting principles, practices and procedures applied in preparing the financial statements, including newly adopted accounting policies and the reasons for their adoption;
 - (iii) related party transactions, particularly those with current or former officers or officers;
 - (iv) officer certifications and any sub-certifications that noted matters of significance;
 - (v) issues of its choosing with the external auditor, management and corporate counsel including but not limited to potential claims, assessments, contingent liabilities, and legal and regulatory matters that may have a material impact on the financial statements of the Corporation; and
 - (vi) results of any audit or independent review of the financial statements or internal controls over financial reporting.
- (b) Review the financial component of the following documents prior to public release:
- (i) prospectuses, take-over bid circular, issuer bid circular, rights offering circular, offering memoranda and other fund raising activities of the Corporation prior to their filing;
 - (ii) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (iii) forecasted financial information and forward looking statements; and
 - (iv) press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed.

3. Accounting systems, disclosure controls and procedures, internal controls and related systems and procedures

- (a) Oversee the management and operations of the finance group to ensure the integrity of accounting and financial reporting and the underlying systems;
- (b) Review the process for selection and performance evaluation of the CFO and other key members of the finance group in consultation with the CEO and CFO and make recommendations as appropriate to the CEO, CFO and/or the Board of Directors;
- (c) Review whether the disclosure controls and policies and the internal controls over financial reporting (including relevant IT systems), as those terms are defined in NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's accounting policies and GAAP;
- (d) Review the Corporation's system for certifications and sub-certifications related to quarterly and annual reporting;
- (e) Oversee the Corporation's processes for independent appraisal of real estate property, including the selection and engagement of the independent appraiser, and any public disclosure of the results of the appraisal;
- (f) Review and approve the Corporation's policies regarding officer and director expenses and transactions with the Corporation, and may review the expense claims of any officer or director;
- (g) Oversee the Corporation's risk management policies and systems related to major financial risks, including litigation matters;

- (h) Oversee the Corporation’s tax policies and systems related to tax planning, payments, reporting, audits and assessments;
- (i) As considered appropriate, direct the external auditor’s examinations to particular issues;
- (j) Meet separately with Executive Management or Finance personnel as deemed appropriate;
- (k) Independently or together with the Board, investigate any identified fraud, illegal acts and conflicts of interest; and
- (l) Oversee the procedures for the confidential anonymous submission by employees of the Corporation of concerns or complaints regarding questionable accounting, internal accounting controls or auditing matters, including procedures for the retention (for at least 7 years) of copies of complaints or concerns expressed and evidence of investigations.

4. Internal audit

- (a) Maintain direct communications and discuss and review specific issues, as appropriate, with the internal auditor;
- (b) Review the audit plans of the internal auditor and the coordination with the external auditor;
- (c) Review the quarterly certification and sub-certification process and the internal audit role with respect to the process;
- (d) Review the significant findings of the internal audit programs or the sub-certification process, together with management’s response thereto;
- (e) As considered appropriate, direct the internal auditor’s examinations to particular issues;
- (f) Review the adequacy of the resources of the internal auditor and the objectivity and independence of the internal audit function; and
- (g) Meet separately with the Internal Auditor as deemed appropriate.

Review of Terms of Reference

The Committee shall review and reassess the adequacy of these terms of reference at least annually, and otherwise as it deems appropriate and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee and Board terms of reference.

II. Composition of the Audit Committee

The Audit Committee of the Corporation is composed of the following individuals:

Steven J. Glover	Independent ⁽¹⁾	Financially literate ⁽²⁾
Yazdi J. Bharucha	Independent ⁽¹⁾	Financially literate ⁽²⁾
Michael Brodsky	Independent ⁽¹⁾	Financially literate ⁽²⁾

Notes:

- (1) A member of an Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

III. Relevant Education and Experience

The Board assesses overall business experience and financial literacy as they relate to the Corporation's primary business segment, real estate, in its selection of Audit Committee members.

Steven Glover is a Fellow of the Chartered Accountants, currently serving as Vice-President, Finance and Chief Financial Officer of Western Plains Petroleum, listed on the TSX Venture Exchange and as Chief Financial Officer of Clearview Resources Ltd. He is currently a member of the Board of Directors, and Chair of the Audit Committee of an Alberta crown corporation, Travel Alberta. Mr. Glover also served as the Executive Director of the Institute of Chartered Accountants of Alberta from 1984 to 2005. His extensive board and governance experience includes chairing the Audit Committees for the Caritas Health Group and the Edmonton Community Foundation and is a past member of the board of the Edmonton Concert Hall Foundation. From 1998-99, he served as President of the Edmonton Downtown Rotary Club.

Yazdi Bharucha is a Chartered Accountant and holds the Institute Certified Director Designation, ICD.D, from the Institute of Corporate Directors. He is a former Chief Financial Officer of Canadian Apartment Properties Real Estate Investment Trust (CAPREIT). Mr. Bharucha's previous experience includes Vice President and Controller of MPI Group Inc, a real estate investment and development company. He has also held the position of Controller of MICC Properties Inc., a real estate investment and development company and was previously responsible for financial planning, accounting, reporting and management of real estate operations.

Michael Brodsky brings nearly 20 years of experience as an investor, manager and attorney. He has extensive experience in investment in, and the governance of public companies, as well as in corporate turnarounds and restructurings. Mr. Brodsky holds a B.A. from Syracuse University, a J.D. from the Northwestern University School of Law, and an M.B.A. from Northwestern University's J.L. Kellogg Graduate School of Management. He has served on the Board of Directors of Churchill Downs, Inc. and of Youbet.com, Inc. where he was also its Chairman and CEO. He also serves on the Board of Director of Selectica, Inc.

IV. Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption from NI 52-110 other than in Section 2.4 of NI 52-110 (De Minimus Non-audit Services) and the exemption provided by section 3.2(2) of NI 52-110 from the requirement that every Audit Committee member must be independent.

V. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

VI. Pre-Approved Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

VII. External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years are as follows:

Financial Period Ending December 31	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2012	250,000	\$77,000	\$10,000	\$107,900
2011	\$276,000	\$126,000	\$Nil	\$139,700

Notes:

- (1) The aggregate audit fees billed or accrued by the Corporation's external auditor for audit services.
- (2) The aggregate fees billed or accrued by the Corporation's external auditor for assurance and related services that are reasonably related to the performance of the quarterly reviews of the Corporation's financial statements that are not reported under 'Audit Fees'.
- (3) The aggregate fees billed or accrued by the Corporation's external auditor for professional services rendered for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed or accrued by the Corporation's external auditor for all other services provided such as but not limited to IFRS conversion, procedures relating to ICOFR as defined in NI 52-109 and other misc. services.