LIMITED PARTNERSHIP LAND POOL (2007)

Financial Statements for the
Years ended December 31, 2010 and 2009

Management's Report

To the Unit Holders of
Limited Partnership Land Pool (2007)

These financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies in the notes to the financial statements. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality, and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances.

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

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

Meyers Norris Penny LLP, an independent firm of chartered accountants, was engaged to audit the financial statements in accordance with Canadian generally accepted auditing standards and provide an independent auditor's opinion.

Gobi Singh, Director
GP LPLP 2007 Inc.,
General Partner to Limited Partnership Land Pool (2007)

April 20, 2011

Independent Auditors' Report

To the Unit Holders of Limited Partnership Land Pool (2007):

We have audited the accompanying financial statements of Limited Partnership Land Pool (2007), which comprise the balance sheet as at December 31, 2010 and the statements of earnings, partners' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that Limited Partnership Land Pool (2007) has current liabilities in excess of current assets of $23,221,000 and to Note 10 in the financial statements which indicates that Limited Partnership Land Pool (2007) is wholly economically dependent on the General Manager. These conditions indicate the existence of a material uncertainly which may cast significant doubt about the Partnership's ability to continue as a going concern.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Limited Partnership Land Pool (2007) as at December 31, 2010, and the results of its operations and cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Meyers Norris Penny LLP

April 20, 2011

Calgary, Canada

Chartered Accountants

MNP

Limited Partnership Land Pool (2007)
Balance Sheets
As at December 31, 2010 and 2009
(In Thousands of Canadian Dollars)

	2010	2009
Assets		
Real estate held for development and sale (note 5)	53,359	48,292
Cash and cash equivalents	26	5
	53,385	48,297
Liabilities		
Financings (note 6)	9,525	8,200
Customer deposits	18	-
Accounts payable and accrued liabilities	138	114
Due to related parties (note 7)	13,566	12,400
	23,247	20,714
Equity		
Partners' equity	30,138	27,583
	53,385	48,297

Future operations (note 2)
See accompanying notes to the financial statements

Approved by the Director of the General Partner,
GP LPLP 2007 Inc.

Gobi Singh, Director

Statements of Earnings
For the Years Ended December 31, 2010 and 2009
(In Thousands of Canadian Dollars)
Please refer to Note 2, "Future Operations"

	2010	2009
Revenue		
Interest and other income	67	219
Expenses		
Write down (recovery) of real estate held for development and sale (note 5)	(3,404)	2,586
General and administrative (note 7)	130	186
Bad debt expense	21	19
Interest (note 6,7)	765	349
	(2,488)	3,140
Net earnings (loss) and comprehensive income (loss)	2,555	(2,921)

See accompanying notes to the financial statements

Limited Partnership Land Pool (2007)
Statements of Partners' Equity
December 31, 2010 and 2009
(In Thousands of Canadian Dollars and Units)
Please refer to Note 2, "Future Operations"

	Limited Partners		General Partner		Total	
	Units	Amount	Units	Amounts	Units	Amount
Balance, December 31, 2008	**43,450**	**30,151**	**10**	**(2)**	**43,460**	**30,149**
Contributions from unit holders	390	398	-	-	390	398
Issuance costs	-	(43)	-	-	-	(43)
Net loss	-	(2,920)	-	(1)	-	(2,921)
Balance, December 31, 2009	**43,840**	**27,586**	**10**	**(3)**	**43,850**	**27,583**
Net earnings	-	2,554	-	1	-	2,555
Balance, December 31, 2010	**43,840**	**30,140**	**10**	**(2)**	**43,850**	**30,138**

Limited Partnership Land Pool (2007)
Statements of Cash Flow
For the Years Ended December 31, 2010 and 2009
(In Thousands of Canadian Dollars)
Please refer to Note 2, "Future Operations"

	2010	2009
Cash and cash equivalents from (used for):		
Operating activities		
Net earnings (loss)	2,555	(2,921)
Items not involving cash		
Write down (recovery) of real estate held for development and sale	(3,404)	2,586
	(849)	(335)
Decrease in non-cash working capital (note 11)	(1,621)	(3,483)
	(2,470)	(3,818)
Financing activities		
Advances from related parties	1,166	11,830
Repayments of financings	(4,660)	(8,510)
Additional financings	5,985	94
Issuance of units	-	398
Unit issuance costs	-	(43)
	2,491	3,769
Increase (decrease) in cash and cash equivalents	21	(49)
Cash and cash equivalents, beginning of year	5	54
Cash and cash equivalents, end of year	26	5
Supplemental cash flow information:		
Interest paid	1,295	1,431

1. DESCRIPTION OF BUSINESS

Limited Partnership Land Pool (2007) (the "Partnership" or "LPLP-2007") is a limited partnership formed under the laws of the Province of Alberta on June 29, 2007 pursuant to the Partnership Act (Alberta). It commenced operations on that date through the raising of funds from the sale of limited partnership units (the "initial offering"). The initial offering closed on February 28, 2009.

The affairs of the Partnership are managed by Genesis Land Development Corp. ("Genesis", or the "Manager") through its wholly owned subsidiary, GP LPLP 2007 Inc. ("the General Partner"). Genesis controls the Partnership.

The Partnership was established to acquire raw (primarily agricultural) land (the "Properties") and generate capital appreciation by obtaining various levels of municipal approvals leading eventually towards the re-designation of land use (rezoning) of the Properties to commercial, industrial, residential, recreational, or any combination thereof.

The Partnership reports its activities as a single business segment operating in one geographic area.

2. FUTURE OPERATIONS

These financial statements have been prepared by the Partnership on the basis of accounting principles applicable to a going concern, which assumes that the Partnership will continue to operate for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

	2010	2009
Current liabilities	23,247	20,714
Less current assets:		
Cash and cash equivalents	26	5
Total current assets	26	5
Current liabilities in excess of current assets	23,221	20,709

2. FUTURE OPERATIONS (continued)

At December 31, 2010, the Partnership had current liabilities in excess of current assets of $23,221 (2009 - $20,709). During 2010, the Partnership had a net income of $2,555 (2009 - net loss of $2,921).

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities and the reported operations.

3. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses during the reporting period. Actual results could differ from these estimates. Such estimates include the amounts relating to the determination of liabilities and accruals and the potential impairment of amounts receivable and real estate for development and sale. By their nature these amounts are subject to measurement uncertainty and changes in such estimates may affect the financial statements in future years.

(a) Real estate held for future development and sale

Land held for future development is recorded at the lower of cost and estimated net realizable value. The Partnership applies a recoverability test on its real estate and an impairment loss is recognized to the extent that the carrying value of the project exceeds the net realizable value. Costs include land acquisition costs, other direct costs of pre-development, property taxes, capitalized interest, and legal costs.

No general and administrative costs are capitalized to real estate held for development and sale.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and lawyers' trust accounts.

3. BASIS OF PRESENTATION (continued)

(c) Revenue recognition

Land sales are recognized when an agreement is signed and all proceeds are received or collection is reasonably assured. Deposits received from customers upon signing of contracts for purchase of lands upon which revenue recognition criteria is not yet met are recorded as customer deposits. Interest revenue and rental revenue are recognized on an accrual basis as they are earned.

(d) Allocation of expenses

Upon completion of the initial offering, the Partnership and the Manager will be equally responsible for all costs of the Partnership, including all expenses incurred by the Manager in connection with the operations of the Partnership, such as third party transaction costs, litigation and indemnification expenses, and all expenses reasonably incurred in connection with the organization and funding of the Partnership and the General Partner.

Any general and administrative expenses charged directly by the Manager, and not by a third party retained by the General Partner or Manager, will be limited to $150,000 per year upon completion of the offering.

Except for the General Partner, the liability of the partners is restricted to their investment in the Partnership.

(e) Distributions and allocation of profit

At the sole discretion of the General Partner, the Properties, or a portion of the Properties, may be sold individually or in aggregate to third parties at fair market value. The Partnership shall receive the higher of 50% of the sale price of the properties and the minimum purchase amount as defined in note 8. The Manager would receive an amount equal to the remainder of the sale price.

(f) Financial instruments

All financial instruments are classified into one of the following five categories: held-to-maturity, loans and receivables, other financial liabilities, available-for-sale financial assets, and held-for-trading. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

3. BASIS OF PRESENTATION (continued)

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period to which they relate. As at December 31, 2010, the Partnership does not have any derivative financial instruments.

Cash and cash equivalents are designated as ''held for trading'' and are measured at carrying value which approximates fair value due to the short-term nature of these instruments. Accounts and notes receivable and deposits are designated as "loans and receivables". Accounts payable financing and due to related parties are designated as ''other financial liabilities''.

(g) Income taxes

The Partnership is not subject to income taxes. The income or loss for income tax purposes is allocated to the Partners based upon their proportionate share of the Partnership units.

These financial statements include only the assets, liabilities and operations of the Partnership and do not include other assets, liabilities, including income taxes, of the Limited Partners.

4. CHANGES IN ACCOUNTING POLICIES

Canadian publicly accountable entities will be required to prepare their financial statements in accordance with IFRS as issued by the International Accounting Standards Board, for the financial years beginning on or after January 1, 2011. Effective January 1, 2011, LPLP 2007 will adopt IFRS as the basis for preparing its financial statements. Financial results for the first reporting period in 2011 will be prepared on an IFRS basis, with comparative data on an IFRS basis, including an opening balance sheet, as at January 1, 2010. Management has not fully determined the financial impact of adopting IFRS on the Partnership's financial statements; however, it should be noted that the current financial statements may be significantly different if presented in accordance with IFRS.

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Gross	Provision for write-down	Net
Delacour	36,933	(3,514)	33,419
Airdrie	21,717	(1,777)	19,940
Balance - December 31, 2010	58,650	(5,291)	53,359

	Gross	Provision for write-down	Net
Delacour	35,934	(7,062)	28,872
Airdrie	21,053	(1,633)	19,420
Balance - December 31, 2009	56,987	(8,695)	48,292

On October 15, 2007, the Partnership purchased 617 acres of residential land in Delacour in the Municipal District of Rocky View, northeast of Calgary, for $31,385. The General Partner holds title to the land and has assigned all rights, title, interest and obligations to the Limited Partnership Land Pool.

On May 29, 2007, the Partnership entered into an agreement to purchase 319 acres of land west of Airdrie for $20,733. The purchase was completed on April 16, 2009.

A partial recovery of previous write-downs of $4,354 (2009 – $Nil) was recorded during the year ended December 31, 2010 based on an updated land appraisal.

	2010	2009
Delacour	(3,548)	672
Airdrie (net of recovery of $806 in 2010)	144	1,914
Write down (recovery) of real estate held for development and sale	(3,404)	2,586

In determining if there is an impairment of real estate assets, the carrying values are compared to the estimated net realizable value on a project by project basis. Net realizable value is determined using the expected selling price of comparative properties sold in the normal course of business less closing costs. Given the uncertainty of the current economic environment, these estimates of market price may change materially in the future.

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE (continued)

During 2010 and 2009, the following costs were capitalized to real estate held for future development and sale.

	Delacour	Airdrie	Total
Interest	759	536	1,295
Financing fees	169	124	293
Legal fees	10	-	10
Predevelopment planning costs	37	-	37
Property taxes	24	4	28
2010	999	664	1,663

	Delacour	Airdrie	Total
Purchase of land	-	20,733	20,733
Interest	1,431	-	1,431
Financing fees	135	365	500
Predevelopment planning costs	137	-	137
Property taxes	12	-	12
2009	1,715	21,098	22,813

6. FINANCINGS

	2010	2009
Loan maturing September 1, 2012, repayable in monthly principal installments of $250 (2009 - $520) bearing interest at the greater of 9.75% (2009 - 10.5%) or prime + 5% (2009 - 3.5%) per annum, secured by the Delacour land (see note 5).	9,679	8,320
Financing fees	(154)	(120)
	9,525	8,200

The General Partner arranged third party financing totaling $18,830 in 2007 bearing interest at the greater of 9.5% or prime + 3% per annum. The loan was refinanced effective September 15, 2010 in the amount of $10,100 and matures on September 1, 2012. The additional financing was used to retire a previous loan arranged by the Manager with a syndicate in 2009 to complete the purchase of the Airdrie lands.

7. RELATED PARTY TRANSACTIONS

For the period from inception on June 29, 2007 to December 31, 2010, the Manager and General Partner have advanced $13,566 (2009 - $12,400) to the Partnership to cover start-up costs and other expenses. There are no fixed terms of repayment and the advances bear interest at a rate of prime + 3%. Accrued interest of $765 (2009 - $349) is included in the balance due to related parties.

During the year ended December 31, 2010, costs of $35 (2009 - $40) were allocated by the Manager and recorded as general and administrative costs. These transactions were recorded at their exchange amount being the amount agreed to by the Partnership and Genesis, in its role as the Manager or General Partner.

8. SIGNIFICANT AGREEMENTS

a. Right of Manager to Purchase Properties

Once Land Use Approvals have been obtained for the Properties, the Manager will have the right, but not the obligation, to acquire the Properties at the higher of ½ of the fair market value of the property or the minimum purchase price.

The minimum purchase price is calculated by dividing the purchase price of a property by the purchase price of all the Properties in the Partnership, multiplied by the difference between the total offering amount and the remaining funds in the Soft Costs of the Partnership and Liquidity Pool, and then multiplied by 1.5 (or 150%).

Liquidity Pool means an amount no more than 10% of the Initial Contributions, net of issuance costs, set aside for possible redemption of units once the Properties have been acquired.

Soft Costs of the Partnership refer to costs of the Partnership, after completion of the Initial Offering, equal to 5% of the net contributions which have been attributed towards any and all costs related to the operation of the Partnership and the process of implementing the value added concept, including, but not limited to, obtaining Area Structure Plan approvals, land use re-designation, subdivision approval, negotiation of development agreement approval and administration of the Partnership.

The purchase right is applicable for each property or portion of a property within the Partnership as Land Use Approval and securities regulatory approval has been obtained on all or a portion of each property within the Partnership.

8. SIGNIFICANT AGREEMENTS (continued)

b. Right of First Refusal

In the event the Partnership receives a third party offer, which in the opinion of the General Partner is within 10% of the fair market value of the Property as would be obtained through an independent appraisal, the Partnership shall give written notice of the offer, and its terms, including the minimum purchase price for such properties, to the Manager. The Manager will then have a period of 30 days after receipt of the notice to provide a matching offer under the same terms and conditions.

c. Liquidity Pool

The Offering Memorandum of the Partnership allowed for up to 10% of the net contributions raised to be set aside for possible redemption of units once the Properties have been acquired. As the Partnership was unable to raise sufficient funds to complete the purchase of the properties, the liquidity pool was not formed.

9. FINANCIAL INSTRUMENTS

(a) Risks associated with financial instruments

The Partnership has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

The General Partner has overall responsibility for the establishment and oversight of the Partnership's risk management framework. The General Partner has implemented and monitors compliance with risk management policies.

(i) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Partnership's exposure to credit risk associated with the non- performance of future purchasers of land held for future development and sale can be directly impacted by a decline in economic conditions, which would impair these purchasers ability to satisfy their obligations to the Partnership. To reduce this economic risk, the Partnership retains title to the properties in question until all terms of the contract have been satisfied. At December 31, 2010, the Partnership is not exposed to any significant amounts of credit risk.

9. FINANCIAL INSTRUMENTS (continued)

The carrying value of amounts due from related parties and cash represents the maximum credit exposure.

(ii) Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they are due. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Partnership.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, and interest rates, will affect the Partnership's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

The Partnership is exposed to market risk in terms of its reliance on the strength of the local economies in which it operates. The majority of real estate assets the Partnership holds is within the Calgary Metropolitan Area and therefore is subject to the economic conditions of this region.

The Partnership continually monitors economic indicators to position itself in the market place to ensure it can meet its financial obligations, both short term and long term.

(iv) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Partnership is exposed to interest rate cash flows risk to the extent that agreements receivable and certain financings are at a floating rate of interest. The Partnership capitalizes all interest incurred on project loans. A 1% change in interest rates would result in a change in interest incurred of approximately $90 on year end flexible rate loans existing at December 31, 2010. This would have no impact on net earnings as the interest is capitalized on project loans.

9. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments

The fair values of cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity. The fair value of the Partnership's financings was approximately $9,401 estimated based on current market rates for loans of the same risk and maturities.

The fair value of the Partnership's related party balances as at December 31, 2010 and 2009 were considered indeterminable due to the inability to apply a valuation method or obtain market prices.

10. CAPITAL MANAGEMENT/ECONOMIC DEPENDENCE

The Partnership's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Partnership considers its capital structure to include partners' equity, financings and working capital.

As the Partnership did not raise sufficient funds to complete the purchase of the lands, and currently does not have operating cash flows, in order to maintain or adjust its capital structure, the Partnership is wholly dependent on the Manager to manage and service current debt levels, and to provide resources to complete the projects.

11. CHANGES IN NON-CASH WORKING CAPITAL

	2010	2009
Operating activities		
Real estate held for development and sale	(1,663)	(22,813)
Deposits and other assets	-	12,231
Amounts receivable	-	21
Accounts payable and accrued liabilities	24	(203)
Note receivable	-	7,281
Customer deposits	18	-
	(1,621)	(3,483)

12. COMPARATIVE FIGURES

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