LIMITED PARTNERSHIP LAND POOL (2007)
ANNUAL FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

MANAGEMENT'S RESPONSIBLITY

To the unitholders 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 International Financial Reporting Standards 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 Genesis Land Development Corp. ("Genesis"), which meets regularly with the auditors and management to review the activities of each. The Audit Committee, which is comprised of three independent directors of Genesis, reports to the Board of Directors of Genesis.

MNP LLP, an independent firm of chartered accountants, was engaged to audit the financial statements in accordance with International Financial Reporting Standards and provide an independent auditor's opinion.

Bruce Rudichuk, Director
GP LPLP 2007 Inc.
General Partner of Limited Partnership Land Pool (2007)
March 28, 2014

Independent Auditors' Report

To the Unitholders of Limited Partnership Land Pool 2007:

We have audited the accompanying financial statements of Limited Partnership Land Pool 2007, which comprise the balance sheets as at December 31, 2013 and 2012, and the statements of comprehensive loss, partners' equity, and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Limited Partnership Land Pool (2007) as at December 31, 2013 and 2012, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership incurred a net loss of $8,546,321 during the year ended December 31, 2013 and, at that date the Partnership had current liabilities in excess of current assets of $29,090,397. These conditions indicate the existence of a material uncertainty which may cast doubt about the Partnership's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

MNP LLP
Chartered Accountants

Calgary, Alberta
March 28, 2014

LIMITED PARTNERSHIP LAND POOL (2007)
BALANCE SHEETS
(In Canadian dollars)

		December 31,	
		2013	**2012**
Assets	**Notes**		
Cash and cash equivalents		**111,882**	78,946
Land held for future development	4	**33,869,780**	40,058,506
Total assets		**33,981,662**	40,137,452
Liabilities			
Accounts payable and accrued liabilities		**168,584**	27,766
Customer deposits		**2,400**	2,400
Amounts due to related parties	8	**21,188,685**	18,983,929
Financings	5	**7,842,610**	7,797,653
Total liabilities		**29,202,279**	26,811,748
Commitments and contingencies	9		
Equity			
General partner		**100**	100
Limited partners		**4,779,283**	13,325,604
Total equity		**4,779,383**	13,325,704
Total liabilities and equity		**33,981,662**	40,137,452

See accompanying notes to the annual financial statements.

GP LPLP 2007 Inc.
General Partner of Limited Partnership Land Pool (2007)

LIMITED PARTNERSHIP LAND POOL (2007)

STATEMENTS OF COMPREHENSIVE LOSS

(In Canadian dollars)

		Year ended December 31,	
		2013	**2012**
Revenues	**Notes**		
Rental income and other revenue		**85,925**	124,446
		85,925	124,446
Expenses			
Impairment of land held for future development	4	**6,188,726**	13,488,069
Interest		**1,766,720**	1,727,547
General and administrative	10	**671,736**	129,145
Development		**5,064**	29,521
		8,632,246	15,374,282
Loss being comprehensive loss for the year		**(8,546,321)**	(15,249,836)

See accompanying notes to the annual financial statements.

LIMITED PARTNERSHIP LAND POOL (2007)
STATEMENTS OF PARTNERS' EQUITY
For the years ended December 31, 2013 and 2012
(In Canadian dollars)

	Net Partners' Contributions	Deficit	Partners' Equity
At December 31, 2011	39,523,155	(10,947,615)	28,575,540
Loss being comprehensive loss for the year	-	(15,249,836)	(15,249,836)
At December 31, 2012	39,523,155	(26,197,451)	13,325,704
Loss being comprehensive loss for the year	-	(8,546,321)	(8,546,321)
At December 31, 2013	39,523,155	(34,743,772)	4,779,383

See accompanying notes to the annual financial statements.

LIMITED PARTNERSHIP LAND POOL (2007)
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012
(In Canadian dollars)

	2013	2012
Cash and cash equivalents from (used for):		
Operating activities		
Cash receipts	**34,885**	48,914
Other cash receipts	**25**	337
Cash paid to suppliers	**(1,974)**	(2,113)
	32,936	47,138
Increase in cash and cash equivalents	**32,936**	47,138
Cash and cash equivalents, beginning of year	**78,946**	31,808
Cash and cash equivalents, end of year	**111,882**	78,946

See accompanying notes to the annual financial statements.

(In Canadian dollars)

1. ORGANIZATION AND OPERATION OF THE PARTNERSHIP

Limited Partnership Land Pool (2007) (the “Partnership”) is a limited partnership formed under the laws of the Province of Alberta on June 28, 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 (“LPLP Units”) through an offering memorandum dated June 30, 2007. As at December 31, 2013, the Partnership had 43,840,421 LPLP Units outstanding (December 31, 2012 – 43,840,421 LPLP Units).

The Partnership was established to acquire raw (primarily agricultural) land near Airdrie and Delacour (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 Limited Partnership Agreement specifies a project termination date of December 31, 2017, being the deadline to commence the immediate sale of any remaining unsold Properties.

The affairs of the Partnership are managed by Genesis Land Development Corp. (“Genesis”) through its wholly-owned subsidiary GP-LPLP 2007 Inc. (the "General Partner"). Pursuant to a Project Management Agreement dated June 29, 2007, Genesis is entitled to participate in 50% of the proceeds from the sale of any land parcel owned by the Partnership, providing that the Partnership receives sale proceeds equal to 150% of the acquisition cost of that land parcel.

The Partnership's financial statements for the year ended December 31, 2013 were authorized for issue in accordance with a resolution of the sole director of the General Partner on March 28, 2014. The Partnership's head office is located at 7315 - 8th Street N.E., Calgary, AB T2E 8A2.

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.

The following table presents the Partnership’s working capital at December 31, 2013 and December 31, 2012.

	December 31,	
	2013	2012
Current assets	**111,882**	78,946
Current liabilities	**(29,202,279)**	(26,811,748)
Working capital deficit	**(29,090,397)**	(26,732,802)

The Partnership has incurred a loss for the year ended December 31, 2013 of $8.5 million (2012 - $15.2 million) and has a deficit as at December 31, 2013 of $34.7 million (December 31, 2012 - $26.2 million).

Management believes the going concern assumption to be appropriate for these financial statements as Genesis has signed as a guarantor for the Partnership's financings and the payment of interest to third parties. 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. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance

The annual financial statements represent the financial statements of the Partnership prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as at the reporting date. 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 land held for future development. By their nature these amounts are subject to measurement uncertainty and changes in such estimates may materially affect the financial statements in future years.

c) Land held for future development

Land held for future development is measured at the lower of cost and estimated net realizable value ("NRV").

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

Land held for future development is reviewed at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. An impairment loss is recognized in the consolidated statements of comprehensive loss when the carrying value exceeds the NRV.

NRV for land held for future development is estimated with reference to market prices and conditions existing at the balance sheet date and is determined by the Partnership having taken suitable external advice and in the light of recent market transactions of similar and adjacent lands in the same geographic area. NRV is the estimated selling price less estimated costs, including the cost to complete and selling costs.

d) Borrowing costs

Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds. Borrowing costs are not capitalized on land held for future development where no development activity is taking place. Borrowing costs are capitalized from the date of commencement of development work until the date of completion. The capitalization of interest is suspended if the project development is suspended for a prolonged period.

e) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Revenue recognition

i. Development land sales

Land sales to third parties are recognized when the risks and rewards of ownership have been transferred, the Partnership has substantially performed any agreed-to services pertaining to the property, the Partnership has received a minimum 15% non-refundable deposit and the collection of the remaining unpaid balance is reasonably assured.

ii. Rental income and other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement.

g) Allocation of expenses

Upon completion of the initial offering, the Partnership and Genesis will be equally responsible for all costs of the Partnership, including all expenses incurred by Genesis 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 Genesis, and not by a third party retained by the General Partner or Genesis, will be limited to $150,000 per year upon completion of the offering. The liability of the Limited Partners is restricted to their investment in the Partnership.

h) 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 9. Genesis would receive an amount equal to the remainder of the sale price.

i) 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 or liabilities, including income taxes, of the Limited Partners.

j) Financial assets

All financial assets are initially recognized on the balance sheet at fair value and designated at inception into one of the following classifications; at fair value through profit or loss ("FVTPL") and loans and receivables. All financial assets are recognized initially on the trade date at which the Partnership becomes a party to the contractual provisions of the instrument. Transaction costs related to financial assets classified as FVTPL are expensed, and for all other financial assets included in the initial carrying amount.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Partnership transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Financial assets are assessed at each reporting date at a minimum in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

k) Financial liabilities

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

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

The financial liabilities classified as other financial liabilities are accounts payable and accrued liabilities, customer deposits, amounts due to related parties and financings.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

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

l) Significant judgments, accounting estimates and assumptions

i. Net realizable value

NRV for land held for future development is estimated with reference to market prices and conditions existing at the balance sheet date and is determined by the Partnership having taken suitable external advice and in the light of recent market transactions of similar and adjacent lands in the same geographic area. NRV is the estimated selling price less estimated costs, including the cost to complete and selling costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Standards and amendments to existing standards effective January 1, 2013

The Partnership adopted new IFRSs and interpretations as of January 1, 2013, as noted below:

i. Application of IFRS 13 “Fair Value Measurement”

The Partnership has applied the requirements of IFRS 13 “Fair Value Measurement” (“IFRS 13”) in the current period. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In general, the application of IFRS 13 has resulted in additional disclosures in the annual financial statements as set out in note 6.

ii. Application of Other IFRSs

The Partnership has also applied the requirements of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”. Adoption of these standards did not have a material impact on the financial statements of the Partnership.

n) Future changes in accounting policies

The Partnership has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Partnership:

i. IFRS 9: Financial Instruments - Classification and Measurement

On November 12, 2009, the IASB issued IFRS 9, “Financial Instruments” (“IFRS 9”), which will replace IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”). The standard was to be effective for annual periods beginning on or after January 1, 2015. In November 2013, the IASB tentatively decided to defer the mandatory effective date of the final IFRS 9 no earlier than annual periods beginning on or after January 1, 2018. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Partnership is currently evaluating the impact of IFRS 9 on its financial statements.

(In Canadian dollars)

4. LAND HELD FOR FUTURE DEVELOPMENT

	Gross	Impairment	Net
Delacour	36,065,018	(20,943,618)	15,121,400
Airdrie	21,095,954	(2,347,574)	18,748,380
Balance - December 31, 2013	**57,160,972**	**(23,291,192)**	**33,869,780**

	Gross	Impairment	Net
Delacour	36,065,018	(17,102,466)	18,962,552
Airdrie	21,095,954	-	21,095,954
Balance - December 31, 2012	**57,160,972**	**(17,102,466)**	**40,058,506**

In determining if there is an impairment of land held for future development the carrying values are compared to the estimated NRV for each of the above properties.

The net carrying values of the Airdrie and Delacour properties as at December 31, 2013, December 31, 2012 are based primarily on third-party appraisals.

5. FINANCINGS

The Partnership received financing from a third-party, with the support of a guarantee from Genesis, in order to complete the purchase of the Airdrie lands in 2009. On July 19, 2011, the loan was refinanced as the current $7.85 million interest-only loan bearing interest at the greater of 7.2% or TD Canada Trust prime + 4.2% secured by the Delacour lands and the guarantee by Genesis.

	December 31,	
	2013	**2012**
Interest-only loan maturing March 1, 2014 bearing interest at the greater of 7.20% or TD Canada Trust prime +4.2% per annum, secured by the Delacour lands *(see note 4)*. The loan was renewed subsequent to the year end.	**7,850,000**	7,850,000
Financing fees	**(7,390)**	(52,347)
	7,842,610	7,797,653

(In Canadian dollars)

6. FINANCIAL INSTRUMENTS

a) Risks associated with financial instruments

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

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. At December 31, 2013, the Partnership is not exposed to any significant amounts of credit risk. The carrying value of cash and cash equivalents and accounts receivable represents the maximum credit exposure.

ii. 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 land held for future development that the Partnership holds are on the outskirts of the Calgary Metropolitan Area and are therefore 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 and long term.

iii. 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 risk to the extent that certain financings are at a floating rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately $290,000 on floating rate loans existing at December 31, 2013 (Dec. 31, 2012 - $268,000).

iv. 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 has limited liquidity to meet its obligations and is wholly dependent on Genesis to meet its debt obligations. The following are the contractual maturities of financial liabilities as at December 31, 2013:

	<1 Year	>1 Year	Total
Accounts payable and accrued liabilities	168,584	-	**168,584**
Amounts due to related parties (notes 8 & 9)	21,188,685		**21,188,685**
Financings, excl. deferred fees (note 5)	7,850,000	-	**7,850,000**
	29,207,269	-	**29,207,269**

6. FINANCIAL INSTRUMENTS (continued)

b) Fair value of financial instruments

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

The fair value of the Partnership's financings and related party balances approximate their fair values due to the variable interest rates applied to these instruments, which approximate market interest rates.

Fair value measurements recognized in the balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. All of the Partnership's financial instruments recorded at fair value are categorized under Level 1 as defined below.

The three fair value hierarchy levels are as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7. CAPITAL MANAGEMENT/ECONOMIC INDEPENDENCE

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, land held for future development and working capital.

As the Partnership currently does not have operating cash flows in order to maintain or adjust its capital structure, the Partnership is wholly dependent on Genesis to manage and service current debt levels, and to provide resources to complete the projects. Pursuant to the Limited Partnership Agreement, other than to secure the acquisition of the project lands, the Partnership cannot maintain debt in its capital structure except in accordance with a resolution approved by two-thirds of the Limited Partners voting in person or by proxy at a meeting of Limited Partners. The General Partner can, at its sole discretion, sell one of the properties or a portion of thereof in order to settle Partnership debt, including amounts due to related parties (see notes 8 & 9).

8. RELATED PARTY TRANSACTIONS

The Partnership incurred marketing administration fees in relation to LPLP Units previously acquired by LP RRSP Limited Partnership #1 and LP RRSP Limited Partnership #2 in the amount of $316,600 and $217,796 respectively. These fees have been recorded as general and administrative expense in the statement of comprehensive loss in 2013.

During the year ended December 31, 2013, Genesis advanced $1,670,360 (2012 - $1,701,046) to the Partnership to cover Partnership expenses and liabilities, including interest paid on financings and accrued interest on the loan payable to a related party (see note 7). As a result of Genesis' advances to the Partnership, and the above-noted $534,396 reduction in amounts due from LP RRSP Limited Partnerships #1 and #2, the net loan payable to related party increased by $2,204,756 to $21,188,685 as at December 31, 2013 from $18,983,929 as at December 31, 2012.

Pursuant to the Management Agreement and a loan agreement dated August 2, 2012, interest accrues on advances from Genesis at a rate of prime plus 3%, compounded annually. The advances from Genesis are secured by a second mortgage on the Delacour property. In addition, the loan agreement has been registered as a caveat on the titles to the Airdrie and Delacour properties.

During the year ended December 31, 2013, accrued interest of $1,156,564 (2012 - $1,056,812) was recorded and is included in the amounts due to related parties. For the year ended December 31, 2013, no general and administrative costs were charged by the General Partner (2012- nil).

9. COMMITMENTS AND CONTINGENCIES

a) Statement of Claim

The Partnership, General Partner, Genesis and various third parties were named as co-defendants in a statement of claim filed on May 10, 2011 in the province of Ontario for $10.7 million plus punitive damages (the "Action"). The plaintiff asserts that they contributed funds to a third party entity (one of the co-defendants), and through that entity, has an interest in the Partnership. The Action against the Partnership has been discontinued pursuant to a court order dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff.

b) Right of Genesis to purchase properties

Pursuant to the Project Management Agreement, once land use approvals have been obtained for a Property, Genesis will have the right, but not the obligation, to acquire that Property at the higher of ½ of the fair market value of the Property or the minimum purchase price. The purchase right is applicable for each Property or portion of a Property within the Partnership.

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 total offering amount and then multiplied by 1.5 (or 150%).

c) Genesis' 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 Genesis. Genesis will then have a period of 30 days after receipt of the notice to provide a matching offer under the same terms and conditions.

d) Right of General Partner to borrow funds and sell a portion of the Properties to eliminate debt

Pursuant to the Limited Partnership Agreement, the General Partner had the authority to cause the Partnership to borrow funds to complete the purchase of Properties in the Partnership. Genesis has guaranteed the debt incurred by the Partnership to acquire the Properties, and pursuant to the Project Management Agreement, has the right to sell a portion of the Properties in order to settle the debt.

10. GENERAL AND ADMINSTRATIVE EXPENSE

The Partnership's general and administrative expense for the year ended December 31, 2013 includes marketing administration fees related to the initial issuance of LPLP Units (see note 8) as well as the amount paid to settle the Action (see note 9).

11. SUBSEQUENT EVENTS

The Partnership, General Partner, Genesis and various third parties were named as co-defendants in a statement of claim filed on May 10, 2011 in the province of Ontario for $10.7 million plus punitive damages (the "Action"). The Action against the Partnership has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff (see note 9).

12. COMPARATIVE FIGURES

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