

LIMITED PARTNERSHIP LAND POOL (2007)

FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2017 and 2016

The accompanying unaudited interim financial statements of Limited Partnership Land Pool (2007) (the “Partnership”) have been prepared by and are the sole responsibility of the Partnership’s management. These financial statements have not been independently reviewed or audited.

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

		June 30, 2017	Dec. 31, 2016
Assets	Notes		
Cash and cash equivalents		39,671	38,714
Restricted cash	2, 5	350,000	-
Amounts receivable and prepaid expenses		119,384	-
Land held for future development	2	26,137,601	26,120,594
Total assets		26,646,656	26,159,308
Liabilities			
Accounts payable and accrued liabilities		33,308	35,836
Customer deposits		355,409	1,600
Loan payable to Genesis Land Development Corp.	4	27,330,818	26,529,617
Financings	3, 5	8,963,500	8,513,608
Total liabilities		36,683,035	35,080,461
Subsequent events	5		
Equity			
General partner		100	100
Limited partners		(10,036,479)	(8,921,253)
Total equity		(10,036,379)	(8,921,153)
Total liabilities and equity		26,646,656	26,159,308

See accompanying notes to the interim financial statements.

LIMITED PARTNERSHIP LAND POOL (2007)
STATEMENTS OF COMPREHENSIVE LOSS
(In Canadian dollars)
(Unaudited)

		Six Months Ended June 30,	
		2017	2016
Revenues	Notes		
Rental income and other revenue		269	21,905
		269	21,905
Expenses			
Interest	4	1,081,355	1,028,297
General and administrative		31,740	8,452
Development		2,400	5,400
		1,115,495	1,042,149
Loss being comprehensive loss		(1,115,226)	(1,020,244)

See accompanying notes to the interim financial statements.

LIMITED PARTNERSHIP LAND POOL (2007)
STATEMENTS OF PARTNERS' EQUITY
For the six months ended June 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

	Net Partners' Contributions	Deficit	Partners' Equity
At December 31, 2015	39,523,155	(43,696,264)	(4,173,109)
Loss being comprehensive loss	-	(1,020,244)	(1,020,244)
At June 30, 2016	39,523,155	(44,716,508)	(5,193,353)
Loss being comprehensive loss	-	(3,727,800)	(3,727,800)
At December 31, 2016	39,523,155	(48,444,308)	(8,921,153)
Loss being comprehensive loss	-	(1,115,226)	(1,115,226)
At June 30, 2017	39,523,155	(49,559,534)	(10,036,379)

See accompanying notes to the interim financial statements.

LIMITED PARTNERSHIP LAND POOL (2007)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

1. ORGANIZATION AND OPERATION OF 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 June 30, 2017, the Partnership had 43,840,421 LPLP Units outstanding (December 31, 2016 – 43,840,421 LPLP Units).

The Partnership was established to acquire raw (primarily agricultural) land near Airdrie and Delacour, Alberta (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 GP-LPLP 2007 Inc. (the "General Partner"), a wholly-owned subsidiary of Genesis Land Development Corp. ("Genesis"). 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 head office is located at 7315 - 8th Street N.E., Calgary, AB T2E 8A2.

2. LAND HELD FOR FUTURE DEVELOPMENT

	Gross	Impairment	Net
Delacour	36,065,018	(31,040,378)	5,024,640
Airdrie	21,112,961	-	21,112,961
Balance – June 30, 2017	57,177,979	(31,040,378)	26,137,601
	Gross	Impairment	Net
Delacour	36,065,018	(31,040,378)	5,024,640
Airdrie	21,095,954	-	21,095,954
Balance – December 31, 2016	57,160,972	(31,040,378)	26,120,594

In determining if there is an impairment of real estate assets, the carrying value is compared to the estimated net realizable value. Net realizable value is determined using the expected selling price of comparative properties sold in the normal course of business less closing costs.

The net carrying values of the Airdrie and Delacour properties as at June 30, 2017 and December 31, 2016 are based primarily on third-party appraisals.

On June 28, 2017, the Partnership entered into a firm agreement to sell the 617 acre Delacour property for an aggregate purchase price of \$5,234,000 and received \$350,000 in non-refundable deposits (see note 5).

LIMITED PARTNERSHIP LAND POOL (2007)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

3. FINANCINGS

The Partnership received financing from a third-party, guaranteed by Genesis, in order to complete the purchase of the Airdrie lands in 2009. On December 22, 2015, the loan was refinanced with the same lender as an \$8.125 million interest-only loan secured by the Properties and guaranteed by Genesis. The current interest rate on the loan is the greater of 7.25% or TD Canada Trust prime + 3.0%.

	June 30, 2017	Dec. 31, 2016
Interest-only loan maturing July 4, 2017 bearing interest at the greater of 7.25% or TD Canada Trust prime +3.0% per annum, secured by the Properties (see note 4).	8,963,500	8,531,000
Financing fees	-	(17,392)
	8,963,500	8,513,608

4. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2017, Genesis advanced \$801,201 (2016 - \$706,617) to the Partnership to cover Partnership expenses and liabilities, including accrued interest on advances made to the Partnership in prior years. As at June 30, 2017, the amount due to Genesis was \$27,330,818 (December 31, 2016 - \$26,529,617).

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 loan agreement has been registered as a caveat on the title to the Airdrie property. During the six months ended June 30, 2017, accrued interest of \$749,218 (2016 - \$712,025) was recorded. For the six months ended June 30, 2017, no general and administrative costs were charged by the General Partner (2016 - nil).

5. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the third-party loan was renewed to December 31, 2017 at the greater of 7.85% or prime +4% per annum.

The sale of the Partnership's 617 acre Delacour property closed on August 28, 2017. The Partnership received gross sale proceeds of \$5,234,000 (including the \$350,000 in restricted cash held as at June 30, 2017). The net sale proceeds were used to make a \$5,000,000 principal payment on the third party loan, which had a balance outstanding on August 28, 2017 of \$9,077,238.