GENESIS

GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2018 and 2017

(Unaudited)

FIRST QUARTER

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
(Unaudited)
(In thousands of Canadian dollars)

	Notes	March 31, 2018	December 31, 2017
Assets			
Real estate held for development and sale	4	**198,688**	200,757
Amounts receivable		**25,694**	30,820
Vendor-take-back mortgage receivable		**20,887**	20,558
Other operating assets		**9,595**	18,083
Deferred tax assets		**10,027**	7,622
Cash and cash equivalents		**15,953**	23,585
Total assets		**280,844**	301,425
Liabilities			
Loans and credit facilities	5	**21,772**	30,135
Dividend payable		**-**	10,813
Customer deposits		**4,121**	4,629
Accounts payable and accrued liabilities		**8,458**	8,938
Income tax payable		**908**	2,785
Provision for future development costs		**25,273**	24,584
Total liabilities		**60,532**	81,884
Commitments and contingencies	7		
Subsequent events	5, 8, 13		
Equity			
Share capital		**54,260**	54,260
Retained earnings		**147,824**	147,137
Shareholders' equity		**202,084**	201,397
Non-controlling interest		**18,228**	18,144
Total equity		**220,312**	219,541
Total liabilities and equity		**280,844**	301,425

See accompanying notes to the condensed consolidated interim financial statements

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
For the three months ended March 31, 2018 and 2017
(In thousands of Canadian dollars except per share amounts)

	Notes	Three months ended March 31, 2018	2017
Revenues			
Sales revenue		**14,338**	15,585
Other revenue		**31**	79
		14,369	15,664
Direct cost of sales		**(9,943)**	(10,252)
Gross margin		**4,426**	5,412
General and administrative		**(2,698)**	(3,510)
Selling and marketing		**(781)**	(600)
		(3,479)	(4,110)
Earnings from operations		**947**	1,302
Finance income		**404**	16
Finance expense		**(324)**	(625)
Earnings before income taxes		**1,027**	693
Income tax (expense) recovery		**(256)**	14
Net earnings being comprehensive earnings		**771**	707
Attributable to non-controlling interest		**84**	3
Attributable to equity shareholders		**687**	704
Net earnings per share – basic and diluted		**0.02**	0.02

See accompanying notes to the condensed consolidated interim financial statements

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
For the three months ended March 31, 2018 and 2017
(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders					
	Common shares - Issued					
	Number of Shares	Amount	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
At December 31, 2016	43,745,806	54,888	150,863	205,751	5,914	211,665
Normal course issuer bid ("NCIB") (Note 6c)	(447,449)	(570)	(731)	(1,301)	-	(1,301)
Net earnings being comprehensive earnings	-	-	704	704	3	707
At March 31, 2017	43,298,357	54,318	150,836	205,154	5,917	211,071
At December 31, 2017	43,252,721	54,260	147,137	201,397	18,144	219,541
Net earnings being comprehensive earnings	-	-	687	687	84	771
At March 31, 2018	**43,252,721**	**54,260**	**147,824**	**202,084**	**18,228**	**220,312**

See accompanying notes to the condensed consolidated interim financial statements

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
For the three months ended March 31, 2018 and 2017
(In thousands of Canadian dollars)

		Three months ended March 31,	
	Notes	**2018**	**2017**
Operating activities			
Receipts from residential lot sales		**6,058**	5,523
Receipts from residential home sales		**13,120**	9,197
Other (payments)		**(1,908)**	(1,003)
Paid for land development		**(1,022)**	(2,973)
Paid for residential home construction		**(7,155)**	(7,530)
Paid to suppliers and employees		**(3,436)**	(3,466)
Interest received		**75**	16
Income taxes paid		**(4,535)**	(1,293)
Cash flows from (used in) operating activities		**1,197**	(1,529)
Investing activities			
Acquisition of equipment		**(67)**	(81)
Distribution received from joint venture		**-**	-
Cash flows (used in) investing activities		**(67)**	(81)
Financing activities			
Advances from loans and credit facilities	5	**10,411**	12,510
Repayments of loans and credit facilities		**(11,035)**	(11,889)
Payment on vendor-take-back mortgage payable		**(8,000)**	(8,000)
Interest and fees paid on loans and credit facilities		**(138)**	(70)
Repurchase and cancellation of shares under NCIB	6c	**-**	(1,301)
Cash (used in) financing activities		**(8,762)**	(8,750)
Change in cash and cash equivalents		**(7,632)**	(10,360)
Cash and cash equivalents, beginning of period		**23,585**	14,318
Cash and cash equivalents, end of period		**15,953**	3,958

See accompanying notes to the condensed consolidated interim financial statements

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated as Genesis Capital Corp. under the Business Corporation Act (Alberta) on December 2, 1997.

The Corporation is engaged in the acquisition, development, and sale of land, residential lots and homes primarily in the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". Genesis' head office and registered office are located at 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on May 11, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the years ended December 31, 2017 and 2016 except as described in note 3. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements ("Statements") of the Corporation are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These Statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016.

3. NEW STANDARDS EFFECTIVE JANUARY 1, 2018

The Corporation adopted new IFRSs and interpretations as of January 1, 2018, as noted below:

i) IFRS 15, "Revenue from contracts with customers"

As required, the Corporation adopted IFRS 15 as of January 1, 2018. IFRS 15 replaces existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for revenue recognition arising from contracts with customers.

IFRS 15 requires that revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue recognition

(i) Residential lot sales

Lot sales to third parties are recognized when the Corporation's performance obligations are satisfied and transfer of control has passed to the purchaser.

Performance obligations are satisfied when the Corporation has the ability to release a grade slip to the purchaser after agreed to services pertaining to the property have been substantially performed.

Indicators of transfer of control include, a present right to payment at the closing date of the contract, the purchaser having full access to the lot and the purchaser's ability to obtain a building permit from the relevant authority indicating significant risk and rewards of ownership have been transferred to the purchaser by signing of the contract and receipt of a minimum 15% non-refundable deposit.

Deposits received upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

(ii) Development land sales

Development sales to third parties are recognized when the Corporation's performance obligations are satisfied and transfer of control has passed to the purchaser.

Performance obligations are satisfied after agreed to services pertaining to the property have been substantially performed.

Indications of transfer of control include registering the subdivision plan with the land titles office and transferring title of the land to the purchaser on receipt of full payment indicating significant risk and rewards of ownership are transferred to the purchaser. In situations where extended payment terms are provided to a purchaser, an appropriate rate of interest is included and the Corporation secures adequate security for the remaining unpaid portion before title to the land is transferred to the purchaser.

Deposits received upon signing of contracts for purchases of land on which revenue recognition criteria have not been met are recorded as customer deposits.

(iii) Residential home sales

Revenue is recognized when performance obligations are satisfied and transfer of control has passed to the purchaser.

Performance obligations are satisfied after agreed to services pertaining to the home have been substantially performed.

Indicators of transfer of control include transfer of title to the completed home is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured.

Deposits received from customers upon signing of contracts for purchases of completed homes for which revenue recognition criteria have not been met are recorded as customer deposits.

Impact of the application of IFRS 15

The Corporation completed an assessment of the impact of IFRS 15. The assessment indicates that the revenue recognition for the Corporation remains unchanged, with the exception of revenues from development land sales.

IFRS 15 requires that the Corporation recognize a development land sale when the land parcel has been delivered to the customer and related services that have been contractually agreed to between the Corporation and the customer have been substantially performed, without reference to receipt of a minimum 15% non-refundable deposit, which was an additional criterion under the prior standard.

There were no development land transactions made during the year ended December 31, 2017 that would be impacted by the transition to IFRS 15.

ii) IFRS 9, "Financial instruments"

As required, the Corporation adopted IFRS 9 as of January 1, 2018. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"), the Corporation's current financial assets are measured at amortized cost or FVTPL.

3. NEW STANDARDS EFFECTIVE JANUARY 1, 2018 (continued)

IFRS 9 will apply to the financial instruments of the Corporation as follows:

- Cash — FVTPL
- Cash equivalents — Amortized cost
- Deposits — Amortized cost
- Restricted Cash — FVTPL
- Amounts receivable — Amortized cost
- Vendor-take-back mortgage receivable — Amortized cost
- Accounts payable and accrued liabilities — Amortized cost
- Loans and credit facilities — Amortized cost

Under IFRS 9, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss model and recorded at the time of initial recognition. Title to lots, land and homes sold typically transferred on receipt of full payment from the purchaser. In situations where extended payment terms are provided to a purchaser, the Corporation secures adequate security for the remaining unpaid portion before title to the lot, land or home is transferred to the purchaser. As such, there is no material impact of the loss allowance for trade receivables due to the above. The expected loss allowance using the lifetime credit loss approach, which has no material impact, is also applied to contract assets under IFRS 15.

Impact of the application of IFRS 9

The Corporation completed an assessment of the impact of IFRS 9 on its financial statements and determined that there was no material effect on the carrying value of its financial instruments related to this new requirement and no reclassification was required in the transition to IFRS 9.

Note 9 provides a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 along with a comparison to IAS 39.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16, "Leases"

On January 13, 2016, the IASB published a new standard, IFRS 16, "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted but only if the entity is also applying IFRS 15, "Revenue from contracts with customers". Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.

The Corporation has not considered the impact of IFRS 16 on its financial statements and does not intend to early adopt IFRS 16.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

4. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Lots, Multifamily & Commercial Parcels	Land Held for Development	Home Building	Total	Limited Partnerships	Intra-segment Elimination	Consolidated Total
Gross book value							
As at December 31, 2017	38,530	143,884	20,156	202,570	15,253	(4,194)	213,629
Development activities	378	803	6,533	7,714	57	-	7,771
Sold	(2,595)	-	(7,245)	(9,840)	-	-	(9,840)
As at March 31, 2018	36,313	144,687	19,444	200,444	15,310	(4,194)	211,560
Provision for write-downs							
As at December 31, 2017	-	8,744	-	8,744	4,128	-	12,872
As at March 31, 2018	-	8,744	-	8,744	4,128	-	12,872
Net book value							
As at December 31, 2017	38,530	135,140	20,156	193,826	11,125	(4,194)	200,757
As at March 31, 2018	36,313	135,943	19,444	191,700	11,182	(4,194)	198,688

During the three months ended March 31, 2018, interest of $75 (2017 - $106) was capitalized as a component of development activities.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

5. LOANS AND CREDIT FACILITIES

	March 31, 2018	December 31, 2017
Secured by agreements receivable and real estate held for development and sale		
(a) Demand land project servicing loans, payable on collection of agreements receivable, bearing interest of prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of $42,703, due between May 5, 2018 and December 31, 2019. Subsequent to March 31, 2018, the Corporation is in the process of renewing the loan due in May 2018. This loan had no outstanding balance as at March 31, 2018.	**2,955**	6,164
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage payable ("VTB") at 0% per annum is measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate. The $40,000 VTB was entered into on January 6, 2015 in partial payment for the purchase of southeast Calgary lands and is secured by these lands which have a carrying value of $45,006. The VTB is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020.	**16,000**	24,000
Unamortized portion of the discount on the VTB.	**(1,497)**	(1,792)
(c) Demand operating line of credit up to $10,000, bearing interest at prime +1.00% per annum, secured by real estate held for development and sale with a carrying value of $14,212 due on March 31, 2019.	**-**	-
Secured by housing projects under development		
(d) Demand operating line of credit up to $6,500, bearing interest at prime +0.75% per annum, secured by a general security agreement over assets of the home building division.	**-**	-
(e) Demand project specific townhouse construction loan, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of $3,186, due on August 31, 2020.	**2,715**	1,896
(f) Demand project specific townhouse construction loan, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of $3,504, due on March 28, 2020.	**1,767**	-
	21,940	30,268
Deferred fees on loans and credit facilities	**(168)**	(133)
	21,772	30,135

A lender has a general security agreement on all property of the Corporation and its subsidiaries, in addition to specific security mentioned above.

The weighted average interest rate of loan agreements with financial institutions was 4.29% (December 31, 2017 - 3.99%) based on March 31, 2018 balances.

During the three months ended March 31, 2018, the Corporation received advances of $10,411 (2017 - $12,510) relating to various existing loan facilities secured by agreements receivable, real estate held for development and sale and housing projects under development, bearing interest ranging from prime + 0.75% to prime + 1.00% per annum, with due dates ranging from May 5, 2018 to August 31, 2020.

The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate, resulting in interest expense of $295 (2017 - $425) for the three months ended March 31, 2018.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

5. LOANS AND CREDIT FACILITIES (continued)

Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred financing fees):

April 1, 2018 to March 31, 2019	9,318
April 1, 2019 to March 31, 2020	8,140
April 1, 2020 to March 31, 2021	4,482
	21,940

As at March 31, 2018 and at December 31, 2017, the Corporation and its controlled entities were in compliance with all loan covenants.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value, none issued.

b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,	
	2018	**2017**
Basic and diluted weighted average number of common shares	**43,252,721**	43,741,756

c) Normal course issuer bid ("NCIB")

The Corporation's current NCIB commenced on September 12, 2017 and terminates on the earlier of September 11, 2018 and the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,163,022 common shares under this NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the three months ended March 31, 2018 and 2017 under the NCIB.

	Three months ended March 31,	
	2018	**2017**
Number of shares repurchased and cancelled	**-**	447,449
Reduction in share capital	**-**	570
Reduction in retained earnings	**-**	731
Reduction in shareholders' equity	**-**	1,301
Average purchase price per share	**-**	2.91

7. COMMITMENTS AND CONTINGENCIES

Other than the commitments and contingencies discussed below and in the notes to the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016, there were no other material commitments or contingencies as at March 31, 2018.

a) In 2012, the Corporation entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to “Genesis Centre for Community Wellness”, a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first seven installments totaling $3,500 have been paid.

b) The Corporation has issued letters of credit pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at March 31, 2018, the letters of credit amounted to $4,110 (December 31, 2017 – $5,491).

c) The Corporation has office and other operating leases with the following annual payments: not later than one year - $569; later than one year but not later than five years - $803; and later than five years - Nil.

8. PROVISION FOR LITIGATION

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1,600 and the Corporation recorded this amount as a provision as at December 31, 2017. In 2017, the former employees brought a motion before a Master in Chambers of the Court of Queen’s Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees’ application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017. The appeal is scheduled to be heard in August 2018. On March 8, 2018, the two former employees served an application for leave to amend their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of stock options. The hearing date has been set for September 2018. The Corporation intends to vigorously defend against these claims.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

9. FINANCIAL INSTRUMENTS

The following table shows the pre-transition IAS 39 and the post-transition IFRS 9 classification and measurement categories, and reconciles the IAS 39 and IFRS 9 carrying amounts as at January 1, 2018, as a result of adopting IFRS 9.

Financial Assets

As at Jan. 1, 2018	IAS 39 Measurement Basis	IFRS 9 Measurement Basis	IAS 39 Carrying Amount	IFRS 9 Carrying Amount	Reclassification / Remeasurement	Impact on measurement
Cash	FVTPL	FVTPL	23,585	23,585	-	No change
Cash equivalents	FVTPL	Amortized cost	-	-	-	No change as amortized cost approximates fair value for this instrument
Deposits	FVTPL	Amortized cost	2,674	2,674	-	No change as amortized cost approximates fair value for this instrument
Restricted cash	FVTPL	FVTPL	3,773	3,773	-	No change
Amounts receivable	Amortized cost	Amortized cost	30,820	30,820	-	No change
Vendor-take-back mortgage receivable	Amortized cost	Amortized cost	20,558	20,558	-	No change

Financial Liabilities

As at Jan. 1, 2018	IAS 39 Measurement Basis	IFRS 9 Measurement Basis	IAS 39 Carrying Amount	IFRS 9 Carrying Amount	Reclassification / Remeasurement	Impact on measurement
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	8,938	8,938	-	No change
Loans and credit facilities, excluding deferred loans and credit facilities fees	Amortized cost	Amortized cost	30,268	30,268	-	No change

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

9. FINANCIAL INSTRUMENTS (continued)

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are expected to be settled within twelve months. The fair value of deposits approximates their carrying value as the terms of deposits are comparable to the market terms for similar instruments. The fair value of the vendor-take-back mortgage receivable approximates its carrying value as the terms of vendor-take-back mortgage receivable is comparable to the market terms for similar instruments.

The fair values of the Corporation's loans and credit facilities and amounts receivable were estimated based on current market rates for loans of the same risk and maturities.

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 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,

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The estimated fair value of financial assets and liabilities as at March 31, 2018 and December 31, 2017 are presented in the following table:

		Carrying Value		**Fair Value**	
	Measurement Basis	**As at Mar. 31, 2018**	**As at Dec. 31, 2017**	**As at Mar. 31, 2018**	**As at Dec. 31, 2017**
Financial Assets					
Cash	FVTPL	15,953	23,585	15,953	23,585
Cash equivalents	Amortized cost	-	-	-	-
Deposits	Amortized cost	4,924	2,674	4,924	2,674
Restricted cash	FVTPL	3,554	3,773	3,554	3,773
Amounts receivable	Amortized cost	25,694	30,820	25,265	30,192
Vendor-take-back mortgage receivable	Amortized cost	20,887	20,558	20,887	20,558
Financial Liabilities					
Accounts payable and accrued liabilities	Amortized cost	8,458	8,938	8,458	8,938
Loans and credit facilities, excluding deferred loans and credit facilities fees	Amortized cost	21,940	30,268	21,940	30,268

During the three months ended March 31, 2018 and 2017, no transfers were made between the levels in the fair value hierarchy.

Cash and cash equivalents, deposits and restricted cash are classified under Level 1 of the hierarchy.

The fair values of the Corporation's amounts receivable, vendor-take-back mortgage receivable, accounts payable and accrued liabilities and loans and credit facilities are classified as Level 2 of the hierarchy.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

10. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the three months ended March 31, 2018 and 2017:

Three months ended March 31, 2018	Land Development Segment Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment Elimination	Total
Revenues	5,449	2	-	5,451	13,405	(4,487)	14,369
Direct cost of sales	(3,003)	(17)	-	(3,020)	(11,410)	4,487	(9,943)
Gross margin	2,446	(15)	-	2,431	1,995	-	4,426
G&A, selling & marketing and net finance expense or income	(1,350)	98	-	(1,252)	(2,147)	-	(3,399)
Earnings (loss) before income taxes and non-controlling	1,096	83	-	1,179	(152)	-	1,027
Segmented assets as at March 31, 2018	241,897	32,130	(18,124)	255,903	24,185	756	280,844
Segmented liabilities as at March 31, 2018[(1),(2)]	53,695	13,929	(13,930)	53,694	6,082	756	60,532
Segmented net assets as at March 31, 2018[(1), (2)]	188,202	18,201	(4,194)	202,209	18,103	-	220,312

Three months ended March 31, 2017	Land Development Segment Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment Elimination	Total
Revenues	8,803	9	-	8,812	9,020	(2,168)	15,664
Direct cost of sales	(5,066)	-	-	(5,066)	(7,354)	2,168	(10,252)
Gross margin	3,737	9	-	3,746	1,666	-	5,412
G&A, selling & marketing and net finance expense or income	(1,626)	(589)	-	(2,215)	(2,504)	-	(4,719)
Earnings (loss) before income taxes and non-controlling	2,111	(580)	-	1,531	(838)	-	693
Segmented assets as at December 31, 2017	264,021	31,743	(17,804)	277,960	26,531	(3,066)	301,425
Segmented liabilities as at December 31, 2017[(1),(2)]	76,638	13,625	(13,610)	76,653	8,297	(3,066)	81,884
Segmented net assets as at December 31, 2017[(1),(2)]	187,383	18,118	(4,194)	201,307	18,234	-	219,541

(1) Segmented liabilities under the Genesis land development segment include $2,896 due to the home building segment (December 31, 2017 – due from home building segment to land development segment - $878).
(2) Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes $13,930 (December 31, 2017 - $13,610) due to Genesis.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

11. RELATED PARTY TRANSACTIONS

	Three months ended March 31,	
	2018	**2017**
Fees for services provided by a corporation controlled by an officer and director	**85**	93

	March 31,	
	2018	**2017**
Amounts in accounts payable and/or accrued liabilities	**30**	**38**

12. CONSOLIDATED ENTITIES

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that the Corporation controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, the Corporation has control over these entities' activities, projects, financial and operating policies due to contractual arrangements. As such, the relationship between the Corporation and the limited partnership entities indicates that they are controlled by the Corporation. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements. Subsidiaries of the Corporation are general partners in three limited partnership group structures.

Limited Partnership Land Pool (2007) has a loan amounting to $12,429 (December 31, 2017 - $12,272) due to the Corporation, which is secured by a charge on a $20,500 vendor-take-back mortgage receivable.

13. SUBSEQUENT EVENTS

Refer to note 8, Provision for Litigation

Subsequent to March 31, 2018, Genesis entered into an agreement with the receiver of a third-party builder in a Genesis community, which agreement has been approved by the Alberta Court of Queen's Bench. In accordance with this agreement, (1) the agreements to sell 23 lots to the builder were cancelled in consideration of the lots being returned and Genesis retaining the associated $655 of deposits, (2) Genesis re-purchased 31 lots for $5,200 that it had previously sold to this builder (and had received full payment) and acquired the improvements (such as work in progress) previously made by the builder on these 31 lots and on the 23 returned lots. Genesis will acquire all assets free and clear of any liabilities including any builders' liens obligations. The transaction is expected to close in May 2018.