



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016 and 2015
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2016	December 31, 2015
Assets			
Real estate held for development and sale	3	253,990	288,291
Investment in joint venture	10	-	2,854
Amounts receivable		21,116	17,234
Other operating assets		5,793	7,574
Deferred tax assets		5,587	3,693
Cash and cash equivalents		15,938	11,399
Total assets		302,424	331,045
Liabilities			
Loans and credit facilities	4	38,558	63,819
Customer deposits		2,424	3,820
Accounts payable and accrued liabilities	10	15,873	19,219
Income taxes payable		103	270
Provision for future development costs		20,686	18,926
Total liabilities		77,644	106,054
Commitments and contingencies	6		
Equity			
Share capital	5, 11	54,934	55,591
Contributed surplus	11	-	5,577
Retained earnings		163,061	150,957
Shareholders' equity		217,995	212,125
Non-controlling interest		6,785	12,866
Total equity		224,780	224,991
Total liabilities and equity		302,424	331,045

See accompanying notes to the condensed consolidated interim financial statements

Subsequent events (note 12)

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

(In thousands of Canadian dollars except per share amounts)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Revenues					
Sales revenue		29,206	34,875	87,690	82,285
Other revenue		34	43	122	228
		29,240	34,918	87,812	82,513
Direct cost of sales	3	(19,108)	(25,184)	(61,843)	(57,974)
Write-down of real estate held for development and sale	3	(3,293)	-	(3,293)	(11,261)
		(22,401)	(25,184)	(65,136)	(69,235)
Gross margin		6,839	9,734	22,676	13,278
Income from joint venture	10	22	797	108	1,569
General and administrative		(2,421)	(3,435)	(8,448)	(9,958)
Selling and marketing		(967)	(1,255)	(3,258)	(3,619)
		(3,366)	(3,893)	(11,598)	(12,008)
Operating earnings from operations		3,473	5,841	11,078	1,270
Finance income		8	12	53	65
Finance expense		(735)	(992)	(2,259)	(2,966)
Earnings (loss) before income taxes		2,746	4,861	8,872	(1,631)
Income tax expense		(508)	(1,097)	(1,695)	(1,627)
Net earnings (loss) being comprehensive earnings (loss)		2,238	3,764	7,177	(3,258)
Attributable to non-controlling interest		54	(492)	55	(8,907)
Attributable to equity shareholders		2,184	4,256	7,122	5,649
Net earnings per share – basic and diluted		0.05	0.09	0.16	0.12

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 and nine months ended September 30, 2016 and 2015
(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders					Non-Controlling Interest	Total Equity
	Common shares – Issued		Contributed Surplus	Retained Earnings	Total Shareholders' Equity		
	Number of Shares	Amount					
At December 31, 2014	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274
Share-based payments	-	-	180	-	180	-	180
Cancellation of shares	(5,000)	-	-	-	-	-	-
Repurchase and cancellation of shares ⁽¹⁾	(249,100)	(318)	-	(450)	(768)	-	(768)
Net earnings (loss) ⁽²⁾	-	-	-	5,649	5,649	(8,907)	(3,258)
At September 30, 2015	44,677,100	56,075	5,529	151,558	213,162	14,266	227,428
At December 31, 2015	44,297,602	55,591	5,577	150,957	212,125	12,866	224,991
Share-based payments	-	-	76	-	76	-	76
Repurchase and cancellation of shares ⁽¹⁾	(515,618)	(657)	-	(671)	(1,328)	-	(1,328)
Distribution ⁽³⁾	-	-	-	-	-	(6,136)	(6,136)
Transferred to retained earnings ⁽⁴⁾	-	-	(5,653)	5,653	-	-	-
Net earnings ⁽²⁾	-	-	-	7,122	7,122	55	7,177
At September 30, 2016	43,781,984	54,934	-	163,061	217,995	6,785	224,780

See accompanying notes to the condensed consolidated interim financial statements

⁽¹⁾ Repurchased and cancelled under normal course issuer bid ("NCIB"). Refer to note 5c

⁽²⁾ Net earnings (loss) being comprehensive earnings (loss)

⁽³⁾ Distribution to unit holders of Genesis Limited Partnership #6. Refer to note 3

⁽⁴⁾ Transferred to retained earnings on cancellation of all outstanding stock options. Refer to note 11

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
For the three and nine months ended September 30, 2016 and 2015
(In thousands of Canadian dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Operating activities					
Receipts from residential lot and development land sales		10,096	2,000	24,578	9,286
Receipts from residential home sales		16,005	32,367	59,020	77,858
Other receipts		211	1,258	769	2,123
Paid for land development		(3,352)	(7,531)	(9,321)	(21,362)
Paid for land acquisition		-	-	-	(10,000)
Paid for residential home construction		(9,715)	(16,956)	(23,179)	(47,167)
Paid to suppliers and employees		(2,433)	79	(11,442)	(13,750)
Interest received		8	12	53	65
Income taxes paid		(760)	(2,310)	(3,755)	(8,185)
Cash flows from (used in) operating activities		10,060	(8,919)	36,723	(11,132)
Investing activities					
Acquisition of equipment		(9)	(370)	(38)	(812)
Distribution received from joint venture	10	-	-	3,200	-
Cash (used in) from investing activities		(9)	(370)	3,162	(812)
Financing activities					
Advances from loans and credit facilities		13,180	9,822	29,653	18,121
Repayments of loans and credit facilities		(15,969)	(14,768)	(49,111)	(31,098)
Payment on vendor-take-back mortgage		-	-	(8,000)	-
Interest and fees paid on loans and credit facilities		(112)	(297)	(424)	(787)
Cash settlement of options		-	-	-	(59)
Repurchase and cancellation of shares under NCIB	5	(435)	(767)	(1,328)	(767)
Distribution to unit holders of limited partnerships		(6,136)	-	(6,136)	-
Cash (used in) financing activities		(9,472)	(6,010)	(35,346)	(14,590)
Change in cash and cash equivalents		579	2,539	4,539	(26,534)
Cash and cash equivalents, beginning of period		15,359	3,975	11,399	33,048
Cash and cash equivalents, end of period		15,938	6,514	15,938	6,514

See accompanying notes to the condensed consolidated interim financial statements

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

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

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 November 10, 2016.

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, 2015 and 2014. 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".

The Corporation adopted no new IFRS and interpretations during 2016.

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, 2015 and 2014.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

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

3. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Land Under Development	Land Held for Future Development	Home Building	Total	Limited Partnerships	Intra- segment Elimination	Consolidated Total
Gross book value							
As at December 31, 2015	138,518	107,495	30,768	276,781	79,997	(5,381)	351,397
Transfers	(18,223)	-	18,223	-	-	-	-
Development	21,508	(67)	24,884	46,325	-	-	46,325
Sold	(17,928)	(6,466)	(50,861)	(75,255)	(8,212)	1,187	(82,280)
As at September 30, 2016	123,875	100,962	23,014	247,851	71,785	(4,194)	315,442
Less provision for write-downs							
As at December 31, 2015	-	30,633	-	30,633	32,473	-	63,106
Sold	-	(4,947)	-	(4,947)	-	-	(4,947)
Write-down of real estate held for development and sale	-	3,293	-	3,293	-	-	3,293
As at September 30, 2016	-	28,979	-	28,979	32,473	-	61,452
Net book value							
As at December 31, 2015	138,518	76,862	30,768	246,148	47,524	(5,381)	288,291
As at September 30, 2016	123,875	71,983	23,014	218,872	39,312	(4,194)	253,990

During the three and nine months ended September 30, 2016, interest of \$88 and \$402 (2015 - \$39 and \$521) was capitalized in the Development line above. During the nine months ended September 30, 2016, \$992 of work in progress relating to certain townhouse projects in the Home Building segment above was expensed to cost of sales in the home building division as at this time, the Corporation does not intend to build on these townhouse sites but rather has listed them for sale to third parties.

The Corporation closed the sale of a 7 acre development land parcel on September 2016 for \$9,437.

The Corporation closed the sale of a 1,653 acre non-core parcel of land located in Kamloops, BC on June 9, 2016. The sale was contracted for gross proceeds of \$1,650.

A 14 acre development land parcel was sold during the three months ended March 31, 2016 for \$10,150. The Corporation owned a direct 10% undivided interest. This parcel was the final land holding of Genesis Limited Partnership #6.

The Corporation took a write-down of \$3,293 during the three months ended September 30, 2016 to reflect the market value of a parcel of non-core undeveloped land located in Alberta.

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

The following table summarizes the 7 acre development land parcel transaction.

	Genesis
Sales revenue	9,437
Direct cost of sales	(5,936)
Gross margin	3,501
Sales commission and misc. expenses/recoveries	(186)
Net margin	3,315

The following table summarizes the 14 acre development land sale transaction.

	Genesis	LP 6/7 Group	Total
Sales revenue, net of \$100 rebate	1,015	9,135	10,150
Direct cost of sales	(2,124)	(8,212)	(10,336)
Deferred gain from the original sale of these lands to the LP	1,187	-	1,187
Gross margin	78	923	1,001
Sales commission and misc. expenses	(25)	(238)	(263)
Management fees	669	(669)	-
Net margin	722	16	738
Genesis' 11.75% interest in LP 6	2	(2)	-
	724	14	738

Genesis Limited Partnership #6 paid a total distribution of \$6,136 to its unit holders during the three months ended September 30, 2016.

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4. LOANS AND CREDIT FACILITIES

	September 30, 2016	December 31, 2015
Secured by agreements receivable and real estate held for development and sale		
(a) Land project loan, payable on collection of agreements receivable, bearing interest of prime +1.25% per annum, secured by real estate held for development and sale with a carrying value of \$30,501, due on November 5, 2017.	1,004	16,609
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage ("VTB") of \$32,000 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, reflecting current market conditions for instruments with similar terms and risks. The VTB was assumed for \$40,000 on January 6, 2015 for the purchase of southeast Calgary lands and is secured by these lands with a carrying value of \$44,270. The VTB is to be paid in five annual installments of \$8,000 each, commencing January 6, 2016 and ending January 6, 2020. The first installment of \$8,000 was paid in January 2016.	32,000	40,000
Unamortized portion of the discount on the VTB.	(4,041)	(5,679)
(c) Demand operating line of credit up to \$10,000, bearing interest at prime +1.0% per annum, secured by real estate held for development and sale with a carrying value of \$13,053.	-	-
Secured by housing projects under development		
(d) Demand operating line of credit up to \$6,500, bearing interest at prime +1.5% per annum, secured by a general security agreement over assets of the home building division.	-	1,427
(e) Capital project loans, payable on collection of closing proceeds, bearing interest at prime +1.5% per annum, secured by home building projects with a carrying value of \$1,913 due on September 11, 2017.	1,344	3,767
	30,307	56,124
Secured by land held for future development - Limited Partnership		
(f) Land loan, bearing interest at the greater of 7.25% or prime +3% per annum, secured by land held for future development and sale with a carrying value of \$28,795 maturing July 1, 2017.	8,531	8,125
	38,838	64,249
Deferred fees on loans and credit facilities	(280)	(430)
	38,558	63,819

The weighted average interest rate of loan agreements with financial institutions was 6.57% (December 31, 2015 – 4.75%) based on September 30, 2016 balances. 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 \$546 and \$1,638 (2015 - \$657 and \$1,975) for the three and nine months ended September 30, 2016 respectively.

During the three and nine months ended September 30, 2016, the Corporation received advances of \$13,180 and \$29,653 (2015 - \$9,822 and \$18,121) relating to various existing loan facilities secured by agreements receivable and real estate held for development and sale, bearing interest ranging from prime + 1.00% to prime + 1.25% per annum, with due dates ranging from March 31, 2017 to November 5, 2017.

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4. 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):

October 1, 2016 to September 30, 2017	17,706
October 1, 2017 to September 30, 2018	8,241
October 1, 2018 to September 30, 2019	6,688
October 1, 2019 to September 30, 2020	6,203
	38,838

As at September 30, 2016 and at December 31, 2015, the Corporation and its subsidiaries were in compliance with all loan covenants.

5. 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 and nine months ended September 30, 2016 and 2015:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Basic	43,908,589	44,905,729	44,039,202	44,922,550
Effect of dilutive securities – stock options	-	-	-	-
Diluted	43,908,589	44,905,729	44,039,202	44,922,550

In calculating diluted earnings per share for the three and nine months ended September 30, 2016, the Corporation excluded all options as they were cancelled effective June 30, 2016 and their exercise price was greater than the average market price during the six months ended June 30, 2016. In calculating the diluted earnings for the three months and nine ended September 30, 2015, the Corporation excluded 2,462,000 options as their exercise price was greater than the average market price of the Corporation's shares during the period.

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(Unaudited)

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5. SHARE CAPITAL (continued)

c) Normal course issuer bid

On September 7, 2016, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on September 12, 2016 and terminates on the earlier of (i) September 11, 2017; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,194,320 common shares under the renewed NCIB.

The prior NCIB, which expired on September 9, 2016, allowed the Corporation to purchase for cancellation up to 2,246,310 common shares. The Corporation purchased a total of 1,124,598 common shares at an average price of \$2.81 per share under this NCIB.

The following table sets forth the number of common shares repurchased and cancelled during the three and nine months ended September 30, 2016 and 2015 under the NCIB.

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Number of shares repurchased and cancelled	152,518	249,100	515,618	249,100
Reduction in share capital	195	318	657	318
Reduction in retained earnings	240	450	671	450
Reduction in shareholders' equity	435	768	1,328	768

The average purchase prices per share for the three and nine months ended September 30, 2016 was \$2.84 and \$2.58 respectively (2015 - \$3.08).

6. 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, 2015 and 2014, there were no other material commitments or contingencies as at September 30, 2016.

- a) The Corporation has entered into a memorandum of understanding with the Northeast Community Society, whereby the Corporation will contribute \$5,000 over 10 years for 25-year naming rights to "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary (\$500 each year, terminating in 2021). The first five installments totaling \$2,500 were paid up to and through to the end of September 2016.
- b) The Corporation has entered into an agreement with the City of Airdrie, whereby the Corporation will contribute \$2,000 over 10 years for 40-year naming rights to "Genesis Place", a recreation complex in the city of Airdrie (\$200 each year, terminating in 2017). The first nine installments totaling \$1,800 were paid up to and through to the end of September 2016.
- c) The Corporation has issued letters of credit pursuant to service agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at September 30, 2016, the letters of credit amounted to \$4,438 (December 31, 2015 – \$6,309).
- d) On July 15, 2011, a joint venture (note 10) obtained a credit facility in the amount of \$17,000. The Corporation and a joint venture partner had each provided guarantees for 50% of this facility. The facility was cancelled during 2016.
- e) The Corporation has office and other operating leases with the following annual payments: not later than one year - \$792; later than one year but not later than five years - \$82; and later than five years - Nil.
- f) Two former employees have filed a claim against the Corporation on May 27, 2016 alleging wrongful dismissal and seeking damages. The Corporation is vigorously defending these allegations.

GENESIS LAND DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

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

7. FINANCIAL INSTRUMENTS

Fair value measurements recognized in the condensed consolidated interim balance sheet 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 September 30, 2016, are presented in the following table:

	September 30, 2016	
	Carrying Value	Estimated Fair Value
Fair value through profit and loss		
Cash and cash equivalents	15,938	15,938
Deposits	2,826	2,826
Restricted Cash	941	941
Loans and receivables		
Amounts receivable	21,116	19,821
Other financial liabilities		
Accounts payable and accrued liabilities	15,873	15,873
Loans and credit facilities, excluding deferred loans and credit facilities fees (note 4)	38,838	38,838

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 and of loans and credit facilities were estimated based on current market rates for loans of the same risk and maturities. These are classified as Level 2 of the hierarchy. Accounts payable and accrued liabilities are classified under Level 2 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

During the three and nine months ended September 30, 2016 and 2015, no transfers were made between the levels in the fair value hierarchy.

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

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8. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the three and nine months ended September 30, 2016 and 2015:

Three months ended September 30, 2016	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	18,469	23	(36)	18,456	15,051	(4,267)	29,240
Direct cost of sales	(10,787)	(4)	-	(10,791)	(12,584)	4,267	(19,108)
Write-down of real estate held for development and sale	(3,293)	-	-	(3,293)	-	-	(3,293)
Gross margin	4,389	19	(36)	4,372	2,467	-	6,839
Income from JV	22	-	-	22	-	-	22
G&A, selling & marketing and net finance expense or income	(1,777)	(564)	-	(2,341)	(1,774)	-	(4,115)
Earnings (loss) before income taxes and non-controlling interest	2,634	(545)	(36)	2,053	693	-	2,746

Three months ended September 30, 2015	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	7,186	23	-	7,209	32,448	(4,739)	34,918
Direct cost of sales	(3,683)	(2)	-	(3,685)	(26,864)	5,365	(25,184)
Gross margin	3,503	21	-	3,524	5,584	626	9,734
Income from JV	797	-	-	797	-	-	797
G&A, selling & marketing and net finance expense or income	(2,183)	(512)	-	(2,695)	(2,975)	-	(5,670)
Earnings (loss) before income taxes and non-controlling interest	2,117	(491)	-	1,626	2,609	626	4,861

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(Unaudited)

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8. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2016	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	38,756	9,191	(705)	47,242	58,793	(18,223)	87,812
Direct cost of sales	(23,418)	(8,242)	1,187	(30,473)	(49,593)	18,223	(61,843)
Write-down of real estate held for development and sale	(3,293)	-	-	(3,293)	-	-	(3,293)
Gross margin	12,045	949	482	13,476	9,200	-	22,676
Income from JV	108	-	-	108	-	-	108
G&A, selling & marketing and net finance expense or income	(5,024)	(2,557)	669	(6,912)	(7,000)	-	(13,912)
Earnings (loss) before income taxes and non-controlling interest	7,129	(1,608)	1,151	6,672	2,200	-	8,872
Segmented assets	269,806	40,451	(28,887)	281,370	27,602	(6,548)	302,424
Segmented liabilities ^{(1),(2)}	62,413	35,167	(26,538)	71,042	12,937	(6,335)	77,644
Segmented net assets ^{(1),(2)}	207,393	5,284	(2,349)	210,328	14,665	(213)	224,780

Nine months ended September 30, 2015	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	16,315	58	-	16,373	78,778	(12,638)	82,513
Direct cost of sales	(7,548)	(8)	-	(7,556)	(64,965)	14,547	(57,974)
Write-down of real estate held for development and sale	(3,839)	(7,422)	-	(11,261)	-	-	(11,261)
Gross margin	4,928	(7,372)	-	(2,444)	13,813	1,909	13,278
Income from JV	1,569	-	-	1,569	-	-	1,569
G&A, selling & marketing and net finance expense or income	(6,254)	(1,535)	-	(7,789)	(8,689)	-	(16,478)
Earnings (loss) before income taxes and non-controlling interest	243	(8,907)	-	(8,664)	5,124	1,909	(1,631)
Segmented assets as at December 31, 2015	290,431	48,209	(31,801)	306,839	35,683	(11,477)	331,045
Segmented liabilities as at December 31, 2015 ^{(1),(2)}	86,183	34,794	(26,704)	94,273	22,917	(11,136)	106,054
Segmented net assets as at December 31, 2015 ^{(1),(2)}	202,248	13,415	(5,097)	212,566	12,766	(341)	224,991

⁽¹⁾ Segmented liabilities under the home building segment include \$4,216 (December 31, 2015 - \$9,095) due to the land development segment.

⁽²⁾ Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$26,908 (December 31, 2015 - \$26,704) due to Genesis.

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

For the three and nine months ended September 30, 2016 and 2015

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

9. RELATED PARTY TRANSACTIONS

Transactions occurred in the three and nine months ended September 30, 2016 with the following related parties:

- a) A corporation controlled by an officer and director,
- b) A corporation which is a significant shareholder of Genesis.

Genesis incurred costs of \$77 and \$328 from the two entities for the three and nine months ended September 30, 2016, respectively (2015 - Nil). For the three and nine months ended September 30, 2016, \$65 and \$288 (2015 - Nil) related to fees for services and \$12 and \$40 (2015 - Nil) related to reimbursement of travel and other costs, respectively. Of these amounts, \$29 (2015 - Nil) is in accounts payable and accrued liabilities as at September 30, 2016.

10. JOINT VENTURE

The Corporation formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The Corporation is a 50% partner in the JV and the following tables summarize the financial information of the JV.

	September 30, 2016	December 31, 2015
Assets		
Amounts receivable	308	11,687
Cash and cash equivalents	4,704	2,127
Total assets	5,012	13,814
Liabilities		
Accounts payable and accrued liabilities	386	1,661
Provision for future development costs	5,308	6,241
Total liabilities	5,694	7,902
Net (liabilities) assets	(682)	5,912
Corporation's share of net (liabilities) assets (50%)	(341)	2,956
Deferred gain	(24)	(102)
Carrying amount on the consolidated balance sheet	(365)	2,854

The carrying amount as at September 30, 2016 is grouped with accounts payable and accrued liabilities on the condensed consolidated interim balance sheet.

GENESIS LAND DEVELOPMENT CORP.
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10. JOINT VENTURE (continued)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues	-	-	-	-
Cost of sales	(4)	(4)	(178)	(27)
Gross margin	(4)	(4)	(178)	(27)
General and administrative	(9)	(49)	(19)	(91)
Finance income	1	40	3	127
(Loss) earnings being comprehensive (loss) earnings	(12)	(13)	(194)	9
Corporation's share of (loss) earnings and comprehensive (loss) earnings (50%)	(6)	(7)	(97)	4
Deferred gain recognized	13	305	78	565
Deferred margin recognized on JV lots sold	15	499	127	1,000
Amount on condensed consolidated interim statements of comprehensive income	22	797	108	1,569

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Cash flows from operating activities	1,936	77	8,977	9,353
Cash flows (used in) financing activities	-	-	(6,400)	(2,486)
Net change in cash and cash equivalents	1,936	77	2,577	6,867

GENESIS LAND DEVELOPMENT CORP.
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10. JOINT VENTURE (continued)

	Investment in JV	Income from JV
At December 31, 2015	2,854	
Share of net (loss) in JV	(97)	(97)
Deferred gain recognized	78	78
Deferred margin from JV on lots sold	-	127
Distribution received	(3,200)	-
At September 30, 2016	(365)	108
At December 31, 2014	3,560	
Share of net income in JV	4	4
Deferred gain recognized	565	565
Deferred margin from JV on lots sold	-	1000
At September 30, 2015	4,129	1,569

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the three and nine months ended September 30, 2016 and 2015, the JV sold no lots to Genesis Builders Group Inc., a wholly owned subsidiary of the Corporation. The Corporation's accounts payable and accrued liabilities as September 30, 2016 was Nil (December 31, 2015 - Nil), related to the purchase of home building lots.

The Corporation deferred \$13,167 of gain when it contributed its share of land to the JV in 2010. As at September 30, 2016, the Corporation had realized \$13,143 (December 31, 2015 – \$13,065) of that amount as a result of sales through its home building business segment and directly to third parties.

GENESIS LAND DEVELOPMENT CORP.
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(Unaudited)

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11. STOCK OPTIONS

The Corporation had a stock option plan for employees, officers, and directors of the Corporation to purchase common shares. Vesting provisions and exercise prices were set at the time of issuance by the Board of Directors. Options vested over a number of years on various anniversary dates from the date of the original grant. The options were issued at not less than the fair market value of the common shares at the date of grant and were issued with terms not exceeding five years from the date of grant.

The Corporation terminated the stock option plan on March 22, 2016. All outstanding stock options were cancelled effective June 30, 2016 and \$5,653 of contributed surplus relating to share-based payments was transferred to retained earnings.

Regular options

Details of regular options were as follows:

	Nine months ended September 30,			
	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding – beginning of period	1,085,000	\$4.01	1,419,000	\$3.86
Options expired	(918,328)	\$3.89	(85,000)	\$3.63
Options cancelled	(166,672)	\$4.71	-	-
Options settled in cash	-	-	(144,000)	\$3.27
Outstanding – end of period	-	-	1,190,000	\$3.95
Exercisable – end of period	-	-	786,663	\$3.69

Performance options

Details of the performance options were as follows:

	Nine months ended September 30,			
	2016		2015	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Outstanding – beginning of period	1,272,000	\$3.35	1,272,000	\$3.35
Options expired	(1,272,000)	\$3.35	-	-
Outstanding – end of period	-	-	1,272,000	\$3.35
Exercisable – end of period	-	-	179,740	\$3.35
Weighted average remaining contractual life	-	-	-	3.25 years

During the three and nine months ended September 30, 2016, Nil and 285,000 regular options and Nil and all 1,272,000 performance options respectively expired in conjunction with two executive officers leaving the Corporation.

12. SUBSEQUENT EVENTS

On November 10, 2016, the Board of Directors of the Corporation approved the payment of a special cash dividend of \$0.25 per common share for a total of approximately \$10,900 payable in December 2016.