GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2017 and 2016
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2017	December 31, 2016
Assets			
Real estate held for development and sale	3	**224,085**	242,000
Amounts receivable	12	**31,499**	21,059
Other operating assets		**6,830**	5,019
Deferred tax assets		**6,763**	6,557
Income tax recoverable		**237**	42
Cash and cash equivalents		**12,956**	14,318
Total assets		**282,370**	288,995
Liabilities			
Loans and credit facilities	4	**35,381**	43,295
Customer deposits		**3,069**	2,587
Accounts payable and accrued liabilities		**12,227**	10,195
Provision for future development costs		**22,276**	21,253
Total liabilities		**72,953**	77,330
Commitments and contingencies	6		
Subsequent events	12		
Equity			
Share capital		**54,260**	54,888
Retained earnings		**149,114**	150,740
Shareholders' equity		**203,374**	205,628
Non-controlling interest		**6,043**	6,037
Total equity		**209,417**	211,665
Total liabilities and equity		**282,370**	288,995

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 and nine months ended September 30, 2017 and 2016

(In thousands of Canadian dollars except per share amounts)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2017**	**2016**	**2017**	**2016**
Revenues					
Sales revenue		**31,063**	29,206	**85,091**	87,690
Other revenue		**65**	34	**198**	122
		31,128	29,240	**85,289**	87,812
Direct cost of sales		**(22,227)**	(19,108)	**(59,776)**	(61,843)
Write-down of real estate held for development and sale	3	**-**	(3,293)	**(1,095)**	(3,293)
		(22,227)	(22,401)	**(60,871)**	(65,136)
Gross margin		**8,901**	6,839	**24,418**	22,676
General and administrative		**(2,422)**	(2,399)	**(8,588)**	(8,340)
Selling and marketing		**(1,218)**	(967)	**(3,071)**	(3,258)
		(3,640)	(3,366)	**(11,659)**	(11,598)
Earnings from operations		**5,261**	3,473	**12,759**	11,078
Finance income		**27**	8	**46**	53
Finance expense		**(654)**	(735)	**(1,894)**	(2,259)
Earnings before income taxes		**4,634**	2,746	**10,911**	8,872
Income tax expense		**(1,262)**	(508)	**(2,620)**	(1,695)
Net earnings being comprehensive earnings		**3,372**	2,238	**8,291**	7,177
Attributable to non-controlling interest		**-**	54	**6**	55
Attributable to equity shareholders		**3,372**	2,184	**8,285**	7,122
Net earnings per share – basic and diluted		**0.08**	0.05	**0.19**	0.16

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, 2017 and 2016
(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders						
	Common shares – Issued						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
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 (2)	-	-	-	-	-	(6,136)	(6,136)
Transferred to retained earnings (3)	-	-	(5,653)	5,653	-	-	-
Net earnings (4)	-	-	-	7,122	7,122	55	7,177
At September 30, 2016	43,781,984	54,934	-	163,061	217,995	6,785	224,780
At December 31, 2016	43,745,806	54,888	-	150,740	205,628	6,037	211,665
Repurchase and cancellation of shares (1)	(493,085)	(628)	-	(828)	(1,456)	-	(1,456)
Dividends (5)	-	-	-	(9,083)	(9,083)	-	(9,083)
Net earnings (4)	-	-	-	8,285	8,285	6	8,291
At September 30, 2017	43,252,721	54,260	-	149,114	203,374	6,043	209,417

See accompanying notes to the consolidated financial statements

(1) Repurchased and cancelled under normal course issuer bid ("NCIB"). Refer to note 5c.
(2) Distribution to unit holders of Genesis Limited Partnership #6.
(3) Transferred to retained earnings on cancellation of all outstanding stock options.
(4) Net earnings being comprehensive earnings.
(5) Special cash dividends of $0.21 per share were paid in 2017.

GENESIS LAND DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
For the three and nine months ended September 30, 2017 and 2016
(In thousands of Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2017**	**2016**	**2017**	**2016**
Operating activities					
Receipts from residential lot and development land sales		**6,584**	10,096	**25,273**	24,578
Receipts from residential home sales		**22,789**	16,005	**49,047**	59,020
Other receipts (payments)		**1,936**	211	**(804)**	769
Paid for land development		**(6,836)**	(3,352)	**(12,616)**	(9,321)
Paid for residential home construction		**(11,130)**	(9,715)	**(27,777)**	(23,179)
Paid to suppliers and employees		**(3,608)**	(2,433)	**(10,538)**	(11,442)
Interest received		**27**	8	**46**	53
Income taxes paid		**(874)**	(760)	**(3,021)**	(3,755)
Cash flows from operating activities		**8,888**	10,060	**19,610**	36,723
Investing activities					
Acquisition of equipment		**(34)**	(9)	**(187)**	(38)
Distribution received from joint venture		**-**	-	**-**	3,200
Cash (used in) from investing activities		**(34)**	(9)	**(187)**	3,162
Financing activities					
Advances from loans and credit facilities		**10,973**	13,180	**28,373**	29,653
Repayments of loans and credit facilities		**(8,337)**	(15,969)	**(30,214)**	(49,111)
Payment on vendor-take-back mortgage		**-**	-	**(8,000)**	(8,000)
Interest and fees paid on loans and credit facilities		**(288)**	(112)	**(405)**	(424)
Repurchase and cancellation of shares under NCIB	5c	**(63)**	(435)	**(1,456)**	(1,328)
Distribution to unit holders of limited partnerships		**-**	(6,136)	**-**	(6,136)
Dividends paid		**(9,083)**	-	**(9,083)**	-
Cash (used in) financing activities		**(6,798)**	(9,472)	**(20,785)**	(35,346)
Change in cash and cash equivalents		**2,056**	579	**(1,362)**	4,539
Cash and cash equivalents, beginning of period		**10,900**	15,359	**14,318**	11,399
Cash and cash equivalents, end of period		**12,956**	15,938	**12,956**	15,938

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 November 9, 2017.

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, 2016 and 2015. 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 IFRSs and interpretations during 2017.

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, 2016 and 2015.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 15, "Revenue from contracts with customers"

On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace 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.

The Corporation has completed the assessment of the impact of IFRS 15. The assessment indicates that the revenue recognition for the Corporation will remain unchanged, with the exception of revenues from development land sales which are now expected to be recognized when the agreed-to services to the property have been substantially performed and the transaction closes rather than when the agreed-to services to the property have been substantially performed and on the receipt of a minimum 15% non-refundable deposit.

There were no development land transactions made during the nine months ended September 30, 2017 that would be impacted by the transition to IFRS 15.

IFRS 9, "Financial instruments"

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 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. 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 Corporation completed the assessment of the impact of IFRS 9 on its financial statements and is not expecting any reclassification to occur during the transition to IFRS 9, or thereafter. The Corporation will assess on a case by case basis, as needed, in the future.

(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, 2016	122,896	98,693	19,400	240,989	72,029	(4,194)	308,824
Development activities	9,677	1,674	26,841	38,192	341	-	38,533
Sold	(16,299)	(32,650)	(25,382)	(74,331)	(36,069)	-	(110,400)
As at September 30, 2017	116,274	67,717	20,859	204,850	36,301	(4,194)	236,957
Less provision for write-downs							
As at December 31, 2016	4,000	27,676	-	31,676	35,148	-	66,824
Sold	-	(24,007)	-	(24,007)	(31,040)	-	(55,047)
Write-down of real estate held for development and sale	1,075	-	-	1,075	20	-	1,095
As at September 30, 2017	5,075	3,669	-	8,744	4,128	-	12,872
Net book value							
As at December 31, 2016	118,896	71,017	19,400	209,313	36,881	(4,194)	242,000
As at September 30, 2017	111,199	64,048	20,859	196,106	32,173	(4,194)	224,085

During the three and nine months ended September 30, 2017, interest of $60 and $283 (2016 - $88 and $402) was capitalized as a component of the development costs above.

The Corporation closed the sale of a 617 acre parcel of land belonging to a limited partnership on August 28, 2017 for gross proceeds of $5,234. The net sale proceeds were used to partially pay down the loan associated with the limited partnership.

The Corporation closed the sale of a 1,476 acre non-core parcel of land located in the Calgary Metropolitan Area on May 2, 2017 for gross proceeds of $9,000.

During the nine months ended September 30, 2017, the Corporation recorded a write-down of $1,095, mainly related to land under development to reflect the estimated returns realizable from completion of development and sale of this land.

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

4. LOANS AND CREDIT FACILITIES

	September 30, 2017	December 31, 2016
Secured by agreements receivable and real estate held for development and sale		
(a) Land project 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 $39,663, due between April 1, 2018 and December 31, 2019.	**8,757**	5,566
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage ("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 VTB was assumed on January 6, 2015 for $40,000 for the purchase of southeast Calgary lands and is secured by these lands with a carrying value of $44,406. The VTB is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020. The second installment of $8,000 was paid in January 2017.	**24,000**	32,000
Unamortized portion of the discount on the VTB.	**(2,218)**	(3,494)
(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 $14,142 due on March 31, 2018.	**-**	-
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.	**-**	-
(e) Lot purchase loan, payable on collection of closing proceeds, bearing interest at prime +1.5% per annum, secured by home building projects. The loan was paid off in full and cancelled during the three month ended March 31, 2017.	**-**	903
(f) Construction and service loan, payable on collection of closing proceeds, bearing interest at prime +0.90%, secured by home building projects with a carrying value of $1,323 due on August 31, 2020.	**871**	-
	31,410	34,975
Secured by land held for future development - Limited Partnership		
(g) Land loan, bearing interest at the greater of 7.85% or prime +4% per annum, secured by land held for future development and sale with a carrying value of $21,112 due on December 31, 2017. Refer to note 12a, Subsequent Events.	**4,125**	8,531
	35,535	43,506
Deferred fees on loans and credit facilities	**(154)**	(211)
	35,381	43,295

The weighted average interest rate of loan agreements with financial institutions was 5.13% (December 31, 2016 - 5.77%) based on September 30, 2017 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 $425 and $1,276 (2016 - $546 and $1,638) for the three and nine months ended September 30, 2017 respectively.

During the three and nine months ended September 30, 2017, the Corporation received advances of $10,973 and $28,373 respectively (2016 - $13,180 and $29,653) relating to various existing loan facilities secured by agreements receivable and real estate held for development and sale, bearing interest ranging from prime + 0.75% to prime + 1.0% per annum, with due dates ranging from March 31, 2018 to August 31, 2020.

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

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, 2017 to September 30, 2018	18,291
October 1, 2018 to September 30, 2019	7,837
October 1, 2019 to September 30, 2020	9,407
October 1, 2020 to September 30, 2021	-
	35,535

As at September 30, 2017 and at December 31, 2016, 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, 2017 and 2016:

	Three months ended September 30,		**Nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**
Basic and diluted weighted average number of common shares	**43,259,707**	43,908,589	**43,428,842**	44,039,202

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.

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

5. SHARE CAPITAL (continued)

c) **Normal course issuer bid**

On September 7, 2017, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on September 12, 2017 and terminates on the earlier of (i) September 11, 2018; 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 2,163,022 common shares under the renewed NCIB.

The prior NCIB, which expired on September 11, 2017, allowed the Corporation to purchase for cancellation up to 2,194,320 common shares. The Corporation purchased a total of 548,881 common shares at an average price of $2.95 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, 2017 and 2016 under the NCIB.

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Number of shares repurchased and cancelled [(1)]	**17,460**	152,518	**493,085**	515,618
Reduction in share capital	**22**	195	**628**	657
Reduction in retained earnings	**41**	240	**828**	671
Reduction in shareholders' equity	**63**	435	**1,456**	1,328

[(1)] The average purchase price per share for the three and nine months ended September 30, 2017 was $3.53 and $2.95 respectively (2016 - $2.84 and $2.58).

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, 2016 and 2015, there were no other material commitments or contingencies as at September 30, 2017.

a) In 2008, the Corporation has entered into an agreement with the City of Airdrie to 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). All ten installments totaling $2,000 were paid as at September 30, 2017.

b) 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, 2017, the letters of credit amounted to $5,491 (December 31, 2016 – $4,429).

c) The Corporation has office and other operating leases with the following annual payments: not later than one year - $577; later than one year but not later than five years - $1,054; and later than five years - Nil.

7. PROVISION FOR LITIGATION

Two former employees filed a statement of claim of against the Corporation on May 27, 2016 alleging wrongful dismissal of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The amount of the claim aggregated approximately $1,600 and the Corporation has recorded this amount as a provision as at September 30, 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 and intends to vigorously defend against the claim. The appeal is set down for a hearing on May 2, 2018.

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

8. FINANCIAL INSTRUMENTS

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 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 condensed consolidated interim 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 September 30, 2017, are presented in the following table:

	September 30, 2017	
	Carrying Value	**Estimated Fair Value**
Fair value through profit and loss		
Cash and cash equivalents	12,956	12,956
Deposits	3,482	3,482
Restricted cash	2,158	2,158
Loans and receivables		
Amounts receivable (note 12)	31,499	30,600
Other financial liabilities		
Accounts payable and accrued liabilities	12,227	12,227
Loans and credit facilities, excluding deferred loans and credit facilities fees (note 4)	35,535	35,535

During the three and nine months ended September 30, 2017 and 2016, 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 and of loans and credit facilities are classified as Level 2 of the hierarchy. Accounts payable and accrued liabilities are classified under Level 2 of the hierarchy.

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

9. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the three and nine months ended September 30, 2017 and 2016:

Three months ended September 30, 2017	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	10,247	5,248	-	15,495	22,750	(7,117)	31,128
Direct cost of sales	(5,483)	(5,028)	-	(10,511)	(18,833)	7,117	(22,227)
Gross margin	4,764	220	-	4,984	3,917	-	8,901
G&A, selling & marketing and net finance expense or income	(1,324)	(792)	-	(2,116)	(2,151)	-	(4,267)
Earnings (loss) before income taxes and non-controlling	3,440	(572)	-	2,868	1,766	-	4,634

Three months ended September 30, 2016	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
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
G&A, selling & marketing and net finance expense or income	(1,755)	(564)	-	(2,319)	(1,774)	-	(4,093)
Earnings (loss) before income taxes and non-controlling	2,634	(545)	(36)	2,053	693	-	2,746

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

9. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2017	Land Development Segment Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment Elimination	Total
Revenues	45,945	5,292	-	51,237	49,244	(15,192)	85,289
Direct cost of sales	(29,319)	(5,006)	-	(34,325)	(40,643)	15,192	(59,776)
Write-down of real estate held for development and sale	(1,075)	(20)	-	(1,095)	-	-	(1,095)
Gross margin	15,551	266	-	15,817	8,601	-	24,418
G&A, selling & marketing and net finance expense or income	(5,284)	(1,448)	-	(6,732)	(6,775)	-	(13,507)
Earnings (loss) before income taxes and non-controlling	10,267	(1,182)	-	9,085	1,826	-	10,911
Segmented assets	251,769	33,131	(26,551)	258,349	25,196	(1,175)	282,370
Segmented liabilities(1),(2)	61,683	33,484	(28,606)	66,561	7,385	(993)	72,953
Segmented net assets(1),(2)	190,086	(353)	2,055	191,788	17,811	(182)	209,417

Nine months ended September 30, 2016	Land Development Segment Genesis	LP	Intrasegment Elimination	Total	Home Building Segment	Intersegment 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
G&A, selling & marketing and net finance expense or income	(4,916)	(2,557)	669	(6,804)	(7,000)	-	(13,804)
Earnings (loss) before income taxes and non-controlling	7,129	(1,608)	1,151	6,672	2,200	-	8,872
Segmented assets as at December 31, 2016	258,583	36,971	(26,677)	268,877	24,929	(4,811)	288,995
Segmented liabilities as at December 31, 2016(1),(2)	64,658	36,145	(27,543)	73,260	8,692	(4,622)	77,330
Segmented net assets as at December 31, 2016(1),(2)	193,925	826	866	195,617	16,237	(189)	211,665

(1) Segmented liabilities under the Genesis home building segment include $207 due from the land development segment (December 31, 2016 – due from land segment to home building segment - $287).
(2) Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes $28,606 (December 31, 2016 - $27,543) due to Genesis. Refer to note 12a, Subsequent Events.

10. RELATED PARTY TRANSACTIONS

Transactions occurred 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 $69 and $248 for the three and nine months ended September 30, 2017, respectively (2016 - $68 and $299). For the three and nine months ended September 30, 2017, $69 and $248 (2016 - $65 and $288) related to fees for services from a corporation controlled by an officer and director and Nil (2016 - $3 and $11) related to reimbursement of travel and other costs from a corporation which is a significant shareholder of Genesis. Of these amounts, $22 (2016 - $29) is in accounts payable and accrued liabilities as at September 30, 2017.

11. CONSOLIDATED ENTITIES

Genesis Limited Partnership #6 and Genesis Limited Partnership #7, part of the LP6/7 group, paid a final distribution of $6,978 to their unit holders during the year ended December 31, 2016. Genesis held 11.75% equity interest in Genesis Limited Partnership #6. The LP6/7 Group entities no longer have any assets or liabilities and the entities are no longer being consolidated effective January 1, 2017.

12. SUBSEQUENT EVENTS

a) In October 2017, Limited Partnership Land Pool (2007) (“LPLP”) entered into an agreement with an arms-length third party national developer for the sale of 319 acres of undeveloped lands located in the City of Airdrie, Alberta commonly referred to as the "Fowler Lands". These lands are 100% beneficially owned by LPLP. The sale price of the lands will be $41,000 and closing is scheduled for December 15, 2017. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and under the terms of the agreement will pay 50% of the sale price in cash on closing and the remainder in three years (subject to certain pre-payment privileges), secured by an interest-bearing vendor-take-back mortgage. The net proceeds of the sale are to be used to repay all loans owed by LPLP with the balance to be retained by the partnership.

b) In October 2017, Genesis announced that it had entered into an agreement with an arms-length third party builder for the sale of undeveloped land located in the North West community of Sage Hill in Calgary, Alberta for $11,270. These lands, which are zoned for medium density multi-family development, will consist of two sites totaling 8.65 acres and are a part of Phase 5 of the Genesis Sage Meadows development. The first 3.91 acre site is expected to close in the second half of 2018. The second 4.74 acre site is expected to close in mid-2020. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and is required under the terms of the agreement to pay the purchase price in cash at each closing.

c) Subsequent to September 30, 2017, a third-party builder breached its purchase contracts relating to single family lots. On November 2, 2017 the Court of Queen's Bench of Alberta granted a consent order that would allow a receiver to take control of the assets of several companies associated with this builder and granted an order that would allow the receiver to complete pending home sales and finish construction of houses. Total amounts receivable from this builder are $3,710. Genesis has not transferred title to the lots under these purchase contracts and is pursuing all available remedies.