GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

TABLE OF CONTENTS

MANAGEMENT'S REPORT

To the Shareholders of **Genesis Land Development Corp.:**

The consolidated financial statements and all information in the Management's Discussion and Analysis ("MD&A") are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances. The financial information in the MD&A has been reviewed by management to ensure consistency with the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee is composed of three independent directors, and reports to the Board of Directors.

MNP LLP, an independent firm of Chartered Professional Accountants, was engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and IFRS to provide an independent auditors' opinion.

/s/ Stephen J. Griggs,
Interim Chief Executive Officer

/s/ Rauf Muhammad
Interim Chief Financial Officer

March 22, 2016

Independent Auditors' Report

To the Shareholders of Genesis Land Development Corp.:

We have audited the accompanying consolidated financial statements of Genesis Land Development Corp. which comprise the consolidated balance sheets as at December 31, 2015 and 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Genesis Land Development Corp. as at December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Calgary, Alberta
March 22, 2016

Chartered Professional Accountants

MNP LLP

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED BALANCE SHEETS
(In thousands of Canadian dollars)

	Notes	December 31, 2015	December 31, 2014
Assets			
Real estate held for development and sale	4	**288,291**	240,123
Investment in joint venture	16	**2,854**	3,560
Amounts receivable	5	**17,234**	17,660
Other operating assets	6	**7,574**	13,993
Deferred tax assets	7	**3,693**	1,358
Cash and cash equivalents		**11,399**	33,048
Total assets		**331,045**	309,742
Liabilities			
Loans and credit facilities	8	**63,819**	23,892
Customer deposits		**3,820**	5,515
Accounts payable and accrued liabilities		**19,219**	22,683
Income taxes payable		**270**	4,433
Provision for future development costs		**18,926**	21,945
Total liabilities		**106,054**	78,468
Commitments and contingencies	14		
Equity			
Share capital	9, 10	**55,591**	56,393
Contributed surplus		**5,577**	5,349
Retained earnings		**150,957**	146,359
Shareholders' equity		**212,125**	208,101
Non-controlling interest		**12,866**	23,173
Total equity		**224,991**	231,274
Total liabilities and equity		**331,045**	309,742

See accompanying notes to the consolidated financial statements

Consolidated entities (note 19)
Subsequent events (note 20)

ON BEHALF OF THE BOARD:

/s/ **Stephen J. Griggs**
Director and Chair of the Board

/s/ **Steven Glover**
Director and Chair of the Audit Committee

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31, 2015	2014
Revenues			
Sales revenue		**118,769**	133,667
Other revenue		**319**	578
		119,088	134,245
Direct cost of sales		**(84,189)**	(99,421)
(Write-down) recovery of real estate held for development and sale	4	**(12,390)**	4,177
		(96,579)	(95,244)
Gross margin		**22,509**	39,001
Income from joint venture	16	**4,238**	4,580
General and administrative expense	11	**(13,521)**	(13,272)
Selling and marketing expense	12	**(5,405)**	(5,451)
		(14,688)	(14,143)
Earnings from operations		**7,821**	24,858
Finance income		**86**	367
Finance expense	13	**(3,864)**	(1,108)
Earnings before income taxes		**4,043**	24,117
Income tax expense	7	**(3,336)**	(5,992)
Net earnings being comprehensive earnings		**707**	18,125
Attributable to non-controlling interest		**(10,307)**	730
Attributable to equity shareholders		**11,014**	17,395
Net earnings per share – basic and diluted		**0.25**	0.39

See accompanying notes to the consolidated financial statements

Consolidated entities (note 19)

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2015 and 2014
(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, 2013	44,861,200	56,122	5,011	134,350	195,483	22,443	217,926
Share-based payments	70,000	271	338	-	609	-	609
Dividends(3)	-	-	-	(5,386)	(5,386)	-	(5,386)
Net earnings (1)	-	-	-	17,395	17,395	730	18,125
At December 31, 2014	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274
At December 31, 2014	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274
Share-based payments	-	-	228	-	228	-	228
Cancellation of shares	(5,000)	-	-	-	-	-	-
Repurchase and cancellation of shares(2)	(628,598)	(802)	-	(1,085)	(1,887)	-	(1,887)
Dividends(3)	-	-	-	(5,331)	(5,331)	-	(5,331)
Net earnings (loss)(1)	-	-	-	11,014	11,014	(10,307)	707
At December 31, 2015	44,297,602	55,591	5,577	150,957	212,125	12,866	224,991

See accompanying notes to the consolidated financial statements

(1) Net earnings (loss) being comprehensive earnings (loss)
(2) Repurchased and cancelled under normal course issuer bid ("NCIB"). Refer to note 9
(3) Special cash dividends of $0.12 per share were paid in each of 2014 and 2015

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(In thousands of Canadian dollars)

		Year ended December 31,	
	Notes	**2015**	**2014**
Operating activities			
Receipts from residential lot and development land sales		**15,708**	43,835
Receipts from residential home sales		**101,025**	95,815
Other receipts		**5,083**	600
Paid for land development		**(41,418)**	(20,259)
Paid for land acquisition	4	**(10,000)**	(2,500)
Paid for residential home construction		**(60,266)**	(48,159)
Paid to suppliers and employees		**(18,709)**	(21,898)
Interest received		**86**	367
Income taxes paid		**(9,834)**	(5,632)
Cash flows (used in) from operating activities		**(18,325)**	42,169
Investing activities			
Acquisition of equipment		**(1,187)**	(864)
Distribution received from joint venture	16	**3,800**	8,500
Disposal of equipment		**10**	-
Cash from investing activities		**2,623**	7,636
Financing activities			
Advances from loans and credit facilities	8	**45,524**	27,484
Repayments of loans and credit facilities		**(42,719)**	(55,347)
Interest and fees paid on loans and credit facilities		**(1,475)**	(1,311)
Cash settlement of options		**(59)**	(79)
Dividends paid		**(5,331)**	(5,386)
Repurchase and cancellation of shares under NCIB	9	**(1,887)**	-
Issue of share capital		**-**	204
Cash used in financing activities		**(5,947)**	(34,435)
Change in cash and cash equivalents		**(21,649)**	15,370
Cash and cash equivalents, beginning of period		**33,048**	17,678
Cash and cash equivalents, end of period		**11,399**	33,048

See accompanying notes to the consolidated 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 consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 22, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance

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

b) Basis of presentation

The consolidated financial statements have been prepared under the historical cost convention except for the financial assets classified as fair value through profit or loss that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

c) Basis of consolidation

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. When the Corporation has less than 50% equity ownership in these limited partnership entities, the Corporation may still have control over these entities' activities, projects, financial and operating policies due to contractual arrangements. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All intra-group transactions, balances, dividends and unrealized gains and losses resulting from intra-group transactions are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Corporation and are presented separately from shareholders' equity in the consolidated statements of comprehensive income and within equity in the consolidated balance sheets. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) **Interest in joint venture**

The Corporation has an interest in a joint venture, Kinwood Communities Inc., (the "JV") which is a jointly controlled entity. The Corporation recognizes its interest in the JV using the equity method of accounting.

e) **Revenue recognition**

(i) Residential lot and development land sales

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

Revenue is recognized when 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.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest rate method.

(iv) Other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement. Rental income is incidental to ownership of real estate and does not result in classification of real estate as investment property. All real estate is classified as inventory. Deposits forfeited are recognized as income.

f) **Real estate held for development and sale**

Land under development, land held for future development and housing projects under construction are inventory and are measured at the lower of cost and estimated net realizable value ("NRV"). NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs.

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs. These costs are allocated to each phase of the project in proportion to saleable acreage.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Borrowing costs

The acquisition or construction of real estate assets necessarily takes a substantial period of time to prepare for its intended use or sale. Borrowing costs attributable to real estate held for development and sale are recorded as part of the respective inventory carrying cost. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds.

The borrowing costs are determined first by reference to borrowings specific to the project, where relevant, and secondly by applying a weighted average interest rate for the Corporation's non-project specific borrowings, less any investment income arising on temporary investing of funds, to qualifying inventory. Borrowing costs are recorded as inventory from the date of commencement of development work until the date of completion. The recording of interest as inventory is suspended if the project development is suspended for a prolonged period.

h) Property and equipment

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation is provided on all operating property and equipment based on the straight-line method over the estimated useful lives of the property and equipment. The useful lives of the properties are as follows:

- Vehicles and other equipment **5 years**
- Office equipment and furniture **7 years**
- Computer equipment **3 years**
- Computer software **3 years**
- Showhome furniture **3 years**
- Leasehold improvements **Lesser of 5 years or remaining term of the lease**

i) Income taxes

Income taxes comprise the following:

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, using tax rates and laws that are enacted or substantively enacted as at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided at the balance sheet date using the liability method on all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available, against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 19) and are not subject to income taxes. The income or loss for Canadian tax purposes is attributable to the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada). The calculation of income tax expense reflects the exclusion of taxable income allocated to partners that form part of the non-controlling interest.

j) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and short-term deposits of original maturity of three months or less.

k) Leases

Operating lease payments are recognized as an operating expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

l) Share-based payments

The Corporation provides equity-settled share-based payments in the form of a share option plan to its employees, officers and directors. The share options issued are either regular options or performance options. The costs of share-based payments are calculated by reference to the fair value of the options at the date on which they are granted. The fair values of regular options are determined using the Black-Scholes Option-Pricing Model while the fair values of performance options are determined using the Black-Scholes Option-Pricing Model incorporating the Monte Carlo simulation. The costs of the share-based payments are recognized on a proportionate basis over the related vesting period of each tranche of the grant as an expense with recognition of the corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options, together with any related contributed surplus, is credited to the share capital account.

Share-based payments may be settled in cash at the discretion of the Corporation and are accounted for as equity-settled plans. When options are settled in cash, the cash paid reduces the contributed surplus to the extent of previously recognized liability. Amounts paid in excess of previously recognized liability are expensed.

The dilutive effect of outstanding options is reflected in the computation of earnings per share.

m) Financial assets

All financial assets are initially recognized on the consolidated balance sheet at fair value and designated at inception into one of the following classifications: at fair value through profit or loss ("FVTPL"); and loans and receivables. All financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Transaction costs related to financial assets classified as FVTPL are expensed, and for all other financial assets they are included in the initial carrying amount.

The financial assets classified as FVTPL are cash and cash equivalents, and deposits and restricted cash. Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at FVTPL are carried on the consolidated balance sheet at fair value with changes in fair value recognized in the consolidated statements of comprehensive income.

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

Financial assets are no longer recognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events that have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset, discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

n) Financial liabilities

The financial liabilities classified as other financial liabilities are accounts payable and accrued liabilities, and loans and credit facilities.

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

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

Financial liabilities are no longer recognized as a liability when the contractual obligations are discharged, cancelled or expire.

o) Earnings per share

The amount of basic earnings per share is calculated by dividing the comprehensive earnings attributable to equity holders by the weighted average number of shares outstanding during the period. The diluted earnings per share amount is calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options.

p) Provision for future development costs

The provision for future development costs represents the construction costs expected to be incurred for each project phase currently under development in proportion to the amount of such phase that has been sold. The liability includes all direct construction costs and indirect costs expected to be incurred during the remainder of the construction period net of expected recoveries of certain development costs. The provision for future development costs are reviewed on a phase by phase basis. When the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for future development costs and a corresponding adjustment is made to land under development and/or cost of sales.

q) Significant accounting judgments and estimates

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are the most significant accounting judgments and estimates made by the Corporation in applying accounting policies:

Judgments

(i) *Revenue Recognitio*n

Revenue recognition for development lands requires judgment to determine when the risks and rewards of ownership have been transferred. The Corporation reviews each contract and evaluates all the factors to determine the appropriate transfer date.

(ii) *Consolidation*

The Corporation applies judgment in determining control over certain limited partnerships where the Corporation holds less than 50% equity ownership. The judgment is based on a review of all contractual agreements to determine if the Corporation has control over the activities, projects, financial and operating policies of the limited partnerships.

(iii) *Income Taxes*

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the provision for current and deferred taxes.

(iv) *Net realizable value*

NRV for land and housing projects held for development and sale is estimated with reference to market prices and conditions existing at the balance sheet date. This is determined by the Corporation having considered suitable external advice from independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(v) *Legal contingencies*

The Corporation applies judgment as it relates to the outcome of legal proceedings to determine whether a provision and disclosure in the consolidated financial statements is required. Among the factors considered in making such judgments are the nature of litigation, claim or assessment, the legal process and potential level of damages, the progress of the case, the opinions or views of legal advisers and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment.

Estimates

(i) *Provision for future development costs*

Changes in the estimated future development costs directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty due to the long time frames involved, specifically in land development.

(ii) *Impairment of real estate held for development and sale*

The Corporation estimates the NRV of real estate held for development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Valuation of amounts receivables

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Any amounts becoming overdue and any known issues about the financial condition of debtors are taken into account when estimating recoverability.

3. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS DURING 2015

The Corporation adopted no new IFRSs and interpretations during 2015.

RECENT ACCOUNTING PRONOUNCEMENTS

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

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 entities for revenue recognition arising from contracts with customers. The Corporation has not yet considered the impact of IFRS 15 on its consolidated financial statements.

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 has not yet considered the impact of IFRS 9 on its consolidated financial statements.

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 yet considered the impact of IFRS 16 on its consolidated financial statements.

(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

	Land Under Development	Land Held for Future Development	Home Building	Total	Limited Partnerships	Consolidated Total
Gross book value						
As at December 31, 2014	119,574	65,679	32,165	217,418	74,595	292,013
Transfers	(17,015)	(1,921)	18,936	-	-	-
Acquisitions	-	44,265	-	44,265	-	44,265
Development	50,282	993	66,835	118,110	21	118,131
Sold	(14,323)	(1,521)	(87,168)	(103,012)	-	(103,012)
As at December 31, 2015	138,518	107,495	30,768	276,781	74,616	351,397
Less provision for write-downs						
As at December 31, 2014	641	26,801	-	27,442	24,448	51,890
Sold	(641)	(533)	-	(1,174)	-	(1,174)
Write-down	-	4,365	-	4,365	8,025	12,390
As at December 31, 2015	-	30,633	-	30,633	32,473	63,106
Net book value						
As at December 31, 2014	118,933	38,878	32,165	189,976	50,147	240,123
As at December 31, 2015	138,518	76,862	30,768	246,148	42,143	288,291

During the year ended December 31, 2015, interest of $623 (2014 - $1,736) was capitalized in the Development line above.

The projected development time line of certain parcels of agricultural land, held by Genesis and by a limited partnership, was significantly extended and resulted in write-downs during 2015.

The Corporation acquired 350 acres of land in southeast Calgary on January 6, 2015. Refer to Loans and credit facilities (note 8).

5. AMOUNTS RECEIVABLE

	2015	2014
Agreements receivable	**16,312**	17,122
Other receivables	**922**	538
	17,234	17,660

Agreements receivable for lot sales are secured by the underlying real estate assets and have various terms of repayment. Purchasers generally have between 6 and 24 months to pay the balance owing for the purchased lots. Certain agreements receivable and mortgages receivable, if any, are interest bearing.

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

6. OTHER OPERATING ASSETS

	2015	2014
Deposits	**3,485**	11,343
Prepayments	**309**	146
Restricted cash	**2,127**	1,360
Property and equipment	**1,653**	1,144
	7,574	13,993

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development and deposits on future land acquisitions. The deposits are refundable upon completion of the related projects and earn interest at rates approximating those earned on guaranteed investment certificates. The Corporation has further provided letters of credit as security to guarantee the completion of construction projects (see note 14 for additional information). Restricted cash is held in trust accounts.

7. INCOME TAXES

a) Income tax was recognized in the consolidated statements of comprehensive income as follows:

	2015	2014
Current income tax	**5,671**	6,953
Deferred tax relating to origination and reversal of temporary differences	**(2,335)**	(961)
	3,336	5,992

b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 26.01% (2014 – 25%) to earnings before income taxes. The difference resulted from the following:

	2015	2014
Earnings before income taxes	**4,043**	24,117
Statutory tax rate	**26.01%**	25.0%
Expected income tax expense	**1,052**	6,029
Utilization of previously recognized tax losses	**(160)**	-
Effect of tax rate change	**(190)**	-
Share-based payment transactions	**75**	116
Others	**(122)**	30
Non-controlling interest	**2,681**	(183)
Tax expense for the year	**3,336**	5,992

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

7. INCOME TAXES (continued)

c) The deferred tax assets (liabilities) of the Corporation were as follows:

	2015	2014
Deferred tax assets	**6,694**	4,019
Deferred tax liabilities	**(3,001)**	(2,661)
	3,693	1,358

d) The components of the deferred tax asset (liability) were as follows:

	2015	2014
Real estate held for development and sale	**2,219**	2,587
Non-capital loss carry-forwards*	**182**	114
Reserves from land sales	**(604)**	(2,658)
Unamortized financing costs	**1,923**	1,318
Other temporary differences	**(27)**	(3)
	3,693	1,358

**Non-capital losses carry-forward amounts expire between 2030 and 2035*

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

8. LOANS AND CREDIT FACILITIES

	2015	2014
Secured by agreements receivable and real estate held for development and sale		
(a) Land project loans, payable on collection of agreements receivable, bearing interest ranging from prime +0.75% to prime +1.25% per annum, secured by real estate held for development and sale with a carrying value of $68,252, due between September 18, 2017 and December 18, 2017.	**16,609**	8,750
Secured by real estate held for development and sale		
(b) Vendor-take-back mortgage ("VTB") of $40,000 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 on January 6, 2015 for the purchase of southeast Calgary lands and is secured by these lands with a carrying value of $44,265. The VTB is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020.	**40,000**	-
Unamortized portion of the discount on the VTB.	**(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 $12,918.	**-**	-
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**	2,839
(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 $4,116 due by September 11, 2016.	**3,767**	4,979
	56,124	16,568
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 June 19, 2017.	**8,125**	7,850
	64,249	24,418
Deferred fees on loans and credit facilities	**(430)**	(526)
	63,819	23,892

The weighted average interest rate of loan agreements with financial institutions was 4.75% (December 31, 2014 – 5.57%) based on December 31, 2015 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 $2,633 (2014 - Nil) for the year ended December 31, 2015 respectively.

During the year ended December 31, 2015, the Corporation received advances of $45,524 (2014 - $27,484) relating to various new and existing loan facilities secured by agreements receivable and real estate held for development and sale, bearing interest ranging from prime + 0.75% to the greater of 7.25% or prime + 3% per annum, with due dates ranging from September 11, 2016 to December 18, 2017.

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

8. 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):

January 1, 2016 to December 31, 2016	13,184
January 1, 2017 to December 31, 2017	32,117
January 1, 2018 to December 31, 2018	6,822
January 1, 2019 to December 31, 2019	6,305
January 1, 2020 to December 31, 2020	5,821
	64,249

The Corporation has various covenants in place with its lenders with respect to certain contracted credit facilities. Such covenants include credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other general understandings such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and material changes in the Corporation's ownership structure. In addition, the home building business segment has a secured revolving operating line repayable on demand, to be used for home construction and for the acquisition of serviced lots. As at December 31, 2015 and 2014, the Corporation and its subsidiaries were in compliance with all loan covenants.

9. 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 year ended December 31, 2015 and 2014:

	Year ended December 31,	
	2015	2014
Basic	**44,828,422**	44,874,652
Effect of dilutive securities – stock options	**-**	401,922
Diluted	**44,828,422**	45,276,574

In calculating diluted earnings per share for the year ended December 31, 2015, the Corporation excluded all 2,357,000 options (2014 – 500,000) as their exercise price was greater than the average market price of the Corporation's shares during the period.

c) Normal course issuer bid

On September 4, 2015, the Corporation announced the launch of a normal course issuer bid to repurchase for cancellation of up to 2,246,310 common shares (representing 5% of the Corporation's common shares issued and outstanding as at September 3, 2015). The NCIB commenced on September 10, 2015 and will terminate on the earlier of (i) September 9, 2016; and (ii) the date on which the maximum number of common shares are purchased pursuant to the NCIB.

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

9. SHARE CAPITAL (continued)

The following table sets forth the number of common shares repurchased and cancelled during the year ended December 31, 2015 and 2014.

	Year ended December 31,	
	2015	2014
Number of shares repurchased and cancelled	**628,598**	-
Reduction in share capital	**802**	-
Reduction in retained earnings	**1,085**	-
Reduction in shareholders' equity	**1,887**	-

The average purchase price per share for the year ended December 31, 2015 was $3.00.

10. STOCK OPTIONS

The Corporation has established a stock option plan for employees, officers, and directors of the Corporation to purchase common shares. Vesting provisions and exercise prices are set at the time of issuance by the Board of Directors. Options vest over a number of years on various anniversary dates from the date of the original grant.

The options must be issued at not less than the fair market value of the common shares at the date of grant and are issued with terms not exceeding five years from the date of grant.

Regular options

Details of outstanding regular options were as follows:

	Year ended December 31,			
	2015		2014	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding – beginning of period	**1,419,000**	**$3.86**	1,060,500	$3.32
Options granted	**-**		500,000	$4.71
Options exercised	**-**	**-**	(70,000)	$2.91
Options expired	**(115,000)**	**$3.53**	-	-
Options forfeited	**(75,000)**	**$3.40**	-	-
Options settled in cash	**(144,000)**	**$3.27**	(71,500)	$2.71
Outstanding – end of period	**1,085,000**	**$4.01**	1,419,000	$3.86
Exercisable – end of period	**848,327**	**$3.93**	870,663	$3.66

No regular options were granted during the year ended December 31, 2015 (2014 – 500,000 regular options granted with an average fair value of $0.72 per option).

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

10. STOCK OPTIONS (continued)

	Outstanding		Exercisable		
Range of Exercise Prices ($)	**Number at December 31, 2015**	**Weighted Average Exercise Price**	**Number at December 31, 2015**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life in Years**
3.01 – 4.00	585,000	$3.41	514,999	$3.43	2.50
4.01 – 5.00	500,000	$4.71	333,328	$4.71	3.81
	1,085,000	$4.01	848,327	$3.93	3.10

Performance options

Details of outstanding performance options were as follows:

	Year ended December 31,			
	2015		2014	
	Number of Options	**Exercise Price**	**Number of Options**	**Exercise Price**
Outstanding – beginning of period	**1,272,000**	**$3.35**	-	-
Options granted	**-**	**-**	1,272,000	$3.35
Outstanding – end of period	**1,272,000**	**$3.35**	1,272,000	$3.35
Exercisable – end of period	**193,900**	**$3.35**	-	-
Weighted average remaining contractual life		**3.00 years**		4.00 years

No performance options were granted during the year ended December 31, 2015 (2014 – 1,272,000 options with a fair value of $0.30 per option). The fair value of each performance option granted was estimated on the date of grant using the Black-Scholes Option-Pricing Model incorporating the Monte Carlo simulation.

The following assumptions were used in estimating the fair value of options granted using the Black-Scholes Option-Pricing Model:

	2015	2014
Risk-free interest rate	-	1.10-1.13%
Estimated term/period prior to exercise (years)	-	2.50
Volatility in the price of the Corporation’s common shares	-	25.13-31.88%
Forfeiture rate	-	16.93%
Dividend yield rate	-	0.00%

Subsequent to December 31, 2015, 285,000 regular options and all 1,272,000 performance options expired in conjunction with two executive officers leaving the Company.

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

11. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation consisted of the following:

	2015	2014
Corporate administration	**3,040**	2,645
Compensation and benefits	**9,230**	8,537
Professional services	**1,251**	2,090
	13,521	13,272

Compensation and benefits of the directors and key management personnel were as follows:

	2015	2014
Salaries, wages and benefits	**2,110**	2,307
Share-based payments	**287**	465
	2,397	2,772

12. SELLING AND MARKETING

Selling and marketing expenses of the Corporation consisted of the following:

	2015	2014
Advertising and marketing	**3,197**	2,681
Sales commissions	**2,208**	2,770
	5,405	5,451

13. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2015	2014
Interest incurred	**1,248**	1,853
Finance expense relating to VTB (note 8)	**2,633**	-
Financing fees amortized	**606**	991
Interest and financing fees capitalized (note 4)	**(623)**	(1,736)
	3,864	1,108

14. COMMITMENTS AND CONTINGENCIES

a) The Corporation has entered into a memorandum of understanding with the Northeast Community Society, whereby the Corporation will contribute $5,000 for the naming rights for 10 years to “Genesis Centre for Community Wellness”, a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first four installments totaling $2,000 were paid up to and through to the end of December 2015.

b) On February 19, 2008, the Corporation entered into an agreement with the City of Airdrie, whereby the Corporation will contribute $2,000 for the naming rights for 10 years to “Genesis Place”, a recreation complex in the city of Airdrie ($200 each year, terminating June 1, 2017). The first eight installments totaling $1,600 were paid up to and through to the end of December 2015.

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 of December 31, 2015, the letters of credit amounted to $6,309 (December 31, 2014 – $2,641).

d) On July 15, 2011, a joint venture (note 16) obtained a credit facility in the amount of $17,000. The Corporation and a joint venture partner have each provided guarantees for 50% of this facility. The current balance of the credit facility is Nil (December 31, 2014 - $2,485).

e) Pursuant to the terms of a participating mortgage that was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. A liability for the payment has been recorded. The Corporation is selling lots in the last phase covered under this development. The final payout will be made on completion of the sale of lots in the last phase and collection of all related proceeds along with an accounting of all related costs.

f) The Corporation has office and other operating leases with the following annual payments: not later than one year - $1,008; later than one year but not later than five years - $697; and later than five years - Nil.

g) LPLP 2007 has a credit facility in the amount of $8,125 included in loans and credit facilities balance (note 8) in the consolidated financial statements. The Corporation has provided a guarantee for this facility.

15. FINANCIAL INSTRUMENTS

a) **Risks associated with financial instruments**

(i) Credit risk

As at December 31, 2015, the Corporation carried Nil (2014 - Nil) as allowance for doubtful accounts.

The Corporation recognizes bad debt expense or recovery relating to amounts receivable on sold lots, net of the return of the real estate held for development and sale. These lots are taken back into the Corporation’s lot inventory. The difference between an impaired amount receivable and the related bad debt expense or recovery is the cost of a lot for which impairment has been assessed.

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

15. FINANCIAL INSTRUMENTS (continued)

Recovery of bad debt expense is included in the Corporations general and administrative expenses. In order to mitigate credit risk, the Corporation retains title to sold residential lots until full payment is received.

Aging of amounts receivable was as follows:

	2015	2014
Not past due	**17,234**	17,660

Individual balances due from customers as at December 31, 2015, which comprise greater than 10% of total amounts receivable, totaled $15,777 from three customers (December 31, 2014 - $17,122 from four customers).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2015:

	<1 Year	**>1 Year**	**Total**
Financial liabilities			
Accounts payable and accrued liabilities	19,219	-	19,219
Loans and credit facilities excl. deferred fees (note 8)	13,184	51,065	64,249
	32,403	51,065	83,468
Commitments			
Lease obligations (note 14)	1,008	697	1,705
Naming rights (note 14)	700	2,700	3,400
	1,708	3,397	5,105
	34,111	**54,462**	**88,573**

At December 31, 2015, the Corporation had obligations due within the next 12 months of $34,111 (2014 - $50,885). Based on the Corporation' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

(iii) Market risk

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loans and credit facilities are at a floating rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately $299 annually on floating rate loans.

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

15. FINANCIAL INSTRUMENTS (continued)

b) **Fair value of 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 the 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.

	December 31, 2015		December 31, 2014	
	Carrying value	**Estimated Fair value**	**Carrying Value**	**Estimated Fair Value**
Fair value through profit and loss				
Cash and cash equivalents	11,399	11,399	33,048	33,048
Deposits (note 6)	3,485	3,485	11,343	11,343
Restricted Cash (note 6)	2,127	2,127	1,360	1,360
Loans and receivables				
Amounts receivable (note 5)	17,234	16,106	17,660	17,175
Other financial liabilities				
Accounts payable and accrued liabilities	19,219	19,219	22,683	22,683
Loans and credit facilities, excl. deferred loans and credit facilities fees (note 8)	64,249	64,249	24,418	24,366

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).

Cash and cash equivalents, deposits, and restricted cash are classified under Level 1 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

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 years ended December 31, 2015 and 2014 no transfers were made between the levels in the fair value hierarchy.

c) **Capital management**

The Corporation's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Corporation is not subject to externally imposed capital requirements.

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region.

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

15. FINANCIAL INSTRUMENTS (continued)

The Corporation considered its capital structure at the following dates to specifically include:

	2015	2014
Loans and credit facilities	**63,819**	23,892
Shareholders' equity	**212,125**	208,101
	275,944	231,993

The Corporation continues to evaluate the need to leverage its land assets to secure sufficient loans and credit facilities to ensure the Corporation is able to meet its financial obligations as they come due.

16. 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.

	December 31,	
	2015	2014
Assets		
Real estate held for development and sale	**-**	7,199
Amounts receivable	**11,687**	14,542
Cash and cash equivalents	**2,127**	-
Total assets	**13,814**	21,741
Liabilities		
Loans and credit facilities	**-**	2,485
Accounts payable and accrued liabilities	**1,661**	841
Provision for future development costs	**6,241**	7,381
Total liabilities	**7,902**	10,707
Net assets	**5,912**	11,034
Corporation's share of net assets (50%)	**2,956**	5,517
Deferred gain	**(102)**	(1,957)
Carrying amount on the consolidated balance sheets	**2,854**	3,560

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

16. JOINT VENTURE (continued)

	Year ended December 31,	
	2015	2014
Revenues	**12,172**	17,661
Cost of sales	**(9,115)**	(12,419)
	3,057	5,242
General and administrative	**(679)**	(1,140)
Net finance income	**99**	394
Earnings being comprehensive earnings	**2,477**	4,496
Corporation's share of earnings and comprehensive earnings (50%)	**1,239**	2,248
Deferred gain recognized	**1,855**	1,918
Deferred margin recognized on JV lots sold	**1,144**	414
Amount on consolidated statements of comprehensive income	**4,238**	4,580

	Year ended December 31,	
	2015	2014
Cash flows from operating activities	**12,212**	13,858
Cash flows (used in) financing activities	**(10,085)**	(14,514)
Net change in cash and cash equivalents	**2,127**	(656)

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

16. JOINT VENTURE (continued)

	Investment in JV	Income from JV
At December 31, 2014	**3,560**	**-**
Share of net income in JV	**1,239**	1,239
Deferred gain recognized	**1,855**	1,855
Deferred margin from JV on lots sold	**-**	1,144
Distribution received	**(3,800)**	-
At December 31, 2015	**2,854**	4,238
At December 31, 2013	7,894	-
Share of net income in JV	2,248	2,248
Deferred gain recognized	1,918	1,918
Deferred margin from JV on lots sold	-	414
Distribution received	(8,500)	-
At December 31, 2014	3,560	4,580

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the year ended December 31, 2015, the JV sold no lots (2014 – 32 lots at $5,998) to Genesis Builders Group, a wholly owned subsidiary of the Corporation. The Corporation's accounts payable and accrued liabilities as at December 31, 2015 was Nil (December 31, 2014 - $4,809), 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 December 31, 2015, the Corporation had realized $13,065 (2014 – $11,210) of that amount as a result of sales through its home building business segment and directly to third parties.

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

17. SEGMENTED INFORMATION

The income producing business units of the Corporation reported the following activities for the year ended December 31, 2015 and 2014:

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2015	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	35,719	(542)	-	35,177	102,846	(18,935)	119,088
Direct cost of sales	(20,694)	(10)	-	(20,704)	(84,326)	20,841	(84,189)
Write-down of real estate	(4,365)	(8,025)	-	(12,390)	-	-	(12,390)
Gross margin	10,660	(8,577)	-	2,083	18,520	1,906	22,509
Income from JV	4,238	-	-	4,238	-	-	4,238
G&A, selling & marketing and net finance expense or income	(8,662)	(2,082)	-	(10,744)	(11,960)	-	(22,704)
Earnings (loss) before income taxes and non-controlling interest	6,236	(10,659)	-	(4,423)	6,560	1,906	4,043
Segmented assets	290,431	48,209	(31,801)	306,839	35,683	(11,477)	331,045
Segmented liabilities[(1),(2)]	86,183	34,794	(26,704)	94,273	22,917	(11,136)	106,054
Segmented net assets[(1),(2)]	204,248	13,415	(5,097)	212,566	12,766	(341)	224,991

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2014	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	58,929	97	-	59,026	96,029	(20,810)	134,245
Direct cost of sales	(38,705)	(10)	-	(38,715)	(79,985)	19,279	(99,421)
Recovery of real estate write-down	1,274	2,903	-	4,177	-	-	4,177
Gross margin	21,498	2,990	-	24,488	16,044	(1,531)	39,001
Income from JV	4,580	-	-	4,580	-	-	4,580
G&A, selling & marketing and net finance expense or income	(6,449)	(2,079)	-	(8,528)	(10,936)	-	(19,464)
Earnings (loss) before income taxes and non-controlling interest	19,629	911	-	20,540	5,108	(1,531)	24,117
Segmented assets as at December 31, 2014	246,476	57,068	(25,146)	278,398	52,030	(20,686)	309,742
Segmented liabilities as at December 31, 2014[(1),(2)]	43,607	32,994	(25,146)	51,455	44,314	(17,301)	78,468
Segmented net assets[(1),(2)]	202,869	24,074	-	226,943	7,716	(3,385)	231,274

(1) Segmented liabilities under the home building segment include $9,095 (December 31, 2014 - $14,164) due to the land development segment.

(2) Segmented liabilities under the LP segment comprises customer deposits and accounts payable and accrued liabilities and includes $26,704 (December 31, 2014 - $24,091) due to Genesis.

18. RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended December 31, 2015 (2014 - Nil).

19. 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 Genesis controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, Genesis 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. The Corporation is the general partner in four limited partnership arrangements.

Limited Partnership Land Pool (2007) ("LPLP 2007") has a loan amounting to $25,143 (2014 - $23,181) due to the Corporation. The loan has been secured by a second mortgage on a property owned by LPLP 2007. The loan agreement has also been registered as a caveat on the titles of two properties held by LPLP 2007.

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

19. CONSOLIDATED ENTITIES (continued)

All entities are incorporated in Canada and are listed in the following table:

	% equity interest as at	
Name	**December 31, 2015**	**December 31, 2014**
Land Development		
Genpol Inc.	100%	100%
Genpol LP	100%	100%
1504431 Alberta Ltd.	0.0002%	0.0002%
Genesis Sage Meadows Partnership	99.9998%	99.9998%
Genesis Land Development (Southeast) Corp.	100%	100%
Polar Hedge Enhanced Income Trust	100%	100%
New View Consulting Ltd.	Dissolved	100%
No. 114 Corporate Ventures Ltd.	100%	100%
Buena Vista Ranches Ltd.	100%	100%
Home Building		
Single-Family and Townhouses		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	100%	100%
Generations Group of Companies Inc.	100%	100%
Life at Solana Inc., Life at Waterstone Inc., Montura Inc. (previously Life at Skye Inc.)	Dissolved	100%
Newport at Canals Landing Inc.	100%	-
Ashbury at Saddlestone Inc.	100%	-
Hutton at Bayview Inc.	100%	-
Joint Venture		
Kinwood Communities Inc.	50%	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4	0.001%	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
LP 6/7 Group		
Genesis Limited Partnership #6	11.75%	11.75%
Genesis Limited Partnership #7, GP GLP7 Inc., GLP7 Subco Inc.	0%	0%
LP 8/9 Group		
Genesis Limited Partnership #8	0.23%	0.23%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	0%	0%
GP GLP8 Inc.	100%	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	0%	0%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc., GP RRSP 2007 #2 Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%

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

19. CONSOLIDATED ENTITIES (continued)

The following tables summarize the information relating to the Corporation's subsidiaries that have material non-controlling interests before any intra-group eliminations:

BALANCE SHEETS

	December 31, 2015				
	LP 4/5	**LP 6/7**	**LP 8/9**	**LPLP 2007**	**Total**
Assets					
Real estate held for development and sale	7,943	8,212	2,574	28,795	**47,524**
Amounts receivable	-	-	-	2	**2**
Other operating assets	-	-	-	197	**197**
Cash and cash equivalents	-	442	1	43	**486**
Total assets	7,943	8,654	2,575	29,037	**48,209**
Liabilities					
Loans and credit facilities	-	-	-	8,062	**8,062**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	-	-	-	26	**26**
Due to related parties	159	895	507	25,143	**26,704**
Total liabilities	159	895	507	33,233	**34,794**
Net assets	7,784	7,759	2,068	(4,196)	**13,415**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	December 31, 2014				
	LP 4/5	**LP 6/7**	**LP 8/9**	**LPLP 2007**	**Total**
Assets					
Real estate held for development and sale	7,922	8,212	3,177	36,217	**55,528**
Other operating assets	-	3	-	1	**4**
Cash and cash equivalents	-	439	1	37	**477**
Total assets	7,922	8,654	3,178	36,255	**56,009**
Liabilities					
Loans and credit facilities	-	-	-	7,804	**7,804**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	-	10	-	28	**38**
Due to related parties	151	264	495	23,181	**24,091**
Total liabilities	151	274	495	31,015	**31,935**
Net assets	7,771	8,380	2,683	5,240	**24,074**
Non-controlling interest (%)	100%	88.25%	100%	100%	

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

19. CONSOLIDATED ENTITIES (continued)

SUMMARIZED INCOME STATEMENTS

	Year ended December 31, 2015				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	19	(615)	-	54	**(542)**
Net earnings (loss) being comprehensive income (loss)	11	(621)	(615)	(9,434)	**(10,659)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2014				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	19	-	-	78	**97**
Net earnings (loss) being comprehensive income (loss)	10	1,527	(1,064)	438	**911**
Non-controlling interest (%)	100%	88.25%	100%	100%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2015				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	3	-	6	**9**
Net increase in cash and cash equivalents	-	3	-	6	**9**

	Year ended December 31, 2014				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows (used in) financing activities	-	-	-	(75)	**(75)**
Net decrease in cash and cash equivalents	-	-	-	(75)	**(75)**

20. SUBSEQUENT EVENTS

On February 17, 2016, the Board of Directors announced that the President and CEO, Mr. Bruce Rudichuk and the CFO, Mr. Mark Scott left the Company with immediate effect. The board of directors appointed Mr. Stephen J. Griggs, a director and Chair of the Board, as the interim CEO. On March 15, 2016, the Board appointed Mr. Rauf Muhammad, CPA (Colorado) as the interim CFO and announced the appointment of Kirsten Richter, CPA, CA, as an interim CFO effective April 18, 2016.