GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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,
Chief Executive Officer

/s/ Wayne King
Chief Financial Officer

March 14, 2018

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 sheet as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and 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 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, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP
Chartered Professional Accountants

Calgary, Alberta
March 14, 2018

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

	Notes	December 31, 2017	December 31, 2016
Assets			
Real estate held for development and sale	4	**200,757**	242,000
Amounts receivable	5	**30,820**	21,059
Vendor-take-back mortgage	6, 19	**20,558**	-
Other operating assets	7	**18,083**	5,019
Deferred tax assets	8	**7,622**	6,557
Income tax recoverable		**-**	42
Cash and cash equivalents		**23,585**	14,318
Total assets		**301,425**	288,995
Liabilities			
Loans and credit facilities	9	**30,135**	43,295
Dividend payable	7	**10,813**	-
Customer deposits		**4,629**	2,587
Accounts payable and accrued liabilities		**8,938**	10,195
Income tax payable		**2,785**	-
Provision for future development costs	2o	**24,584**	21,253
Total liabilities		**81,884**	77,330
Commitments and contingencies	14		
Subsequent events	7, 9b, 15		
Equity			
Share capital	10	**54,260**	54,888
Retained earnings		**147,137**	150,863
Shareholders' equity		**201,397**	205,751
Non-controlling interest	19	**18,144**	5,914
Total equity		**219,541**	211,665
Total liabilities and equity		**301,425**	288,995

See accompanying notes to the consolidated financial statements

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, 2017 and 2016
(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31, 2017	2016
Revenues			
Sales revenue		**150,746**	115,179
Other revenue		**187**	778
		150,933	115,957
Direct cost of sales		**(96,609)**	(80,674)
Write-down of real estate held for development and sale	4	**(1,095)**	(8,665)
		(97,704)	(89,339)
Gross margin		**53,229**	26,618
General and administrative	11	**(10,970)**	(11,844)
Selling and marketing	12	**(4,921)**	(4,382)
		(15,891)	(16,226)
Earnings from operations		**37,338**	10,392
Finance income		**125**	71
Finance expense	13	**(2,450)**	(2,999)
Earnings before income taxes		**35,013**	7,464
Income tax expense	8	**(5,815)**	(1,532)
Net earnings being comprehensive earnings		**29,198**	5,932
Attributable to non-controlling interest	19	**12,200**	26
Attributable to equity shareholders		**16,998**	5,906
Net earnings per share – basic and diluted	10	**0.39**	0.13

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 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
Normal course issuer bid (Note 10c)	(551,796)	(703)	-	(717)	(1,420)	-	(1,420)
Distribution to unit holders of Genesis Limited Partnership #6	-	-	-	-	-	(6,978)	(6,978)
Cancellation of stock options	-	-	(5,653)	5,653	-	-	-
Dividends declared (Note 10d)	-	-	-	(10,936)	(10,936)	-	(10,936)
Net earnings being comprehensive earnings	-	-	-	5,906	5,906	26	5,932
At December 31, 2016	43,745,806	54,888	-	150,863	205,751	5,914	211,665
At December 31, 2016	43,745,806	54,888	-	150,863	205,751	5,914	211,665
Normal course issuer bid (Note 10c) and misc.	(493,085)	(628)	-	(828)	(1,456)	30	(1,426)
Dividends declared (Note 10d)	-	-	-	(19,896)	(19,896)	-	(19,896)
Net earnings being comprehensive earnings	-	-	-	16,998	16,998	12,200	29,198
At December 31, 2017	43,252,721	54,260	-	147,137	201,397	18,144	219,541

See accompanying notes to the consolidated financial statements

GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016
(In thousands of Canadian dollars)

	Notes	Year ended December 31, 2017	2016
Operating activities			
Receipts from residential lot and development land sales		**52,755**	27,795
Receipts from residential home sales		**67,367**	83,100
Other (payments) receipts		**(7)**	2,910
Paid for land development		**(17,993)**	(13,921)
Paid for residential home construction		**(36,384)**	(37,425)
Paid to suppliers and employees		**(14,900)**	(14,869)
Interest received		**125**	71
Income taxes paid		**(4,055)**	(4,709)
Cash flows from operating activities		**46,908**	42,952
Investing activities			
Acquisition of equipment		**(223)**	(61)
Distribution received from joint venture		**-**	3,200
Cash (used in) from investing activities		**(223)**	3,139
Financing activities			
Advances from loans and credit facilities		**32,471**	42,462
Repayments of loans and credit facilities		**(40,004)**	(57,800)
Payment on vendor-take-back loan	9b	**(8,000)**	(8,000)
Interest and fees paid on loans and credit facilities		**(533)**	(500)
Repurchase and cancellation of shares under NCIB	10c	**(1,456)**	(1,420)
Distribution to unit holders of limited partnerships		**-**	(6,978)
Dividends	10d	**(19,896)**	(10,936)
Cash (used in) financing activities		**(37,418)**	(43,172)
Change in cash and cash equivalents		**9,267**	2,919
Cash and cash equivalents, beginning of period		**14,318**	11,399
Cash and cash equivalents, end of period		**23,585**	14,318

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 14, 2018.

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) Finance income

Finance 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's 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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) **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 FVTPL. 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.

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.

m) **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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) **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.

o) **Provision for future development costs**

The Corporation sells land, lots and homes for which it is responsible to pay for future development costs. For home building, the provision for future development costs represents the costs likely to be incurred on remaining seasonal work and estimated warranty charges over the one year warranty period. For land development, the provision for future development costs represents the estimated remaining construction costs related to previously sold land, including all direct and indirect costs expected to be incurred during the remainder of the servicing period, net of expected recoveries. The provision is reviewed periodically and, 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.

p) **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.

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")*

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 including independent real estate appraisers and recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 estimated future development costs, which are generally provided by third party service providers, 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 valuations conducted by independent real estate appraisers and other third party advisors, and is also based on housing projects in the same geographic area.

(iii) Valuation of amounts receivable

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 2017

The Corporation adopted no new IFRSs and interpretations during 2017.

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 will adopt IFRS 15 as of January 1, 2018.

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.

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

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 year ended December 31, 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. The Corporation will adopt IFRS 9 as of January 1, 2018.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16, "Leases"

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

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

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

4. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	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
Transfer	3,870	(3,870)	-	-	-	-	-
Development activities	11,973	2,263	35,575	49,811	421	-	50,232
Sold	(20,761)	(32,650)	(34,819)	(88,230)	(57,197)	-	(145,427)
As at December 31, 2017	117,978	64,436	20,156	202,570	15,253	(4,194)	213,629
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 during the period	1,075	-	-	1,075	20	-	1,095
As at December 31, 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 December 31, 2017	112,903	60,767	20,156	193,826	11,125	(4,194)	200,757

During the year ended December 31, 2017, interest of $383 (2016 - $500) was capitalized as a component of the development costs above.

A limited partnership controlled by the Corporation closed the sale of a 617 acre parcel of land in the Calgary Metropolitan Area ("CMA") on August 28, 2017 for gross proceeds of $5,234. The net sale proceeds were used to partially pay down a third party loan owed by the limited partnership. This limited partnership subsequently closed the sale of a 319 acre parcel of land in the CMA on December 15, 2017 for gross proceeds of $41,000. The limited partnership received $20,500 in cash and a $20,500 three year vendor-take-back first mortgage (refer to note 6). Of the cash received, $4,055 was used to fully pay down the third party loan owed by the limited partnership (refer to note 9g), $15,547 was used to partially pay down the loan due to Genesis and the remainder was used to pay for sales commissions and legal fees. As at December 31, 2017, the limited partnership had a loan amounting to $12,272 (2016 - $26,590) due to Genesis, which is secured by a charge on the $20,500 vendor-take-back mortgage.

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

During the year ended December 31, 2017, the Corporation recorded a write-down of $1,095, mainly related to land under development to reflect the estimated returns realizable from the future 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)

5. AMOUNTS RECEIVABLE

	2017	2016
Agreements receivable	**28,500**	19,778
Other receivables	**2,320**	1,281
	30,820	21,059

Agreements receivable for lot sales have various terms of repayment with purchasers generally having between 6 and 24 months to pay the balance owing for the purchased lots. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Certain agreements receivable and mortgages receivable, if any, are interest bearing.

6. VENDOR-TAKE-BACK MORTGAGE TO LIMITED PARTNERSHIP

	2017	2016
Vendor-take-back mortgage to limited partnership	**20,558**	-

A limited partnership controlled by the Corporation closed the sale of a 319 acre parcel of land on December 15, 2017 for gross proceeds of $41,000. The limited partnership received $20,500 in cash and a $20,500 three year vendor-take-back first mortgage bearing interest at 6.5% per annum. Interest on the vendor-take-back mortgage is payable annually, in arrears.

7. OTHER OPERATING ASSETS

	2017	2016
Deposits – construction projects	**2,674**	2,497
Deposit – dividend payable (note 10d)	**10,813**	-
Prepayments	**286**	262
Restricted cash	**3,773**	1,353
Property and equipment	**537**	907
	18,083	5,019

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development. 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 also provided letters of credit as security to guarantee the completion of certain construction projects (see note 14 for additional information). Restricted cash is held in trust accounts.

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

8. INCOME TAXES

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

	2017	2016
Current income tax	**6,882**	4,397
Deferred income tax	**(1,067)**	(2,865)
Income tax expense	**5,815**	1,532

b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 27.00% (2016 – 27.00%) to earnings before income taxes. The difference resulted from the following:

	2017	2016
Earnings before income taxes	**35,013**	7,464
Statutory tax rate	**27.00%**	27.00%
Expected income tax expense	**9,454**	2,015
Benefit of (utilization of previous) loss not recognized	**(63)**	63
Change in estimate of a deferred tax component	**-**	(533)
Other	**(282)**	(6)
Non-controlling interest	**(3,294)**	(7)
Tax expense for the year	**5,815**	1,532

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

	2017	2016
Deferred tax assets	**11,097**	8,461
Deferred tax liabilities	**(3,475)**	(1,904)
Deferred tax assets	**7,622**	6,557

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

	2017	2016
Real estate held for development and sale	**7,732**	5,562
Non-capital loss carry-forwards	**-**	212
Reserves from land sales	**(3,475)**	(1,690)
Unamortized financing costs	**2,798**	2,419
Other temporary differences	**567**	54
Deferred tax assets	**7,622**	6,557

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

9. LOANS AND CREDIT FACILITIES

	2017	2016
Secured by agreements receivable and real estate held for development and sale (a) Demand land project servicing loans, payable on collection of agreements receivable, bearing interest of prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of $47,843, due between April 1, 2018 and December 31, 2019.	**6,164**	5,566
Secured by real estate held for development and sale (b) Vendor-take-back loan ("VTB") at 0% per annum is measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate. The $40,000 VTB was entered into on January 6, 2015 in partial payment for the purchase of southeast Calgary lands and is secured by these lands which have a carrying value of $44,799. The VTB is to be paid in five annual installments of $8,000 each, commencing January 6, 2016 and ending January 6, 2020. The third installment of $8,000 was paid in January 2018.	**24,000**	32,000
Unamortized portion of the discount on the VTB.	**(1,792)**	(3,494)
(c) Demand operating line of credit up to $10,000, bearing interest at prime +1.00% per annum, secured by real estate held for development and sale with a carrying value of $14,165 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 +0.75% per annum, secured by a general security agreement over assets of the home building division.	**-**	-
(e) Demand lot purchase loan, payable on collection of closing proceeds, bearing interest at prime +1.50% per annum, secured by home building projects. The loan was paid during the three months ended March 31, 2017.	**-**	903
(f) Demand project specific townhouse construction loan, payable on collection of sale and closing proceeds, bearing interest at prime +0.90% per annum, secured by the project with a carrying value of $2,433, due on August 31, 2020.	**1,896**	-
	30,268	34,975
Secured by land held for future development - Limited Partnership (g) Demand land loan, bearing interest at the greater of 7.85% or prime +4.00% per annum, secured by land held for future development and sale. The loan was paid during the three months ended December 31, 2017. Refer to note 4, Real Estate Held For Development And Sale.	**-**	8,531
	30,268	43,506
Deferred fees on loans and credit facilities	**(133)**	(211)
	30,135	43,295

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

The weighted average interest rate of loan agreements with financial institutions was 3.99% (2016 - 5.77%) based on December 31, 2017 balances.

During the year ended December 31, 2017, the Corporation received advances of $32,471 (2016 - $42,462) 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 + 1.00% per annum, with due dates ranging from March 31, 2018 to August 31, 2020.

The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate, resulting in interest expense of $1,702 (2016 - $2,185) for the year ended December 31, 2017.

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

9. 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, 2018 to December 31, 2018	12,007
January 1, 2019 to December 31, 2019	9,530
January 1, 2020 to December 31, 2020	8,731
	30,268

The Corporation and its subsidiaries have various covenants in place with their lenders with respect to credit facilities including 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. As at December 31, 2017 and 2016, the Corporation and its controlled entities were in compliance with all loan covenants.

10. 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, 2017 and 2016:

	Year ended December 31,	
	2017	**2016**
Basic and diluted weighted average number of common shares	**43,384,450**	43,969,313

In calculating diluted earnings per share for the year ended December 31, 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)

10. SHARE CAPITAL (continued)

c) Normal course issuer bid ("NCIB")

On September 7, 2017, the Corporation announced the renewal of its NCIB which 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 year ended December 31, 2017 and 2016 under the NCIB.

	Years ended December 31,	
	2017	**2016**
Number of shares repurchased and cancelled	**493,085**	551,796
Reduction in share capital	**628**	703
Reduction in retained earnings	**828**	717
Reduction in shareholders' equity	**1,456**	1,420
Average purchase price per share	**2.95**	2.60

d) Dividends

Cash dividends of $9,083 ($0.21 per share) and $10,936 ($0.25 per share) were declared and paid in 2017 and 2016 respectively. An additional cash dividend of $10,813 ($0.25 per share) was declared in December 2017 and payable on January 5, 2018. This amount was transferred to a service provider as at December 31, 2017 in order to facilitate payout made on January 5, 2018.

11. GENERAL AND ADMINISTRATIVE

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

	2017	2016
Corporate administration	**2,380**	2,694
Compensation and benefits	**7,671**	8,131
Professional services	**919**	1,019
	10,970	11,844

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

	2017	2016
Salaries, wages and benefits	**1,788**	1,924
Share-based payments	**-**	76
	1,788	2,000

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

12. SELLING AND MARKETING

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

	2017	2016
Advertising and marketing	**2,279**	2,020
Sales commissions	**2,642**	2,362
	4,921	4,382

13. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2017	2016
Interest incurred	**770**	1,014
Finance expense relating to VTB (note 9)	**1,702**	2,185
Financing fees amortized	**361**	300
Interest and financing fees capitalized (note 4)	**(383)**	(500)
	2,450	2,999

14. COMMITMENTS AND CONTINGENCIES

a) In 2012, the Corporation entered into a memorandum of understanding with the Northeast Community Society to contribute $5,000 over 10 years for 15-year naming rights to “Genesis Centre for Community Wellness”, a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first six installments totaling $3,000 were paid as at December 31, 2017.

b) In 2008, the Corporation 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 Airdrie ($200 each year, terminating in 2017). All ten installments totaling $2,000 were paid as at December 31, 2017.

c) The Corporation has issued letters of credit pursuant to servicing agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As at December 31, 2017, the letters of credit amounted to $5,491 (2016 – $4,429).

d) The Corporation has office and other operating leases with the following annual payments: not later than one year - $574; later than one year but not later than five years - $939; and later than five years - Nil.

e) On September 22, 2017, Limited Partnership Land Pool (“LPLP 2007”), Genesis as manager, the general partner, two limited partners, two affiliated limited partnerships and various third parties were named as co-defendants in a statement of claim initiated in the Province of Alberta by a limited partner of LP RRSP Limited Partnership #1, a limited partner of LP RRSP Limited Partnership #2 and a limited partner of LPLP 2007. The statement of claim seeks to be certified as a class action and is seeking pecuniary and non-pecuniary damages of $60,000, including general and special damages. The Corporation’s view is that this claim is completely without merit and, on its behalf and on behalf of LPLP 2007, is actively contesting both the certification proceeding and the claim itself. Any potential liability to the Corporation and/or the Partnership is currently indeterminate.

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

15. PROVISION FOR LITIGATION

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1,600 and the Corporation has recorded this amount as a provision as at December 31, 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.

On March 8, 2018, the two former employees served an application for leave to amend their claim to add claims in the amount of $1,100 plus costs and interest in connection with a disputed purported exercise of options. It is too early in the process to assess potential liability with respect to the new claims.

16. FINANCIAL INSTRUMENTS

a) **Risks associated with financial instruments**

(i) Credit risk

As at December 31, 2017, the Corporation carried Nil (2016 - Nil) as allowance for doubtful accounts.

The Corporation recognizes bad debt expense (or recovery) relating to amounts receivable on sold lots, net of the value of the related sold lots, on the termination of the relevant agreement, which are taken back into the Corporation's lot inventory.

Recovery of bad debt expense is included in the Corporation's general and administrative expenses. In order to mitigate credit risk, the Corporation does not transfer title to sold residential lots until full payment is received. Individual balances due from customers as at December 31, 2017, which comprise greater than 10% of total amounts receivable, totaled $25,752 from five customers (2016 - $19,040 from five customers).

Aging of amounts receivable was as follows:

	2017	2016
Not past due	**29,056**	20,865
Past due	**1,764**	194
	30,820	21,059

The past due amount of $1,764 is an amount receivable from a single third-party builder in receivership who is also in breach of the purchase and sale contract for single family lots purchased from the Corporation. As provided in that contract, title to the relevant lots has not passed to the builder which provides strong security in support of the receivable. The Corporation is confident it will recover the entire amount of the receivable and is pursuing all available legal remedies. Total amounts receivable from this builder as at December 31, 2017, including the past due amounts, is $3,710. The Corporation has received a non-refundable 15% deposit of $655 on these lots.

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

16. FINANCIAL INSTRUMENTS (continued)

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2017:

	<1 Year	>1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	8,938	-	8,938
Dividend payable (note 10d)	10,813	-	10,813
Loans and credit facilities excl. deferred fees (note 9)	12,007	18,261	30,268
	31,758	18,261	50,019
Commitments			
Lease obligations (note 14)	574	939	1,513
Naming rights (note 14)	500	1,500	2,000
	1,074	2,439	3,513
	32,832	**20,700**	**53,532**

At December 31, 2017, the Corporation had obligations due within the next 12 months of $32,832 (2016 - $34,556). Based on the Corporation's 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 $81 annually on floating rate loans.

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 comparable to the market terms for similar instruments. The fair value of the vendor-take-back mortgage approximates its carrying value as the terms of vendor-take-back mortgage is comparable to the market terms for similar instruments.

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

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

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

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

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

16. FINANCIAL INSTRUMENTS (continued)

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

	December 31, 2017		December 31, 2016	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss				
Cash and cash equivalents	23,585	23,585	14,318	14,318
Deposits	2,674	2,674	2,497	2,497
Restricted cash	3,773	3,773	1,353	1,353
Loans and receivables				
Amounts receivable	30,820	30,192	21,059	20,057
Vendor-take-back mortgage (note 6)	20,558	20,558	-	-
Other financial liabilities				
Accounts payable and accrued liabilities	8,938	8,938	10,195	10,195
Loans and credit facilities, excluding deferred loans and credit facilities fees (note 9)	30,268	30,268	43,506	43,506

During the years ended December 31, 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, vendor-take-back mortgage, accounts payable and accrued liabilities and loans and credit facilities are classified as Level 2 of the 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.

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

	2017	2016
Loans and credit facilities (note 9)	**30,135**	43,295
Shareholders' equity	**201,397**	205,751
	231,532	249,046

(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, 2017 and 2016:

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2017	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	58,152	46,288	-	104,440	67,707	(21,214)	150,933
Direct cost of sales	(35,089)	(26,284)	-	(61,373)	(56,450)	21,214	(96,609)
Write-down of real estate held for development and sale	(1,075)	(20)	-	(1,095)	-	-	(1,095)
Gross margin	21,988	19,984	-	41,972	11,257	-	53,229
G&A, selling & marketing and net finance expense or income	(6,650)	(2,724)	-	(9,374)	(8,842)	-	(18,216)
Earnings (loss) before income taxes and non-controlling	15,338	17,260	-	32,598	2,415	-	35,013
Segmented assets as at December 31, 2017	264,021	31,743	(17,804)	277,960	26,531	(3,066)	301,425
Segmented liabilities as at December 31, 2017(1),(2)	76,638	13,625	(13,610)	76,653	8,297	(3,066)	81,884
Segmented net assets as at December 31, 2017(1), (2)	187,383	18,118	(4,194)	201,307	18,234	-	219,541

	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
Year ended December 31, 2016	**Genesis**	**LP**	**Intrasegment Elimination**	**Total**			
Revenues	49,704	9,204	(705)	58,203	83,249	(25,495)	115,957
Direct cost of sales	(29,696)	(8,244)	1,187	(36,753)	(69,416)	25,495	(80,674)
Write-down of real estate held for development and sale	(5,990)	(2,675)	-	(8,665)	-	-	(8,665)
Gross margin	14,018	(1,715)	482	12,785	13,833	-	26,618
G&A, selling & marketing and net finance expense or income	(7,191)	(3,135)	669	(9,657)	(9,497)	-	(19,154)
Earnings (loss) before income taxes and non-controlling	6,827	(4,850)	1,151	3,128	4,336	-	7,464
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 $878 due to 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 $13,610 (December 31, 2016 - $27,543) due to Genesis.

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

18. RELATED PARTY TRANSACTIONS

	Years ended December 31,	
	2017	**2016**
Fees for services provided by a corporation controlled by an officer and director	**334**	368
Reimbursement of travel and other costs to a corporation which is a significant shareholder of Genesis	**-**	11
	334	379

	December 31,	
	2017	**2016**
Amounts in accounts payable and/or accrued liabilities	**22**	**-**

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

Limited Partnership Land Pool (2007) ("LPLP 2007") has a loan amounting to $12,272 (2016 - $26,590) due to the Corporation, which is secured by a charge on the $20,500 vendor-take-back mortgage (note 6).

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.

(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, 2017**	**December 31, 2016**
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%
Home Building		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	100%	100%
Laurels by Genesis Inc.	Amalgamated (1)	100%
Newport at Canals Landing Inc.	Amalgamated (1)	100%
Ashbury at Saddlestone Inc.	Amalgamated (1)	100%
Hutton at Bayview Inc.	Amalgamated (1)	100%
Joint Venture		
Kinwood Communities Inc.	50%	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4 (2)	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	Dissolved	11.75%
LP 8/9 Group		
Genesis Limited Partnership #8 (2)	53.63%	53.63%
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)	0.023%	0.023%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%

(1) Amalgamated with Genesis Builders Group Inc. on May 1, 2017
(2) The allocation of profit or loss is 0% at December 31, 2017 and 2016 in accordance with the terms of the relevant limited partnership agreement.

(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 and may include inter-group balances that are eliminated on consolidation and become a component of the net non-controlling interest:

BALANCE SHEETS

	December 31, 2017				
	LP 4/5	**LP 6/7**	**LP 8/9**	**LPLP 2007**	**Total**
Assets					
Real estate held for development and sale	8,546	-	2,579	-	**11,125**
Amounts receivable	1	-	-	20,616	**20,617**
Cash and cash equivalents	-	-	1	-	**1**
Total assets	8,547	-	2,580	20,616	**31,743**
Liabilities					
Accounts payable and accrued liabilities	-	-	-	15	**15**
Due to related parties	827	-	511	12,272	**13,610**
Total liabilities	827	-	511	12,287	**13,625**
Net assets (liabilities)	7,720	-	2,069	8,329	**18,118**
Non-controlling interest (%)	100%	0%	100%	100%	

	December 31, 2016				
	LP 4/5	**LP6/7**	**LP 8/9**	**LPLP 2007**	**Total**
Assets					
Real estate held for development and sale	8,186	-	2,574	26,121	**36,881**
Other operating assets	-	-	-	50	**50**
Cash and cash equivalents	-	-	1	39	**40**
Total assets	8,186	-	2,575	26,210	**36,971**
Liabilities					
Loans and credit facilities	-	-	-	8,514	**8,514**
Customer deposits	-	-	-	2	**2**
Accounts payable and accrued liabilities	-	-	-	86	**86**
Due to related parties	427	-	526	26,590	**27,543**
Total liabilities	427	-	526	35,192	**36,145**
Net assets (liabilities)	7,759	-	2,049	(8,982)	**826**
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, 2017				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	26	-	-	46,262	**46,288**
Net (loss) earnings	(39)	-	(11)	17,310	**17,260**
Non-controlling interest (%)	100%	n/a	100%	100%	

	Year ended December 31, 2016				
	LP 4/5	LP6/7	LP 8/9	LPLP 2007	Total
Revenues	17	9,137	-	50	**9,204**
Net loss	(23)	(21)	(19)	(4,787)	**(4,850)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

SUMMARIZED STATEMENT OF CASH FLOWS

	Year ended December 31, 2017				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	-	-	24,356	**24,356**
Cash flows (used in) financing activities	-	-	-	(24,395)	**(24,395)**
Net decrease in cash and cash equivalents	-	-	-	(39)	**(39)**

	Year ended December 31, 2016				
	LP 4/5	LP6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	7,296	-	19	**7,315**
Cash flows (used in) financing activities	-	(7,738)	-	(23)	**(7,761)**
Net decrease in cash and cash equivalents	-	(442)	-	(4)	**(446)**