2015 ANNUAL REPORT

GENESIS LAND DEVELOPMENT CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS 2015

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2015

STRATEGY AND BUSINESS FOCUS

Genesis Land Development Corp. ("Genesis" or the "Corporation") is an integrated, land developer and residential home builder in the Calgary Metropolitan Area ("CMA").

We report our activities as two business segments: land development and home building. Land development involves the acquisition of land held for future development, and the planning, servicing and marketing of residential, commercial and industrial communities. Home building includes the acquisition of lots, and the construction and sale of single-family homes and townhouses.

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "GDC".

MARKET OVERVIEW

Both land development and home building are negatively impacted by Alberta's continuing slowdown in general economic activity caused by the sharp drop in oil and natural gas prices over the last few years. Somewhat offsetting the decline in Alberta's major industry are low interest rates and a stable low-inflation environment. Genesis has also benefitted from its portfolio of entitled residential and mixed-use land as the low level of serviced lot inventory in Calgary and approvals process have restricted the supply of new entitled land.

We focus our land development and home building activities primarily on the entry level and first-time move-up segments, which in 2015 proved to be relatively less susceptible to market fluctuations than the higher end and custom segments.

The weaker overall market conditions are expected to constrain margins and volumes in Calgary's home building industry throughout 2016 and likely beyond.

Our core assets consist of a portfolio of entitled residential and mixed-use land, which is well positioned to deal with the economic downturn and will benefit from a strengthening of the Alberta economy. These various factors, along with careful control of costs, positive cash position and significant unutilized debt capacity, provide a strong base for 2016's challenging economic conditions.

The Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Genesis Land Development Corp. ("Genesis", "the Corporation", "we", "us", or "our") should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements and comparative information have been reviewed by the Corporation's audit committee, consisting of three independent directors, and approved by the board of directors of the Corporation. Additional information, including the Corporation's annual information form ("AIF") and the Corporation's MD&A for the year ended December 31, 2015 are available on SEDAR at www.sedar.com.

All amounts are in thousands of Canadian dollars, except per share amounts or unless otherwise noted. This MD&A is dated as of March 22, 2016.

CORPORATE HIGHLIGHTS

Key financial results and operating data for the Corporation are as follows:

	Three months ended December 31,[1]		Year ended December 31, [2]	
	2015	**2014**	**2015**	**2014**
Key Financial Data				
Total revenues	**36,575**	28,509	**119,088**	134,245
Direct cost of sales	**(26,215)**	(20,938)	**(84,189)**	(99,421)
(Write-down) recovery of real estate held for development and sale	**(1,129)**	(184)	**(12,390)**	4,177
Gross margin	**9,231**	7,387	**22,509**	39,001
Earnings before income taxes	**5,674**	3,125	**4,043**	24,117
Net earnings attributable to equity shareholders	**5,365**	2,858	**11,014**	17,395
Net earnings per share – basic and diluted	**0.13**	0.07	**0.25**	0.39
Cash flows (used in) from operating activities	**(7,193)**	4,099	**(18,325)**	42,169
Cash flows (used in) from operating activities per share – basic and diluted	**(0.16)**	0.09	**(0.41)**	0.94
Key Operating Data				
Residential lots sold to third parties (units)	**50**	3	**69**	124
Residential lots sold through the home building business segment (units)	**41**	18	**115**	147
Development land sold (acres)	**114**	-	**118**	122
Average revenue per lot sold to third parties	**191**	208	**188**	192
Homes sold (units)	**51**	66	**209**	220
Average revenue per home sold	**460**	422	**489**	436
New home orders (units)	**36**	38	**135**	239

	As at December 31,	
	2015	2014
Homes with firm sale contracts (units)	**63**	137

	As at December 31,	
Key Balance Sheet Data	**2015**	**2014**
Cash and cash equivalents	**11,399**	33,048
Total assets	**331,045**	309,742
Loans and credit facilities	**63,819**	23,892
Total liabilities	**106,054**	78,468
Shareholders' equity	**212,125**	208,101
Total equity	**224,991**	231,274
Loans and credit facilities ("Debt") to total assets	**19%**	8%

(1) Three months ended December 31, 2015 and 2014 ("Q4 2015" and "Q4 2014")
(2) Year ended December 31, 2015 and 2014 ("YE 2015" and "YE 2014")

Highlights

Volumes and Revenue:

- December 31, 2015 order book of 63 firm sales contracts compared to 137 at December 31, 2014.
- Genesis sold 51 homes in Q4 2015 with revenues of $24,068 (Q4 2014 – 66 and $27,832) and 209 homes in YE 2015 with revenues of $102,846 (YE 2014 - 220 and $96,029).
- Genesis sold 91 residential lots in Q4 2015 with revenues of $15,304 (Q4 2014 – 21 and $4,169) and 184 residential lots in YE 2015 with revenues of $31,577 (YE 2014 – 271 and $45,026).
- The declines relate to the challenging economic conditions in the Calgary Metropolitan Area.

Net earnings and dividends:

- Net earnings were $5,365 for Q4 2015 compared to $2,858 for Q4 2014 and $11,014 for YE 2015 compared to $17,395 for YE 2014.
- Dividends of $0.12 per share were paid in each of 2014 and 2015.

Financing:

- Genesis obtained two new land development loan facilities totaling $18,840 during Q4 2015 at an interest rate of prime + 0.75% and drew $6,495 on them during the quarter.

RESULTS OF OPERATIONS

The following factors affect the results of our operations, particularly in land development:

1. The development and sale of residential lots and development land occurs over a substantial period of time which creates volatility in the revenues, earnings and cash flows from operating activities.
2. Land and lot prices and gross margins vary by community based on the nature of the development work to be undertaken before the land and lots are ready for sale, and for how long the Corporation has owned the land.
3. Seasonality results in higher lot and home building revenues in the summer and fall months when home building sales peak.
4. A significant portion of developed lots are sold to our home building business segment which defers the related revenues and earnings from those lots until the sale of the home and lot.

Land Development

	Three months ended December 31,			Year ended December 31,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Key Financial Data						
Residential lot sales[1]	**15,304**	4,169	267.1%	**31,577**	45,026	(29.9%)
Development land sales	**3,500**	-	N/R[5]	**3,600**	14,000	(74.3%)
Direct cost of sales	**(13,148)**	(1,851)	610.3%	**(20,704)**	(38,715)	(46.5%)
(Write-down) recovery of real estate held for development and sale[2]	**(1,129)**	(184)	513.6%	**(12,390)**	4,177	N/R[5]
Gross margin	**4,527**	2,134	112.1%	**2,083**	24,488	(91.5%)
Gross margin (%)[3]	**24.1%**	51.2%		**5.9%**	41.5%	
Equity income from joint venture	**2,669**	903	195.6%	**4,238**	4,580	(7.5%)
Other expenses[4]	**(2,955)**	(2,558)	15.5%	**(10,744)**	(8,528)	26.0%
Earnings (loss) before taxes	**4,241**	479	785.4%	**(4,423)**	20,540	N/R[5]
Key Operating Data						
Residential lots sold to third parties	**50**	3	N/R[5]	**69**	124	(44.4%)
Residential lots sold through the home building business segment	**41**	18	127.8%	**115**	147	(21.8%)
Total residential lots sold	**91**	21	333.3%	**184**	271	(32.1%)
Development land sold (acres)	**114**	-	N/R[5]	**118**	122	(3.3%)
Average revenue per lot sold	**168**	199	(15.6%)	**172**	166	3.6%
Average revenue per acre sold	**31**	-	N/R[5]	**30**	115	(73.9%)

(1) Includes residential lot sales to third parties and to the home building business segment and other revenue
(2) Relates to lands owned by Genesis as well as by limited partnerships
(3) Gross margin amount divided by the sum of residential lot sales and development land sales
(4) Other expenses includes general and administrative, selling and marketing and net finance expense
(5) Not reflective due to percentage increase

Volumes and Revenues

Revenues were higher for Q4 2015 compared to Q4 2014 due to higher volumes of residential lot sales made to third parties and through the home building business segment and the sale of a non-core parcel of land. The volume of lot sales to third parties is usually higher when new sub-divisions are brought on stream and lot inventory is available, which was the case for Q4 2015.

Revenues and volumes were lower for YE 2015 compared to YE 2014 due to the challenging economic conditions. In addition, revenues from the sale of (non-core) development land parcels was $3,600 in YE 2015 compared to $14,000 in YE 2014 for which the margins are low or negligible.

Residential lots are sold to the home building business segment at market prices.

Gross Margin by Source of Revenue

	Three months ended December 31,		Year ended December 31,	
	2015	**2014**	**2015**	**2014**
Residential lot sales[1]	**15,304**	4,169	**31,577**	45,026
Direct cost of sales	**(9,671)**	(1,735)	**(16,746)**	(24,655)
Gross margin	**5,633**	2,434	**14,831**	20,371
Gross margin (%)	**36.8%**	58.4%	**47.0%**	45.2%
Development land sales	**3,500**	-	**3,600**	14,000
Direct cost of sales	**(3,477)**	(116)	**(3,958)**	(14,060)
Gross margin	**23**	(116)	**(358)**	(60)
Write-down recovery of real estate held for development and sales	**(1,129)**	(184)	**(12,390)**	4,177
Land development gross margin	**4,527**	2,134	**2,083**	24,488

[1] Includes other revenue

The change in gross margin percentages for single-family lots relates to the mix of sales by community for the two years as the gross margin percentage on residential lots typically varies by community, based on the nature of the development work to be undertaken before the lots are ready for sale and how long the Corporation has owned the land. Development lands sold during 2015 and 2014 were non-core lands for which the margins were low or negligible.

Third party appraisals were prepared as at June 30, 2015 and December 31, 2015 resulting in certain write-downs. These write-downs occurred primarily due to increased time lines to develop certain parcels of non-core land as a result of challenging economic conditions. The write-down for YE 2015 was $12,390 compared to a recovery of $4,177 for YE 2014. Genesis' portion of the write-down was $4,365 (YE 2014 – recovery of $1,274) and the remaining $8,025 (YE 2014 – recovery of $2,903) related to limited partnerships and is reflected in earnings attributable to non-controlling interest.

Equity Income from Joint Venture

Equity income from joint venture was higher during Q4 2015 compared to Q4 2014 mainly due to the sale of a multi-family land parcel and with no corresponding sale for Q4 2014. Equity income from joint venture was lower during YE 2015, compared to YE 2014, due to lower volumes. Homes built on joint venture lots by the home building business segment result in Genesis recognizing deferred gains and deferred margins. The joint venture community is now sold out and activity and revenues will be nominal in future years as the joint venture is wound down. Refer to consolidated entities section in this MD&A for information on the joint venture.

Other Expenses

Other expenses were higher for Q4 2015 and YTD 2015 compared to Q4 2014 and YTD 2014 mainly due to $658 and $2,633 respectively of imputed interest expense related to the land acquisition which occurred in January 2015. The increase in interest expense was partially offset by lower compensation and benefits expense and professional services expense. The land development segment and corporate personnel was 31 for YE 2015 compared to 32 for YE 2014.

Home Building

	Three months ended December 31,			Year ended December 31,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Key Financial Data						
Revenues[1]	**24,068**	27,832	(13.5%)	**102,846**	96,029	7.1%
Cost of sales	**(19,361)**	(23,407)	(17.3%)	**(84,326)**	(79,985)	5.4%
Gross margin	**4,707**	4,425	6.4%	**18,520**	16,044	15.4%
Gross margin (%)	19.6%	15.9%		18.0%	16.7%	
Other expenses[2]	**(3,271)**	(2,607)	25.5%	**(11,960)**	(10,936)	9.4%
Earnings before taxes	**1,436**	1,818	(21.0%)	**6,560**	5,108	28.4%
Key Operating Data						
Homes sold (single-family units)	**39**	54	(27.8%)	**186**	207	(10.1%)
Homes sold (townhouse units)	**12**	12	-	**23**	13	76.9%
Total homes sold (units)	**51**	66	(22.7%)	**209**	220	(5.0%)
Average revenue per single-family home sold	**479**	458	4.6%	**501**	447	12.1%
Average revenue per townhouse sold	**396**	258	53.5%	**394**	267	47.6%
Average revenue per home sold (single-family and townhouse)	**460**	422	9.0%	**489**	436	12.2%
New home orders (units)	**36**	38	(5.3%)	**135**	239	(43.5%)

(1) Revenues include residential home sales and other revenue
(2) Other expenses includes general and administrative, selling and marketing and net finance expense

Volumes and Revenues

New home orders declined to 36 for Q4 2015 from 38 for Q4 2014 and to 135 for YE 2015 from 239 for YE 2014 reflecting a weaker housing market.

Sales mix affects revenues, cost of sales and margins and is influenced by the community in which the home is built, the type of home and factors specific to the home and the lot on which the home is built. Genesis sold a lower number of homes for Q4 2015 and for YE 2015 compared to Q4 2014 and YE 2014. However, the average revenue per home and gross margin percentage was higher during both Q4 2015 and YE 2015. This was due to the mix of homes sold and delivering some homes for which orders were contracted in 2014 when the housing market was stronger.

Other Expenses

Other expenses increased by 25.5% for Q4 2015 compared to Q4 2014 due to higher compensation and benefits, sales and marketing and depreciation expenses partially offset by lower professional services expenses.

Other expenses increased by 9.4% for YE 2015 compared to YE 2014 primarily due to higher compensation and benefits. The higher compensation expense was more than offset by the improved margins during 2015.

Finance Expense

	Three months ended December 31,			Year ended December 31,		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Interest incurred	**255**	360	(29.2%)	**1,248**	1,853	(32.6%)
Finance expense relating to VTB[1]	**658**	-	N/R[2]	**2,633**	-	N/R[2]
Financing fees amortized	**87**	201	(56.7%)	**606**	991	(38.8%)
Interest and financing fees capitalized	**(102)**	(294)	(65.3%)	**(623)**	(1,736)	(64.1%)
	898	267	236.3%	**3,864**	1,108	248.7%

[1] *Vendor-take-back mortgage related to southeast lands acquisition*
[2] *Not reflective due to percentage increase*

Higher interest expense incurred for Q4 2015 and for YE 2015 compared to the same periods in 2014 was mainly due to $658 and $2,633 of imputed interest expense on the VTB for the new land acquired at the beginning of 2015. The weighted average interest rate of loan agreements with various financial institutions was 4.75% (YE 2014 – 5.57%) based on December 31, 2015 balances. The imputed rate on the VTB (which has a 0% face rate) is 8%. The weighted average interest rate of loan agreements was 3.82% (YE 2014 – 4.65%), based on YE 2015 balances after excluding $8,125 relating to a limited partnership.

SEGMENTED BALANCE SHEETS

	December 31, 2015						December 31, 2014
	Land Development						
	Genesis	**LPs**	**Intra-segment eliminations**	**Home Building**	**Inter-segment Eliminations**	**Consolidated**	**Consolidated**
Assets							
Real estate held for development and sale	215,380	47,524	(5,381)	31,109	(341)	**288,291**	240,123
Amounts receivable	17,052	2	-	180	-	**17,234**	17,660
Cash and cash equivalents	9,790	486	-	1,123	-	**11,399**	33,048
Other assets	48,209	197	(26,420)	3,271	(11,136)	**14,121**	18,911
Total assets	290,431	48,209	(31,801)	35,683	(11,477)	**331,045**	309,742
Liabilities							
Loans and credit facilities	50,603	8,062	-	5,154	-	**63,819**	23,892
Provision for future development costs	17,065	-	-	1,861	-	**18,926**	21,945
Other liabilities[1], [2]	18,515	26,732	(26,704)	15,902	(11,136)	**23,309**	32,631
Total liabilities	86,183	34,794	(26,704)	22,917	(11,136)	**106,054**	78,468
Net assets	**204,248**	**13,415**	**(5,097)**	**12,766**	**(341)**	**224,991**	231,274

[1] *Other liabilities under the home building business segment includes $9,095 (December 31, 2014 - $14,164) due to the land development segment related to land and lot purchases, overhead costs and general and administrative expenses.*
[2] *Other liabilities under the LPs segment comprises customer deposits and accounts payable and accrued liabilities and includes $26,704 (December 31, 2014 - $24,091) due to Genesis.*

LIQUIDITY AND CAPITAL RESOURCES

Genesis has significant unutilized debt capacity, 63 homes with firm sales contracts at December 31, 2015, and a portfolio of entitled land which positions the Corporation to handle the challenging economic conditions in 2016 and possibly beyond. During YE 2015 Genesis paid a dividend of $5,331 (YE 2014 – $5,386) and commenced a normal course issuer bid. At YE 2015, 628,598 common shares (1.40% of common shares outstanding at the beginning of the year) had been purchased and cancelled under the NCIB for a total cost of $1,886 (average $3.00 per share).

	December 31,	
	2015	**2014**
VTB	**34,321**	-
Other loans and credit facilities	**29,498**	23,892
Total loans and credit facilities	**63,819**	23,892
Total liabilities to equity [(1)]	**47%**	34%
Loans and credit facilities ("Debt") to total assets	**19%**	8%

[(1)] Calculated as total liabilities divided by total equity

We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements. Genesis and its subsidiaries were in compliance with all covenants currently and at all period ends.

Real Estate Held for Development and Sale

	December 31,		
	2015	**2014**	**% change**
Real estate held for development and sale	**351,397**	292,013	20.3%
Provision for write-downs	**(63,106)**	(51,890)	21.6%
	288,291	240,123	20.1%

Real estate held for development and sale increased by $48,168 at YE 2015 compared to YE 2014. This was primarily due to the acquisition of the southeast lands with a carrying value of $44,265, in addition to land development and home building development activities. Genesis' portion of the provision for write-downs relates to non-core lands. Refer to note 4 in the consolidated financial statements for the years ended December 31, 2015 and 2014.

The following tables present our real estate held for development and sale, and estimated equivalent of single-family lots, townhouse/multi-family units and commercial acreages held by Genesis as at December 31, 2015.

	Land under development			Land held for future development		Total		
Land development segment	**Net carrying value**	**Acres[1]**	**Lots**	**Net carrying value**	**Acres[1]**	**Net carrying value**	**Acres[1]**	**Lots**
Residential								
Airdrie[2]	39,106	169	310	8,617	90	47,723	259	310
Calgary NW[3]	27,901	34	90	-	-	27,901	34	90
Calgary NE[4]	16,144	13	120	5,879	33	22,023	46	120
Calgary SE[5]	-	-	-	44,267	349	44,267	349	-
	83,151	216	520	58,763	472	141,914	688	520
Mixed use[6]	55,367	71	-	3,986	312	59,353	383	-
Other assets[7] – non-core	-	-	14	14,113	3,463	14,113	3,463	14
Total land development segment	**138,518**	**287**	**534**	**76,862**	**4,247**	**215,380**	**4,534**	**534**
Home building business segment[8]						**30,768**	**-**	**34**
Total land and home building segments						**246,148**	**4,534**	**568**
Limited Partnerships[9]						42,143	2,387	-
Real estate held for development and sale						**288,291**	**6,921**	**568**

		Developed Lots	To be Developed - Estimated Equivalent			Total
	Acres[1]	**Single-family** (units)	**Single-family** (lots)	**Townhouse/multi-family** (units)	**Commercial** (acres)	**Single- and multi-family** (units)
Residential						
Airdrie[2]	259	310	1,208	620	-	2,138
Calgary NW[3]	34	90	34	1,869	2	1,993
Calgary NE[4]	46	120	340	78	-	538
Calgary SE[5]	349	-	1,245	834	-	2,079
	688	**520**	**2,827**	**3,401**	**2**	**6,748**
Mixed use[6]	**383**	**-**	**-**	**2,450**	**319**	**2,450**
Other assets[7] – non-core	**3,463**	**14**	**1,947**	**-**	**-**	**1,961**
Total land development segment	**4,534**	**534**	**4,774**	**5,851**	**321**	**11,159**
Home building business segment	-	**34**	-	-	-	**34**
Total land and home building segments	**4,534**	**568**	**4,774**	**5,851**	**321**	**11,193**
Limited Partnerships[9]	2,387	-	2,621	1,060	441	3,681
Real estate held for development and sale	**6,921**	**568**	**7,395**	**6,911**	**762**	**14,874**

(1) Acres comprises townhouse /multi-family, commercial acres and land not yet subdivided into single-family lots
(2) Airdrie comprises the communities of Bayside, Bayview and Canals
(3) Calgary NW comprises the community of Sage Meadows
(4) Calgary NE comprises the community of Saddlestone
(5) Calgary SE comprises southeast lands acquired in 2015
(6) Mixed use comprises North Conrich and Sage Hill Crossing
(7) Other assets are non-core and actively being marketed for disposal. These assets represent 6.6% (YE 2014 – 4.2%) of Genesis' land portfolio with a carrying value of $14,113 (YE 2014 - $6,621). The change in carrying value is due to the property reclassifications and disposals.
(8) Housing projects under development comprise $7,287 in lots and $23,481 of work-in-progress. Refer to note 4 in the consolidated financial statements for the year ended December 31, 2015 and 2014.
(9) Comprises land held for future development and land under development. Refer to note 4 in the consolidated financial statements for the year ended December 31, 2015 and 2014. Net of intra-segment eliminations of $5,381.

The following tables present the continuity of the each segment's lot supply for the year ended December 31, 2015:

Land Development

Project	Lots at Jan. 1, 2015	Additions made during	Sold to third-party builders	Sold to home	Lots at December 31,
Airdrie					
Bayside	148	237	(67)	(18)	300
Canals	18	-	(2)	(6)	10
	166	237	(69)	(24)	310
Calgary NW					
Sage Meadows	27	90	-	(27)	90
Calgary NE					
Saddlestone	184	-	-	(64)	120
Brooks (non-core)	14	-	-	-	14
Total	391	327	(69)	(115)	534

Home Building

Project	Lots at January 1, 2015	Lots purchased in 2015	Homes sold in 2015	Lots at December 31, 2015	Price range of homes sold
Airdrie					
Bayside	17	18	(32)	3	$340-$626
Canals	-	6	(6)	-	$548-$726
	17	24	(38)	3	$340-$726
Calgary NW					
Evansridge	29	-	(7)	22	$386-$415
Kinwood	75	-	(66)	9	$446-$624
Sage Meadows	23	4	(27)	-	$374-$505
Sherwood	3	-	(3)	-	$747-$871
	130	4	(103)	31	$386-$871
Calgary NE					
Saddlestone	4	64	(68)	-	$357-$708
Total	**151**	92	**(209)**	**34**	$340-$871

Amounts Receivable

	December 31,		
	2015	**2014**	**% change**
Amounts receivable	**17,234**	17,660	(2.4%)

Genesis generally retains title to lots and homes until full payment is received in order to mitigate credit exposure. The year over year change was a nominal $426.

Other Operating Assets

	December 31,		
	2015	**2014**	**% change**
Other operating assets	**7,574**	13,993	(45.9%)

Other operating assets consist of deposits, prepayments, restricted cash and property and equipment. These decreased by $6,419 at YE 2015 from YE 2014, mainly due to a net reduction in cash secured letters of credit by $4,746 and a reduction of $2,500 in deposits on closing of the purchase of southeast lands in 2015. This was partially offset by increases in prepayments and property and equipment.

Cash Flows from Operating Activities

	Three months ended December 31,		Year ended December 31,	
	2015	**2014**	**2015**	**2014**
Cash flows (used in) from operating activities	**(7,193)**	4,099	**(18,325)**	42,169
Cash flows (used in) from operating activities per share – basic and diluted	**(0.16)**	0.09	**(0.41)**	0.94

The decrease in cash flows in Q4 2015 to $(7,193) from Q4 2015 was due to a decrease in receipts from the sale of residential homes and increased activity in both the land development and home building business segments. The decrease was partially offset by release of $2,960 associated with letters of credit and lower disbursement towards income taxes.

The $60,494 change in cash flows between YE 2015 (cash outflow of $18,325) and YE 2014 (cash inflow of $42,169) is explained by the following:

Reduced cash in-flow due to lower land and lot sales	28,127
Higher cash out-flow due to increased investment in land servicing	21,159
Cash out-flow due to acquisition of southeast lands	7,500
Higher cash out-flow for income taxes due to higher profitability	4,202
Changes in various operating cash flows	(494)
Total change in cash flows	60,494

LIABILITIES AND SHAREHOLDERS' EQUITY

The following table presents Genesis' liabilities and equity at the end of YE 2015 and YE 2014.

	December 31,		December 31,	
	2015	**% of Total**	**2014**	**% of Total**
Loans and credit facilities	**63,819**	**19%**	23,892	8%
Customer deposits	**3,820**	**1%**	5,515	2%
Accounts payable and accrued liabilities	**19,219**	**6%**	22,683	7%
Provision for future development costs	**18,926**	**6%**	21,945	7%
Income taxes payable	**270**	**-**	4,433	1%
Total liabilities	**106,054**	**32%**	78,468	25%
Non-controlling interest	**12,866**	**4%**	23,173	7%
Shareholders' equity	**212,125**	**64%**	208,101	68%
	331,045	**100%**	309,742	100%

Loans and Credit Facilities

The change in the Corporation's loans and credit facilities were as follows:

	For the year ended December 31,	
	2015	**2014**
Balance, beginning of period	**23,892**	50,373
Vendor-take-back mortgage – land acquisition	**34,321**	-
Advances for land development and home building	**45,524**	27,484
Repayments from the proceeds of land and home sales	**(42,719)**	(55,347)
Interest and financing fees incurred	**4,276**	2,693
Interest and financing fees paid	**(1,475)**	(1,311)
Balance, end of period	**63,819**	23,892

The Corporation's loans and credit facilities consisted of the following segmented amounts:

	For the year ended December 31,	
	2015	**2014**
Land development	**50,603**	8,310
Limited partnerships	**8,062**	7,804
Home building	**5,154**	7,778
	63,819	23,892

The following is a summary of drawn and outstanding loan and credit facility balances as at Q4 2015 and as at the end of the previous four quarters:

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Vendor-take-back mortgage	34,321	33,663	33,006	32,348	-
Land development loans	24,734	7,940	8,427	10,235	16,600
Home building loans	5,194	5,545	8,028	8,706	7,818
	64,249	47,148	49,461	51,289	24,418
Unamortized deferred financing fees	(430)	(80)	(74)	(125)	(526)
Balance, end of period	63,819	47,068	49,387	51,164	23,892

Total liabilities to equity follows:

	December 31,	
	2015	**2014**
Total liabilities	**106,054**	78,468
Total equity	**224,991**	231,274
Total liabilities to equity(1)	**47%**	34%

(1) Calculated as total liabilities divided by total equity

During 2015, Genesis obtained four new land project loan facilities totaling $65,800 and increased an existing facility by $11,500. Interest on these facilities ranges from prime + 0.75% to prime + 1.25% per annum and draws on these facilities can be made as land development activities progress. $16,609 was drawn against these facilities as at YE 2015.

In addition, Genesis has a demand operating line of credit of up to $10,000 for general corporate purposes at an interest rate of prime + 1% per annum. The balance on this facility was nil as at YE 2015.

The home building business segment has a demand operating line of $6,500 at an interest rate of prime +1.5% per annum. $1,427 was drawn on this facility as at YE 2015. In addition, a capital project loan at an interest rate of prime +1.5% per annum is also available to the home building business segment with $3,767 drawn as at YE 2015.

Genesis also assumed a VTB on the purchase of the southeast lands in January 2015. The $40,000 VTB has an unamortized discount of $5,679 as at YE 2015 and is payable in five equal installments of $8,000 each, commencing January 2016 and ending in January 2020.

Genesis also guaranteed an $8,125 loan relating to a limited partnership bearing interest at the greater of 7.25% or prime +3% per annum. The loan is secured by lands held by the limited partnership.

Genesis 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 the acquisition of serviced lots. This line has a financial covenant requiring that Genesis Builders Group Inc. maintain a net worth of at least $11,500 at all times. Net worth is defined by the lender as "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties". Genesis and its subsidiaries were in compliance with all covenants at YE 2015 and at YE 2014. Loans and credit facilities are used primarily to finance the costs of developing land, building houses and for land purchases, in certain circumstances.

Genesis has sufficient liquidity from its cash flows from operating activities, supplemented by credit facilities, to meet the above liabilities as they become due. We regularly review credit facilities and manage requirements in accordance with project development plans and operating requirements.

Provision for Future Development Costs

Genesis sells lots and homes for which it is responsible to pay for costs-to-complete. For the home building business segment, costs-to-complete estimates are mainly estimates of the costs likely to be incurred on seasonal work and estimated warranty charges over the one year warranty period. The cost of these remaining services is recognized as a liability when the related revenue is recognized. Provision for future development costs decreased by $3,019 at YE 2015 compared to YE 2014, due to lower lot sales during the period as well of completion of previously recognized cost-to-complete liabilities on lots and on homes.

Income Tax Payable

The changes in income tax payable are as follows:

	For the year ended December 31,	
	2015	**2014**
Balance, beginning of period	**4,433**	3,112
Provision for current income tax	**5,671**	6,953
Net payments	**(9,834)**	(5,632)
Balance, end of period	**270**	4,433

The decreased in income tax payable is due to lower net earnings during 2015 and higher net payments made during the year.

Shareholders' Equity

As at March 22, 2016, the Corporation had 44,117,802 common shares issued and outstanding. In addition, options to acquire 800,000 common shares of Genesis were issued and outstanding under our stock option plan. On February 17, 2016, the Corporation cancelled 285,000 regular options and all 1,272,000 performance options on the departure of the President and CEO and the CFO from Genesis.

On September 4, 2015, the Corporation announced a normal course issuer bid to repurchase for cancellation 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.

During Q4 2015, 379,498 common shares (0.85% of common shares outstanding at the beginning of the period) were purchased and cancelled for a total cost of $1,118 (average $2.95 per share). During YE 2015, 628,598 common shares (1.40% of common shares outstanding at the beginning of the year) were purchased and cancelled for a total cost of $1,886 (average $3.00 per share).Under the NCIB, the Corporation repurchased for cancellation an additional 257,700 shares for $606,627 between January 1, 2016 and March 22, 2016.

Return on equity was 5.2% at YE 2015 (YE 2014 – 8.6%). Return on equity is calculated by dividing net earnings by average shareholders' equity. Return on equity decreased mainly due to lower net earnings in YE 2015. Net earnings for YE 2015 were largely impacted by lower residential lot sales and lower development land sales, imputed interest of $2,633 relating to the VTB and due to the write-down of $12,390 of real estate held for development and sale of which Genesis portion was $4,365 with the balance of $8,025 attributable to limited partnerships.

Contractual Obligations and Debt Repayment

Contractual obligations excluding accounts payable, accrued liabilities, income taxes payable, customer deposits and provision for future development costs, at the end of YE 2015 were as follows,:

	Loans and Credit Facilities[1]	Naming Rights	Lease Obligations	Total
Current	13,184	700	1,008	**14,892**
January 2017 to December 2017	32,117	700	636	**33,453**
January 2018 to December 2018	6,822	500	50	**7,372**
January 2019 and thereafter	12,126	1,500	11	**13,637**
	64,249	3,400	1,705	**69,354**

[1] *Excludes deferred financing fees*

Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to meet its obligations as they come due.

Genesis signed a memorandum of understanding in 2012 to contribute $5,000 for the naming rights for 10 years to the "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating in 2021). The first four installments totaling $2,000 were paid up to and through to the end of December 2015.

Genesis entered into an agreement with the City of Airdrie, to 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 in 2017). The first eight installments totaling $1,600 were paid up to and through to the end of December 2015.

Genesis entered into an agreement with Morguard Real Estate Investment Trust ("Morguard") to lease Genesis' office building. The basic rent per annum was $349 in the first year, which increases progressively to $426 in the fifth year. The lease with Morguard commenced on August 1, 2012 and terminates on July 31, 2017. The lease includes an option in favor of Genesis to extend the term for an additional five-year period at market rent. Genesis also has other minor operating leases.

As a normal part of business, we have entered into arrangements and incurred obligations that will impact future operations and liquidity, some of which are reflected as short-term liabilities and commitments in note 14 of the consolidated financial statements.

Current Contractual Obligations

	December 31,	
	2015	**2014**
Loans and credit facilities, excluding deferred financing fees	**13,184**	16,568
Accounts payable and accrued liabilities	**19,219**	22,683
Total short-term liabilities	**32,403**	39,251
Commitments[1]	**1,708**	11,634
	34,111	50,885

[1] Commitments comprise naming rights and lease obligations. At YE 2014 this included $10,000 relating to the purchase of the southeast lands

At the end of YE 2015, Genesis had obligations due within the next 12 months of $34,111, of which $13,184 related to loans and credit facilities. Repayment is either (i) linked directly to the collection of lot receivables and sales proceeds; or (ii) due at maturity. Based on our operating history, our relationship with lenders and committed sales contracts, management is confident that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

OFF BALANCE SHEET ARRANGEMENTS

Letters of Credit

We have an ongoing requirement to provide irrevocable letters of credit to municipalities as part of the sub-division plan registration process. At YE 2015, these letters of credit totalled approximately $6,309 (YE 2014 - $2,641).

Lease Agreements

We have certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases and lease payments are included in general and administrative expenses. No asset value or liability has been assigned to these leases in the balance sheet as at YE 2015 and 2014. In the event the lease for the office building is terminated early, Genesis is liable to pay to Morguard for the loss of its income for the unexpired portion of the lease, in addition to damages and other expenses incurred by Morguard, if any.

SELECTED ANNUAL INFORMATION

	2015	**2014**	**2013**
Total revenues	**119,088**	134,245	96,077
Gross margin	**22,509**	39,001	11,135
Net earnings attributable to equity shareholders	**11,014**	17,395	5,713
Net earnings per share – basic and diluted	**0.25**	0.39	0.13
Total assets	**331,045**	309,742	313,846
Loans and credit facilities	**63,819**	23,892	50,373
Dividends per share	**0.12**	0.12	-

Refer to the Results of Operations section of this MD&A for the factors that affected our results.

Total revenues comprise residential lot sales, development land sales, residential home sales and other revenues. Residential lot volumes and sales in 2015 were lower than in 2014 and 2013. Development land sales were $3,600, $14,000 and $6,668 for 2015, 2014 and 2013 respectively and related to sale of non-core properties at low or negligible margins. Residential home sales increased from 2013 through 2015, mainly due to increasing volume but also due to the mix of homes being sold. Gross margins in 2015 and 2013 were impacted by a write-down of real estate held for development and sale. In 2014, gross margins were positively impacted by a recovery of write-downs previously made. Net earnings and net earnings per share were affected as a result of the above.

Total assets and loans and credit facilities increased in 2015 mainly due to the purchase of the southeast lands secured by a VTB. The reduction in loans and credit facilities in 2014 was due to the repayment of certain facilities with the proceeds from the sale of a non-core development land parcel and from the sale of residential lots and homes.

SUMMARY OF QUARTERLY RESULTS

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenues	36,575	34,918	31,822	15,773	28,509	32,984	34,765	37,987
Net earnings(1)	5,365	4,256	1,333	60	2,858	4,366	7,231	2,940
EPS(2)	0.13	0.09	0.03	0.00	0.07	0.09	0.16	0.07

(1) *Net earnings attributable to equity shareholders*
(2) *Net earnings per share - basic and diluted*

Seasonality affects the land development and home building industry in Canada, particularly as a result of winter weather conditions. Refer to the Results of Operations section of this MD&A which discusses the factors that affect our results and seasonality further.

During Q4 2015, we sold 50 residential lots to third parties, 51 homes (39 single-family and 12 townhouses) and a non-core development land parcel compared to 13 residential lots and 67 homes (56 single-family and 11 townhouses) in the third quarter of 2015 (“Q3 2015”). The increase in revenues for Q4 2015 was mainly due to higher residential lot and development lot sales. During Q4 2015, the joint venture in which Genesis is a 50% partner, sold a multi-family land parcel for which Genesis realized deferred gains and its share of net income from the joint venture. These were the main factors that resulted in higher net earnings and EPS for Q4 2015 compared to Q3 2015. Net earnings in the second quarter of 2015 were affected by a write-down of real estate held for development and sales. Revenues and net earnings were low in the first quarter of 2015 due to lower residential lot and residential home sales.

CONSOLIDATED ENTITIES

The Corporation is the general partner in four limited partnership arrangements and a 50% partner in the joint venture (refer to note 16 of the consolidated financial statements for the year ended December 31, 2015 and 2014).

SUMMARY OF ACCOUNTING CHANGES

The Corporation adopted no new IFRSs and interpretations during 2015.

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 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 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 financial statements.

CRITICAL ACCOUNTING 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 for the land development and the home building business segments. 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. There were no material changes made to the critical accounting estimates for YE 2015 and for YE 2014. Refer to note 2(q) in the consolidated financial statements for the years ended December 31, 2015 and 2014 for additional information on judgments and estimates.

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 longer time frames involved, specifically in land development.

Impairment of Real Estate Held for Development and Sale

The Corporation estimates the net realizable value ("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.

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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Corporation is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. Genesis' DC&P is designed to provide reasonable assurance that:

(i) material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

Genesis' ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

On February 17, 2016, Mr. Bruce Rudichuk was replaced as President and Chief Executive Officer by Mr. Stephen J. Griggs, a Director and Chair of the Board, as interim Chief Executive Officer ("interim CEO") and Mr. Mark Scott, Executive Vice President and Chief Financial Officer also left the Corporation with immediate effect. On March 15, 2016, the Board appointed Mr. Rauf Muhammad, CPA (Colorado) as the interim Chief Financial Officer ("interim CFO") until April 18, 2016. Effective April 18, 2016 Kirsten Richter CPA, CA, will assume the position of interim Chief Financial Officer of the Corporation.

The interim CEO and interim CFO have evaluated the design and operating effectiveness of Genesis' DC&P and ICFR and concluded that, even though there was a change in management subsequent to the year end, Genesis' DC&P and ICFR were effective as at December 31, 2015. While Genesis' interim CEO and interim CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in the Corporation's ICFR during the three months and year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

RISKS AND UNCERTAINTIES

In the normal course of business, we are exposed to certain risks and uncertainties inherent in the real estate development and home building industries. Real estate development and home building are cyclical businesses; as a result, our profitability could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis are industry risk, competition, supply and demand, geographic risk, development and construction costs, credit and liquidity risks, finance risk, interest risk, management risk, mortgage rates and financing risk, general uninsured losses, environmental risk and government regulations.

Development and Construction Costs

Genesis may experience loss due to inflation causing higher prices of labor and consulting fees, and costs of materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the customer through higher pricing. Any significant increase that Genesis cannot pass on to the customer may have a negative material impact on profits.

Credit and Liquidity Risk

Credit risk arises from the possibility that builders that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. Liquidity risk is the risk that Genesis will not be able to meet its financial obligations as they fall due. If Genesis is unable to generate sufficient sales and renew existing credit facilities or secure additional financing, it will impact the Corporation's ability to meet its obligations as they become due. Based on the Corporation's operating history, relationship with lenders and committed sales contracts, Management believes that Genesis has the ability to continue to renew or repay its financial obligations as they come due.

Finance Risk

Genesis uses debt and other forms of financing in its business to execute the corporate strategy. Genesis uses project specific credit facilities to fund land development costs and a construction operating line for home construction purposes. Should Genesis be unable to obtain required capital, its ability to achieve these goals could be impacted. In order to reduce finance risk, Genesis endeavors to match the term of financing with the underlying land asset. Management regularly reviews the Corporation's credit facilities and manages the requirements in accordance with project development plans and operating requirements.

There may be additional risks that management may need to consider as circumstances require. For a more detailed discussion on the Corporation's risk factors, refer to our AIF for the year ended December 31, 2015 available on SEDAR at www.sedar.com

TRADING AND SHARE STATISTICS

The Corporation's trading and share statistics for 2015 and 2014 are provided below.

	2015	2014
Average daily trading volume	**47,810**	45,322
Share price ($/share)		
High	**3.90**	5.10
Low	**2.58**	3.30
Close	**2.73**	3.85
Market capitalization at December 31	**120,932**	172,985
Shares outstanding	**44,297,602**	44,931,200

OTHER

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

ADVISORIES

Non-GAAP Financial Measures

Management has discontinued the presentation of net asset value ("NAV"), gross margin before write-down or recovery, adjusted earnings and adjusted earnings per share. Due to the widening gap between the stock price of the Corporation and its NAV, management is of the view that NAV is not a useful measure and therefore presentation of this measure has been discontinued. Gross margin before write-down or recovery, adjusted earnings and adjusted earnings per share are not useful measures due to the recurring nature of the write-downs or recoveries and therefore the presentation of these measures has been discontinued. Gross margin before write-down or recovery is calculated by excluding any write-down or recovery from the gross margin. This can be used to assess the performance of the business without the effects of write-down or recovery. Adjusted earnings is calculated as net earnings attributable to shareholders excluding any write-down or recovery and net of income taxes relating to the write-down or recovery. Adjusted earnings per share is calculated by dividing adjusted earnings by the weighted average number of common shares (basic or diluted).

Forward-Looking Statements

This MD&A contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation, including Canadian Securities Administrators' National Instrument 51-102 'Continuous Disclosure Obligations', concerning the business, operations and financial performance and condition of Genesis. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated general economic and business conditions in 2016 and beyond, including low interest rates, low stable inflation rates, the anticipated impact on Genesis' development and home building activities, the constraint on margins and volumes in Calgary's home building industry throughout 2016 and possibly beyond, the activity levels and the revenues from the joint venture, the ability to close the book of homes with firm sales contracts and the ability to continue to renew or repay financial obligations and to meet contractual obligations as they become due. Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic conditions in Canada, the United States and globally; the impact of election of governments in Alberta and Canada and the direction of policy which could impact the overall pace of economic growth; the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; labour matters, governmental regulations, stock market volatility and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at www.sedar.com, including this MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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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,
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)

		Year ended December 31,	
	Notes	**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)

	Notes	Year ended December 31, 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 Recognition

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		Weighted Average Remaining Contractual Life in Years
Range of Exercise Prices ($)	Number at December 31, 2015	Weighted Average Exercise Price	Number at December 31, 2015	Weighted Average Exercise Price	
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.

STEPHEN J. GRIGGS, B.A., J.D.
Interim Chief Executive Officer

RAUF MUHAMMAD, CPA
Interim Chief Financial Officer

STEPHEN J. GRIGGS, B.A., J.D.
Chair of the Board of Directors

STEVEN GLOVER, M.B.A., FCA
Lead Director, Chair of the Audit Committee

YAZDI BHARUCHA, C.A., ICD.D
Director

MICHAEL BRODSKY, B.A., J.D., M.B.A.
Director

MARK W. MITCHELL, B.A., M.B.A.
Director

LOUDON OWEN, B.A., J.D., M.B.A.
Director

IAIN STEWART, B.Comm., C.A.
Director

TRANSFER AGENT

Computershare Trust Company of Canada
600, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

STOCK EXCHANGE

Toronto Stock Exchange
Stock Symbol – GDC

AUDITORS

MNP LLP
1500, 640 - 5th Avenue SW
Calgary, AB T2P 3G4

CORPORATE COUNSEL

Norton Rose Fulbright Canada LLP
Legal Counsel
Suite 3700, 400 - 3rd Avenue SW
Calgary, AB T2P 4H2

CORPORATE OFFICE

Genesis Land Development Corp.
7315 - 8th Street NE
Calgary, Alberta T2E 8A2
Main 403 265 8079 **Fax** 403 266 0746
Email genesis@genesisland.com

GENESIS LAND DEVELOPMENT CORP.

7315 - 8th Street NE
Calgary, Alberta, Canada T2E 8A2
Main 403 265 8079 **Fax** 403 266 0746

genesisland.com