



Genesis Announces Agreement to Purchase Vendor Take-Back Mortgage from Limited Partnership Land Pool (2007) for \$22 Million – Special Meeting of Limited Partners to be held October 10, 2019 to Approve

For Immediate Release

Calgary, September 19, 2019 - Genesis Land Development Corp. ("**Genesis**") is pleased to announce that it has entered into a purchase and sale agreement (the "**Sale Agreement**") dated September 19, 2019 to acquire a \$20.5 million vendor take-back mortgage from Limited Partnership Land Pool (2007) ("**LPLP**" or the "**Partnership**") for \$22.02 million.

The general partner of LPLP is a wholly owned subsidiary of Genesis. The transaction is subject to approval by the limited partners of LPLP by way of special resolution (the "**Special Resolution**") to be considered at a special meeting of limited partners ("**Limited Partners**") to be held on October 10, 2019 (the "**Meeting**") in Calgary, Alberta.

Background

In December 2017, the Partnership sold 318.97 acres of land in the City of Airdrie to a third-party purchaser for \$41 million and granted the purchaser a three-year vendor take-back mortgage in the principal amount of \$20.5 million with interest payable annually at the rate of 6.5% per annum (the "**VTB**").

A statement of claim was filed several years ago in the Alberta Court of Queen's Bench by one of the Limited Partners of the Partnership, a limited partner of LP RRSP Limited Partnership #1 and a limited partner of LP RRSP Limited Partnership #2 naming, among others, the Partnership and Genesis as defendants (the "**Proposed Class Action**"). Genesis was served with this statement of claim in September 2017 and has been vigorously defending it along with the Partnership and its affiliated entities. The Proposed Class Action is at an early stage in the litigation and class action process and Genesis believes that it is without merit.

However, as a result of the Partnership's potential liability under the Proposed Class Action, it is unlikely that the Partnership would be able to make any significant cash distributions to its Limited Partners of the net proceeds of the repayment of the VTB expected to be received by the Partnership in December 2020 until the action is ended or resolved, which could take a number of years.

Largest Limited Partner's Request

2474514 Ontario Inc., which holds 22% of all of the issued and outstanding limited partnership units of the Partnership on behalf of Caja Paraguaya de Jubilaciones y Pensiones del Personal de Itaipu Binacional ("**Cajubi**"), was seeking a resolution that did not involve it in the Proposed Class Action and requested that Genesis make a proposal to Limited Partners that would result in a final liquidating cash distribution being paid to Limited Partners in 2019, or an economically similar proposal. Following negotiations with Cajubi, Genesis entered into the Sale Agreement to purchase the VTB from the Partnership for \$22.02 million within 5 business days of the Meeting. The net cash proceeds to the Partnership of the sale (after repayment of \$11.66 million owing under the loan by Genesis to the Partnership (including the waiver by Genesis of interest in 2019 of approximately \$650,000)) would be \$10.36 million or \$0.2364 per limited partnership unit. The net cash proceeds would be immediately available for a pro rata distribution to Cajubi following closing of the VTB purchase, and would be available for distribution to all other Limited Partners following receipt of a release and undertaking and the Partnership obtaining the appropriate Court approvals.

Genesis will seek to obtain appropriate approvals from the Court of Queen's Bench of Alberta as soon as possible for the distribution to those Limited Partners who, as a condition of receiving the distribution, will agree not to participate in the Proposed Class Action and sign a release and undertaking in favour of all of the defendants in the Proposed Class Action. Genesis will also seek the appropriate approvals of the Court for any remaining funds to be paid into Court or otherwise transferred out of the Partnership in a Court-approved manner that preserves the funds subject to further order of the Court.

Based on the VTB sale, the net cash proceeds available for distribution would be 105% of the amount of distributable cash that is expected to be potentially available for distribution to Limited Partners in December 2020, the scheduled VTB re-payment date, assuming that the Proposed Class Action has been resolved by such date. The purchase by Genesis of the VTB, the sole asset of the Partnership, provides Limited Partners, including Cajubi, with an opportunity to realize cash proceeds as soon as possible. Genesis is prepared to purchase the VTB at a premium so that Limited Partners may realize cash proceeds earlier, to resolve matters relating to the Proposed Class Action and to facilitate the winding-up of the Partnership.

As a part of the closing of the sale of the VTB to Genesis, and subject to obtaining the appropriate Court approvals, Genesis will agree to indemnify the Partnership (and other related parties) in respect of the Proposed Class Action, and Genesis and the Partnership (and various related parties) will enter into mutual releases, such that, following the liquidating distribution to all Limited Partners, the Partnership will cease to have any assets or liabilities and will be wound-up.

Under the Sale Agreement, Genesis has agreed to reimburse the Partnership for costs and expenses incurred by the Partnership in connection with the Sale Agreement, the Meeting and the winding up of the Partnership.

Special Meeting of Limited Partners Called for October 10, 2019 to Approve Special Resolution

A notice of meeting and information circular in respect of a special meeting of Limited Partners to be held on October 10, 2019 has been prepared by Genesis and will be mailed to Limited Partners on September 19, 2019 and will be available electronically at www.genesisland.com.

The sale of the VTB by the Partnership and related matters is conditional on, among other matters, the approval of the Limited Partners by Special Resolution passed by at least 66 2/3% of the votes cast in person or represented by proxy at the Meeting. In the event that the Special Resolution is not duly approved by the Limited Partners, the Sale Agreement will be terminated. Assuming approval of the Special Resolution, closing of the Sale Transaction will occur within five business days of the Meeting date.

If the sale of the VTB is completed, the Partnership will immediately distribute a pro-rata share of the net cash proceeds of the VTB sale to Cajubi, and intends to obtain the appropriate court approvals to distribute a pro-rata share of the net cash proceeds to other Limited Partners. To receive his or her distribution, and subject to obtaining the appropriate court approvals, a Limited Partner will be required to agree to a full and final release of all claims he or she may have against Genesis and its related entities in respect of the Partnership and an undertaking to cooperate as necessary in obtaining the appropriate approvals of the Court of Queen's Bench of Alberta.

Voting Support Agreement

Cajubi has entered into a voting support agreement with Genesis in which they have agreed to vote in favour of the Special Resolution to be considered at the Meeting. This agreement provides that, if the Special Resolution to be considered at the Meeting is approved and the transactions contemplated by the Sale Agreement are completed, Cajubi will be paid its pro-rata share of the net cash proceeds of the VTB sale and will be reimbursed a portion of Cajubi's legal fees and other costs associated with negotiating and evaluating the proposed sale transaction in the amount of \$100,000.

About Genesis

Genesis Land Development Corp. is a land developer and residential home builder in the Calgary Metropolitan Area. The Corporation's common shares are listed on the Toronto Stock Exchange (TSX: GDC).

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ADVISORIES

Forward-Looking Statements

This news release may contain 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 proposed VTB sale, the Proposed Class Action, the proposed distribution of the net cash proceeds of the VTB sale, the winding-up of the Partnership and the obtaining of the appropriate court approvals. 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".

Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by 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 failure to obtain the requisite Limited Partner approval of the VTB sale and matters relating thereto; the failure to complete the proposed VTB sale as proposed or at all; the failure to obtain any necessary court approvals as proposed or at all; adverse events or outcomes of the Proposed Class Action, ability to access capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; 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 the Corporation's MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors".

The forward-looking statements contained in this news release are made as of the date of this news release 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.