



PROJECT UPDATE

Genesis Limited Partnership #8 (the "Partnership") owns 1,140 acres of land in the Radium/Spur Valley area of British Columbia (the "Property"). The Property consists of three land parcels that were initially all in the Agricultural Land Reserve. The General Partner was successful in obtaining approvals for the development of 200 acres; 57 acres are now zoned for residential development (approximately 272 homesites) and 143 acres are zoned for the extension of a golf course located on an adjacent property.

Notwithstanding advancing development approvals, the market for recreational properties in the Radium/Spur Valley area was significantly affected by the global economic downturn of 2008/2009 and shows no concrete

signs of a recovery as of yet. Many of the real estate projects that were suspended during the recession still remain either incomplete or inactive, and very little new development activity has been initiated in recent years.

While real estate markets are cyclical, it is important to note that the Property may be less desired when compared with other developments that are closer to the resort communities of Invermere and Radium Hot Springs. Even in the event that demand strengthens considerably, we believe there continues to be an oversupply of vacant residential lots in the Columbia Valley, and there are several partially developed projects that could be brought to market before the Property could be developed.





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The development of a rural resort residential subdivision requires substantial upfront servicing costs, which would require the limited partnership to incur a significant amount of debt and expose limited partners to interest and further capital erosion. If development were to proceed, it would be prudent to wait until the existing supply of lots has been absorbed by the market before starting development, in order to shorten the development cycle and reduce the risk of the project being suspended due to adverse market conditions while construction financing is in place. It is possible that the wait could be many years.

For these reasons, the General Partner continues to believe that it will not be economically viable to develop the Property in the foreseeable future. Furthermore, it is not evident that holding the Property for long-term capital appreciation will provide investors with a return commensurate with the risk.

Considering the options, the General Partner recommended that the Property be listed for sale. The Partnership held a meeting of limited partners on October 10, 2013, at which limited partners approved a sale of the Property for a minimum price of \$3.8 million. The Property has been listed with Cushman & Wakefield Ltd. with an asking price of \$4.4 million (see the attached listing brochure).

Accordingly, the General Partner's focus now is to oversee the sale process and ensure that the Partnership receives the highest possible net sale proceeds.

The General Partner intends to call a meeting of limited partners later in 2014 in order to provide investors with an update on the Property and the sale process.

