

# **NOTICE OF 2020 ANNUAL GENERAL MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**MARCH 17, 2020**

Genesis Land Development Corp.

**GENESIS**

## CONTENTS

PART I – BUSINESS OF THE MEETING.....	6
Financial Statements and Auditors’ Report .....	6
Election of Directors .....	6
Appointment and Remuneration of Auditors.....	12
Accounting Fees and Services .....	12
Other Business .....	13
PART II – VOTING.....	13
Solicitation of Proxies .....	13
Appointment of Proxy Holders.....	13
Revocation of Proxies.....	13
Voting of Common Shares .....	13
Advice to Beneficial Holders of Securities .....	14
Distributions to NOBOS and OBOS .....	14
Quorum.....	15
Voting Securities and Principal Holders Thereof .....	15
PART III – COMPENSATION .....	16
General.....	16
Compensation of the Board of Directors .....	17
PART IV – COMPENSATION DISCUSSION AND ANALYSIS .....	20
Objectives of Compensation Process.....	20
Compensation of the NEOs.....	21
Summary Compensation Table .....	26
Significant Terms of Compensation Plan and Executive Employment Agreements .....	27
Termination.....	28
PART V – OTHER INFORMATION .....	30
Legal Proceedings.....	30
Indebtedness to the Corporation .....	30
Interest of Informed Persons in Material Transactions .....	31
Dividends.....	31
Normal Course Issuer Bid .....	31
Conflict of Interest.....	32
Risk Oversight .....	32
Hedging .....	33
Interest of Certain Persons or Companies in Matters to Be Acted Upon .....	33
Statement of Corporate Governance Practices .....	33
Canadian Corporate Governance Requirements .....	33
PART VI – ADDITIONAL INFORMATION .....	34
Availability of Information.....	34
Communicating with the Board.....	34
SCHEDULE “A”.....	35
CORPORATE GOVERNANCE DISCLOSURE .....	35
SCHEDULE “B”.....	40
MANDATE OF THE BOARD .....	40
APPENDIX “1” .....	42
SUMMARY OF THE OPTION PLAN.....	42

---

All information contained in this Management Information Circular is dated as at March 17, 2020 unless otherwise noted.

## INVITATION TO SHAREHOLDERS

Dear Fellow Shareholders:

On behalf of our Board of Directors and management team, I invite you to attend the 2020 annual meeting of shareholders (the “**Meeting**”) of Genesis Land Development Corp. (“**Genesis**”, the “**Corporation**”, “**we**” or “**our**”) to be held on Wednesday, May 13, 2020 at 10:00 a.m. (Mountain Daylight Time) at:

The Saddlestone Boardroom  
Genesis Head Office  
7315 – 8th Street NE  
Calgary, Alberta T2E 8A2

At the Meeting, we will review the Corporation’s 2019 operating and financial performance and provide an update for 2020. You will have an opportunity to meet members of our management team and Board of Directors to discuss items of interest to you. The business items to be dealt with are described in the accompanying Notice of Meeting and Management Information Circular (the “**Circular**”). In addition to the Circular and related proxy materials, documentation and information concerning Genesis is available on our website at [www.genesisland.com](http://www.genesisland.com).

If you are unable to attend the Meeting in person, or if you hold your Common Shares in the name of a nominee, such as a brokerage firm, I encourage you to vote in advance, as described on page 13 of the Circular.

I look forward to seeing you at the Meeting.

Sincerely,

(Signed)

*“Stephen J. Griggs”*

**Stephen J. Griggs**

Executive Chair of the Board

March 17, 2020

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the Annual Meeting (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of Genesis Land Development Corp. (the “**Corporation**”) will be held in the Saddlestone Boardroom at the Genesis Head Office, 7315 8th Street NE, Calgary, Alberta, T2E 8A2 on Wednesday, May 13, 2020 at 10:00 a.m. (Mountain Daylight Time), for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2019 and the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at 5 and to elect the directors of the Corporation for the ensuing year;
3. to appoint MNP LLP, Chartered Professional Accountants, Calgary, Alberta, as auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditors' remuneration; and
4. to transact any such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Shareholders of record of Common Shares at the close of business on March 30, 2020 will be entitled to vote at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and execute the enclosed form of proxy and return it in the envelope provided for that purpose. Alternatively, shareholders may vote by proxy, by telephone or over the internet (please refer to page 13 of the accompanying Circular for further information).

In order to be valid and acted upon at the Meeting, the proxy must be received by Computershare Trust Company of Canada (the “**Transfer Agent**”) not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournments or postponements thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at shareholders' risk. The Chair of the Meeting has discretion to waive or extend the proxy deadline.

**DATED** at the City of Calgary, in the Province of Alberta, the 17th day of March 2020.

### BY ORDER OF THE BOARD OF DIRECTORS

*“Stephen J. Griggs”*

---

**Stephen J. Griggs**

Executive Chair of the Board  
Genesis Land Development Corp.

### IMPORTANT

*It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. Late forms of proxy may be accepted or rejected by the Chair of the Meeting in his sole discretion and the Chair is under no obligation to accept or reject any late forms of proxy.*

## **Forward-Looking Statements**

Certain statements in this Circular and any information incorporated herein by reference 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 the Corporation generally and in particular including the proposed composition and development timing and completion of the Corporation's projects. 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 the Corporation believes that the anticipated future results, performance or achievements expressed or implied by forward-looking statements are based upon reasonable assumptions and expectations, investors 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 the Corporation to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, the Corporation 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 of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to the Corporation's properties; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise debt and 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 the Corporation with the securities regulators in Canada available at [www.sedar.com](http://www.sedar.com), including the Corporation's most recent Management Discussion & Analysis under the heading "Risks and Uncertainties" and the Corporation's most recent Annual Information Form under the heading "Risk Factors", both of which are available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Furthermore, the forward-looking statements contained in this Circular are made as of the date of this Circular and, except as required by applicable law, the Corporation 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.

## PART I – BUSINESS OF THE MEETING

This Management Information Circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the board of directors (the “**Board**”) and management of Genesis Land Development Corp. (“**Genesis**”, the “**Corporation**”, “**we**” or “**our**”), to be used at the Annual Meeting of holders of Common Shares of the Corporation to be held on Wednesday, May 13, 2020, at 10:00 a.m. (Mountain Daylight Time), in the Saddlestone Boardroom at Genesis Head Office, 7315 - 8th Street NE, Calgary, Alberta, T2E 8A2 and at any adjournment or postponement thereof for the purposes set out in the accompanying notice of meeting (the “**Notice**”).

All information contained in this Circular is dated as at March 17, 2020 unless otherwise noted.

As set forth in the accompanying Notice, the business to be conducted at the Meeting consists of the following matters:

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2019 and the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at 5 and to elect the directors of the Corporation for the ensuing year;
3. to appoint MNP LLP, Chartered Professional Accountants, of Calgary, Alberta, as auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditors' remuneration; and
4. to transact any such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the shareholders entitled to receive notice of and to vote at the Meeting is March 30, 2020 (the “**Record Date**”).

### Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of Genesis for the year ended December 31, 2019 and the auditors' report thereon. No vote by the shareholders with respect to these statements is required or proposed to be taken. The audited consolidated financial statements for the year ended December 31, 2019 may be obtained from the Corporation upon request and copies will be available at the Meeting. Copies of the Corporation's annual and interim financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Election of Directors

#### ***Nomination Process – Skills, Experience, Independence and Diversity***

The Governance and Compensation Committee is comprised of three directors, two of whom are independent of management. The Governance and Compensation Committee makes decisions on a majority basis and all recommendations go to the Board for review and approval. Acting under its terms of reference, the Governance and Compensation Committee is responsible for establishing general criteria for the election and re-election of directors, composition of Board committee membership, identifying and recommending candidates to the Board for election and re-election by the shareholders, and assessing the current board based on the skills matrix set out below. The goal is to ensure that the Board as a whole possesses the necessary independence, qualities, attributes, experience and skills required to effectively oversee the strategic direction and management of the Corporation. In addition to skills and experience the Governance and Compensation Committee considered the following factors in proposing the director candidates listed below:

- Genesis is a small public company with concentrated share ownership operating in the Alberta market.
- Diversity of directors including age, gender and cultural background (without establishing quotas or targets at this time).

- Independence considering applicable Canadian securities laws and regulations and the Toronto Stock Exchange (“TSX”) corporate governance rules – particularly the requirements for members of the Audit Committee.
- Continuity of the directors while providing for regular renewal of the Board.

The Governance and Compensation Committee and the Board are confident that the proposed nominees balance all of these factors. The Board notes that skills and experience are the dominant factor in all cases but also considers the diversity of the Board members.

The directors have the management and industry skills/experience (1=primary; 2=secondary) as set forth in the table below:

	Loudon Owen	Steven Glover	Stephen J. Griggs	Iain Stewart	Mark W. Mitchell
<b>Management Skills / Experience</b>					
Executive Leadership	1	1	1	1	1
Human Resources	2	2	1	2	2
Legal and Corporate Governance	1	2	1	2	2
Financially Literate / Corporate Finance	1	1	1	1	1
Capital Allocation / Acquisitions/Dispositions	1	1	1	1	1
Risk Management	2	2	1	2	2
<b>Industry Skills / Experience</b>					
Land Development and Urban Planning	2	-	2	1	2
Single Family Home Building	2	-	2	1	2
Real Estate Sales and Marketing	2	-	2	1	-

At least annually, the Governance and Compensation Committee reviews the current profile of the Board including representation of various areas of expertise, experience and diversity. The Board has adopted independence standards that derive from applicable Canadian securities laws and the TSX corporate governance rules. Based upon such standards, all members of the Audit Committee are independent. The process and skills matrix is reviewed annually to reflect the current needs of the Board and strategic priorities of the Corporation.

### ***Gender Diversity***

Genesis has adopted a written policy on gender diversity, which includes the gender of a potential candidate as one component in the overall list of factors it considers when selecting candidates for executive officer and senior manager appointments, and membership on the Board and its committees. The Board is of the opinion that if gender was the overriding factor governing the selection of Board nominees, it could unduly restrict the Board's ability to select the most appropriate nominees and candidates.

The Board has not set a target for the number or percentage of women that it wishes to have on the Board or in executive positions.

### ***Proposed Nominees***

The nominees (collectively, the "**Nominees**" and each a "**Nominee**") for election as directors of Genesis are:

**Stephen J. Griggs**

**Steven Glover**

**Mark W. Mitchell**

**Loudon Owen**

**Iain Stewart**

In the opinion of the Governance and Compensation Committee and the Board, the Nominees are well qualified to continue to act as directors for the ensuing year. Each nominee has established his eligibility and willingness to continue to serve as a director, if elected. Each director, if elected, will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

At the Meeting, shareholders will be asked to approve an ordinary resolution electing each Nominee as a director of the Corporation. The individuals named in the accompanying form of proxy as proxyholders are either officers ("**Officers**") or directors of Genesis and intend to vote at the Meeting "**FOR**" fixing the number of directors at 5 members and to vote "**FOR**" the election of the nominees whose names are set forth above, unless specifically instructed on the form of proxy to withhold such vote. **The Board and management recommend that shareholders vote in favour of each of the above-named Nominees.**

If, for any reason, any of the Nominees is unavailable to serve, the persons designated in the form of proxy will be able to vote in their discretion for any substitute nominee or nominees. The persons named in the enclosed form of proxy intend to vote "**FOR**" the election of any substitute nominee or nominees recommended by management of the Corporation.

The enclosed form of proxy permits you to vote in favour of all of our Nominees, to vote in favour of some Nominees and to withhold votes for other Nominees, or to withhold votes for all Nominees. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies "**FOR**" the election of all Nominees specified as above.

### ***Majority Voting Policy***

The Board has adopted a majority voting policy relating to an uncontested election of directors of the Corporation. In the event that any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" such election, the nominee must forthwith tender his resignation to the Board of Directors, with such resignation to be effective on acceptance by the Board of Directors. The Board of Directors shall accept (or in rare cases, reject) the resignation within 90 days following the shareholders' meeting at which the candidacy of the director was considered. If the Board determines that there are extraordinary circumstances relating to the composition of the Board of Directors or the voting results, the Board may delay the acceptance of the resignation or reject it. The director who tendered the resignation shall not actively participate at (but may attend) any meeting of the Board of Directors or any sub-committee of the Board of Directors at which the resignation is considered but may not be counted for the purpose of determining whether the board of directors has quorum. The Board of Directors shall issue a press release with the Board's decision and the reasons for that decision. The majority voting policy does not apply to any election of directors at a contested meeting which includes any meeting of shareholders where the number of directors nominated for election at the meeting is greater than the number of seats available on the Board of Directors.



## Director Nominee Profiles

Set forth below is biographical and other information with respect to each of the Nominees for election as Director, including principal occupation, business or employment for the past five years or more, and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at March 17, 2020. In addition, the table lists other public companies with whom each nominee is currently serving as a Director.

<p><b>Stephen J. Griggs</b> B.A., J.D. Mississauga, Ontario, Canada</p>	<p>Stephen J. Griggs, Executive Chair of Genesis, is also the CEO of Smoothwater Capital Corporation, a private investment company based in Toronto, and the largest shareholder of Genesis.</p> <p>Mr. Griggs is Chair of the Board and CEO of Haventree Holdings Inc., which owns Haventree Bank, (an OSFI regulated bank focusing on the near prime residential mortgages), of which he is Chair of the Board. Mr. Griggs is a member of the Independent Review Committees of the mutual and pooled funds of the Bank of Nova Scotia. He is also the CEO of Underwood Capital Partners Inc., a private investment company, and has been the President and CEO of a major public sector pension plan, and the CEO or COO of several large Canadian based institutional and retail investment managers. Mr. Griggs was a corporate/commercial lawyer with the Toronto law firm Smith Lyons (now Gowlings WLG) until 1994 and is a member of the Law Society of Ontario with a J.D. from the University of Toronto Law School. Mr. Griggs has been an adjunct professor at Osgoode Hall Law School teaching in the area of corporate governance.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"><li>• Age: 60</li><li>• Not independent of management</li><li>• Director since August 28, 2013</li><li>• Executive Chair of the Board since September, 2018</li><li>• Chair of the Governance and Compensation Committee</li><li>• Areas of expertise: Strategy, executive management, Canadian law, investment management and corporate governance</li><li>• <b>Attendance at Board meetings in 2019 to date: 10/10 (100%)</b></li><li>• <b>Common Shares owned: 16,488,020 <sup>(1)</sup></b></li></ul>
<p><b>Steven Glover</b> M.B.A., F.C.P.A., F.C.A. Canmore, Alberta, Canada</p>	<p>Mr. Glover, Lead Director of Genesis, has previously served as an executive officer of several reporting issuers or listed entities, most recently (2010 – 2018) as the Chief Financial Officer of Clearview Resources Ltd. He is a director and Chair of the Audit Committee of the Mutual Fund Dealers Association of Canada. Formerly, he was the Vice Chair, director and Chair of the Audit Committee of Travel Alberta, a Crown Corporation.</p> <p>Mr. Glover holds a Bachelor of Mathematics from the University of Waterloo and an M.B.A. from the University of Alberta. He is a Fellow of the Chartered Professional Accountants and served as the executive director of the Institute of Chartered Accountants of Alberta from 1984 to 2005.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"><li>• Age: 67</li><li>• Independent</li><li>• Director since November 18, 2010</li><li>• Lead Director</li><li>• Chair of the Audit Committee</li><li>• Member of the Governance and Compensation Committee</li><li>• Areas of expertise: Finance, corporate governance, and executive management</li><li>• <b>Attendance at Board meetings in 2019 to date: 10/10 (100%)</b></li><li>• <b>Common Shares owned: 36,300</b></li></ul>

**Mark W. Mitchell**  
B.A., M.B.A.  
Calgary, Alberta,  
Canada

Mr. Mitchell currently serves as President of Reliant Capital Limited, a real estate finance company. Mr. Mitchell holds a B.A. (Distinction) in Economics from Stanford University and a M.B.A. from the Wharton School of the University of Pennsylvania.

**Genesis Board Details:**

- Age: 57
- Independent
- Director since June 29, 2010
- Member of the Audit Committee
- Areas of expertise: Corporate strategy and finance
- **Attendance at Board meetings in 2019 to date: 10/10 (100%)**
- **Common Shares owned: 5,275,333 <sup>(2)</sup>**

**Loudon Owen**  
B.A., J.D., M.B.A.  
Toronto, Ontario,  
Canada

Loudon Owen is a managing partner at McLean Watson Capital Inc., a venture capital investment firm. Mr. Owen is a venture capitalist, international businessman, and lawyer. His career has spanned more than 30 years, during which he has both led and actively participated in the growth of a host of successful businesses, in addition to extensive charitable and non-profit activities. He previously served on the board of Brookfield Development Corp. in the real estate industry. Mr. Owen holds a B.A. from the University of Toronto, a J.D. from Osgoode Hall Law School, Toronto and an M.B.A. from INSEAD.

**Genesis Board Details:**

- Age: 62
- Independent
- Director since March 22, 2013
- Member of the Audit Committee
- Member of the Governance and Compensation Committee
- Areas of expertise: Corporate law
- **Attendance at Board meetings in 2019 to date: 9/10 (90%)**
- **Common Shares owned: 1,273,800 <sup>(3)</sup>**

**Iain Stewart**

B.Comm., C.P.A., C.A.,  
ICD.D.  
Calgary, Alberta,  
Canada

Iain Stewart, President and Chief Executive Officer of Genesis, is the former Co-Founder and Co-CEO of Parkbridge Lifestyle Communities Inc., Canada's pre-eminent land lease community owner and operator. He has over 30 years of experience in all aspects of the real estate industry in Canada.

He currently serves on the board of directors and audit committee of a private financial services company and serves on the board of directors of a not for profit organization which supports projects in developing countries. He holds a Bachelor of Commerce from the University of Alberta, and C.P.A. and ICD.D designations.

**Genesis Board Details:**

- Age: 59 years
- Not independent of management
- Director since September 4, 2013
- Areas of expertise: Real estate management, development and investment, corporate strategy, restructuring, and finance.
- **Attendance at Board meetings in 2019 to date: 10/10 (100%)**
- **Common Shares owned: 85,400 <sup>(4)</sup>**

**Notes**

- <sup>(1)</sup> Stephen J. Griggs is the CEO of Smoothwater Capital Corporation ("Smoothwater") which beneficially owns, or controls or directs, directly or indirectly, 16,488,020 Common Shares. Smoothwater is a corporation wholly-owned by Garfield R. Mitchell who, together with Smoothwater, beneficially owns, or controls or directs, directly or indirectly, 16,488,020 Common Shares, representing approximately 39.1% of the outstanding Common Shares.
- <sup>(2)</sup> Mark W. Mitchell holds 5,196,133 Common Shares through MWM Enterprises Limited and owns 79,200 Common Shares through RRSPs and TFSAs.
- <sup>(3)</sup> Loudon Owen owns 100% of the common shares of Owen Corporation, which beneficially owns, or controls or directs, directly or indirectly, 1,273,800 Common Shares.
- <sup>(4)</sup> Iain Stewart holds 34,500 Common Shares through Capella Cove Capital Corp., and 50,900 Common Shares through personal and family RRSPs and TFSAs.

**Cease Trade Orders**

None of those persons who are proposed directors of the Corporation, other than Loudon Owen, is, or has been, within 10 years prior to the date of this Circular, a director, Chief Executive Officer or Chief Financial Officer of any company, including the Corporation that:

- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer of the relevant company; or
- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

As a result of not filing its annual financial statements, management's discussion and analysis and related certifications for the year ended December 31, 2012 by the filing deadline, Echelon Capital Corp. was made subject to a temporary cease trade order on May 13, 2013, followed by a permanent cease trade order dated May 24, 2013. Mr. Owen had been a director and the Chief Executive Officer of Echelon Capital Corp. but resigned both positions on April 30, 2013, prior to such cease trade orders coming into effect. Echelon Capital Corp. was delisted from the TSX Venture Exchange on September 26, 2013.

Mr. Owen served as a director of Hanfeng Evergreen Inc. (“**Hanfeng**”) until February 24, 2014. On February 19, 2014, a temporary cease trade order was issued by the Ontario Securities Commission against Hanfeng for failure to file interim financial statements for the six-month period ended December 31, 2013 and related management’s discussion and analysis and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*. It was replaced by a permanent cease trade order dated March 3, 2014. The securities commissions of each of Quebec and British Columbia have also issued permanent cease trade orders against Hanfeng.

### **Appointment and Remuneration of Auditors**

At the Meeting, shareholders will be asked to approve an ordinary resolution appointing MNP LLP, Chartered Professional Accountants, as the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditors' remuneration. MNP LLP was first appointed auditor of the Corporation by resolution of the shareholders on August 19, 2009.

The enclosed form of proxy permits you to vote in favour, or withhold your vote in respect, of the appointment of MNP LLP as the auditors of the Corporation. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies "**FOR**" the appointment of MNP LLP as the auditors of the Corporation.

**The Board unanimously recommends that shareholders vote in favour of the re-appointment of MNP LLP as the Corporation’s auditors.**

If a majority of the Common Shares represented at the Meeting should be voted against the appointment of MNP LLP as the auditor of the Corporation, the Board will appoint another firm of chartered professional accountants based upon the recommendation of the Audit Committee, which appointment for any period subsequent to the 2020 meeting of shareholders shall be subject to approval by the shareholders at the next annual general meeting of shareholders.

### **Accounting Fees and Services**

The aggregate amounts billed by MNP LLP to the Corporation with respect to fees payable for audit and audit related engagements, tax, and other services in the fiscal years ended December 31, 2019 and 2018 were as follows:

<b>Type of Service</b>	<b>Fiscal Year Ended December 2019</b>	<b>Fiscal Year Ended December 2018</b>
Audit Fees <sup>(1)</sup>	170,000	170,000
Audit Related Fees <sup>(2)</sup>	69,000	69,000
Tax Fees <sup>(3)</sup>	-	2,000
All Other Fees <sup>(4)</sup>	45,200	56,700
<b>Total</b>	<b>284,200</b>	<b>297,700</b>

#### **Notes**

<sup>(1)</sup> The aggregate audit fees of the Corporation’s external auditor for audit services.

<sup>(2)</sup> The aggregate fees billed or accrued by the Corporation’s external auditor for assurance and related services that are reasonably related to the performance of the quarterly reviews of the Corporation’s financial statements that are not reported under ‘Audit Fees’.

<sup>(3)</sup> The aggregate fees billed or accrued by the Corporation’s external auditor for professional services rendered for tax compliance, tax advice and tax planning.

<sup>(4)</sup> The aggregate fees billed or accrued by the Corporation’s external auditor for all other services provided such as but not limited to procedures relating to ICOFR as defined in NI 52-109 - “Certification of Disclosure in Issuers’ Annual and Interim Filings” and other miscellaneous services.

The Audit Committee of the Corporation considered the fees and determined that they were reasonable and do not affect the independence of the Corporation’s auditors. Further, the Audit Committee determined that in order to ensure the continued independence of the auditors, only limited non-audit related services would be provided to the Corporation by MNP LLP and in such case, only with the prior approval of the Audit Committee. See “Audit Committee” below for additional information.

## Other Business

Management is not aware of any other matters to come before the Meeting other than those set out in the Notice. If other matters come before the Meeting, it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

## PART II – VOTING

### Solicitation of Proxies

This Circular, which is being mailed to shareholders on or about April 8, 2020, is furnished in connection with the solicitation by and on behalf of management of the Corporation of proxies to be used at the Meeting to be held on Wednesday, May 13, 2020 at the time and place and for the purposes set forth in the accompanying Notice, or any adjournments or postponements thereof.

The costs incurred in the preparation and mailing of both the instrument of proxy and this Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefor. We may also use the services of outside firms to solicit proxies. The cost of proxy solicitation will be paid by the Corporation.

### Appointment of Proxy Holders

The persons named (the “**Management Designees**”) in the accompanying form of proxy have been selected by the Board and have indicated their willingness to represent as proxy the shareholder who appoints them. ***A shareholder has the right to appoint any person (who needs not be a shareholder), other than the directors or officers of the Corporation named in the accompanying form of proxy, to attend and to vote and act for and on behalf of such person at the Meeting.***

***In order for proxies to be recognized at the Meeting or any adjournments or postponements thereof, the shareholder may insert the name of such person in the blank space provided in the instrument of proxy or may use another appropriate form of proxy.*** All instruments of proxy must be deposited with Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment or postponement thereof. The Chairman of the Meeting may refuse to recognize any form of proxy received after such time.

### Revocation of Proxies

***A proxy is revocable. The giving of a proxy will not affect the right of a shareholder to attend and vote in person at the Meeting.*** A shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing, executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, executed by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Corporation, 7315 – 8th Street NE, Calgary, Alberta, T2E 8A2, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chair of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof. The Chair of the meeting may waive or extend the proxy cut-off without notice.

### Voting of Common Shares

Common Shares represented by any properly executed proxy in the accompanying form will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given by the shareholder. ***In the absence of such direction, the Common Shares will be voted in favour of the matters set forth herein.***

***The accompanying proxy confers discretionary authority on the Management Designees with respect to amendments or variations to matters identified in the Notice or other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgement of management of the Corporation.***

## Advice to Beneficial Holders of Securities

***The information set forth in this section is of significant importance to many shareholders who hold Common Shares through brokers and their nominees, as a substantial number of shareholders do not hold Common Shares in their own name.***

Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Each Beneficial Shareholder should therefore ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

Beneficial Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as “**NOBOS**”. Those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as “**OBOs**”.

## Distributions to NOBOS and OBOs

In accordance with the requirements of National Instrument 54-101 *-Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI 54-101**”), the Corporation has elected to rely on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting (the “**Meeting Materials**”).

The intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare Investor Services Inc.; or
- b) more typically, be given a voting instruction form (“**VIF**”) which is not signed by the intermediary, and which, when properly completed and signed by the OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow.

The Corporation will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the Meeting Materials and related documents. Accordingly, an OBO will not receive copies of the Meeting Materials and related documents unless the OBO’s intermediary assumes the costs of delivery.

***The Meeting Materials are being sent to both registered shareholders of the Corporation and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.***

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

VIFs, whether provided by the Corporation or by an intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on the Beneficial Shareholder's behalf, the Beneficial Shareholders may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholders, or Beneficial Shareholder's nominee, the right to attend and vote at the Meeting.

***A Beneficial Shareholder who receives a VIF cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to the intermediary (or instructions respecting the voting of Common Shares must otherwise be communicated to the intermediary) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.***

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. ***Beneficial Shareholders, who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.***

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to registered shareholders unless specifically stated otherwise.

## **Quorum**

By-Law No. 1 of the Corporation provides that a quorum of shareholders is present at a meeting of shareholders if at least two persons are present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy, and who hold or represent by proxy in the aggregate not less than twenty-five percent (25%) of the outstanding Common Shares entitled to be voted at the meeting.

## **Voting Securities and Principal Holders Thereof**

Registered holders of Common Shares as shown on the shareholders' list prepared as of the Record Date will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that: (i) a registered shareholder has transferred the ownership of any of their Common Shares after the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands, not later than ten (10) days before the Meeting, or a shorter period as may be permitted, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

As of the date of this Circular, 42,116,473 of the Corporation's unlimited authorized voting Common Shares were issued and outstanding. The Corporation is also authorized to issue an unlimited number of preferred shares, of which none have been issued. To the knowledge of the Corporation's Directors and Officers, and as of the date hereof, no person beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to all outstanding Common Shares, other than as set forth below.

Name	Number of Common Shares <sup>(1)</sup>	Percentage of Issued Common Shares
Garfield R. Mitchell Toronto, Ontario	16,500,020 <sup>(2)</sup>	39.1%
Neil S. Subin West Palm Beach, FL, USA	6,700,900 <sup>(3)</sup>	15.9%
Mark W. Mitchell Calgary, Alberta	5,275,333 <sup>(4)</sup>	12.5%

**Notes**

- <sup>(1)</sup> The information as to the Common Shares beneficially owned, not being within the knowledge of the Corporation, is based on information filed on SEDI by the foregoing shareholders.
- <sup>(2)</sup> Garfield R. Mitchell holds 16,488,020 Common Shares through Smoothwater Capital Corporation, a company of which he is the sole shareholder. In addition, Mr. Mitchell owns 12,000 Common Shares through RRSPs and TFSAs.
- <sup>(3)</sup> Neil S. Subin assumed control or direction of the securities formerly held or controlled by the late Lloyd Miller III in 2018. Mr. Subin controls 1,672,388 Common Shares through trusts, 1,461,265 Common Shares through LIMFAM LLC, 2,660,987 Common Shares through MILFAM II L.P., 840,850 through ALIMCO and 65,410 Common Shares through MILFAM III LLC.
- <sup>(4)</sup> Mark W. Mitchell holds 5,196,133 Common Shares through MWM Enterprises Limited, of which he is the sole shareholder, and owns 79,200 Common Shares through RRSPs and TFSAs.

**PART III – COMPENSATION**

**General**

The Board has delegated to the Governance and Compensation Committee the responsibility for the oversight, review, and recommending to the Board for approval the Corporation's compensation policies and the level of non-executive director and executive compensation. The Governance and Compensation Committee is currently comprised of four directors, Stephen J. Griggs (Chair), Steven Glover, Mark W. Mitchell and Loudon Owen. Mr. Glover, Mr. Mitchell and Mr. Owen are considered independent under National Instrument 52-110 *Audit Committees* ("NI 52-110"). Decisions of the Governance and Compensation Committee are by a majority vote and all key compensation matters are also subject to Board approval.

The members of the Governance and Compensation Committee were selected according to their experience and their knowledge of matters to be dealt with by the Governance and Compensation Committee. Each member of the Governance and Compensation Committee has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and experience necessary to enable him to make decisions as to the suitability of the Corporation's approach to and determination of executive compensation. Members of the Governance and Compensation Committee acquired these skills through their experience with various companies and organizations as executive officers or as corporate directors, including being a member of a similar committee on another board. Mr. Griggs served for three years as Executive Director of the Canadian Coalition for Good Governance, where he represented the interests of leading Canadian pension plans and other institutional shareholders and was instrumental in developing and implementing the Coalition's guidelines on executive compensation. Please see *Director Nominee Profiles* on pages 9 to 11 of this Circular for biographical information concerning members of the Governance and Compensation Committee.



## Compensation of the Board of Directors

The primary objectives of the Governance and Compensation Committee respecting director compensation are: a) to ensure that the remuneration fairly reflects the responsibilities and time commitment required of its directors; b) is competitive with similarly sized public companies; and c) is sufficient to attract and retain qualified directors.

In 2018, the Governance and Compensation Committee conducted a review of the existing directors' compensation plan (which had remained substantially the same since 2009) comprised of fees paid as annual retainers and reimbursement for reasonable travel and other out-of-pocket expenses. In 2018, the Board approved an annual fee increase of \$2,500 for committee members and \$5,000 for each of the board members and the committee chairs. The Board also determined that directors be granted one time stock options under the Option Plan (see below under "Compensation Discussion and Analysis") to provide a component of long term compensation to directors based on a multiple of 2.25 times the average director base fee compensation. This, in addition to minimum share holding requirements contributes to alignment with shareholder interests. There was no change to board remuneration in 2019.

### Directors' Cash Compensation

Directors fees are paid by way of annual board and committee retainers, prorated from the date of the director's appointment to the Board and relevant committees, and are paid semi-monthly. No additional meeting fees are paid to directors. Iain Stewart is not paid directors' fees following his appointment as President and Chief Executive Officer of the Corporation on September 20, 2018.

Directors are paid Board and committee retainers on an annual basis according to the following rates:

Executive Chair of the Board Retainer	\$140,000
Lead Director Retainer	\$25,000
Board Retainer for all directors	\$40,000
Committee Chair Retainer	\$20,000
Member of Committee Retainer	\$7,500

The Corporation did not have retirement plan for its directors in 2019. The Corporation did not provide any benefits to directors in 2019, although each director had the option to allocate up to \$7,500 per annum of fees to a corporate health care spending account.

The following table sets forth information in respect of all amounts of compensation (fees, incentive awards and the value of any benefits) paid or provided to the directors of the Corporation during the financial year ended December 31, 2019.

Director <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Non-Cash Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Steven Glover <sup>(4)</sup>	\$92,500	Nil	Nil	Nil	Nil	Nil	\$92,500
Stephen J. Griggs <sup>(4)</sup>	\$202,812	Nil	Nil	Nil	Nil	Nil	\$202,812
Loudon Owen	\$52,188	Nil	Nil	Nil	Nil	Nil	\$52,188
Mark W. Mitchell	\$47,500	Nil	Nil	Nil	Nil	Nil	\$47,500
<b>Total</b>	<b>\$395,000</b>	Nil	Nil	Nil	Nil	Nil	<b>\$395,000</b>

### Notes

- <sup>(1)</sup> Yazdi Bharucha and Michael Brodsky did not stand for re-election at the Annual General Meeting on 13 May 2019 and ceased to be members of the Board of directors at the conclusion of the Meeting. During 2019, Fees Earned and Total compensation (fees and incentive awards) for Yazdi Bharucha and Michael Brodsky were \$24,188 and \$16,983, respectively.
- <sup>(2)</sup> No Options were granted to directors in 2019.
- <sup>(3)</sup> No DSUs had been granted to directors as of December 31, 2019.
- <sup>(4)</sup> Each director may allocate up to \$7,500 per annum of fees to a corporate health care spending account. In 2019, Messrs Glover and Griggs opted to allocate \$7,500 each to this account in lieu of an equivalent amount of cash compensation. Fees Earned above includes both fees and allocations to the corporate health care spending account by each director, if any.

## Directors' Incentive Plan Awards

### Outstanding Share-Based and Option-Based Awards

No Options were granted to directors in 2019.

The following table sets forth information in respect of Option-based and share-based awards held by the Directors that were outstanding at the end of the financial year ended December 31, 2019. Options expire 7 years from the option grant date, and vest as to 25% on each of the first, second, third and fourth anniversaries of the option grant date.

Director <sup>(1)</sup>	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or payout value of Share-Based Awards that have not Vested (\$)	Market or payout value of vested Share-Based Awards not paid out or distributed <sup>(3)</sup> (\$)
Steven Glover	135,000	3.12	Dec 12, 2025	Nil	Nil	Nil	Nil
Stephen J. Griggs	450,000	3.48	Sep 20, 2025	Nil	Nil	Nil	Nil
Loudon Owen	135,000	3.12	Dec 12, 2025	Nil	Nil	Nil	Nil
Mark W. Mitchell	135,000	3.12	Dec 12, 2025	Nil	Nil	Nil	Nil

#### Notes

- <sup>(1)</sup> Information regarding Option-based and share-based awards held by each of Stephen J. Griggs and Iain Stewart is included in the table entitled "Outstanding Share-Based and Option-Based Awards" held by each NEO at December 31, 2019" on page 27.
- <sup>(2)</sup> The value of the unexercised in-the-money Options is calculated as the difference between the closing price of the Common Shares on the TSX on December 31, 2019, being \$2.27, and the applicable exercise price of the Options.
- <sup>(3)</sup> DSUs are settled in cash, and accordingly are not share-based awards. The Corporation had not granted any DSUs to the non-employee directors prior to December 31, 2019.

### Incentive Plan Awards to Directors – Value Vested or Earned during the Year

The following table shows the Incentive Plan Awards value vested or earned for each Director for 2019. 112,500 option-based awards issued to Stephen J. Griggs vested at the end of the financial year ended December 31, 2019.

Director <sup>(1)</sup>	Option-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Steven Glover	Nil	Nil	Nil
Stephen J. Griggs	Nil	Nil	Nil
Loudon Owen	Nil	Nil	Nil
Mark W. Mitchell	Nil	Nil	Nil

#### Notes

- <sup>(1)</sup> The disclosure regarding value vested or earned during 2019 for Iain Stewart is included in the table entitled "Incentive Plan Awards – Value Vested or Earned by each NEO during 2019" on page 27.
- <sup>(2)</sup> Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on vesting date based on the difference between the closing market price of the Common Shares on the vesting date and the exercise price of the Options held.

### Director Share Ownership Guidelines

To align the interests of directors with those of shareholders, the Board has a minimum share ownership requirement policy for its directors. All directors are expected to hold, control, own or be a representative of an entity which owns or controls common shares having an acquisition cost of a minimum of 3 times the then basic retainer of \$35,000 (being \$105,000) within 18 months from the adoption of the policy. New directors are expected to meet this ownership requirement within 3 years of first being elected to the board. In the event that a director fails to meet this requirement, he or she will have 30 days to cure such non-compliance, failing which, the director is expected to tender his or her resignation as a director. The Board will accept the resignation absent highly unusual circumstances and/or may take whatever action it deems appropriate in its sole discretion.

All current directors are in compliance with this policy as of the date of this Circular.

### **Directors' and Officers' Insurance**

The Corporation maintains a liability insurance policy for the benefit of the directors and officers of the Corporation. The policy provides coverage for costs incurred to defend and settle claims to an annual liability limit of \$10 million per claim and an additional \$10 million limit of liability. There is an additional \$5 million limit Side A DIC (difference-in-conditions) policy for the benefit of individual directors and officers in the event that the underlying policies are eroded. Depending on the category of the claim made, there is a deductible amount of either \$15,000 or \$25,000 per claim.

### **Director Terms**

The Corporation does not have formalized term limits in place for its directors and there is no mandatory retirement age in respect of a director's service on the Board. Directors' experience is a valuable asset to shareholders, and we believe it is important to have directors who understand the industry and the Corporation. While term limits can help ensure the Board gains new perspectives, imposing this restriction means it would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of the Corporation over time. Genesis may consider adoption of term limits for its directors in the future.

### **Director Attendance**

Attendance records are disclosed in the table of meetings held on page 36 of the Circular. Directors are expected to attend all meetings of the Board and Board committees upon which they serve, to attend such meetings fully prepared and to remain in attendance for the duration of the meeting.

### **In Camera Sessions**

Meetings of the Board and its committees include an "in camera" session at which only the Chief Executive Officer is in attendance and also without him present. The Board also holds "in camera" meetings without the Executive Chair present.

### **Director Assessment**

The Board has established a formal process that every two years the directors complete a written self-assessment questionnaire of the effectiveness of the Board, its committees, the Chair and the Lead Director. The directors provide quantitative ratings of key areas and also provide comments in each of the areas. The self-assessment was completed by all directors in November 2019 and reviewed by the Board in detail in March 2020. Several suggestions for improving the efficiency of the Board's meetings are in the process of being implemented.

The Board maintains an updated skills matrix to help identify any gaps in competencies required by the Corporation. Each director is asked annually to indicate his level of skills and competencies demonstrated. This process helps the Board to ensure that key skills are accounted for in current directors and to prioritize skills needed in prospective directors for succession planning.

### **Succession Planning**

The Board considers Chief Executive Officer and other senior executive succession plans on at least an annual basis.

### **Board Education**

Directors are encouraged to participate in continuing education. The Board has a director education policy which will reimburse each director up to \$2,000 per year for relevant educational programs.

### **Risk Oversight**

The Board is responsible for managing significant risks of the Corporation and ensures there are systems in place to effectively monitor and manage those risks associated with Genesis' compensation policies and practices.

## **PART IV – COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation Discussion and Analysis described below provides information about and explains the Corporation's philosophy for executive compensation, the elements of compensation and the general objectives for such elements in 2019. This disclosure is intended to communicate the compensation provided to the identified named executive officers (each an "**NEO**") of the Corporation.

An NEO of the Corporation is defined by securities legislation to mean each of the following individuals, namely: (i) the Chief Executive Officer; (ii) the Chief Financial Officer of the Corporation; (iii) each of the Corporation's three most highly compensated Executive Officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a NEO under (iii) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

The NEOs of the Corporation in 2019 were Iain Stewart, Chief Executive Officer ("**CEO**"); Wayne King, Chief Financial Officer ("**CFO**"); Arnie Stefaniuk, Vice-President, Land Development; Brian Whitwell, Vice-President, Asset Management; and Parveshinder Sidhu, President, Genesis Builders Group Inc. and Vice-President, Home Building (Mr. Stefaniuk, Mr. Whitwell and Mr. Sidhu, collectively the "**Vice-Presidents**").

The compensation plan for the NEOs in 2019 consisted of a base salary, a discretionary annual cash bonus and participation in the Corporation's long-term incentive plans consisting of the Corporation's stock option plan ("**Option Plan**") and deferred share unit plan ("**DSU Plan**" and together with the Option Plan, the ("**LTIP**").

### **Objectives of Compensation Process**

The Corporation's executive compensation plan is designed to:

- align the interests of the executive officers with those of the Shareholders;
- enable the Corporation to attract qualified executives who demonstrate leadership and management skills;
- motivate and retain qualified, and experienced individuals who will contribute to the long-term success of the business; and
- balance appropriate levels of risk and reward.

The Governance and Compensation Committee makes recommendations to the Board regarding compensation to be provided to the NEO's. Mr. Stewart recused himself during the Board's discussions regarding his compensation as CEO.

The Governance and Compensation Committee's recommendations are based on the underlying philosophy that compensation should:

- incentivize and reward the achievement of specific annual objectives as well as the long-term and strategic goals established by the Board;
- reflect the experience, performance and contribution of the individuals involved;
- take into consideration the overall growth, performance and success of the Corporation on behalf of shareholders; and
- position the Corporation to retain individuals contributing to its success.

The Governance and Compensation Committee considers compensation packages that would be available to such officers from other employment opportunities based on available salary data, publicly disclosed information and the Director's knowledge of the local market place. In 2018 the Governance and Compensation Committee engaged Hugessen Consulting and Sunrise Consulting to provide guidance to the committee on the compensation arrangements.

### **Compensation of the NEOs**

The 2019 compensation plan for each NEO included an annual base salary, benefits, an annual cash bonus calculated as a percentage of salary, and participation in the LTIP.

Cash payments (consisting of base salaries and discretionary annual cash bonuses) are intended to primarily reward annual performance, while LTIP incentives are meant to encourage executives to continue to deliver results over a longer period of time, to align their interests with those of shareholders and to serve as a retention tool.

#### ***Base Salaries***

Annually the Board determines the base salary for the CEO. The base salaries for the NEOs, other than the CEO, are determined annually by the CEO in consultation with the Governance and Compensation Committee and approved by the Board.

Base salaries are intended to ensure internal consistency and fairness and are based on market factors. The base salaries are reviewed annually having regard to the change in the cost of living and whether there has been any material change in their level of responsibility.

Base salaries for the NEOs in 2019 were increased slightly to reflect the increase in the cost of living in the Calgary area.

#### ***Annual Incentive Plan***

The annual (or short-term) incentive plan for the NEOs consists of a discretionary cash bonus. As discussed further below, the Board sets strategic and operational objectives for each NEO. The Board also sets minimum performance requirements, below which no award would be made for that objective, as well as maximum performance criteria. If all objectives are achieved at "maximum" as determined by the Board, subject to the overall discretion of the Board, the CEO is eligible to earn an annual cash bonus of up to 70% of his base salary and the CFO and each of the Vice-Presidents are eligible to earn an annual cash bonus of up to 40% of their base salary.

Annually the Board assesses the CEO's performance, and the CEO provides an assessment to the Governance and Compensation Committee of the individual performance of the CFO and the Vice-Presidents, as well as of the relevant strategic and operational metrics, and recommends individual cash bonuses to be paid to the NEOs (other than the CEO). The Governance and Compensation Committee undertakes a similar assessment of the CEO annually. The Governance and Compensation Committee considered the assessments and recommendations of the CEO, as well as the annual cash bonus for the CEO, and recommended the annual cash bonuses for approval by the Board.

#### ***Long Term Incentive Plan Awards***

As noted above, LTIP awards for the NEOs are intended to link the interests of the NEOs and shareholders by rewarding the NEOs for the creation of shareholder value in the long term, to attract, retain and motivate qualified executives and to align executive performance with a long-term focus on creating and preserving shareholder value. Annually the Board reviews and determines the DSUs to be awarded in the subsequent year.

### **Chief Executive Officer**

The Board annually sets operating and financial objectives and the target performance criteria for the annual cash bonus and LTIP awards for the CEO.

The annual cash bonus for the CEO is targeted at 50% of base salary, and up to a maximum of 70% of base salary, based on achieving strategic and operational objectives as determined by the Board. The CEO's 2019 objectives related to oversight and stewardship of the preparation of detailed overall and project-based business plans, undertaking certain strategic acquisitions and sales programs, the refinement of succession and development plans for executive officers, the Corporation's annual cash flow and the overall performance results of the other NEOs. In 2019 the CEO was awarded a cash bonus of \$158,500, representing 52.8% of his base salary. See *Summary Compensation Table* on page 26 of this Circular.

LTIP incentives consist of grants made pursuant to the Option Plan and the DSU Plan. The CEO was granted 900,000 options at a price of \$3.48 per share vesting over 5 years at the time of his hiring in September 2018. No further options were granted to him in 2019. Annually the CEO is eligible for a DSU grant equal to up to 40% of his base salary at the discretion of the Board. In 2019, the CEO was granted 38,585 DSUs vesting equally over 4 years.

### **Chief Financial Officer**

The annual cash bonus of the CFO is targeted at 30% of base salary, and up to a maximum of 40%, based on achieving strategic and operational objectives as determined by the Board. The CFO's 2019 annual cash bonus objectives related to the development of detailed overall and project-based business plans, oversight of capital allocation, development of succession and development plans for his team, corporate reporting objectives, improved investor communications, the Corporation's annual cash flow, the overall performance of the Vice-Presidents and overall corporate performance. In 2019, the CFO was awarded a cash bonus of \$47,500, representing 30.2% of his base salary. See *Summary Compensation Table* on page 26 of this Circular.

LTIP incentives consist of grants made pursuant to the Option Plan and the DSU Plan. In 2019, the CFO was granted 195,000 options at a price of \$3.11 per share vesting over 5 years. Annually the CFO is eligible for a DSU grant equal to up to 16% of base salary at the discretion of the Board. In 2019, the CFO was granted 8,089 DSUs vesting equally over 4 years.

### **Vice Presidents**

The annual cash bonus of each Vice-President is targeted at 30% of base salary, and up to a maximum of 40% of base salary, based on achieving operational objectives as determined by the Board specific to the responsibilities of each Vice-President. The 2019 annual cash bonus operational objectives for the Vice-Presidents related to achieving approved budgets measured against specific sales targets, capital expenditure budgets, general and administrative costs controls, achieving targeted dates for certain regulatory approvals, the Corporation's annual cash flow and/or overall corporate and team performance. See *Summary Compensation Table* on page 26 of this Circular for information regarding the annual cash bonus earned by each Vice-President for 2019 was \$47,500 representing 30.2% of his base salary.

LTIP incentives for the Vice Presidents consist of grants made pursuant to the Option Plan and the DSU Plan. In 2019, the Vice-Presidents were each granted 195,000 options at a price of \$3.11 per share vesting over 5 years. Annually the Vice-Presidents are eligible for a DSU grant equal to up to 16% of base salary at the discretion of the Board. In 2019, each of the Vice-Presidents was granted 8,089 DSUs vesting equally over 4 years.

### **Other Elements of Compensation**

#### Option Plan, Share Based Compensation & Non-equity Incentive Plan Compensation

The Corporation in 2019 has two long term compensation plans, being the Option Plan; and the DSU Plan. The Option Plan was approved by shareholders at the annual meeting of shareholders held in May 2019. Shareholder approval of the DSU Plan was not required since it does not contemplate the issuance of any Common Shares or any other securities of the Corporation from treasury and the deferred share units ("DSUs") issued thereunder will all be settled in cash.

#### *Option Plan*

A summary of the Option Plan is set forth in Appendix "1" to this Circular.

The following table sets out the annual burn rate for the Option Plan for the financial years 2019, 2018 and 2017:

	December 31, 2019	December 31, 2018	December 31, 2017 <sup>(2)</sup>
Burn rate <sup>(1)</sup>	1.9%	4.7%	Nil

**Notes**

- <sup>(1)</sup> This number is calculated as the number of options granted under the Option Plan during the applicable year divided by the weighted average number of Common Shares outstanding for the applicable year, expressed as a percentage.
- <sup>(2)</sup> The Option Plan was effective September 20, 2018.

DSU Plan

The DSU Plan provides for grants of DSUs to officers and employees of the Corporation and its subsidiaries designated by the Board (“**Designated Employees**”) and to non-employee directors of the Corporation and its subsidiaries (“**Directors**”). The purpose of the DSU Plan is to provide such persons (each, a “**Participant**”) with long term compensation opportunities which: (a) are compatible with shareholder interests; (b) will encourage a sense of ownership; and (c) will enhance the Corporation’s ability, and the ability of subsidiaries of the Corporation, to attract and retain key personnel and reward significant performance achievements.

Under the DSU Plan, the Board will determine or designate a method to determine which Designated Employees and Directors, if any, will be eligible or (in the case of Directors) required, in any particular fiscal year, to participate in the DSU Plan and the terms and conditions of any DSU awarded to such individuals. Directors and Designated Employees who are determined to be eligible by the Board in any particular fiscal year may elect to receive in DSUs a specified percentage of their remuneration for service as a member of the Board (in the case of Directors) (“**Director’s Retainer**”) or annual bonus award (in the case of Designated Employees) for such fiscal year (in either case, the “**Deferred Amount**”) as follows:

- in the case of a Director who is not newly appointed during such fiscal year, giving written notice specifying an amount (expressed as a percentage) of the Director’s Remuneration to be earned by such individual in the fiscal year following the fiscal year in which such election is made;
- in the case of a Director who is newly appointed during such fiscal year, giving written notice within 30 days of such individual’s appointment as a Director specifying an amount (expressed as a percentage) of the Director’s Remuneration to be earned by such individual in the fiscal year after the date on which such election is made; and
- in the case of a Designated Employee, giving written notice prior to the time such Designated Employee has been notified by the Corporation or a subsidiary of the Corporation of such individual’s bonus award for that particular fiscal year.

The DSU Plan is administered by the Board, which has authority to delegate the administration and operation of the DSU Plan to a committee and to determine the terms and conditions of any grant of DSUs.

The number of DSUs granted at any particular time pursuant to the DSU Plan will be credited to the holder’s DSU account and calculated by: (a) dividing the Deferred Amount by the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed and posted for trading on the last trading day immediately preceding the date the DSU is granted, which, in the case of Directors, is the date that is not later than 10 Business Days following the end of each fiscal quarter and, in the case of a Designated Employee, is the date that is not later than 10 Business Days following the date on which the cash payment in lieu of which the applicable DSUs are being issued would otherwise have been paid to such Designated Employee.

DSUs cannot be redeemed except upon the occurrence of the earliest of one of the following events (each such event, a “**Redemption Event**”): (a) the death of the Participant; (b) the retirement of such Participant; or (c) in the case of a Designated Employee, the termination of such Participant.

When a Redemption Event occurs, the Participant will be entitled to receive a lump sum payment, net of applicable withholding taxes, equal to the product of (i) the number of DSUs in that Participant’s DSU account on the date of the Redemption Event and (ii) the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed and posted for trading on the last trading day immediately prior to the date of the Redemption Event.

The lump sum payment referred to above will be paid by the Corporation by the end of the calendar year following the year in which the Redemption Event occurs.

The DSU Plan also contains provisions which effect adjustments in the amounts payable as determined to be appropriate by the Board to preclude a dilution or enlargement of the benefits under the DSU Plan in the event of any subdivision or consolidation of the Common Shares, payment of dividends in stock, reclassification or conversion of the Common Shares, recapitalization, reorganization, change of control or any other event which necessitates an adjustment.

Each DSU is non-assignable and non-transferrable. The Board may, at any time or from time to time, suspend or terminate the DSU Plan in whole or in part and may amend it in such respects as the Board deems appropriate, subject to applicable laws, regulations, rules, by-laws or policies of applicable stock exchanges and other regulatory authorities. However, no amendment, suspension or termination of the DSU Plan shall impair any of the rights or obligations under any DSU previously granted to a Participant without the consent of such Participant and such DSUs will remain outstanding and in effect in accordance with their applicable terms and conditions. In addition, no amendment can be made if it would cause any DSUs to be redeemed at a time earlier than as indicated above, or that would result in the DSU Plan failing to meet the requirements of paragraph 6801(d) of the Regulations under the Income Tax Act (Canada).

#### 2019 Long Term Incentive Plan

In December 2018, the Board approved a long term incentive plan for the CFO and the three Vice-Presidents under which each of will receive annually an award having a value equal to 40% of their annual base salary for the year, comprised of 60% Options and 40% DSUs. On January 2, 2019, 195,000 Options and 8,089 DSUs were granted to each of the CFO and the three Vice-Presidents. The Options were granted in advance for the following 5 years of employment, expire in seven years and vest 25% on each of the first, second, third and fourth anniversaries of their grant. The DSUs vest 25% on each of the first, second, third and fourth anniversaries of the award date. This plan was established in 2018 by the Board taking into account advice received from an independent consultant, a market review, the experience of the executives and the objective of providing effective incentive and retention tools within the overall compensation plan.

#### Pension, Retirement, Deferred Compensation and Actuarial Plans

The Corporation matches any contribution made by an employee, including the NEO's, to Genesis' Group Registered Retirement Savings Plan up to an amount equivalent to 2% of the annual base salary (other than the Chief Executive Officer of the Corporation whose contribution is matched up to an amount equivalent to 4% of his annual base salary).

#### Benefits

Extended health care, dental and insurance benefits are provided to all employees, including the NEOs.

#### Risk Management

The Corporation's compensation plan is designed to discourage excessive risk taking, while at the same time recognizing that some level of risk is necessary to increase shareholder value. The Corporation has the following in place to manage risks relating to compensation:

- a) The Board approved strategic, annual operating plans and budgets are prepared with due consideration of operating and industry risk;
- b) Board policies which determine authorization levels for management and executives with respect to approving and executing contracts, banking authorizations and other material commitments;
- c) Internal controls include pre-determined authority limits and require 2 or more employees jointly to make material financial and operating decisions; and
- d) Compensation for all executives is balanced between base salary, long-term and short-term incentives in the form of cash bonuses based on corporate and individual performance as determined solely by the Board.



### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized by the Corporation for issuance under Equity Compensation Plans as at December 31, 2019.

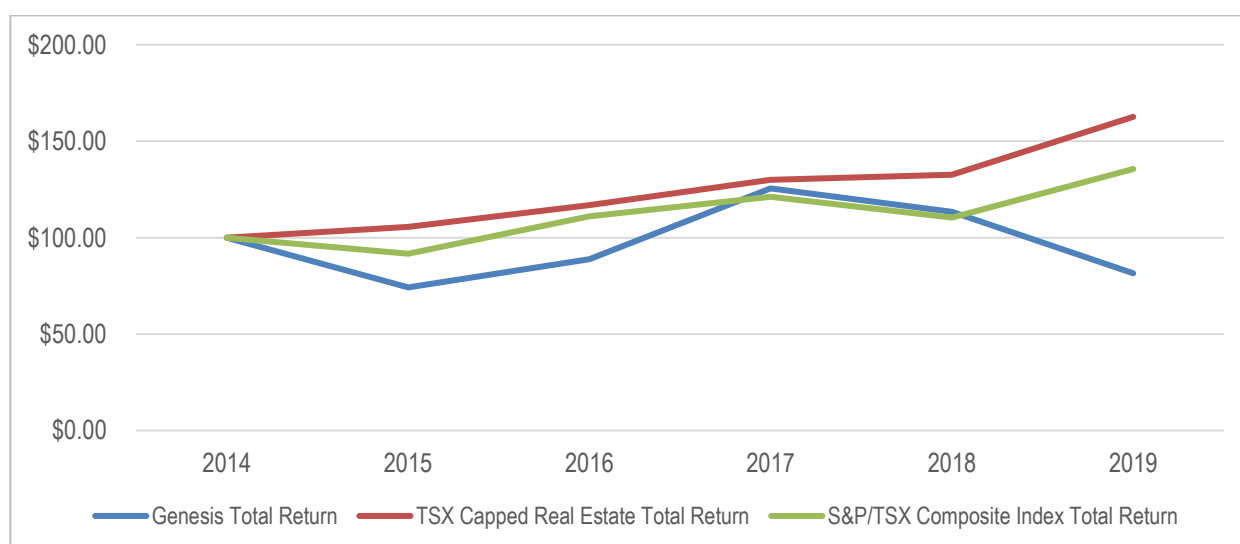
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	2,535,000	3.31	1,680,993
Equity compensation plans not approved by securityholders	-	-	-
Total	2,535,000	3.31	1,680,993

The DSU Plan is not a “security-based compensation arrangement” within the meaning of the TSX Company Manual as DSUs granted under the DSU Plan are to be settled in cash and DSUs are not included in the determination of the aggregate number of awards issuable under equity compensation plans. Other than the Option Plan, the Corporation does not have any security-based compensation arrangements in place.

### Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder total return over the last five years of the Shares (assuming a \$100 investment was made on December 31, 2014), and the cumulative total return of the S&P/TSX Composite Index Total Return and the TSX Capped Real Estate Total Return.

As at December 31, 2019	2014	2015	2016	2017	2018	2019
Genesis Total Return	\$100.00	\$74.21	\$88.80	\$125.55	\$113.45	\$81.50
TSX Capped Real Estate Total Return	\$100.00	\$105.52	\$116.86	\$129.97	\$132.61	\$162.63
S&P/TSX Composite Index Total Return	\$100.00	\$91.68	\$111.01	\$121.11	\$110.34	\$135.59



Shareholders total return was impacted from 2014 to 2019 by a number of factors, including the general state of the Alberta economy and the long term nature of the land development business.

When the Governance and Compensation Committee and the Board determine overall compensation, they consider a number of factors and performance elements. Although total shareholder return is one performance measure that is reviewed and considered by the Governance and Compensation Committee and the Board, it is not the only consideration in executive compensation as market and economic factors outside of management's control impact shareholder return.

The Corporation's compensation plan is structured to incentivize the prudent realization of the long term value of the Corporation's asset base and this may or may not be reflected in the share price in any one year.

## Summary Compensation Table

For each NEO in the financial year ended December 31, 2019, the following table provides information concerning their compensation for the financial years ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary or Management Fees (\$)	Share Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation/Fees (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-Term Incentive Plans <sup>(3)</sup>			
Iain Stewart <sup>(5)</sup> Chief Executive Officer	2019	300,000	Nil	Nil	158,500	120,000	Nil	27,145	605,645
	2018	191,792	Nil	891,360	42,300	Nil	Nil	5,064	1,130,516
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Wayne King <sup>(6)</sup> Chief Financial Officer	2019	157,238	Nil	186,069	47,500	25,157	Nil	9,699	425,663
	2018	154,534	Nil	Nil	54,000	31,607	Nil	10,702	250,843
	2017	91,740	Nil	Nil	60,792	41,283	Nil	5,158	198,973
Arnie Stefaniuk Vice-President, Land Development	2019	157,238	Nil	186,069	47,500	25,157	Nil	11,365	427,329
	2018	154,534	Nil	Nil	54,000	31,607	Nil	9,585	247,726
	2017	152,250	Nil	Nil	60,900	68,413	Nil	8,502	290,065
Parveshinder Sidhu President, Genesis Builders Group Inc. and Vice-President, Home Building	2019	157,238	Nil	186,069	47,500	25,157	Nil	8,365	424,329
	2018	154,534	Nil	Nil	54,000	31,607	Nil	11,963	252,104
	2017	152,250	Nil	Nil	50,000	68,413	Nil	10,942	281,605
Brian Whitwell Vice-President, Asset Management	2019	157,238	Nil	186,069	47,500	25,157	Nil	9,598	425,562
	2018	154,534	Nil	Nil	54,000	31,607	Nil	11,039	251,180
	2017	152,250	Nil	Nil	60,900	68,413	Nil	8,196	289,759
<b>FORMER EXECUTIVES</b>									
Stephen J. Griggs <sup>(7)</sup> Former Chief Executive Officer	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	323,417	Nil	445,680	Nil	Nil	Nil	Nil	769,079
	2017	334,400	Nil	Nil	Nil	Nil	Nil	Nil	334,400

### Notes

- <sup>(1)</sup> The fair value of the Options is based on the Black Scholes model as calculated on the grant date, being September 20, 2018 and January 2, 2019. The parameters used for 2019 and 2018 were volatility of 25.6% and 28.1%, risk free interest rate of 2.25% and 2.30% respectively, term of 5.5 years and dividend rate of 0%.
- <sup>(2)</sup> These relate to cash bonus amounts earned and paid to the NEOs.
- <sup>(3)</sup> The Corporation did not grant DSUs to any of the NEOs prior to December 31, 2018.
- <sup>(4)</sup> Benefits received by each of Messrs. King, Stefaniuk, Sidhu and Whitwell are benefits which are generally available to all employees and include RRSP contribution equal to 2% of annual base salary in 2018 and 2019. Perquisites and benefits received by Iain Stewart in his capacity as a Chief Executive Officer of the Corporation commencing on September 20, 2018 included benefits generally available to all employees, RRSP contribution equal to 4% of annual base salary and a health spending account of \$10,000 per annum.
- <sup>(5)</sup> Mr. Stewart's compensation for 2018 is as follows. Mr. Stewart served solely as a director of the Corporation until September 20, 2018, when he was appointed Chief Executive Officer of the Corporation. Mr. Stewart continued serving as a director of the Corporation after his appointment as Chief Executive Officer but ceased receiving director fees effective September 20, 2018. Mr. Stewart's received \$108,042 in his capacity as a director until September 20, 2018, \$83,750 as salary as the Chief Executive Officer from September 20, 2018 to December 31, 2018 and \$42,300 as a cash bonus. In addition, Mr. Stewart was granted 900,000 Options on September 20, 2018 and the Black-Scholes valuation of his Option-based awards is shown in the table above.
- <sup>(6)</sup> Compensation commenced in May 2017 when Mr. King was appointed CFO of Genesis.
- <sup>(7)</sup> Mr. Griggs compensation for 2018 is as follows. Mr. Griggs was the Chair and Chief Executive Officer of the Corporation until September 20, 2018 and earned consulting fees of \$272,316 for his services. These fees were paid to his private corporation Underwood Capital Partners Inc. After his appointment as the Executive Chair and a director of the Board on September 20, 2018, Mr. Griggs ceased receiving consulting fees and commenced receiving fees in his capacity as the Executive Chair of \$51,101 from October 1, 2018 to December 31, 2018. In addition, Mr. Griggs was granted 450,000 Options on September 20, 2018 and the Black-Scholes valuation of his Option-based awards are shown in the table above.

## Incentive Plan Awards

### Outstanding Share-Based and Option-Based Awards held by each NEO at December 31, 2019

The following table sets forth information in respect of Option and share based awards outstanding at the end of the financial year ended December 31, 2019.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or payout value of Share-Based Awards that have not Vested (\$)	Market or payout value of vested Share-Based Awards not paid out or distributed (\$)
Stephen J. Griggs <sup>(2)</sup>	450,000	3.48	Sep 20, 2025	Nil	Nil	Nil	Nil
Iain Stewart <sup>(2)</sup>	900,000	3.48	Sep 20, 2025	Nil	Ni	Ni	Ni
Arnie Stefaniuk <sup>(3)</sup>	195,000	3.11	Jan 2, 2026	Nil	Ni	Ni	Ni
Parveshinder Sidhu <sup>(3)</sup>	195,000	3.11	Jan 2, 2026	Nil	Ni	Ni	Nil
Brian Whitwell <sup>(3)</sup>	195,000	3.11	Jan 2, 2026	Nil	Ni	Ni	Nil
Wayne King <sup>(3)</sup>	195,000	3.11	Jan 2, 2026	Nil	Ni	Ni	Nil

#### Notes

- <sup>(1)</sup> The value of the unexercised in-the-money vested, and unvested Options is calculated as the difference between on the closing price of the Common Shares on the TSX on December 31, 2019, being \$2.27, and the applicable exercise price of the Options.
- <sup>(2)</sup> In 2018 the Executive Chair and CEO received awards, and no new awards were made to them in 2019.
- <sup>(3)</sup> In 2019 the CFO and VPs received awards.

### Incentive Plan Awards – Value Vested or Earned by each NEO during 2019

The following table shows the incentive plan awards value vested or earned for each NEO in 2019. The NEOs did not receive any share-based awards during 2019.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(3)</sup> (\$)
Stephen J. Griggs	Nil	Nil	Nil
Iain Stewart	Nil	Nil	278,500
Arnie Stefaniuk	Nil	Nil	72,657
Parveshinder Sidhu	Nil	Nil	72,657
Brian Whitwell	Nil	Nil	72,657
Wayne King	Nil	Nil	72,657

#### Notes

- <sup>(1)</sup> Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on vesting date based on the difference between the closing market price of the Common Shares on the vesting date and the exercise price of the Options held. 112,500 options relating to Stephen J. Griggs and 225,000 option relating to Iain Stewart vested in the year 2019.
- <sup>(2)</sup> No share-based awards were granted in 2019.
- <sup>(3)</sup> Represents the Long-Term Incentive Plan awards (see page 24 of this circular) and “Non-equity incentive plan compensation” shown in the “Summary Compensation Table” on page 26 of this circular.

## Significant Terms of Compensation Plan and Executive Employment Agreements

The following is a description of the significant terms of the Corporation’s executive employment agreements.

## Termination

Other than as set forth below, there is no contract, agreement, plan or arrangement between the Corporation and a NEO that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement.

### **Employment Agreements**

#### *Chief Executive Officer*

Effective September 20, 2018, Mr. Stewart was employed as President and Chief Executive Officer of the Corporation and entered into an employment agreement with the Corporation. Mr. Stewart's base annual salary for 2019 was \$300,000 and he is entitled to benefits provided by the Corporation to its employees and which includes a health spending account. In addition, Mr. Stewart is eligible to receive an annual discretionary bonus ("**Annual Bonus**") with a target of 50% and a maximum of 70% of his current base salary, based on achieving individual and corporate targets as determined by the Board. Payment and amount of the Annual Bonus is at the sole discretion of the Board. Mr. Stewart is eligible to participate in the Corporation's annual Long Term Incentive Plans (being the Option Plan and the DSU Plan) based 100% of his base salary in the year. The annual LTIP grant is to be comprised of 60% Options awarded under the Option Plan and 40% of DSUs issued under the DSU Plan. 900,000 Options were granted to Mr. Stewart on September 20, 2018 representing the Option component of his LTIP for the first five years of his employment (2018 – 2023). These Options vest 25% per year commencing on September 20, 2019. The DSU component of Mr. Stewart's LTIP will be granted annually. On January 2, 2019, 38,585 DSUs were awarded to Mr. Stewart.

If the Corporation terminates Mr. Stewart for any reason other than cause, the Corporation shall pay to Mr. Stewart an amount equal to a minimum of 12 months and a maximum of 18 months of his then current annual salary, calculated on the basis on one month per year of service ("**Months of Notice**"), payment of the Annual Bonus at target of 50% at the time of termination divided by 12 and multiplied by the Months of Notice, payment of the LTIP earned in prior years and deferred for payment and benefits up to the date of termination. Mr. Stewart would also be entitled: (a) in respect of any DSUs granted to him which are outstanding as of his date of termination, to receive a lump sum cash payment, net of applicable withholding taxes, equal to the product of (i) the number of DSUs in his account and (ii) the fair market value of the Common Shares; and (b) in respect of any Options which have vested as of his date of termination, to exercise such Options on or before the earlier of their expiry date and his termination date (where he is given a reasonable notice period) or 21 days after his termination date (where he is paid compensation in lieu of reasonable notice). The estimated incremental payments and benefits which might be paid by the Corporation for Mr. Stewart, assuming a termination of employment without cause occurred on December 31, 2018 and he was employed at that time are set forth in the table below.

If the Corporation terminates Mr. Stewart for cause, the Corporation shall pay all salary and benefits earned by Mr. Stewart to the date of termination. No Annual Bonus or LTIP payments shall be made and any prior unvested LTIP grants shall be forfeited, other than payment for any DSUs granted to Mr. Stewart and outstanding as of his date of termination, as described above and the right to exercise any Options that have vested as of his date of termination on or before the earlier of their expiry date and 10 days after his termination date.

#### *Chief Financial Officer and Vice-Presidents*

On July 1, 2018, the Corporation entered into an employment agreement, on identical terms except for the different dates of commencement of employment with the Corporation, with each of Wayne King, the Chief Financial Officer of the Corporation; Brian Whitwell, Vice-President, Asset Management; Arnie Stefaniuk, Vice-President, Land Development and Parveshinder Sidhu, Vice-President, Home Building (collectively, the "**Officers**").

The 2019 base annual salary for each Officer was set at \$157,238 each and each is entitled to participate in the standard benefits provided by the Corporation to its employees. Each Officer is entitled to receive an annual discretionary bonus with a target of 30% and a maximum of 40% of his base salary based on the attainment of individual and corporate targets as determined by the Board at its sole discretion. In addition, each Officer is entitled to participate in the Corporation's LTIP with a monetary value equal to 40% of the base salary in the year, comprised of 60% Options and 40% DSUs. Options will expire seven (7) years from the date of grant of Options and will vest as to 25% on each of the first, second, third and fourth anniversaries. DSU's shall be awarded annually and credited as to 25% on each of the first, second, third and fourth anniversaries of the DSU award date.

On January 2, 2019, 195,000 Options and 8,089 DSUs were granted and awarded to each of the CFO and the three Vice-Presidents, subject to the terms of Option and DSU Agreements entered into with the Corporation dated January 2, 2019, and the Option and the DSU Plan. The Option grants are in respect of the following 5 years granted in advance, similar to the one time grant to the CEO.

If any Officer's employment is terminated for cause, the Corporation shall pay all salary and benefits earned by the Officer to the date of termination. No Annual Bonus or LTIP payments shall be made and any prior unvested LTIP grants shall be forfeited, other than payment for any DSUs granted to the Officer and outstanding as of his date of termination, as described above and the right to exercise any Options that have vested as of his date of termination on or before the earlier of their expiry date and 10 days after his termination date.

In the event the Corporation terminates the agreement for any reason other than cause, the Corporation shall pay to each Officer an amount equal to a minimum of twelve (12) months and a maximum of eighteen (18) months of the then current annual salary, calculated on the basis on one month per year of service ("Months of Notice"), benefits up to the date of termination, payment of the Annual Bonus at 30% divided by 12 and multiplied by the Months of Notice, and payment of the all LTIP amounts earned earned in prior years and deferred for payment. The Officers would also be entitled: (a) in respect of any DSUs granted which are outstanding as of his date of termination, to receive a lump sum cash payment, net of applicable withholding taxes, equal to the product of (i) the number of DSUs in his account and (ii) the fair market value of the Common Shares; and (b) in respect of any Options which have vested as of his date of termination, to exercise such Options on or before the earlier of their expiry date and his termination date (where he is given a reasonable notice period) or 21 days after his termination date (where is he paid compensation in lieu of reasonable notice). The NEO employment agreements require them to sign a full and final release of the Corporation in order for them to receive termination payments and benefits

The estimated incremental payments and benefits which might be paid by the Corporation for each Officer assuming a termination of employment without cause occurred on December 31, 2019 and he was employed at that time are set forth in the table below. This is based on a cash payment of their base salary and the target bonus and assuming a cash payment in lieu of continued benefit coverage, no accrued and unpaid vacation pay, no deferred amounts payable under the DSU plan, no acceleration of the vesting of all outstanding Options held by the NEOs, that a termination of employment without cause occurred on December 31, 2019 and that each was employed at that time.

<b>Name and Principal Position</b>	<b>Base salary and target bonus (\$)</b>	<b>Benefits (\$)</b>	<b>Total (\$)</b>
<b>Iain Stewart</b> , President and Chief Executive Officer	450,000	6,260	456,260
<b>Wayne King</b> , Chief Financial Officer	204,410	6,260	210,670
<b>Parveshinder Sidhu</b> , Vice-President, Home Building	204,410	6,260	210,670
<b>Arnie Stefaniuk</b> , Vice-President, Land Development	217,513	6,782	224,295
<b>Brian Whitwell</b> , Vice-President, Asset Management	204,410	6,260	210,670

The employment agreements also contain standard non-solicitation, confidentiality and non-competition provisions. The NEOs have agreed that during their employment and for a period of twelve months following termination of the employment agreement, they are not to (i) canvass or solicit the business which is competitive with the Corporation's business; (ii) reproduce confidential information without the Board's prior consent; and (iii) be employed or have a financial interest in a business within the Calgary Metropolitan Region that directly competed with the Corporation's business.

## **PART V – OTHER INFORMATION**

### **Legal Proceedings**

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim at this time was approximately \$1.6 million. The former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment, which was appealed by the Corporation to the Court of Queen's Bench on April 28, 2017. The appeal was heard on August 3, 2018 and judgement was reserved. On February 25, 2019, the Court granted the Corporation's appeal, directing that the claims of the former employees go to trial. In March 2019, the plaintiffs amended their statement of claim to add claims in the amount of \$1.1 million plus costs and interest in connection with a disputed purported exercise of stock options. The Corporation filed a defence to the new claim. The former employees appealed the decision overturning their summary judgment to the Alberta Court of Appeal, which heard the appeal and a related appeal in November 2019. On January 31, 2020, the court issued its decision upholding the decision of the Court of Queen's Bench and directing the matter to go to trial. The Corporation's and the director's view is that this action is without merit and is actively contesting it. As at December 31, 2019, the Corporation has recorded provisions totalling \$1.6 million for these claims.

On September 22, 2017, Limited Partnership Land Pool ("LPLP 2007"), Genesis as manager of LPLP 2007, the general partner, two limited partners, two affiliated limited partnerships and various third parties were named as co-defendants in a statement of claim initiated in the Province of Alberta by a limited partner of LP RRSP Limited Partnership #1, a limited partner of LP RRSP Limited Partnership #2 and a limited partner of LPLP 2007. The statement of claim seeks to be classified as a class action and is seeking pecuniary and non-pecuniary damages of \$60.0 million, including general and special damages. On November 19, 2018, the parties appeared before the Case Management Justice, at which time the parties were ordered to set dates for the next steps in the litigation process by consent. At the same time, the court granted the Corporation leave to bring a motion for the summary dismissal of the Plaintiff's action before the Plaintiff's application for certification is heard and to set a date for this step. The Corporation believes that this claim is completely without merit and, on its behalf and on behalf of LPLP 2007, is actively contesting both the certification proceeding and the claim itself. Any potential liability to the Corporation and/or the Partnership is currently indeterminate.

### **Indebtedness to the Corporation**

As at the date hereof, none of the Corporation's current or former directors, officers, or employees of the Corporation or its subsidiaries, or any associate or affiliate of the foregoing, have been indebted to the Corporation at any time since the beginning of the most recently completed financial year of the Corporation. None of the persons described in the preceding sentence were at any time since the beginning of the most recently completed financial year of the Corporation indebted to another entity to which the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

For the purposes of the above, "support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

## Interest of Informed Persons in Material Transactions

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, any proposed director of the Corporation or any associate or affiliate of any “informed person” or proposed director, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of the above, “informed person” means: (a) a director or officer of the Corporation; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## Dividends

No dividends were declared or paid in 2019.

Since 2014 when it paid its first dividend, Genesis has returned over \$51.8 million to shareholders by way of dividends as follows:

<b>Cash Dividends</b> ( <i>\$000s, except for per share items</i> )	<b>Dividend per share</b>	<b>Total dividends paid</b>
2019	-	-
September 2018	0.24	10,309
2017 [September 2017 (\$0.21 - \$9,083) and December 2017 (\$0.25 - \$10,813)]	0.46	19,896
December 2016	0.25	10,936
December 2015	0.12	5,331
June 2014	0.12	5,386
<b>Total</b>	<b>1.19</b>	<b>51,858</b>

## Normal Course Issuer Bid

On October 8, 2019, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on October 10, 2019 and will terminate on the earlier of: (i) October 9, 2020; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. A copy of the notice of intention to make the normal course issuer bid that was submitted by the Corporation to the TSX may be obtained without charge from the Corporation’s office. The Corporation may purchase for cancellation up to 2,109,016 common shares under the renewed NCIB. The Corporation has purchased to date a total of 76,676 Common Shares at an average price of \$2.14 per share under this NCIB.

The prior NCIB, which expired on October 9, 2019, allowed the Corporation to purchase for cancellation up to 2,147,636 common shares. The Corporation purchased a total of 772,400 common shares at an average price of \$3.12 per share under this NCIB.

The following table sets forth the total number of Common Shares repurchased and cancelled pursuant to its NCIB program from its initiation date of September 10, 2015 to December 31, 2019.

<i>(\$000s, except for number of shares and per share items)</i>	<b>Number of shares repurchased and cancelled</b>	<b>Average purchase price per share</b>	<b>Cost of Repurchases</b>
2019	23,694	2.41	58
2018	1,069,100	3.27	3,501
2017	493,085	2.95	1,456
2016	551,796	2.95	1,420
2015	628,598	2.81	1,887
<b>Total</b>	<b>2,766,273</b>	<b>3.01</b>	<b>8,332</b>

### **Conflict of Interest**

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are directors and/or officers of other private and public companies and are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations. Situations may arise where such directors and officers will be in competition with the Corporation because of business transactions or banking relationships. Any such conflicts shall be resolved in accordance with the procedures and requirements of the relevant provisions of the ABCA, including the duty of such directors to act honestly and in good faith with a view to the best interests of the Company and internal policies of the Corporation and in accordance with best practices in governance adopted by the Board.

### **Risk Oversight**

The Board is responsible for managing principal risks of the Corporation and ensures there are systems in place to effectively monitor and manage those risks. The Corporation has developed the Code of Conduct and Ethics Policy, which is reviewed and signed by all employees, directors and officers of the Corporation to confirm compliance. The Board reviews and approves strategic, annual operating plans and budgets which are prepared with due consideration of operating and industry risk. There is a timely reporting and review process to the Board in place. In addition there are strong financial and signing authority controls, which are monitored regularly by the Corporation's internal auditor. Further information can be found in the risk sections of the Management Discussion & Analysis and the Annual Information Form for December 31, 2019, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.genesisland.com](http://www.genesisland.com).

In the normal course of business, Genesis is 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, Genesis profitability could be adversely affected by external factors beyond the control of management. Risks and uncertainties faced by Genesis vary from time to time and include 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, cyber-security and business continuity risk, environmental risk, changes in government regulations and delays in obtaining permits or government approvals. The Board ensures that processes are in place for monitoring and mitigating of all risks identified and evaluated by management by regularly undertaking a strategic and operational planning exercise of its current and future land development and home building projects and having an experienced management team. Included in the budget process are detailed capital budgets which include reviewing all financing undertaken to support any new development. A key oversight and control for capital development and financing is the preparation of a detailed development plan for each new phase that is reviewed and approved by the transaction committee prior to being undertaken. In addition, Genesis regularly monitors market conditions that may adversely affect projects that are already underway and finds means to increase efficiencies, reduce the capital invested in work in progress to reduce the risk of the business, and expand the product mix to include small townhouse projects with the of goal reducing



costs wherever possible. Genesis secures long-term commitments for supply of materials and obtains fixed pricing for labor costs depending on market conditions and whenever beneficial.

### **Hedging**

The Corporation does not have any policies which restrict its NEOs and directors from purchasing financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by any NEO or director.

### **Interest of Certain Persons or Companies in Matters to Be Acted Upon**

Other than disclosed herein, no person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

### **Statement of Corporate Governance Practices**

The Board believes that adopting and upholding the highest standards of corporate governance is critical for the overall success of the Corporation and to build stakeholder confidence. Sound corporate governance ensures the transparency and accountability in respect of the Corporation's objectives, strategies, controls, and overall performance. The Governance and Compensation Committee and Board continuously monitor applicable legislation and respond appropriately to ensure the Corporation's compliance.

The Corporation also has a Code of Conduct and Ethics Policy applicable to all officers, directors, and employees. A copy of the Code of Conduct and Ethics Policy can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Canadian Corporate Governance Requirements**

The Canadian Securities Administrators approved National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "**Disclosure Instrument**") effective June 30, 2005. A description of the Corporation's corporate governance disclosures, as required by the Disclosure Instrument, is set forth in Schedule "A" to this Circular.

## PART VI – ADDITIONAL INFORMATION

### Availability of Information

Additional information relating to Genesis can be found on the Corporation's website at [www.genesisland.com](http://www.genesisland.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to Genesis is provided in the Corporation's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for its most recently completed financial year.

Copies of this Circular, as well as the Corporation's latest Annual Information Form, audited consolidated financial statements and MD&A for the year ended December 31, 2019 may be obtained without charge to the shareholder upon request to the Corporation at:

Genesis Land Development Corp.  
c/o Investor Relations  
7315 - 8th Street NE  
Calgary, Alberta, Canada  
T2E 8A2  
(403) 265-8079

### Communicating with the Board

Shareholders and other interested parties who wish to communicate with the Board of directors may send their correspondence to:

Genesis Land Development Corp.  
Board of Directors  
c/o Executive Chair of the Board or the Lead Director  
7315 - 8th Street NE  
Calgary, Alberta, Canada  
T2E 8A2

Communications may be addressed to the entire Board, to a committee of the Board or to an individual director. The Corporation will conduct a preliminary review of shareholder communications and decide the timing and appropriate process for providing such communications to the Board, committee, or individual director to whom the communication was addressed.

## SCHEDULE “A”

### CORPORATE GOVERNANCE DISCLOSURE

Under National Instrument 58-101 Disclosure of Corporate Governance Practices, the Corporation is required to include in this Circular the disclosure required by Form 58-101F1 Corporate Governance Disclosure with respect to the matters set out under National Policy 58-201 Corporate Governance Guidelines. Copies of the corporate governance policies of the Corporation may be found on the Corporation’s website at [www.genesisland.com](http://www.genesisland.com). The Board strongly believes in sound corporate governance and has adopted comprehensive corporate governance policies and procedures. The Corporation's key policies are summarized herein below.

The Corporation is considered to be a controlled corporation with Smoothwater Capital Corporation (“Smoothwater”) being the controlling shareholder. Stephen J. Griggs, Executive Chair of the Board and Chair of the Governance and Compensation Committee is also the CEO of Smoothwater and therefore a related director. Since the Executive Chair is currently a related director, the Board has appointed Steven Glover as the Lead Director and Iain Stewart was appointed as CEO of the Corporation. Mr. Stewart and Mr. Glover are independent of Smoothwater and independent within the meaning of NI 52-110. Under the position description of the Lead Director, Mr. Glover is empowered to strike independent committees as and when required in order to address matters where a conflict of interest involving Smoothwater may exist.

On March 14, 2019, the Board reviewed and revised the Corporation’s governance documents to achieve clarity and be consistent with best practices in governance. The Board makes all appointments to Board committees.

The Board has adopted a policy on engagement with shareholders to provide equal and appropriate access to company information to all shareholders, having regard to the applicable corporate and securities laws including disclosure of non-public material information. The objective of this policy is to enable the Board to actively engage with shareholders, provide a forum for discussion, keep shareholders informed, obtain their valuable feedback, know their priorities and address any concerns expressed. The Board believes that such communication will result in a strong and a trusting relationship between all shareholders and the Corporation.

### Board of Directors

#### *Directors' Relationship to the Corporation*

A majority of the directors of the Corporation are considered independent under NI 52-110 and are independent of management.

Directors' Relationships to the Corporation				
Director	Independent	Not Independent	Reason for Non-Independent Status	Director of Other Reporting Issuers
Stephen J. Griggs		✓	Interim CEO from February 17, 2016 and CEO from May 11, 2017 to September 20, 2018 and Executive Chair from September 20, 2018 and therefore not currently independent.	N/A
Steven Glover	✓			N/A
Mark W. Mitchell	✓			N/A
Loudon Owen	✓			N/A
Iain Stewart		✓	CEO from September 20, 2018.	N/A

The number of Board and committee meetings in 2019 and from January 1, 2019 to March 17, 2020, and the attendance of individual directors were as follows:

Director	Board	Audit <sup>(1)</sup>	Governance and Compensation <sup>(2)</sup>	Transaction Review <sup>(3)</sup>
	Chair: Stephen J. Griggs	Chair: Steven Glover	Chair: Stephen J. Griggs	Chair: Yazdi Bharucha
Stephen J. Griggs	10/10	n/a	3/3	2/2
Steven Glover	10/10	6/6	3/3	n/a
Mark W. Mitchell <sup>(4)</sup> <sup>(5)</sup>	10/10	4/4	1/1	2/2
Loudon Owen <sup>(4)</sup>	9/10	3/4	3/3	n/a
Iain Stewart	10/10	n/a	n/a	n/a

#### Notes

<sup>(1)</sup> The Audit Committee is composed of Steven Glover (Chair), Mark W. Mitchell and Loudon Owen.

<sup>(2)</sup> The Governance and Compensation Committee is comprised of Stephen J. Griggs (Chair), Loudon Owen, Steven Glover and Mark W. Mitchell.

<sup>(3)</sup> The Transaction Review Committee was deemed to not be required as of May 13, 2019. Up to May 13, 2019, the committee was comprised of Yazdi Bharucha (Chair), Mark W. Mitchell and Stephen J. Griggs and met on an ad hoc basis. Typically, as transactions requiring committee approval were identified, a memorandum was circulated to the committee members for their consideration and, where appropriate, the committee discussed matters by conference call. There was 100% participation in all such email or conference call decisions up to May 13, 2019.

<sup>(4)</sup> Mark W. Mitchell and Loudon Owen were appointed as members of the Audit Committee effective May 13, 2019 and accordingly, the information with respect to meeting attendance during 2019 has been presented for those Audit Committee meetings held on or after May 13, 2019. Mr. Bharucha and Mr. Brodsky did not stand for re-election at the 2019 annual general meeting and ceased to be directors and members of the Audit Committee on May 13, 2019.

<sup>(5)</sup> Mark W. Mitchell was appointed as a member of the Governance and Compensation Committee effective March 6, 2020 and accordingly, the information with respect to meeting attendance during 2019 has been presented for those Governance and Compensation Committee meetings held on or after March 6, 2020.

During 2019, management was invited to attend regularly scheduled Board meetings. In 2019, there were 6 in camera sessions held by independent directors, both without the CEO and without the Executive Chair. The Board facilitates open and candid discussion among its directors and can meet by themselves without management whenever they wish to do so. While the Board relies heavily on information provided to it by management, it functions independently of management. The directors are in regular communication with the Corporation's CEO, CFO, Vice-Presidents and managers outside of formal Board meetings and processes.

The Board has the responsibility for oversight of strategic development and approval of strategic directions.

Members of the Audit Committee also meet in camera with the Corporation's auditors. These meetings are independent of management for the purposes of planning the auditors' activities and thereafter to supervise such activities. The other purposes of these meetings to ensure that: the auditors receive full access to all requested information and receive full cooperation of management; that they are not subject to any pressure from management; there are no outstanding disagreements with management; that they are not aware of any evidence of illegal or fraudulent acts; and that they are not aware of any other significant matters that should be brought to the attention of the directors.

Governance matters are discussed by all directors as and when required.

#### Director Terms

The Corporation does not have formalized terms limits in place for its directors and there is no mandatory retirement age in respect of a director's service on the Board. Genesis may consider adoption of term or age limits for its directors in the future.

#### Board Mandate

The Board has assumed the stewardship of the Corporation. On March 14, 2019, the Board reviewed, adopted and restated the Mandate of the Board, the text of which is attached hereto as Schedule "B". Any responsibility that is not specifically delegated to a Board committee remains with the full Board.

## **Position Descriptions**

### ***Position Description of Lead Director***

The Lead Director leads the Board in situations where there is a conflict or a potential conflict with the Chair, provides leadership and independence to the Board, and work closely with the Executive Chair. This role is reflected in the Board Mandate attached to this Circular as Schedule "B".

### ***Executive Chair of the Board***

The Executive Chair presides as chair at all meetings of directors and at all meetings of the shareholders. His responsibilities and role also include acting as authorized spokesperson for and on behalf of the Board and as one of the authorized spokespersons for and on behalf of the Corporation. As Executive Chair of the Board, he provides leadership, support and advice to the Board, committees of the Board, individual directors and the CEO. He is expected to be fair and a good communicator. In the Executive Chair's absence, the Lead Director of the Board presides at meetings of directors and shareholders.

## **Board Committees**

Currently, the Board has two standing committees of the Board: The Audit Committee and the Governance and Compensation Committee. The Board has outlined the duties, the role and responsibilities each of these committees in their respective mandates, as well as for the chair of each committee.

## **Director Orientation and Continuing Education**

The Corporation has developed an orientation program for new directors which provides each new director with a Directors Manual containing information regarding the roles and responsibilities of the Board and each committee of the Board, as well as information regarding the nature and operation of the Corporation's business, its organizational structure and governance policies.

The Corporation facilitates the education of directors through memberships in the Institute of Corporate Directors and contributing up to \$2,000 per year to the costs of relevant courses and programs. As well, directors are encouraged to visit the Corporation's offices, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation. Board members have full access to the Corporation's relevant records and are encouraged to conduct field tours to the Corporation's various properties, land holdings show homes and construction sites. Board members are made aware of their responsibility to keep themselves up to date on major developments in corporate governance and regulatory requirements.

## **Ethical Business Conduct**

On March 14, 2019, the Board of directors of the Corporation reviewed, restated and confirmed the Code of Conduct and Ethics Policy (the "**Code**") for the Corporation's directors, officers and employees. The Code addresses honesty and integrity, conflicts of interest and provides a complaints procedure. The Governance and Compensation Committee reviews the Code at least biennially. The Code is distributed to directors in the Directors Manual and to officers and employees at the commencement of their employment. The Code is also posted on the Corporation's internal website and is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Code reminds those engaged in service to the Corporation that they are required to report perceived or actual violations of the law, violations of the Corporation's policies, dangers to health, safety and the environment, risks to the Corporation's property, and accounting or auditing irregularities to the chair of the Audit Committee, who is an independent director of the Corporation. In addition to requiring directors, officers and employees to abide by the Code, the Corporation encourages consultants, service providers and all parties who engage in business with the Corporation to contact the chair of the Audit Committee of the Corporation regarding any perceived and all actual breaches by the Corporation's directors, officers and employees of the Code.

The chair of the Audit Committee of the Corporation is responsible for investigating complaints, presenting complaints to the applicable Board committee or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of the Audit Committee of the Corporation will advise the complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing.

In addition to the Code, the Corporation has an Audit Committee Mandate and a Whistleblower Policy with respect to accounting and auditing irregularities. Since the beginning of the Corporation's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or officer that constitutes a departure from the Code.

The Board encourages and promotes a culture of ethical business conduct by appointing Directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Board is required by the Board Mandate to satisfy itself that the CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Corporation. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law.

In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or officers advise they have a material interest. The Board Mandate requires that directors and officers disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Corporation, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps, the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and officers to each other and the Corporation, in considering transactions and agreements in respect of which directors and officers have an interest. Any director, officer or employee of the Corporation who violates the Code may face disciplinary action up to and including termination of their office or employment with the Corporation for just cause without notice or payment in lieu of notice.

## **Compensation**

The Corporation has a Governance and Compensation Committee that recommends to the Board the compensation to be received by the Corporation's directors and executive officers. Compensation is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contributions of the individuals involved and overall performance of the Corporation. With respect to directors' compensation, the Governance and Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the Board Chair, the Lead Director and the chair of each Board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to the Corporation. The compensation of directors and officers of competitors is considered to the extent publicly available in determining compensation and the Governance and Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

## **Nomination of Directors and Major Voting Policy**

Please see *Election of Directors - Nomination Process* (see page 6) and *Majority Voting Policy* (see page 8).

## **Audit Committee**

Under NI 52-110 the Corporation is required to include in its annual information form the disclosure required under Form 52-110F1 *Audit Committee Information Required in an AIF* with respect to its Audit Committee, including the text of its Charter, the composition of the Audit Committee and the fees paid to the external auditor and to include in the Circular a cross-reference to the sections in the AIF that contain the required information. The Corporation's disclosure with respect to the foregoing is contained in Appendix "A" *Information Concerning Audit Committee* of the Corporation's annual information form dated March 10, 2020.

## **Other Board Committees**

In addition to those described above, the Corporation has a Disclosure Committee as follows.

### **Disclosure Committee**

The Board reviewed and restated its disclosure policy on March 14, 2019, which requires that the CEO establish a Disclosure Committee of the Corporation (the "**Disclosure Committee**"). The Disclosure Committee is currently comprised of Stephen J. Griggs, director and Executive Chair, the CEO, the CFO and the Controller of the Corporation. Other senior management are invited to participate as and when their contribution is required or determined appropriate by the CEO. The function of the Disclosure Committee is to ensure that the written and oral communications by the Corporation to the public and to applicable regulatory authorities are disseminated in a timely and factually accurate manner and to assist the Corporation in maintaining and complying with its disclosure requirements.

### **Diversity**

The Board recognizes the importance of diversity as a component in ensuring that members of the Board as a whole possess the qualities, attributes, experience and skills required to effectively oversee the strategic direction and management of the Corporation.

The Board believes that diversity includes different skills, industry experience, professional experience and other qualities, as well as gender, race or ethnicity, sexual identity/orientation, age and cultural background. These factors, along with others, like independence and representation of large shareholders, are important for Genesis and are considered and appropriately balanced by the Board when determining membership on the Board and its committees.

The Board reviewed and restated its policy on diversity on March 14, 2019. The policy provides that the Governance and Compensation Committee, which is responsible for recommending director nominees to the Board, in reviewing the Board's composition and identifying suitable candidates, will take into consideration the following factors:

- a) the Board's current and long-term composition;
- b) the size of the Board;
- c) the particular competencies and skills required by the Board and its committees at that time; and
- d) the benefits of diversity in order to maintain an optimum mix of skills, knowledge, industry experience and background keeping in mind at all times, the Board's objective to maintain an appropriate balance of merit, diversity, attributes and skills of membership of the Board and its committees.

## **SCHEDULE “B”**

### **MANDATE OF THE BOARD**

#### **General Responsibilities**

The Board is responsible for:

- a) the stewardship of the Corporation;
- b) supervising the management of the business and affairs of the Corporation;
- c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making;
- d) acting honestly and in good faith with a view to the best interests of the Corporation;
- e) exercising the care, diligence and skill that a reasonably prudent Board would exercise in comparable circumstances;
- f) directing management to ensure legal, regulatory and exchange requirements applicable to the Corporation have been met;
- g) ensuring that the Board deals effectively and impartially with any matter in which a director may have a conflict of interest;
- h) meeting in person, or by telephone conference call, at least once each quarter or as otherwise required to discharge the duties of the Board; and
- i) holding meetings of the independent directors with or without management and non-independent directors present.

#### **Audit, Finance and Risk Responsibilities**

The Board shall:

- a) adopt a process to identify business risks and ensure appropriate systems to manage risks;
- b) ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation’s disclosure controls and procedures, internal controls over financial reporting and management information systems;
- c) recommend the appointment of the Corporation’s external auditors for approval by the shareholders;
- d) review and approve prior to their public dissemination:
  - i. interim and annual financial statements;
  - ii. interim and annual management’s discussion and analysis;
  - iii. the annual report (if applicable) and annual information form;
  - iv. forecasted financial information and forward-looking statements; and
  - v. all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed.

#### **Strategy and Capital Allocation Responsibilities**

The Board shall:

- a) adopt a strategic planning process for maximizing shareholder value, approving a strategic plan, and monitoring the Corporation’s performance against its strategic plan;
- b) approve annual capital and operating budgets to implement the strategic plan; and
- c) approve share buybacks, dividends and distributions.

#### **Governance Oversight Responsibilities**

The Board is responsible for:

- a) taking reasonable steps, including regular assessments, to satisfy itself that each director, the CEO, and the executive officers are:
  - i. performing their duties ethically;
  - ii. conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Policies;
- b) fostering a culture of integrity throughout the Corporation;
- c) approving the management information circular for each meeting of the shareholders of the Corporation, including recommending nominees to the Board for approval by the shareholders;
- d) arranging for the relevant governance policies to be publicly disclosed on the Corporation’s website;



- e) approving and implementing the Code of Business Conduct and Ethics;
- f) approving and implementing the Whistle Blower Policy;
- g) approving and implementing the Disclosure Policy;
- h) approving and implementing the Majority Voting Policy;
- i) approving and implementing the Shareholder Engagement Policy; and
- j) reviewing departures in practice from these governance policies and providing or denying waivers from them.

### **Delegation of Authorities by the Board**

The Board shall establish authorities regarding business transactions and financings as follows:

- a) delegating authority for approval and/or execution of business transactions and financings to the Corporation's management or to a committee of the Board in accordance with prescribed monetary limits or other conditions; and
- b) approving business transactions and financings not authorized for approval by the Corporation's management or a delegated Board committee, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions not in the normal course of business.

This mandate was reviewed, restated and approved by the Board of Directors of the Corporation on March 14, 2019.

## APPENDIX “1”

### SUMMARY OF THE OPTION PLAN

The following is a summary of the Option Plan.

The Option Plan provides for grants of options (each, an “**Option**”) to purchase Common Shares (each, an “**Option Share**”) to certain eligible persons (each, a “**Participant**”, defined under the Option Plan to be a person who is either regularly employed by, an officer or director of, or a consultant to, the Corporation or one of its subsidiaries, or a corporation which is wholly owned by any of the foregoing persons). The purpose of the Option Plan is to develop the interest of Participants who have been granted Options by the Corporation (each, an “**Optionee**”) in the growth and development of the Corporation by providing them with the incentive and opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

The maximum number of Common Shares reserved for issuance, in the aggregate, under the Option Plan and all other security-based compensation arrangements of the Corporation cannot exceed ten (10%) percent of the issued and outstanding Common Shares. In addition: (a) the aggregate number of Common Shares issued under the Option Plan and under any other security-based compensation arrangement of the Corporation to insiders of the Corporation (within the meaning ascribed to the term “insiders” in the Securities Act (Alberta)) within any one year period, cannot exceed ten (10%) percent of the issued and outstanding Common Shares; and (b) the aggregate number of Common Shares issued under the Option Plan and under any other security-based compensation arrangement of the Corporation to insiders cannot exceed ten (10%) percent of the issued and outstanding Common Shares. The Option Plan does not provide for a maximum number of Common Shares which may be issued to an individual pursuant to the Option Plan and any other security-based compensation arrangement (expressed as a percentage or otherwise).

The Option Plan is administered by the Board, which has authority to delegate the administration and operation of the Option Plan to the Governance and Compensation Committee of the Board and to determine the terms and conditions of any agreement governing the grant of Options (each, an “**Option Agreement**”).

Under the Option Plan:

1. The vesting of the Options will be determined by the Board at the time of grant in the applicable Option Agreement.
2. The purchase price of the Option Shares (the “**Exercise Price**”) is set by the Board and may not be less than the closing price of the Common Shares on the TSX on the last trading day immediately preceding the date on which the Option is granted (the “**Option Date**”).
3. Each Option terminates on the date specified in the particular Option Agreement, which date may not be later than ten years after the Option Date (the “**Normal Expiry Date**”), subject to the early termination provisions described below.
4. If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant: (i) by reason of the Optionee’s permanent physical or mental disability or death, then such Optionee’s vested and unvested Options may be exercised by the earlier of the Normal Expiry Date and the date that is 12 months after the date the Optionee ceases to be a Participant; (ii) due to the Optionee’s employment being terminated by the Corporation for cause, where the Optionee is not entitled to notice or to a period of notice or compensation in lieu thereof, the Optionee may exercise any vested Options prior to the earlier of the Normal Expiry Date and the date that is 10 days after the date the Optionee ceases to be a Participant; or (iii) due to the Optionee’s employment being terminated by the Corporation without notice or compensation in lieu thereof, where the Optionee is entitled to reasonable notice or compensation in lieu thereof, then the Optionee may exercise any vested Options prior to the earlier of the Normal Expiry Date and the date the Optionee ceases to be a Participant (if the Optionee is given a reasonable period of notice) or the date that is 21 days after the date the Optionee ceases to be a Participant (if the Optionee is paid compensation in lieu of reasonable notice). In each of the foregoing cases, the Participant has to exercise its Options on or before the earlier of the Normal Expiry Date and the applicable date that is set out in the Option Plan. If the Optionee does not exercise its Options prior to the required date, all of its unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect.

5. If the expiry date of an Option is on a date during a period of time imposed by the Corporation upon certain designated persons during which those persons may not trade in any securities of the Corporation (a “**Black-Out Period**”) and that Black-Out Period applies to the Participant holding that Option, the expiry date will be extended to the date that is ten (10) business days from the date the Black-Out Period ends.
6. In the event of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise, or in the event of any issuance of shares or distribution in kind of securities or other change to the Common Shares, the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees and Participants. In the event of a change of control, all unexercised and unvested outstanding stock options shall immediately vest and be exercisable but may only be purchased for tender pursuant to the subject transaction. If the subject transaction is not completed, any Common Shares issued and tendered pursuant to the transaction shall be deemed to be cancelled and returned to treasury.
7. Each Participant may also exercise a put right to require the Corporation to purchase all or part of the then vested Options which it may hold, provided, however, that the Corporation may at its sole discretion decline to accept.
8. Options may not be transferred or assigned but will enure to the benefit of and be binding upon the legal personal representatives of the Optionee.

Subject to any required approval of any regulatory authority or the TSX, the Board may at any time or from time to time, in its sole and absolute discretion and without the approval of the Shareholders, amend, suspend, terminate or discontinue the Option Plan or may amend the terms and conditions of a specific Option granted pursuant to the Option Plan without the prior written consent of an Optionee.

The Board may also approve and effect amendments to the Plan or to a specific Option without further approval of the Shareholders to the extent such amendment:

- a) is for the purpose of curing any ambiguity, error or omission in the Option Plan to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan;
- b) is necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- c) is an amendment to the Option Plan respecting administration and eligibility for participation under the Option Plan;
- d) is to alter, extend or accelerate the terms and conditions of vesting applicable to any Option;
- e) is to accelerate the Expiry Date of any Option;
- f) is to determine the adjustment provisions described above;
- g) amends the definitions contained in the Option Plan;
- h) amends or modifies the mechanics of exercise of Options;
- i) changes the termination provisions of an Option or the Option Plan, provided the change does not entail an extension beyond the original expiry date of such Option;
- j) is an amendment to the Option Plan of a “housekeeping nature”; or
- k) any other amendment that does not require shareholder approval under the rules, regulations and policies of the TSX.

Under the Option Plan, Shareholder approval is required for the following amendments to the Option Plan or to any Option:

- a) reduce the Exercise Price of Options benefiting an Insider;
- b) extend the expiry date of Options benefiting an Insider;
- c) increase the maximum number or percentage of Common Shares issuable pursuant to Options issued and outstanding under the Option Plan;

- d) add any form of financial assistance by the Corporation for the exercise of any Option;
- e) change the class of Participants which would have the potential of broadening or increasing participation by Insiders of the Corporation;
- f) amend, remove or exceed the Insider participation limit set out in the Option Plan; or
- g) amend the amendment provisions of the Option Plan.

The Option Plan is effective as of 20th day of September 2018 and was approved by the shareholders on 9th day of May 2019.

# GENESIS

GENESIS LAND DEVELOPMENT CORP.

7315 - 8th Street NE

Calgary, Alberta, Canada T2E 8A2

**Main** 403 265 8079

**Email** [info@genesisland.com](mailto:info@genesisland.com)

[www.genesisland.com](http://www.genesisland.com)