

GENESIS LAND DEVELOPMENT CORP.

ANNUAL INFORMATION  
FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

MARCH 1, 2021

**GENESIS**

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**ANNUAL INFORMATION FORM**  
**For the Year Ended December 31, 2020**

**DEFINITIONS**

In this Annual Information Form, the capitalized terms set forth below have the following meanings:

“**ABCA**” means the *Business Corporations Act*, R.S.A. (Alberta) 2000, c. B-9, as the context requires, together with any amendments to it and all regulations promulgated thereunder;

“**AIF**” means this Annual Information Form;

“**Area Structure Plan**” means a statutory plan that outlines land uses and establishes the general planning framework for turning undeveloped areas into new subdivisions and usually has several land owners within it;

“**Board**” means the Board of Directors of the Corporation;

“**CMA**” means Calgary Metropolitan Area;

“**Common Shares**” means the common shares in the share capital of Genesis;

“**Corporation**” or “**Genesis**” means Genesis Land Development Corp. and the subsidiaries through which it conducts its land development and home building operations;

“**CREB**” means the Calgary Real Estate Board;

“**GSEC**” means Genesis Land Development (Southeast) Corp.;

“**GKEY**” means Genesis Keystone Ltd.;

“**GBG**” means Genesis Builders Group Inc.;

“**GDP**” means Gross Domestic Product;

“**GLP#4**” means Genesis Limited Partnership #4;

“**GLP#5**” means Genesis Limited Partnership #5 and its wholly owned subsidiary GLP5 NE Calgary Development Inc.;

“**GLP#6**” means Genesis Limited Partnership #6;

“**GLP#7**” means Genesis Limited Partnership #7 and its wholly owned subsidiary GLP7 Subco Inc.;

“**GLP#8**” means Genesis Limited Partnership #8;

“**GLP#9**” means Genesis Limited Partnership #9 and its wholly owned subsidiary GLP9 Subco Inc.;

“**GMO**” means Growth Management Overlay;

“**GSMP**” means Genesis Sage Meadows Partnership;

“**ICFR**” means Internal Control Over Financial Reporting;

“**IFRS**” means International Financial Reporting Standards;

“**JV**” means joint venture;

“**Kinwood Lands Joint Venture**” means a joint venture established pursuant to a Joint Venture Agreement among Genesis, Melcor Development Ltd. and Kinwood Communities Inc.;

“**LPLP 2007**” means Limited Partnership Land Pool 2007;

“**LPLP RRSP #1**” means LP RRSP Limited Partnership #1;

“**LPLP RRSP #2**” means LP RRSP Limited Partnership #2;

“**Management**” means the executive officers and other high-level managers of the Corporation;

“**NCIB**” means Normal Course Issuer Bid;

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“**NI 51-102**” means Canadian Securities Administrators’ National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**NI 52-109**” means Canadian Securities Administrators’ National Instrument 52-109 – *Certification of Disclosure in Issuers Annual and Interim Filings*;

“**NI 52-110**” means Canadian Securities Administrators’ National Instrument 52-110 – *Audit Committees*;

“**Outline Plan**” means a plan for a portion of the Area Structure Plan that provides additional details such as zoning for lots, street types, school sites, etc.;

“**PHT**” means Polar Hedge Enhanced Income Trust;

“**SEDAR**” means the computer system for the transmission, receipt, acceptance, review and dissemination of information filed in electronic format known as the System for Electronic Document and Retrieval maintained by CDS Inc. and available at [www.sedar.com](http://www.sedar.com); and

“**TSX**” means the Toronto Stock Exchange.

## CURRENCY

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy (including due to, or as a result of, COVID-19); changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulation.

Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to the anticipated general economic and business conditions (including due to, or as a result of, COVID-19), the nature of development lands held and the anticipated inventory and development potential of such lands, the anticipated impact on Genesis’ development and home building activities, the commencement of construction of new building projects, Genesis’ ongoing review of its business, including cost reductions, expected closings of land sales and listing of townhouse sites, the activity levels and operations of the joint venture, the ability to close the book of homes (with lots) subject to firm sale contracts, expectations with respect to the Alberta real estate market, the Corporation’s cost reductions and operating efficiencies, progress of rezoning projects and development approvals, the continuing role of GBG in the sale of Genesis lots, the marketing of non-core lands, the expected level of a new serviced lot inventory available to builders and the ability of Genesis to sell homes on a quick possession basis, Genesis’ position relative to ongoing legal proceedings and the ability to continue to renew or repay financial obligations and to meet liabilities as they become due.

Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation’s control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements.

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### **For the Year Ended December 31, 2020**

Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; labour matters; governmental regulations; COVID-19 and its national, regional and local impacts, stock market volatility and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at [www.sedar.com](http://www.sedar.com), including the Management Discussion & Analysis under the heading "Risks and Uncertainties" and this AIF under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this AIF are made as of the date of this AIF and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

## **CORPORATE STRUCTURE**

Genesis was incorporated as "Genesis Capital Corp." under the ABCA on December 2, 1997. The Corporation amended its Articles of Incorporation by Certificate of Amendment dated January 30, 1998, to remove the private company restrictions. The articles were further amended by a Certificate of Amendment dated October 29, 1998, to change the name of the Corporation from "Genesis Capital Corp." to "Genesis Land Development Corp." The common shares of Genesis Land Development Corp. were listed on the Venture Exchange (ASE) on August 12, 1998 and began trading on the Toronto Stock Exchange on August 8, 2000. On January 1, 2002, the Corporation and its then wholly owned subsidiary, Genesis Land Developers Ltd., amalgamated pursuant to the ABCA and continued under the name "Genesis Land Development Corp."

Genesis is a reporting issuer under the applicable securities legislation in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Prince Edward Island. The Common Shares are listed and posted on the TSX under the trading symbol "GDC".

The head office, registered and records office of the Corporation is located at 6240, 333 - 96 Ave. NE, Calgary, Alberta, T3K 0S3.

## **INTERCORPORATE RELATIONSHIPS**

Please refer to Appendix B for information on intercorporate relationships.

## **DESCRIPTION OF THE BUSINESS**

### **General Description**

Genesis is an integrated land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA"), owning and developing a portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

As a land developer, Genesis acquires, plans, rezones, subdivides, services and sells residential lots and commercial and industrial lands to third-party developers and builders, and sells lots and completed homes through its home building division. The land portfolio is planned, developed, serviced and sold as single-family lots and townhouse and commercial parcels at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize net cash flow.

Genesis, through its wholly-owned subsidiary GBG, also designs, builds and sells homes on a significant portion of its single-family lots and, in some cases, its townhouse land parcels. GBG also acquires single-family lots from other land developers to build and sell single-family homes in additional CMA communities.

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### For the Year Ended December 31, 2020

As part of its overall strategy, Genesis is focused on minimizing overhead costs and long-term commitments, where possible, to preserve flexibility.

Genesis manages its financial position by prudently and opportunistically allocating its cash resources among the following:

- Maintaining a strong balance sheet as the priority;
- Acquiring and developing land either directly or through land development entities; and
- Paying dividends and/or buying back its Common Shares.

### Corporate Objectives and Strategy

The business plan for 2020 included:

1. obtaining additional zoning and servicing entitlements;
2. planning for the development and sale of land;
3. servicing additional phases;
4. investing in additional lands;
5. adding select third-party builders in Genesis' communities;
6. maintaining and when possible increasing the velocity of homes sold by GBG; and
7. return of capital to shareholders.

For more detailed information on the Corporation's business plan for 2020, refer to Genesis' Management's Discussion and Analysis for the year ended December 31, 2020 available on SEDAR at [www.sedar.com](http://www.sedar.com).

## GENERAL DEVELOPMENT OF THE BUSINESS

### Market Overview

Economic conditions have been difficult as the COVID-19 pandemic has caused governments around the world, including in Alberta, to shutdown parts of the economy. In addition, the energy industry which is a leading contributor to Alberta's Gross Domestic Product ("GDP") continues to be negatively impacted by volatile Canadian energy prices. These factors have had a negative impact on the Alberta economy with Royal Bank of Canada estimating that Alberta's GDP shrank by over 8% in 2020.

Various initiatives have been undertaken by governments and central banks in an effort to reduce the impact of the economic restrictions. These initiatives (which include reducing interest rates), along with the acceleration of the trend to "work from home", led to stronger demand for new homes in suburban communities in the second half of 2020. According to the Calgary Real Estate Board ("CREB"), the local real estate market initially fell quite dramatically as a result of the restrictions but has rebounded during the remainder of 2020. In April 2020 Calgary home sales were down 63% and in May 2020 home sales decreased by 44% as compared to the same months in 2019, the lowest levels recorded since 1995. The second half of the year saw a reversal of this trend as home sales in the third and fourth quarters were some of the strongest seen in the last 5 years. For full year 2020, home sales were only 1% lower than in 2019. In particular, the 2020 market produced gains in single family home sales in the \$400,000 to \$600,000 price range, which benefited Genesis as it focuses a large part of its housing products in this price range.

Resale listing inventory levels continued to decline and as at December 2020 the months of supply of inventory in the Calgary market was 3.06 months, down from 4.56 months in December 2019. As of December 2020, the benchmark prices for detached homes had increased by 3% to \$491,000 as compared to \$477,000 in 2019.

Despite the strong second half of 2020 Genesis remains cautious. In addition to the extent and duration of the current economic downturn being unpredictable and unknown, the impact of very low levels of immigration in 2020 is expected to eventually have a negative impact on housing demand.

## ANNUAL INFORMATION FORM For the Year Ended December 31, 2020

### Three-Year History

Significant events that occurred during the last three financial years and to the date of this AIF are described below.

#### 2020

##### *Residential Lot Sales*

Total residential lot sales in 2020 were \$39.2 million (225 lots), up 35% from \$29.1 million (161 lots) in 2019. In 2020, GBG sold 163 homes on Genesis lots, up from 128 homes sold in 2019 and, 62 lots were sold to third-party builders, up 88% from the 33 lots sold to third-party builders in 2019. Of the lots sold to third-party builders in 2020, 6 were premium lots in the Calgary community of Sage Meadows; 55 were in the City of Airdrie and 1 was in the City of Brooks (2019 – 6, 27 and Nil lots, respectively).

##### *Sale of Land Parcels*

The sale of an 8.17-acre multi-family parcel in Genesis' Sage Hill community contracted in early 2019 closed in the first quarter of 2020 for \$9.0 million. Genesis also closed two sales of multi-family land parcels in Q4 2020: the first being a 4.94-acre parcel in its Sage Meadows community for \$6.5 million in October 2020; the second being a 0.77-acre parcel in Saddlestone community for \$0.6 million in December 2020.

##### *Sale of New Homes by GBG*

New homes sold in 2020 were 163 units (138 single-family homes and 25 townhouses) compared to 128 units (111 single-family homes and 17 townhouses) in 2019.

Revenues from the sale of homes by GBG in 2020 were \$74.8 million, up 25% from \$59.7 million in 2019. Fluctuations in the average revenue per home sold were mainly due to differences in product mix. During 2019 and 2020, GBGs single-family homes ranged in price from \$292,000 to \$842,000 depending on the location and the model being offered. Similarly, GBGs townhouses ranged in price from \$155,000 to \$299,000 depending on the location and the model being offered. In YE 2020, 138 single-family homes and 25 townhouses were sold compared to 111 single-family homes and 17 townhouses in YE 2019. The gross margin from the sale of homes by GBG in 2020 was \$8.7 million, up 4.9% from \$8.3 million in 2019.

During 2020 Genesis began construction on the remaining 27 units in "The Laurels" project, of which all 16 units have been contracted for sale as of March 1, 2021. Genesis originally began construction in 2017 on 27 of the 54 townhouse units in this project (with all 27 units previously having been sold and closed).

In 2017, construction was commenced on "The Newport" development in the community of "Canals" in Airdrie on 51 of the 85 townhouse units. 33 units of these 51 units have been sold and closed to date and an additional 4 units have a firm sales contract as of March 1, 2021.

##### *Sales, General and Administrative Expenses*

Sales, general and administrative expenses for 2020 were \$14.9 million compared to \$15.5 million for 2019, down \$0.6 million or 4%. Q4 2020 general, administrative and sales expenses were \$4.1 million, compared to \$4.6 million in Q4 2019, down \$0.5 million or 11%.

##### *Cash Flows from Operating Activities*

Change in cash and cash equivalents was a cash inflow of \$13.5 million in 2020 compared to a cash outflow of \$7.8 million in 2019. Genesis generated cash flows from operating activities of \$48.0 million (\$1.14 per share), a significant increase of \$38.4 million (\$0.91 per share) from the \$9.5 million (\$0.23 per share) cash flows from operating activities in 2019. Cash flows from operating activities vary considerably between periods for the reasons explained below.

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### For the Year Ended December 31, 2020

#### Factors Affecting Results of Operations

When reviewing the results, there are a number of factors that have historically affected Genesis' results of operations, including:

- the volatility of oil and gas prices and changes in the Canadian US dollar exchange rate, both of which impact the Alberta oil and gas industry, and have significant impact on the CMA real estate market and economy;
- changes to the regulatory environment, both direct and indirect, including for example, the land development approval process, mortgage lending rules, immigration policies and economic restrictions imposed by regulatory authorities;
- changes in interest rates, including residential mortgage rates and the rates of interest charged to Genesis on its various credit facilities;
- costs incurred for the development and servicing of land and the sale of residential lots and other land parcels occurs over a substantial period of time and results in cash flows that vary considerably between periods, creating significant volatility in the revenues, earnings and cash flows from operating activities;
- land, lot and home prices and gross margins vary by community and lot/home type, the nature of the development work required to be undertaken before the land and lots are ready for sale, and the original cost of the land and servicing; and
- seasonality which has historically resulted in higher revenues in the summer and fall months when home building sales often peak.

The total increase of \$38.4 million in cash flows from operating activities is a result of those factors, higher volumes of lot and home sales and the timing of collection of amounts receivable, and the sale of development land with cash inflows of \$33.4 million in 2020 with only \$0.6 million of development land sales in 2019.

#### *Dividends*

A cash dividend on the Common Shares of \$6.3 million (\$0.15 per share) was declared in December 2020 and paid in January 2021.

#### *Normal Course Issuer Bid*

On October 7, 2020, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on October 13, 2020 and will terminate on the earlier of: (i) October 12, 2021; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,098,885 common shares under the renewed NCIB. The prior NCIB, which expired on October 9, 2020, allowed the Corporation to purchase for cancellation up to 2,109,016 common shares.

The Corporation purchased a total of 296,592 Common Shares at an average price of \$1.58 per share during 2020.



## ANNUAL INFORMATION FORM For the Year Ended December 31, 2020

### *Servicing Additional Phases*

The servicing of one new community commenced in 2020:

- Sage Hill: This well located northwest Calgary community is considered an “infill development”. Servicing of the first phase of 20 acres in this 51-acre development is expected to cost \$16,673, of which \$4,188 was expended in 2020. The first phase is expected to be completed in mid to late 2021 providing 99 lots and 7.3 acres of multi-family and commercial parcels.

The servicing of four new residential community phases that commenced in 2018 was completed and lots were available for sale and building in 2020:

- Saddlestone community: Servicing of the final phase of Genesis' 160-acre Saddlestone community was completed in late 2019, adding 121 single-family lots, a 3.2-acre park and two multi-family sites totaling 1.9 acres;
- Sage Meadows community: The final phase of the 80-acre Sage Meadows community was completed in late 2019, servicing 18.1 acres containing a school site (10 acres), three multi-family sites and 31 single-family lots; and
- Bayside and Bayview communities: The servicing of two new phases in this 720-acre Airdrie development was completed in late 2019, including the 108 lot Bayside phase 10 and the 102 lot Bayview phase 1. Servicing of a 6-acre park, a key amenity in the Bayview community, has been completed.

### *Obtain Additional Zoning and Servicing Entitlements*

Genesis continued to make progress in obtaining additional zoning and servicing entitlements for its land during 2020, with no noticeable impact from the COVID-19 restrictions. As zoning and servicing entitlements are granted by the applicable municipal authorities, there can be no assurance as to if and when the following communities will be available for development or sale.

The timelines suggested below are management's best estimate at this time. Approvals for new developments continue to be a challenge. On November 3, 2020, Calgary City Council (“Council”) reviewed 11 applications by a number of landowners for the removal of GMOs, which must be removed prior to receiving final development approvals. This included applications for the two proposed Genesis projects, Logan Landing and Lewiston, both of which, in Genesis' view, met or exceeded, to the best of Genesis' understanding, all pre-identified criteria for removal of their respective GMOs. Council did not remove the GMOs for any of the 11 projects including the two Genesis projects.

- Ricardo Ranch Area Structure Plan (“ASP”): Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant referred to as Logan Landing. An ASP for a new residential community on these lands was approved by Council in November 2019. An outline plan and land use applications have been submitted and approval is expected by the middle of 2021. There is a GMO restricting development of these lands. Genesis will apply for GMO removal at the earliest opportunity.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. There is a GMO restricting development of these lands. Genesis will apply for GMO removal at the earliest opportunity.
- OMNI ASP (in North Conrich): Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northeast quadrant of the City of Calgary. Genesis has received ASP approval for a 185-acre commercial and retail project on a portion of these lands. Approval of the conceptual scheme for this project is expected to be received in 2021. The remaining 425 acres are included in a special study area, with land use still to be determined. As these lands are in Rocky View County, there is no GMO restriction.

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### 2019

#### *Residential Lot Sales*

Total residential lot sales in 2019 were \$29.1 million (161 lots), down 8% from \$31.8 million (176 lots) in 2018. In 2019, GBG sold 128 homes on Genesis lots, up from 121 homes sold in 2018, and 33 lots were sold to third-party builders, down 40% from the 55 lots sold to third-party builders in 2018. Of the lots sold to third-party builders in 2019 6 were premium lots in the Calgary community of Sage Meadows and 27 were in the City of Airdrie (2018 - 12 and 42 lots, respectively).

#### *Purchase of Lands*

In July 2019, Genesis invested \$1.9 million to acquire a 5% interest in a limited partnership expected to commence development in 2020 of 224 acres of land in northeast Calgary, located close to the Genesis' Saddlestone community. Genesis has the right to purchase a minimum of 25% of the single-family lots for its home building division, which is expected to be able to leverage its Saddlestone design, construction and marketing infrastructure. The first phase of the development consisting of 180 single-family lots is expected to be ready for home construction to commence in late 2021. Genesis intends to purchase 70 lots in this phase. The total development is planned to produce 1,400 single-family lots over 8-10 years of which Genesis has the right to purchase a minimum of 350 lots.

In September 2019, the Corporation closed the purchase of 130 acres of future residential development land in north Calgary for \$23.7 million, with land servicing slated to begin in 2020. Upon completion the community is expected to include over 800 single-family homes, and approximately 7 acres of multi-family and commercial sites.

In November 2019, Genesis invested \$3.8 million to acquire an 8% interest in a joint venture expected to commence development in 2020 of 320 acres of land in southwest Calgary. As part of this acquisition, Genesis has the right to purchase 1/6<sup>th</sup> (333 lots) of the single-family lots in this development for its home building division.

#### *Sale of Land Parcels*

In 2019, the Corporation closed the sale of a 357-acre parcel of land belonging to a limited partnership for \$0.6 million.

#### *Sale of New Homes by GBG*

New homes sold in 2019 were 128 units (111 single-family homes and 17 townhouses) compared to 121 units (103 single-family homes and 18 townhouses) in 2018.

Revenues from the sale of homes by GBG in 2019 were \$59.7 million, up 10% from \$54.1 million in 2018. Fluctuations in the average revenue per home sold were mainly due to differences in product mix. During 2018 and 2019, GBGs single-family homes product ranged in price from \$343,000 to \$766,000 depending on the location and the model being offered. Similarly, GBGs townhouse product ranged in price from \$183,000 to \$357,000 depending on the location and the model being offered. In YE 2019, 111 single-family homes and 17 townhouses were sold compared to 103 single-family homes and 18 townhouses in YE 2018. Gross margins from the sale of homes by GBG in 2019 were \$8.3 million, up 2.6% from \$8.1 million in 2018.

#### *Sales, General and Administrative Expenses*

Sales, general and administrative expenses for 2019 were \$15.5 million compared to \$14.9 million for 2018, up \$0.6 million or 4%. Q4 2019 general, administrative and sales expenses were \$4.6 million, compared to \$3.9 million in Q4 2018, up \$0.7 million or 18%.

#### *Cash Flows from Operating Activities*

Change in cash and cash equivalents was a cash outflow of \$7.8 million in 2019 compared to a cash inflow of \$0.5 million in 2018. Genesis generated cash flows from operating activities of \$9.5 million (\$0.23 per share), a decrease of \$5.2 million (\$0.11 per share) from the \$14.7 million (\$0.34 per share) cash flows from operating activities in 2018. When reviewing the results year over year, there are a number of factors that affect the results of operations, as mentioned previously.

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The total change of \$5.2 million in cash flows from operating activities is a result of those factors, lower volumes of both lot sales and the timing of collection of amounts receivable, plus significant transactions occurring which do not occur on a regular basis being the investment in land development entities of \$5.6 million and the sale of development land of \$14.9 million in 2018 with no comparable development land sales in 2019.

#### *Dividends*

No dividends were declared or paid in 2019.

#### *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. The Corporation may purchase for cancellation up to 2,109,016 common shares under the renewed 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 23,694 Common Shares at an average price of \$2.41 per share during 2019.

#### *Servicing Additional Phases*

Servicing of four new community phases with an estimated budget of approximately \$53.0 million commenced in 2018, of which approximately \$33.0 million was spent in 2018 and \$12.0 million was incurred in 2019. The remaining costs were expected to be expended in 2020 and 2021 for municipal fees, completion of landscaping and amenities and final infrastructure costs. These phases are being financed by land servicing project credit facilities from two major Canadian chartered banks and will provide a substantial number of lots and land parcels for Genesis to sell, including:

- Saddlestone community: The final phase of Genesis' 160-acre Saddlestone community has been completed, adding 121 single-family lots and two multi-family sites totaling 1.9 acres and a 3.2-acre park;
- Sage Meadows community: The final phase of the 80-acre Sage Meadows community has been completed, servicing 18.1 acres containing three multi-family sites (one of which was sold in Q4 2018 and another has been contracted for sale with an expected closing date in the third quarter of 2020), 31 single-family lots on which GBG is building and selling houses and a school site; and
- Bayside and Bayview communities: The servicing of two new phases in the 720-acre Airdrie development was completed in 2019, including the 108 lot Bayside phase 10 and the 102 lot Bayview phase 1. Servicing of the 6-acre park is expected to be finished in mid-2020.

#### *Obtain Additional Zoning and Servicing Entitlements*

Genesis continued to make progress in obtaining additional zoning and servicing entitlements for its land in 2019, including:

- Sage Hill Outline Plan: Sage Hill is a mixed-use development in Calgary's northeast quadrant containing 15.4 acres of serviced land and 51 acres of undeveloped land. The 15.4 acres of serviced land is contained in the south segment of the development and is comprised of an 8.2-acre multi-family site and a 7.2-acre commercial site. The multi-family site was sold in 2019 and closed in Q1 2020. The commercial site was actively marketed for sale in 2019. The 51 acres of undeveloped land, contained in the north segment, received City Council approval on December 2019 for final outline plan and land use amendment. The northern segment is expected to yield 282 single family lots, 14.6 acres of multi-family land and 4.1 acres of commercial land over three phases of development. Tentative plan of subdivision and engineering drawings for the first phase were submitted to the City of Calgary in 2019.
- Ricardo Ranch ASP: Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant known as Logan Landing. An ASP for a new residential community on these lands was approved by the Calgary City Council in November 2019. The Outline Plan and Land Use applications were submitted to the Calgary City Council and are expected to be approved in 2021.

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- OMNI ASP (in North Conrich): Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northeast quadrant of the City of Calgary, which are included in an ASP known as the “OMNI ASP”. Genesis has received ASP approval for a 185-acre commercial and retail project on a portion of these lands and a preliminary conceptual scheme was submitted to the County in December 2019. Approval of the conceptual scheme for this project is expected to be received in 2021. The remaining 425 acres are included in a special study area, with land use still to be determined.
- Lewiston: Genesis acquired 130 acres of residential development land in north Calgary in 2019. There is a GMO restricting development of these lands. Genesis expects to apply for GMO removal at the earliest opportunity.

## 2018

### *Residential Lot Sales*

Total residential lot sales in 2018 were \$31.8 million (176 lots), down 35% from \$49.2 million (266 lots) in 2017. In 2018, GBG sold 121 homes on Genesis lots, down from 134 homes sold in 2017. During 2018, 55 lots were sold to third-party builders, down 58% from the 132 lots sold to third-party builders in 2017. 12 of the lots sold to third-party builders in 2018 were premium lots in the Calgary community of Sage Meadows and 42 were in the City of Airdrie (2017 - 34 and 98 lots, respectively).

### *Purchase of Lands*

In the fourth quarter of 2017, a third-party builder in Airdrie breached its purchase contracts relating to single-family lots. On November 2, 2017 the Court of Queen’s Bench of Alberta granted a consent order permitting a receiver to take control of the assets of several companies associated with this builder. During 2018 Genesis entered into an agreement with the receiver of this builder, which was approved by the Alberta Court of Queen’s Bench. In accordance with this agreement, (1) the agreements to sell 23 lots to the builder, with amounts receivable of \$3.7 million, were cancelled and the lots were returned to Genesis, (2) Genesis re-purchased from the builder 31 lots for \$5.2 million for which it had received full payment and acquired that builder’s work in progress on both these lots and on the 23 returned lots. Genesis acquired all assets free and clear of any liabilities including any builders’ liens obligations. The transaction closed in May 2018.

### *Sale of Land Parcels*

In 2018, the Corporation sold three development land parcels located in the CMA for gross proceeds of \$15.1 million. The Corporation had one parcel of land in the Calgary Sage Meadows community under contract to sell, consisting of one multi-family parcel of 4.94 acres. The sale of this site will be completed in 2020.

### *Sale of New Homes by GBG*

New homes sold in 2018 were 121 units (103 single-family homes and 18 townhouses) compared to 148 units (127 single-family homes and 21 townhouses) in 2017. Overall local market new home sales in 2018 were negatively impacted by a number of external factors, including changes to mortgage lending “stress test” rules and increasing mortgage rates.

Revenues from the sale of homes by GBG in 2018 were \$54.1 million, down 20.1% from \$67.7 million in 2017. Revenues were down due to a combination of lower prices and volumes, with 103 being single-family homes and 18 being lower priced townhouses, while homes sold in 2017 were 127 single-family homes and 21 townhouses. Gross margins from the sale of homes by GBG in 2017 were \$8.1 million, down 28.4% from \$11.3 million in 2017.

In Q4 2018, GBG sold and closed its last unit in its “Ashbury” 24-unit townhouse development in Saddlestone in northeast Calgary. Genesis began construction on 27 of the 54 townhouse units in 2017 in “The Laurels” project, of which 11 units have been sold and closed, and there is one unit under a firm sales contract as of March 14, 2019.

### *Sales, General and Administrative Expenses*

Sales, general and administrative expenses for 2018 were \$14.9 million compared to \$15.9 million for 2017, down \$1.0 million or 7%. Q4 2018 general, administrative and sales expenses were \$3.9 million, compared to \$4.2 million in Q4 2017, down \$0.3 million or 8%.

## ANNUAL INFORMATION FORM For the Year Ended December 31, 2020

### *Cash Flows from Operating Activities*

Genesis generated positive cash flow in 2018, with cash flows from operating activities of \$14.7 million (\$0.34 per share), a decrease of \$ 32.2 million (\$0.74 per share) from the \$46.9 million (\$1.08 per share) cash flows from operating activities in 2017. Cash flows from operating activities were mainly used for the following: In early 2018, Genesis made a payment of \$8.0 million on a vendor-take-back mortgage and \$10.3 million (\$0.24 per share) was used to pay dividends to shareholders. Additionally, \$3.5 million was used in 2018 to repurchase Common Shares through Genesis' normal course issuer bid. Genesis' cash on hand increased by \$0.4 million as at December 31, 2018 to \$24.0 million in comparison to \$23.6 million as at December 31, 2017.

### *Dividends*

A cash dividend on the Common Shares of \$10.3 million (\$0.24 per share) was declared in August 2018 and paid in September 2018.

### *Normal Course Issuer Bid*

On October 5, 2018, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on October 10, 2018 and will terminate on the earlier of: (i) October 9, 2019; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,147,636 common shares under the renewed NCIB. The Corporation has purchased 772,400 Common Shares at an average price of \$3.12 per share under this NCIB.

The Corporation purchased a total of 1,069,100 Common Shares at an average price of \$3.27 per share during 2018.

### *Servicing Additional Phases*

Servicing of four new phases with a three-year estimated budget of approximately \$57.0 million commenced in Q2 2018, with approximately \$20.9 million incurred in 2018. These phases are being financed by land servicing project credit facilities from two major Canadian chartered banks. Servicing was expected to be substantially completed in 2019 providing a substantial number of future lots and parcels of land for sale, including:

- Saddlestone community: The final phase of Saddlestone of 121 single-family lots, two multi-family sites totaling 1.9 acres and a 3.2-acre park;
- Sage Meadows community: The final phase of Sage Meadows, servicing 18.1 acres with four multi-family sites (of which one was sold in Q4 2018 and another has been contracted for sale), 31 single-family lots on which GBG is expected to build and sell houses and a previously dedicated school site; and
- Bayside and Bayview communities: Two new phases in Airdrie, including Bayside phase 10 adding 108 lots and Bayview phase 1 adding a 6-acre park and 102 lots.

### *Obtain Additional Zoning and Servicing Entitlements*

Genesis continued to make progress in 2018 in obtaining additional zoning and servicing entitlements including:

- Sage Hill Outline Plan: Sage Hill is a mixed-use development in Calgary's northwest quadrant with 51 acres remaining to be developed. Calgary City Council approved the ASP amendment for Sage Hill in September 2017. Genesis submitted its Outline Plan and Land Use application in December 2017 and subsequently filed amendments to its original ASP to split the plan into two segments and to make certain modifications to improve their marketability.
- Ricardo Ranch ASP: Genesis owns 354 acres of undeveloped land in Calgary's southeast quadrant. The City of Calgary began the process for the creation and subsequent approval of the developer funded ASP in January 2018, with Genesis leading discussions with the City on behalf of the three landowners involved. A draft report of the ASP policies has been circulated to landowners for review and, once all terms and policies are agreed to, the formal circulation process will begin.

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### For the Year Ended December 31, 2020

- OMNI ASP: Genesis controls 610 acres of undeveloped land in Rocky View County bordering the northwest quadrant of the City of Calgary, which lands are included in an ASP known as the “OMNI ASP”. The OMNI ASP was approved by Rocky View County in September 2017. The City of Calgary, as the neighboring municipality, appealed this approval to the Alberta Municipal Government Board (the “MGB”) in October 2017, which held an appeal hearing in the summer of 2018. On December 17, 2018, the MGB issued its ruling confirming that the 185-acre OMNI commercial and retail project on the Genesis controlled lands could proceed to the next stage of the development process, with the remainder of the lands in the ASP included in a study area.

#### *Leadership Transition*

Effective September 20, 2018, the following executive appointments were made:

- Iain Stewart was appointed President and Chief Executive Officer. Mr. Stewart had been an independent director of Genesis since August 2013 and was Vice Chair of the Board since May 12, 2017 until his executive appointment. Mr. Stewart remained a member of the Board of Directors.
- Stephen J. Griggs was appointed Executive Chair of the Board. Mr. Griggs has been a director and Chair of the Board since August 2013 and was Chief Executive Officer or interim Chief Executive Officer since February 2016. Mr. Griggs remained a member of the Board of Directors.

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**Operations**

Genesis reports its activities under two business segments: land development and home building. Land development involves the acquisition of land for future development, and the planning, land servicing and marketing of residential communities and commercial and industrial developments. The home building business includes the acquisition of lots primarily from the land development division and the construction and sale of single-family houses and townhouses.

In 2020 and 2019, total revenues were as follows:

	Year ended December 31	
	2020	2019
Residential homes sales (including related lots)	<b>\$74,771,000</b>	\$59,732,000
Development land sales to third-parties <sup>(1)</sup>	<b>\$16,628,000</b>	\$550,000
Residential lot sales to third-parties	<b>\$12,044,000</b>	\$7,248,000
Other revenue	<b>\$490,000</b>	\$567,000
<b>Total revenues</b>	<b>\$103,933,000</b>	\$68,097,000

<sup>(1)</sup> 2020 included \$320,000 of land sales related to a limited partnership (2019 - \$550,000)

**Land Development**

The land development business focuses on developing residential lots in the CMA, with commercial and industrial land sold to third-parties at the opportune stage of development.

In 2020, single-family building permits issued by the City of Calgary were 3,427 (2019 – 3,714) and were 3,947 for multi-family (including townhomes) (2019 – 7,908) for a total of 7,374 residential permits issued (2019 – 11,622). In Airdrie, 395 single-family building permits were issued (2019 – 476) and 64 multi-family permits were issued (2019 – 218) for a total of 459 residential building permits in 2020 (2019 – 694).

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The following is a summary of Genesis' land projects, on which the Corporation continues to pursue planning approvals, land servicing and sales, as of December 31, 2020:

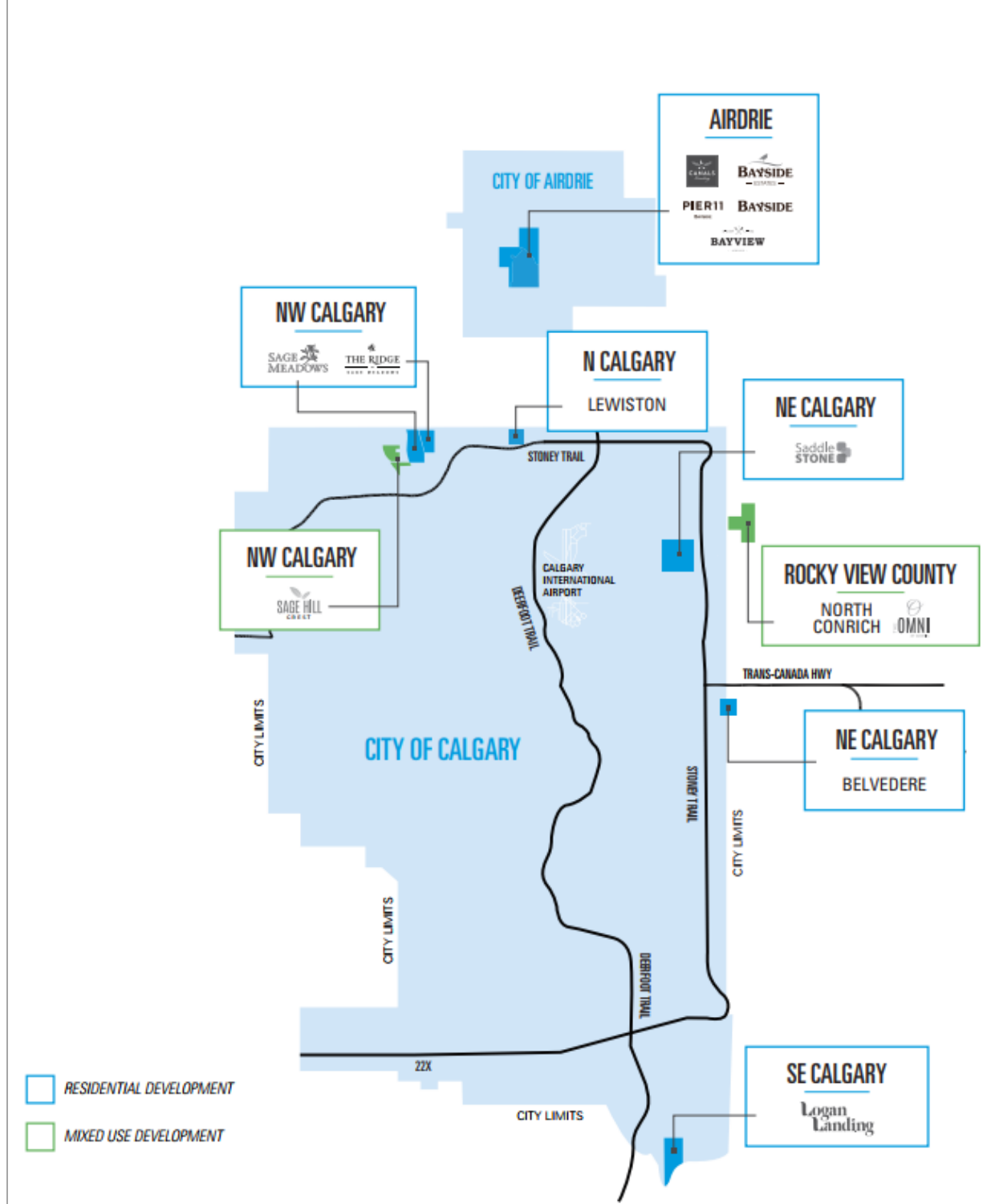
	Current Land Holdings			Commenced /	
	Undeveloped Acres	Serviced Lots	Developed Parcels	Estimated Servicing Start Date	Estimated Servicing Completion Date
Airdrie - Bayside, Bayview, Canals	186	188	1	1997	2029
Calgary NW - Sage Meadows	-	23	2	2002	2022
Calgary NW - Sage Hill	51	-	1	2020	2026
Calgary NE - Saddlestone	-	120	1	2010	2022
Calgary N - Lewiston	130	-	-	2020	2031
Calgary SE - Logan Landing	354	-	-	2023	2035
Rocky View County - North Conrich	312	-	-	N/A	N/A
	<b>1,033</b>	<b>331</b>	<b>5</b>		
Other assets - non-core	300	13	-	(1)	(1)
	<b>300</b>	<b>13</b>	<b>-</b>		
Rocky View County - North Conrich (LP4/5)	298	-	-	N/A	N/A
Other lands (LP8/9)	462	-	-	(1)	(1)
	<b>760</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>2,093</b>	<b>344</b>	<b>5</b>		

(1) Identified for sale

Subsequent to December 31, 2020 the Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the Belvedere community in northeast Calgary. Genesis has paid a non-refundable deposit of \$2.18 million, with the balance of \$26.97 million to be paid on closing, currently scheduled for April 2022. The lands are located within Calgary City limits and on the edge of existing residential and retail developments. Genesis plans to immediately commence the process of obtaining Land Use and Outline Plan approvals from the City of Calgary. Upon completion of development, the lands are expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.



## LOCATIONS OF GENESIS' DEVELOPMENTS



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A brief description of key properties follows.

### AIRDRIE

In 1997, Genesis commenced development of a 720-acre parcel in the city of Airdrie, which is located just north of Calgary. All lands within the 720 acres have approved land use. The concept plan for this property provides for a linear park system running parallel to a unique canal system, consisting of two lakes and a canal system that provides year-round recreation facilities such as biking and ice skating and also functions as a storm water management facility. The concept plan also provides for multi-family and commercial sites within the property along with three school sites.

*The Canals* - Consists of nine phases, all of which are fully developed and eight are sold out. Canals Phase 6 is the final phase that was developed and consists of 148 single-family lots and a 3.51-acre townhouse site. As at December 31, 2020, 7 single-family lots remain in inventory but are under contract. The phased construction of the "Newport" townhouse units by GBG is underway on the 3.51-acre site with 33 of the 85 units being sold and closed and 4 additional units are expected to close in 2021.

*Bayside* - Consists of 16 phases. Eleven phases have been developed and five phases are available for future development. Bayside Phases 1 to 4 and Phases 6, 7, 9 and 11 are fully developed and sold out. As at December 31, 2020, there were a total of 8 unsold lots out of a total of 250 lots in Phases 5 and 8. In 2018, servicing of 108 single-family lots in Bayside 10 began and became available for sale in 2019. As at December 31, 2020 there have been 47 lots sold in Bayside 10.

*Bayview* - Located to the west of the existing Bayside and Canals communities, Bayview consists of 9 phases. Genesis re-conceptualized and re-zoned Phases 1 to 7 in 2017 to reflect current market trends. Bayview Phase 10 consists of 114 single-family lots and a 3.36-acre townhouse site. At the end of 2020 only the townhouse site remained unsold in Phase 10. Phase 9 was serviced in 2017 and contained 73 lots, all of which have been sold. Servicing was completed in 2019 for the 102 single-family lot Bayview Phase 1 and at December 31, 2020 there are 56 lots that remain unsold.

### CALGARY NORTHWEST

In 2002, Genesis commenced development of a 775-acre parcel in the Symons Valley area in northwest Calgary. The project comprises 4,200 residential lots, a number of multi-family parcels, mixed-use sites, the Sage Hill Crossing commercial site and commercial lots in the communities of Sherwood, Kincora, Sage Meadows and Evansridge.

This development has several topographical features including West Nose Creek, valley escarpments, ravines and coulees, including Symons Valley's system of natural areas and parks connected to Nose Hill Regional Park to the south. This project was designed to include an interconnected pedestrian pathway system, which provides walking, jogging and cycling facilities, surrounded by scenic views of the natural topography. Outline plan and land use approval in Symons Valley have been completed on all lands owned by the Corporation. Land servicing commenced in 2010 on obtaining land use approval and, to date, 374 acres have been serviced and 252 acres have been sold.

The remaining portions of this development are set out below:

*Sage Meadows* - The community of Sage Meadows consists of five phases adjacent to Symons Valley Road and West Nose Creek. This project takes advantage of access off Symons Valley Road and the natural area amenity along West Nose Creek. Development is complete on the first three residential phases with all 216 single-family lots sold as well as the 9.58-acre multi-family site.

In 2016, servicing was substantially completed in Phase 4 (74 lots) and for a 4.27-acre multi-family site. Two third-party builders entered into an option to purchase all 74 lots in Phase 4. As at December 31, 2020, 68 lots in Phase 4 had been sold and the remaining 6 are under contract.

Servicing of Phase 5 was completed in 2019 and contains 31 single-family lots and an 18.1-acre multi-family site containing three separate parcels. In 2018 Genesis completed the sale of a 3.63-acre multi-family parcel and in 2020 the sale of a 4.9-acre multi-family parcel was completed. There are 17 lots that remain unsold as of December 31, 2020, all of which are contracted by GBG.

*Sage Hill* - Sage Hill is a mixed-use development in Calgary's northeast quadrant containing 15.4 acres of serviced land and 51 acres of land under development. The 15.4 acres of serviced land is contained in the south segment of the development and is

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comprised of an 8.2-acre multi-family site and a 7.2-acre commercial site. The sale of the multi-family site closed in Q1 2020. The commercial site is actively being marketed for sale. The 51 acres in the north segment received City Council approval in December 2019 for final outline plan and land use amendment. The northern segment is expected to yield 282 single-family lots, 14.6 acres of multi-family land and 4.1 acres of commercial land over three phases of development. Servicing on the first phase (Phase 9) began in 2020 and is scheduled to be complete in 2021; the phase will consist of 99 single-family lots, a 3.2-acre multi-family site and a 4.1-acre commercial site.

#### **CALGARY NORTHEAST**

*Saddlestone* - This project is a community of affordable housing, adult and senior living with convenient amenities, and located in northeast Calgary approximately 20 minutes from downtown. The development comprises a variety of single-family houses and townhouses, and an interconnected parks system, two storm water retention lakes, and an 8-acre shopping center along with a school and several multi-family sites. A total of 480 acres in this project have been serviced and the project is expected to be fully complete by 2021/2022.

Saddlestone originally consisted of 166 acres, which received Outline Plan and land use approval in 2008. This project comprises 11 phases and commenced servicing in 2010, with development completed on Phases 1 to 8 and Phase 11 (668 single-family lots, seven multi-family sites, and one commercial site). Phase 10 with 102 lots was serviced in 2017 and 27 lots remain unsold as of December 31, 2020. Phase 9 (121 lots and two multi-family sites) servicing was completed in 2019 and 66 lots remain unsold as of December 31, 2020. In 2020 Genesis completed the sale of one multifamily site and the remaining multifamily site is under contract to close in 2021. There can be no assurances that this transaction will close within the described time period or that it will close at all. All remaining lots are contracted and expected to be sold by GBG.

*Belvedere* - Subsequent to December 31, 2020 the Corporation entered into a binding agreement to acquire approximately 157 acres of future residential development land in the Belvedere community in the City of Calgary. Genesis has paid a non-refundable deposit of \$2.18 million, with the balance of \$26.97 million to be paid on closing, currently scheduled for April 2022. The lands are located within Calgary City limits and on the edge of existing residential and retail developments. Genesis plans to immediately commence the process of obtaining Land Use and Outline Plan approvals from the City of Calgary. Upon completion of development, the lands are expected to yield over 1,200 housing units including single-family, townhouse and multi-family apartment units.

#### **CALGARY NORTH**

*Lewiston* - In September 2019, the Corporation purchased 130 acres of future residential development land in north Calgary for \$23.7 million. Land servicing began in 2020 and upon completion the community is expected to include over 800 single-family homes, and approximately 7 acres of multi-family and commercial sites.

#### **CALGARY SOUTHEAST**

*Logan Landing* - In January 2015, the Corporation acquired a 354-acre parcel of land overlooking the Bow River Valley with views of the Rocky Mountains, located south of the Calgary South Health Campus Regional Hospital at the southern boundary of Calgary. The community is expected to ultimately include approximately 2,000 residential units, parkland and supporting community and commercial development. The City of Calgary began the process for the creation and subsequent approval of the developer funded Ricardo Ranch ASP in January 2018, with Genesis leading discussions with the City of Calgary on behalf of the three landowners involved. An ASP for a new residential community on these lands was approved by Calgary City Council in November 2019. There is a GMO restricting development of these lands. Genesis will apply for GMO removal at the earliest opportunity. An outline plan and land use applications have also been submitted and approval is expected in 2021.

#### **ROCKY VIEW COUNTY**

*North Conrich Lands* - This 610-acre parcel of farm land which borders the Calgary city limits in northeast Calgary at 96th Ave and 84th Street within Rocky View County was purchased in 2004. Genesis holds a 51.2% interest in the lands with the remainder owned by GLP#4 and GLP#5. Genesis and GLP #4 and GLP#5 entered into a joint venture agreement in March 2005 to jointly develop and sell the North Conrich Lands. These lands are included in an ASP titled the "OMNI ASP". The OMNI ASP was approved by Rocky View County (the "County") in September 2017. The City of Calgary, as the neighboring municipality, appealed

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this approval to the Alberta Municipal Government Board (the “MGB”) in October 2017. The MGB held a hearing into this appeal in mid-2018. On December 17, 2018 the MGB issued its ruling confirming that the 185-acre OMNI commercial and retail project on the Genesis controlled lands could proceed to the next stage of the development process. Genesis has received ASP approval the 185-acre commercial and retail project on a portion of these lands. Genesis submitted a preliminary conceptual scheme to the County in December 2019 and a formal submission took place in early 2020. The adjacent Genesis controlled lands in Rocky View County are included in a special study area, a new concept is being developed that emphasizes residential and highway commercial uses. Genesis anticipates submitting this new concept to Rocky View County Council for first reading adoption in 2021.

#### **Home Building**

Genesis has been in the homebuilding business through its subsidiary, GBG, since 2005 and builds single-family detached and semi-detached homes and townhomes. GBG is active in the Corporation’s residential communities of Saddlestone and Sage Meadows and in Airdrie and currently has 8 professionally designed and staged show homes in the communities of Sage Meadows and Saddlestone in Calgary and in Bayside and Bayview in Airdrie.

Residential homes sold in 2020, 2019 and 2018, respectively were 163 (138 single-family homes and 25 townhouses), 128 (111 single-family homes and 17 townhouses), and 121 (103 single-family homes and 18 townhouses). As at December 31, 2020 there were 83 homes (2019 - 53) under contract that are expected to close in 2021.

In 2020, Genesis commenced construction on an additional 8 units of an 85-unit townhouse complex, the “Newport”, in Airdrie. Genesis had previously constructed 43 units in the Newport of which 33 units have closed and 4 additional units are expected to close in 2021. In 2018, GBG completed construction of and closed all units in a 24-unit townhouse complex in northeast Calgary, the “Ashbury”. In 2017 GBG commenced construction on a 54-unit townhome project, the “Laurels” in northeast Calgary of which 27 units have been closed to date and a further 16 units are expected to be closed in 2021.

#### **Employees**

The Corporation had 56 employees as at December 31, 2020, primarily located in Calgary, Alberta.

Genesis attracts and employs management and other personnel with the required skills to manage its business. Genesis also relies on the use of third-party contractors with specialized skills (such as engineering, architecture, planning, design, and various construction trades). Genesis has been successful in acquiring the services of these employees and contractors in the past and believes they will be able to continue to do so in the future as needed.

#### **Code of Conduct**

The Corporation has a Code of Conduct (the “Code”) that sets out the expected conduct of its directors, officers, and employees, contractors, consultants, representatives and agents and its subsidiaries. The Code is intended to assist the Board and all company personnel in understanding their responsibilities to uphold the goals and values to which the Corporation aspires and to conduct business in accordance with applicable laws and regulations.

The Board reviewed and updated the Code in December 2020, which can be found on SEDAR.

#### **RISK FACTORS**

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. The Corporation maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy and cost effectiveness of the coverage.

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Risks and uncertainties faced by Genesis include the following:

#### **Competition**

Each segment of the real estate business is competitive. Numerous residential developers and builders compete for development opportunities and potential customers. Although it is the goal to be a leading land developer and home builder in the CMA, some of the Corporation's competitors may provide a better product, have lower prices or may be better located or better capitalized. The existence of alternative lots, housing or commercial properties can have a material adverse effect on the Corporation's ability to sell lots, homes or commercial properties and can adversely affect the Corporation's revenues and ability to meet its obligations.

#### **Credit and Liquidity Risk**

Credit risk arises from the possibility that third-party builders who agree to acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot purchase commitments.

Liquidity risk is the risk that Genesis will not be able to obtain financing for its servicing and other needs or be able to meet its financial obligations as they fall due. If Genesis is unable to generate sufficient sales, renew existing credit facilities or secure additional financing, its ability to meet its obligations as they become due may be impacted. Based on the Corporation's operating history, relationships with lenders and committed sales contracts, management believes that Genesis has the ability to continue to renew or repay its financial obligations as they become due.

#### **Cybersecurity and Business Continuity Risk**

Genesis' operations, performance and reputation depend on how its technology networks, systems, offices and sensitive information are protected from cyberattacks. Genesis' operations and business continuity depend on how well it protects, tests, maintains and replaces its networks, systems and associated equipment. The protection and effective organization of Genesis' systems, applications and information repositories are central to the security and continuous operation of its business.

Cyberattacks and threats (such as hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential information, or other breaches of network or IT security) continue to evolve and Genesis' IT defenses need to be regularly monitored and adapted. Vulnerabilities could harm Genesis' brand and reputation as well as its business relationships and could adversely affect its operations and financial results.

Genesis continues to carefully manage this risk and has the following in place to reduce and/or manage cybersecurity and business continuity risk: enterprise grade firewalls with the ability to detect port scanning, denial of service attacks and content filtering and application control to permit or deny traffic on the network. Genesis also has anti-virus software with behaviour based real-time threat end-point protection, ability to scan and lock down unauthorized system changes and/or file encryption and prevent suspicious network behaviour. In addition, all incoming and outgoing emails are scanned for content, suspicious URLs and the existence of recipients within the organization. Regular internal backups of network databases and files are made in case of data corruption or encryption. Internet facing services are additionally protected by MFA security methods. The Corporation maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy of this coverage..

#### **Development and Construction Cost Risk**

Genesis may be impacted by higher prices of labor, consulting fees, construction services and materials. Costs of development and building have fluctuated over the past several years and are typically passed on to the end customer through adjustments to pricing. Any significant increase that Genesis cannot pass on to the end customer may have a negative material impact on profits. The impact of COVID-19 on the supply chain is unknown but it could impact both the price and timely availability of materials.

#### **Environmental Risk**

As an owner of real estate, Genesis is subject to federal, provincial and municipal environmental regulations relating to the protection of the environment. These regulations may require us to fund the costs of removal and remediation of certain hazardous substances on the Corporation's properties or releases from its properties. The failure to remediate such properties, if any, could

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adversely affect the Corporation's ability to borrow monies using the property as collateral or to sell the real estate. Management is not aware of any material noncompliance with environmental laws at any of the Corporation's properties. Environmental laws and regulations can change, and Genesis may become subject to more stringent environmental laws and regulations in the future, which could impact its business, cash flows, financial condition and results of operations.

#### **Finance Risk**

Genesis uses debt and other forms of financing in its business to execute the corporate strategy. Genesis uses project specific credit facilities to fund land development costs and construction operating lines for home construction purposes. Should Genesis be unable to retain or obtain such credit facilities, its ability to achieve its goals could be impacted. In order to reduce finance risk, Genesis endeavors to match the term of financing with the expected revenues of the underlying land asset.

Management regularly reviews the Corporation's credit facilities in accordance with review and renewal dates prescribed in the related agreements. The Corporation has successfully managed the requirements in accordance with project development plans and operating requirements.

#### **Geographic Risk**

The Corporation's business activities are conducted primarily in and around the cities of Calgary and Airdrie in Alberta. As a result, the market value of the Corporation's assets, its ability to generate cash flow and its performance are particularly sensitive to changes in the real estate markets and economic conditions in Alberta. The factors impacting the real estate markets in Alberta and the Alberta economy, in general, may differ from those affecting other regions of Canada.

Adverse changes in the economic conditions in Alberta may have a material adverse effect on the Corporation's business, cash flows, financial condition and results of operations.

#### **Governmental Regulation**

Genesis must comply with extensive and complex regulations affecting the land development and home building process. These regulations impose additional costs and delays, which may adversely affect the Corporation's business and results of operations. In particular, Genesis is required to obtain the approval of numerous governmental authorities regulating matters such as permitted land uses, levels of density, the installation of utility services, zoning and building standards. These regulations often provide broad discretion to the administering governmental authorities as to the conditions a development project must meet before being approved. Delays in the receipt of regulatory approvals could impact the timing and implementation of the Corporation's project development plans.

In addition, new development projects may be subject to various assessments and land dedications for schools, parks, streets and highways and other public improvements, the costs of which can be substantial. When made, these assessments can have a negative impact on the Corporation's sales by raising the price that homebuyers must pay for their homes or reducing profitability. Genesis must also comply with a variety of local, provincial and federal laws and regulations concerning the protection of health, safety and the environment, including with respect to workplace safety and hazardous or toxic substances. These laws may result in delays, additional costs, or restrictions on land development and home building activity in environmentally sensitive regions or areas.

During 2020 there were a number of health regulations put in place to address the COVID pandemic and Genesis has ensured that all regulations are being adhered to. This has an impact on overall work approach and in particular the work sites and sales center and approaches have been implemented to ensure all safety protocols are met or exceeded. Any new or more stringent regulations could impact the Corporation's operations.

#### **Industry Risk**

Real estate investments are subject to varying degrees of risk, depending on the nature of the property. These risks include (i) changes in general economic conditions, (ii) changes in local conditions (such as an oversupply of land or serviced lots or a reduction in demand for real estate in the area), (iii) changes in government and environmental regulations (such as new or revised



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zoning or building codes) and (iv) competition from other developers or builders. Real estate assets are relatively illiquid, particularly in depressed markets. Such illiquidity limits the Corporation's ability to rebalance its portfolio promptly in response to changing economic or investment conditions. If other developers and landowners experience financial difficulties, this may trigger distressed sales which may depress real estate values in the markets in which the Corporation operates.

#### **Interest Risk**

Where possible, Genesis structures its debt so as to stagger the maturity dates of its loan facilities to reduce exposure to short-term fluctuations in interest rates. There is a possibility that the Corporation would experience a loss as a result of increases in interest rates or if the Corporation is unable to renew a maturing debt either with the existing lender or with a new lender on similar terms. Management has historically been successful in obtaining refinancing on maturing debt where it has sought it. Should Genesis experience a loss due to this risk, the future development activities of the Corporation could be impacted.

#### **Litigation Risk**

All industries are subject to legal claims, with or without merit. The Corporation may be involved from time to time in various legal proceedings which may include potential liability from its operating activities and, as a public company, possibly from violations of securities laws or breach of fiduciary duty by its directors or officers. Defense and settlement costs can be substantial, even with respect to legal claims that have no merit. Due to the inherent uncertainty associated with litigation, the resolution of any legal proceeding could have a material effect on the financial position and results of operations of the Corporation.

#### **Management Risk**

The Corporation's success is largely dependent on the quality of management and personnel. Loss of such personnel, a reduced availability of labor, or the inability to attract personnel of equivalent ability could materially affect the operations and prospects of the Corporation.

#### **Mortgage Rates and Financing**

Virtually all of the Corporation's home buyers finance their purchases through lenders providing mortgage financing. Increases in mortgage rates or decreases in the availability of mortgage financing could depress the market for new home sales because of the increased monthly mortgage costs or availability of financing to potential homebuyers. Even if potential customers do not need financing, changes in mortgage interest rates and mortgage availability could make it harder for them to sell their current homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage availability could adversely affect the Corporation's ability to sell new homes and the price at which Genesis can sell them.

#### **Seasonality**

Seasonality affects the land development and home building industry in Canada. Winter weather conditions limit both land servicing and building construction work. Revenues are also impacted by the timing of lot sales, which are less weather dependent.

#### **Supply and Demand**

The Corporation's performance could be affected by the supply and demand for land, housing and commercial properties in its geographic areas of ownership. Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. The potential for reduced sales revenue exists if demand diminishes, or supply becomes over abundant, thereby driving down prices for the Corporation's properties or impacting the availability of land for purchase. There can be no assurance that Genesis will be able to acquire additional properties or do so on favourable terms.

#### **Uninsured Losses**

Genesis carries comprehensive insurance with policy specifications, limits, and deductibles customarily carried for similar companies. There are, however, certain types of risks that are either uninsurable or not economically insurable, such as those of

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### For the Year Ended December 31, 2020

a catastrophic nature. Such uninsured losses could materially affect the Corporation's ability to continue operations or complete specific project development.

## MITIGATION OF RISKS

Genesis mitigates risks by regularly undertaking strategic and operational planning reviews of its current and future land development and home building projects and having an experienced management team and third-party consultants. In addition, Genesis regularly monitors market conditions that may adversely affect projects that are already underway and find 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 lower priced homes. Genesis secures commitments for the supply of materials and labor, depending on market conditions, when it deems it beneficial.

Prior to commencing projects relating to the construction of homes, Genesis obtains pre-sales of homes where possible, and ensures that it is able to meet all regulatory requirements to obtain necessary permits and build homes in a timely and orderly manner. With respect to development of lands, Genesis secures adequate financing and endeavors to match the term of financing with the expected revenues of the underlying land asset before commencing development work and ensures that debt covenants imposed by the lender are reasonable and can be met. Genesis establishes and maintains good business relationships with several lenders to provide a range of choice of financing terms and conditions offered by various lenders.

For lot sales to third-parties, Genesis conducts assessments on their creditworthiness, collects non-refundable deposits at the time the contract for the purchase and sale of the lots is entered into and transfers title to the lots only upon full payment of the purchase price.

## CAPITAL STRUCTURE

Genesis is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date of this AIF, 41,863,335 Common Shares are issued and outstanding as fully paid and non-assessable. Genesis is also authorized to issue an unlimited number of preferred shares without nominal or par value (the "Preferred Shares"). To date, no Preferred Shares have been issued.

The holders of Common Shares are entitled to dividends as and when declared by the Board, to one vote per share at meetings of shareholders of Genesis and, upon liquidation, dissolution or winding-up, to receive such assets of Genesis as are distributable to the holders of the Common Shares.

The Preferred Shares may be issued from time to time in one or more series. The Board may fix the number of Preferred Shares, the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. With respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Genesis, whether voluntary, or involuntary, or any other distribution of the assets of Genesis among its shareholders for the purpose of winding-up its affairs, the Preferred Shares of each series shall rank equally with the Preferred Shares of every other series and shall be entitled to preference over the Common Shares, and the shares of any other class ranking junior to the Preferred Shares.

In September 2015, Genesis initiated an NCIB to purchase and cancel Common Shares. The purchases made under various NCIBs since 2015 are summarized below.

	2020	2019	2018	2017	2016	2015	Total
Shares repurchased	296,592	23,694	1,069,100	493,085	551,796	628,598	3,062,865
Cost of repurchases	\$465,000	\$58,000	\$3,501,000	\$1,456,000	\$1,420,000	\$1,887,000	\$8,787,000



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On September 20, 2018, the Corporation's Board of Directors adopted a long-term incentive plan which included a stock option plan. The vesting and exercise of any initial stock option grants made under this plan was conditional upon and subject to the approval by Genesis' shareholders, which was obtained in May 2019. No stock options were granted during 2020.

## DIVIDENDS

Dividends on the outstanding Common Shares are declared and paid solely at the discretion of the Board after taking into account the financial condition of Genesis and the economic environment in which it is operating. The following cash dividends were declared to be paid to the holders of Common Shares of Genesis:

	2020	2019	2018	2017	2016	2015	2014	Total
Per share	\$0.15	-	\$0.24	\$0.46	\$0.25	\$0.12	\$0.12	\$1.34
Total	\$6,279,500	-	\$10,309,000	\$19,896,000	\$10,936,000	\$5,331,000	\$5,386,000	\$58,137,500

On December 9, 2020, the Board of Directors declared a cash dividend of \$0.15 per common share for a total of \$6,279,500 payable to shareholders of record on December 23, 2020, which was paid in January 2021. Other than these cash dividends, neither Genesis nor any of its subsidiaries declared any cash dividends or made any distributions on any of their securities other than distributions made to unit holders of certain limited partnerships of Genesis, as described below.

The following cash distributions were made to unit holders of the limited partnerships during the years ended December 31, 2020, 2019, and 2018, respectively. In the GLP#8 structure, the sale of a parcel of land for \$0.3 million occurred in 2020 (\$0.6 million in 2019) and distributions were made from the sale proceeds.

	2020	2019	2018
LP#8	\$317,000	\$518,000	-
LPLP 2007	\$6,092,000	-	-
Total	\$6,409,000	\$518,000	-

## MARKET FOR SECURITIES

The Common Shares are listed on the TSX under the symbol 'GDC'. The following table sets out the high and low closing prices and average trading volumes for the Common Shares as reported by the TSX, for the periods indicated.

2020	Price Range (\$)		Monthly Trading Volume
	High	Low	
January	2.27	2.17	74,900
February	2.19	1.52	196,100
March	1.79	1.10	272,500
April	1.21	1.02	161,200
May	1.18	1.07	203,000
June	1.24	1.12	87,200
July	1.25	1.04	242,300
August	1.40	1.25	1,762,500
September	1.47	1.38	172,700
October	1.54	1.42	356,800
November	2.28	1.36	403,500
December	2.44	2.00	1,666,500

## PRIOR SALES OF COMMON SHARES

During its most recent completed financial year, there were no Common Shares issued by Genesis.

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**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date hereof, and to the knowledge of the officers and directors of Genesis, there are no securities that are pooled, subject to escrow, held under a voting trust agreement or other similar agreement or subject to a contractual restriction on transfer.

**DIRECTORS AND OFFICERS**

The following table sets forth, as at the date hereof, the residence of the directors of Genesis, their offices or positions with Genesis, their principal occupations during the past five years and the period during which each director has served as a director. The term of the directors' office expires at the next annual meeting of shareholders. The Board of Directors (the "Board") has established an Audit Committee and a Governance and Compensation Committee.

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Director Since</b>	<b>Principal Occupation (preceding five years)</b>
Stephen J. Griggs, B.A., J.D. <sup>(1)</sup> Mississauga, Ontario, Canada	Director and Chair of the Board	August 28, 2013	Chief Executive Officer, Smoothwater Capital Corporation, a private investment company (2013 - present); Chair of the Board and CEO, Haventree Holdings Inc. which owns Haventree Bank (an OSFI regulated bank focusing on near-prime residential mortgages) and of which he is Chair of the Board, 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.
	Chief Executive Officer May 12, 2017 to September 20, 2018 Interim Chief Executive Officer February 17, 2016 to May 11, 2017		
Steven J. Glover, M.B.A., FCPA, FCA <sup>(1)(2)</sup> Canmore, Alberta, Canada	Lead Director	November 18, 2010	Director and Chair of the Audit Committee of the Mutual Fund Dealers Association of Canada (2014 - present).
Mark W. Mitchell, B.A., M.B.A. <sup>(2)</sup> Calgary, Alberta, Canada	Director	June 29, 2010	President, Reliant Capital Limited, a real estate finance company (2002 - present).
Loudon Owen B.A., J.D., M.B.A. <sup>(1)(2)</sup> Toronto, Ontario, Canada	Director	March 22, 2013	Managing Partner, McLean Watson Capital Inc. a venture capital investment firm (1996 - present)

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Name and Municipality of Residence	Position	Director Since	Principal Occupation (preceding five years)
Iain Stewart B.Comm., ICD.D, CPA, CA Calgary, Alberta, Canada	Director Chief Executive Officer September 20, 2018 to Present	September 4, 2013	President and Chief Executive Officer of Genesis Land Development Corp. (2018 – present); Serves on the board of directors and audit committee of Flagship Communities REIT; Serves on the board of directors of a not for profit organization which supports projects in developing countries.

(1) Member of the Governance and Compensation Committee

(2) Member of the Audit Committee

The following table sets forth, as at the date hereof, the residence of the other officers of Genesis, their offices or positions with Genesis, their principal occupations during the past five years and the period during which each officer has served as an officer.

Name and Municipality of Residence	Position	Officer Since	Principal Occupation (preceding five years)
Parveshinder Sidhu, MBA Calgary, Alberta Canada	President, Genesis Builders group Inc.; and Vice-President, Home Building	May 12, 2016	2016 – Present: Vice President, Homebuilding, Genesis Land Development Corp. and President, Genesis Builders Group Inc. 2008 – 2016: General Manager, Genesis Builders Group Inc.
Arnie Stefaniuk, P. Eng. Calgary, Alberta Canada	Vice-President, Land Development	May 12, 2016	2016 – Present: Vice-President Land Development 2010 – 2016: General Manager of Land Development, Genesis Land Development Corp.
Brian Whitwell, B.Comm. Calgary, Alberta Canada	Vice-President, Asset Management	May 12, 2016	2016 – Present: Vice-President, Asset Management 2013 – 2016: Manager Financing and Dispositions, Genesis Land Development Corp.
Wayne King, CPA, CA Calgary, Alberta Canada	Chief Financial Officer	May 12, 2017	2017 – Present: Chief Financial Officer 2007 – 2016: Chief Financial Officer and Senior Vice President at Southern Alberta Institute of Technology.

Mr. Griggs is the Chief Executive Officer of Smoothwater Capital Corporation which beneficially owns, or controls or directs, directly or indirectly, 20,524,820 Common Shares representing approximately 49.0% of the outstanding Common Shares. Mr. Mitchell, a director, beneficially owns, or controls or directs, directly or indirectly, 7,290,333 Common Shares representing approximately 17.4% of the outstanding Common Shares. As at the date hereof, the directors and officers of Genesis as a group beneficially owned, controlled or directed, directly or indirectly, 28,050,463 Common Shares or 67.0% of the issued and outstanding Common Shares.

**CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

Other than as set forth below, to the best of Genesis's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that: (a) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (b) was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

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### **For the Year Ended December 31, 2020**

Loudon 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; management's discussion and analysis relating to the interim financial statements for the six-month period ended December 31, 2013; and certification of the foregoing filings as required by National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*. The temporary cease trade order was replaced by a permanent cease trade order dated March 3, 2014. The securities commissions of each of Quebec and British Columbia also issued permanent cease trade orders against Hanfeng for the same deficiency.

### **Bankruptcies**

To the best of Genesis' knowledge, other than as set forth below, none of the directors or executive officers of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of Genesis Corporation: (a) is, as at the date of this AIF, or has been within the past 10 years, a director or executive officer of any corporation (including the Corporation) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the past 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Glover was the Vice President, Finance and Chief Financial Officer of Western Plains Petroleum ("Western Plains") until his resignation on February 19, 2014. Western Plains was deemed bankrupt on February 22, 2014, for failure to file a proposal and was discharged on October 22, 2015.

### **Penalties or Sanctions**

To the best of Genesis' knowledge, no director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to materially affect control of Genesis, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **CONFLICTS 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 and internal policies of the Corporation. The lead director position was created in 2015 to help the Board address conflicts of interest should they arise.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

A settlement has been reached on a statement of claim filed in 2016 by two former employees against the Corporation and a director. The claim alleged wrongful termination of their employment.

The Corporation is a co-defendant in a statement of claim initiated by limited partners of LPLP 2007 and its affiliated RRSP limited partnerships. The statement of claim is brought as a class action but has not yet been certified as such and is seeking damages of at least \$16.6 million. Any potential liability to the Corporation and/or the Partnership is indeterminate, and no provision has been made. The Corporation's view is that this action is without merit and is actively contesting it. The Corporation and the limited

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partners have each applied for summary judgement and the Corporation is contesting the certification of this matter as a class proceeding.

To the knowledge of the Corporation, there were no: (i) penalties or sanctions imposed against Genesis by a court relating to securities legislation or by a securities regulatory authority during the Corporation's last financial year, (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the last financial year.

## **AUDIT COMMITTEE**

Under NI 52-110, the Corporation is required to include in its AIF the disclosure required under Form 52-110F1 with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor. This information is provided in Appendix "A".

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Management of the Corporation is not aware of any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Genesis or a subsidiary of Genesis: (a) a director or executive officer of Genesis; (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the issued and outstanding Common Shares; and (c) an associate or affiliate of any of the persons or companies referred to (a) or (b).

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada. Its principal offices are in Calgary, Alberta at 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8 and Toronto, Ontario at 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, Genesis has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year, that are still in effect.

## **INTEREST OF EXPERTS**

There is no person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by Genesis during, or relating to the Corporation's most recently completed financial year, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, other than MNP LLP, the independent auditor of Genesis.

MNP LLP, Chartered Professional Accountants, the external auditor of Genesis, prepared an opinion with respect to the consolidated financial statements as at and for the fiscal years ended December 31, 2020, and 2019. MNP LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Chartered Professional Accountants of Alberta.

As of the date hereof, the principals, directors, officers and associates of MNP LLP, as a group, own, directly or indirectly, less than one per cent of the outstanding Common Shares of the Corporation.

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**ADDITIONAL INFORMATION**

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in the Management Information Circular prepared in connection with the Corporation's most recent annual meeting of Shareholders that involved the election of directors. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2020. Copies of these and other documents relating to Genesis may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.genesisland.com](http://www.genesisland.com).

## APPENDIX "A"

### INFORMATION CONCERNING AUDIT COMMITTEE

#### Audit Committee Mandate

The Committee's primary function is to meet the regulatory responsibilities prescribed for an Audit Committee and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and audit matters.

The regulatory responsibilities include:

- a) Providing oversight of the accounting, financial reporting, internal audit and financial risk management functions, and procedures, practices and policies of the Corporation related thereto;
- b) Reviewing and recommending to the Board for acceptance, prior to their public release, all material financial information required to be disclosed by the Corporation;
- c) Overseeing the Disclosure Controls and Policies and the Internal Controls Over Financial Reporting (including relevant IT systems), accounting and financial reporting systems and internal controls;
- d) Overseeing and supervising the internal audit work; and
- e) Overseeing the appointment and the ongoing relationship with the external auditor to the Corporation.

#### External Auditors

The Audit Committee will:

- a) Ensure the external auditor reports directly to the Audit Committee;
- b) Recommend to the Board the external auditor to be nominated;
- c) Review and approve the external auditor's compensation and pre-approve all audit and non-audit services;
- d) Evaluate the external auditor's qualifications, performance and independence;
- e) Delegate, as considered appropriate authority to pre-approve any engagements for non-audit services to the Chair of the Audit Committee or any member of the Audit Committee, in which case the pre-approval is reported to the next meeting of the Audit Committee;
- f) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including meeting regularly with the external auditor in camera;
- g) Review with the external auditor:
  - i. Proposed changes in accounting policies;
  - ii. New accounting standards likely to have an impact on the Corporation;
  - iii. The presentation and impact of significant risks and uncertainties; and
  - iv. Key estimates and judgments that may be material to financial reporting
- h) Ensure that the external auditor is answerable to the Committee, as representatives of the shareholders and monitor the rotation of partners on the audit engagement team in accordance with applicable regulations;
- i) Meet with the external auditor prior to the audit to review and approve the annual audit plan.
- j) Review significant changes to the audit plan, if any, and any disputes or difficulties with management encountered during the audit, including any disagreements which, if not resolved, would have caused the external auditor to issue a non-standard report on the Corporation's financial statements;
- k) Monitor the level of co-operation received by the external auditor during its audit including access to all requested records, data, explanations and information;

- l) Review with the internal and external auditors the degree of coordination between the two audit groups to determine the efficiency, effectiveness and completeness of the audit programs and the appropriate reliance on internal controls and systems;
- m) Review control weaknesses identified by the external auditor, any significant communications to and from regulators, and any incidents of fraud, misstatement or similar incidents and management's response;
- n) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives; and
- o) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation in compliance with the requirements set out in section 2.3 (8) of NI 52-110.

**Financial Statements, Management Discussion and Analysis and All External Reporting or Disclosure of Financial Statements or Information (Prior To Public Disclosure)**

The Audit Committee will:

- a) Review annual or quarterly financial statements, including the specific items noted below and develop a recommendation to the Board of Directors regarding the filing of the financial statements:
  - i. financial statements and management discussion and analysis of financial condition and results of operations;
  - ii. significant accounting judgments and reporting principles, practices and procedures applied in preparing the financial statements, including newly adopted accounting policies and the reasons for their adoption;
  - iii. related party transactions, particularly those with current or former directors or officers;
  - iv. officer certifications and any sub-certifications that noted matters of significance;
  - v. issues of its choosing with the external auditor, management and corporate counsel including but not limited to potential claims, assessments, contingent liabilities, and legal and regulatory matters that may have a material impact on the financial statements of the Corporation; and
  - vi. results of any audit or independent review of the financial statements or internal controls over financial reporting.
- b) Review the financial component of the following documents prior to public release:
  - i. prospectuses, take-over bid circular, issuer bid circular, rights offering circular, offering memoranda and other fundraising activities of the Corporation prior to their filing;
  - ii. relevant sections of the annual report (if applicable), annual information form and management information circular containing financial information;
  - iii. forecasted financial information and forward-looking statements; and
  - iv. press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed.

**Accounting Systems, Disclosure Controls and Procedures, Internal Controls and Related Systems and Procedures**

The Audit Committee will:

- a) Oversee the management and operations of the finance group to ensure the integrity of accounting and financial reporting and the underlying systems;
- b) Review the process for selection and performance evaluation of the CFO and other key members of the finance group in consultation with the CEO and CFO, establish roles and objectives and make recommendations as appropriate to the CEO, CFO and/or the Board of Directors;
- c) Review whether the disclosure controls and policies and the internal controls over financial reporting (including relevant IT systems), as those terms are defined in NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's accounting policies and IFRS.;



- d) Review the Corporation's system for certifications and sub-certifications related to quarterly and annual reporting;
- e) Review the quarterly certification and sub-certification process and the internal audit role with respect to the process;
- f) Oversee the Corporation's processes for independent appraisal of real estate property, including the selection and engagement of the independent appraiser, and any public disclosure of the results of the appraisal;
- g) Review and approve the Corporation's policies regarding officer and director expense policy and transactions with the Corporation, and may review the expense claims of any officer or director;
- h) Oversee the Corporation's risk management policies and systems related to major financial risks, including litigation matters and cyber security;
- i) Oversee the Corporation's tax policies and systems related to tax planning, payments, reporting, audits and assessments;
- j) As considered appropriate, direct the external auditor's examinations to particular issues;
- k) Meet separately with Executive Management or Finance personnel as deemed appropriate;
- l) Independently or together with the Board, investigate any identified fraud, illegal acts and conflicts of interest;
- m) Oversee the procedures for the confidential anonymous submission by employees of the Corporation of concerns or complaints regarding questionable accounting, internal accounting controls or auditing matters as set forth in the Corporation's Whistleblower Policy, including procedures for the retention (for at least 7 years) of copies of complaints or concerns expressed and evidence of investigations; and
- n) Maintain direct communications and review specific issues, or direct the examination of particular issues, as appropriate, with the Internal Auditor, including reviewing the audit plans of the Internal Auditor and the coordination with the external auditors, review the significant findings of the internal audit programs or the sub-certification process, together with management's response thereto, review the adequacy of the resources of the Internal Auditor and the objectivity and independence of the internal audit function and meet separately with the Internal Auditor as deemed appropriate.

## Composition of the Audit Committee

The Audit Committee of the Corporation is composed of the following individuals:

Steven J. Glover, M.B.A., FCPA, FCA	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Mark W. Mitchell, B.A., M.B.A. <sup>(2)</sup>	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Loudon Owen B.A., J.D., M.B.A. <sup>(2)</sup>	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

<sup>(1)</sup> Meaning as ascribed in NI 52-110.

<sup>(2)</sup> Mark Mitchell and Loudon Owen were appointed as members of the Audit Committee effective May 19, 2019.

## Relevant Education and Experience

Steven 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. Mr. Glover is the Lead Director of Genesis and 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.

Mark 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.

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.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption from NI 52-110.

#### I. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

#### II. Pre-Approved Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as the mandate of the Audit Committee requires that it pre-approve all audit and non-audit services.

#### III. External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors MNP LLP, in each of the last two fiscal years are as follows:

Financial Period Ending December 31,	Audit Fees	Audit-Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
2020	\$176,000	\$71,000	\$1,750	\$75,700
2019	\$170,000	\$69,000	-	\$45,200

*Notes:*

- (1) *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.'*
- (2) *The aggregate fees billed or accrued by the Corporation's external auditor for professional services rendered for tax compliance, tax advice, and tax planning.*
- (3) *The aggregate fees billed or accrued by the Corporation's external auditor for all other services provided such as controls testing, ITGC testing and anti-money laundering reviews but not limited to such services.*

## APPENDIX "B"

### INTERCORPORATE RELATIONSHIPS

The percentage of votes attached to all voting securities of the Corporation's material subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by Genesis is set forth below. All subsidiaries, partnerships and limited partnerships listed below are incorporated and established in the Province of Alberta.

All entities are incorporated in Canada and are listed in the following table:

Name	% equity interest as at	
	December 31, 2020	December 31, 2019
<b>Land Development</b>		
Genpol Inc.	100%	100%
Genpol LP	100%	100%
1504431 Alberta Ltd.	0.0002%	0.0002%
Genesis Sage Meadows Partnership	99.9998%	99.9998%
Genesis Land Development (Southeast) Corp.	100%	100%
Genesis Keystone Ltd.	100%	100%
Polar Hedge Enhanced Income Trust	100%	100%
<b>Home Building</b>		
Genesis Builders Group Inc.	100%	100%
The Breeze Inc.	100%	100%
<b>Joint Venture</b>		
Kinwood Communities Inc.	50%	50%
<b>Limited Partnerships</b>		
<b>LP 4/5 Group</b>		
Genesis Limited Partnership #4 <sup>(1)</sup>	0.001%	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	0%	0%
Genesis Northeast Calgary Ltd.	100%	100%
<b>LP 8/9 Group</b>		
Genesis Limited Partnership #8 <sup>(1)</sup>	53.63%	53.63%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	0%	0%
GP GLP8 Inc.	100%	100%
<b>LPLP 2007 Group</b>		
Limited Partnership Land Pool (2007)	0.023%	0.023%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc.	0%	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%

<sup>(1)</sup> The allocation of profit or loss is 0% in accordance with the terms of the limited partnership agreement.

Genesis Keystone Ltd. was incorporated on September 10, 2019 to hold title to the approximately 130 developable acres of future residential development land in north Calgary, Alberta.

Genesis Land Development (Southeast) Corp. was incorporated on November 28, 2014 to hold title to the approximately 354-acre parcel of land located in southeast Calgary, Alberta.

Genpol Inc. was incorporated on May 18, 2004 and is the general partner of Genpol Limited Partnership (the "Genpol Partnership"), which was established on August 3, 2004 to hold and develop lands located in northeast Calgary, Alberta (the "N.E. Lands"). Genesis contributed the N.E. Lands to the Genpol Partnership. The two limited partners of the Genpol Partnership, Genesis and PHT, each own 19.8% and 80.2% interest in the Genpol Partnership respectively. In 2015, a resolution was passed by all unitholders of PHT to extend its termination date to April 30, 2040. Genesis owns 20% and PHT owns 80% of all issued and outstanding common voting shares of the general partner, Genpol Inc.

Genesis Sage Meadows Partnership is a general partnership that was established on March 31, 2010 among Genesis and 1504431 Alberta Ltd to hold the Evansridge/Sage Meadows land parcel in Symons Valley, Calgary, Alberta. GSMP is 100% beneficially owned by Genesis.

GLP#4 and GLP#5 were both established in 2005 and raised a total of \$9 million to purchase from Genesis a 48.8% undivided interest in a 610-acre parcel of land known as the "North Conrich Lands", located adjacent to the eastern boundary of the City of Calgary in Rocky View County, Alberta. Genesis retained the remaining 51.2% ownership interest in the North Conrich Lands which it continues to hold. On the completion of the purchase, Genesis, Genesis Limited Partnerships #4 and GLP5 NE Calgary Development Inc. entered into a joint venture agreement creating the "North Conrich Joint Venture" to jointly develop and sell the North Conrich Lands.

GLP#8 and GLP#9 were established in 2006 and raised \$10.8 million from third-party investors, which funds were used by GLP#8 to purchase 1,140 acres of land near Radium, British Columbia. Approximately 357 acres of land were sold in 2019 and the remainder of the land continues to be held by the limited partnership.

LPLP 2007 was established on June 29, 2007 to purchase 319 acres of land adjacent to the city of Airdrie, Alberta, and 617 acres of land near the Hamlet of Delacour, Alberta. LPLP RRSP #1 and LPLP RRSP #2 were established on July 25, 2007 and January 15, 2008, respectively, to enable investors to indirectly acquire units of LPLP 2007 through their Registered Retirement Savings Plan. Combined, LPLP 2007 and LPLP RRSP #1 and #2 raised approximately \$44.0 million. Both parcels of land were sold to arms-length third-parties in December and August 2017, respectively. As consideration for the \$41.0 million sale of one of these parcels of land, LPLP 2007 received \$20.5 million in cash and a \$20.5 million three-year vendor take back secured first mortgage bearing interest at 6.5% per annum (the "VTB Mortgage"). Interest on the vendor-take-back mortgage receivable was payable annually, in arrears and the principal was to be fully paid in December 2020. On October 17, 2019 with the approval of the limited partners Genesis purchased the VTB Mortgage from LPLP 2007.

The "Kinwood Lands Joint Venture" ("Kinwood JV") was formed on April 30, 2010 among Genesis and another real estate development corporation (the "Joint Venturer") to jointly subdivide, develop and sell the subdivided lots created by the subdivision of the lands located in Calgary, Alberta. The lands are fully developed. and the Kinwood JV will be wound down.

GBG, the home building group of Genesis, was incorporated in 2005 as Reliant Homes Inc. ("Reliant"). Reliant purchased the assets of Point Grey Homes Ltd. in June 2006. Reliant was subsequently renamed Genesis Builders Group Inc. Effective May 1, 2017, GBG and its four wholly owned subsidiaries (Ashbury at Saddlestone Inc., Hutton at Bayview Inc., Newport at Canals Landing Inc. and Laurels by Genesis Inc.) were amalgamated.

Genesis also has a 5% interest in a land development limited partnership and an 8% interest in a land development joint venture, both located in Calgary.