

# **ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**MARCH 22, 2016**

**GENESIS**

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*Appendix "A" - Information Concerning Audit Committee*

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**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;

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

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

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

“**Generations**” means Generations Group of Companies Inc.;

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

“**GLP#5**” means Genesis Limited Partnership #5;

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

“**GLP#7**” means Genesis Limited Partnership #7;

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

“**GLP#9**” means Genesis Limited Partnership #9;

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

“**ICFR**” means internal controls over financial reporting;

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

“**JV**” means joint venture;

“**Kinwood**” means Kinwood Communities Inc.;

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

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

“**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;

“**Preferred Shares**” means preferred shares in the share capital of Genesis;

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“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 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 Obligation*, concerning the business, operations and financial performance and condition of Genesis.

Forward-looking statements include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, the ability to bring new developments to market, anticipated market, economic and business conditions, including petroleum commodity prices, and the anticipated impact on Genesis’ land development and home building activities, an expected cash distribution to unitholders of GLP#6 and GLP#7 and wind-up of such partnerships, Genesis’ business strategy, including the geographic focus of its activities, the constraint on margins and volumes in Calgary’s home building industry throughout 2016 and possibly beyond, the ability to obtain services of skilled employees and contractors, the effect of environmental protection laws and regulations, the ability to close the book of homes with firm sales contracts, and the ability to execute on the Corporation’s strategic plan. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation’s control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the impact or unanticipated impact of general economic and business conditions in Alberta, Canada, the United States and globally;
- local real estate conditions, including the development of properties in close proximity to Genesis’ properties;
- the ability of Management to execute its business strategy and plan;
- competitive conditions in the home building industry, including product and pricing pressures;
- current and expected future expense levels varying significantly than what is forecast;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- risks inherent in operations, including construction, land servicing and credit risks;

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- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- failure to obtain municipal, industry partner and other third party consents and approvals, as and when required;
- stock market volatility and market valuations;
- mortgage rate and availability changes;
- the uncertainties of real estate development and acquisition activity, including the availability of suitable undeveloped land at acceptable prices;
- availability and cost of labour or materials;
- confidence levels of consumers;
- ability to raise capital on favourable terms;
- the Corporation's debt and leverage;
- adverse weather conditions and natural disasters;
- relations with the residents of the Corporation's communities;
- risks associated with increased insurance costs or unavailability of adequate coverage;
- ability to obtain surety bonds;
- the impact of contractual arrangements and incurred obligations on future operations and liquidity;
- the ability to retain or replace the Corporation's executive officers; and
- other risks and factors considered under "Risk Factors" in this AIF and others described from time to time in the documents filed by Genesis with Canadian securities authorities, available at [www.sedar.com](http://www.sedar.com).

Forward-looking statements contained in this AIF are based on key assumptions. The reader is cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the forward-looking statements provided in this AIF as a result of numerous known and unknown risks and uncertainties and other factors. With respect to forward-looking statements contained in this AIF, Genesis has made assumptions regarding: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals and consents; the ability of the Corporation to obtain qualified staff and services in a timely and cost efficient manner; the ability of the Corporation to obtain financing on acceptable terms; interest rates; and the ability of the Corporation to successfully market its projects. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Furthermore, these forward-looking statements 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.

Caution should be exercised in the evaluation and use of the appraisal results. An appraisal is an estimate of market value at specific dates and not a precise measure of value, being based on subjective comparison of related activity taking place in the real estate market. An appraisal is based on various assumptions of future expectations and while the appraiser's assumptions are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

## 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

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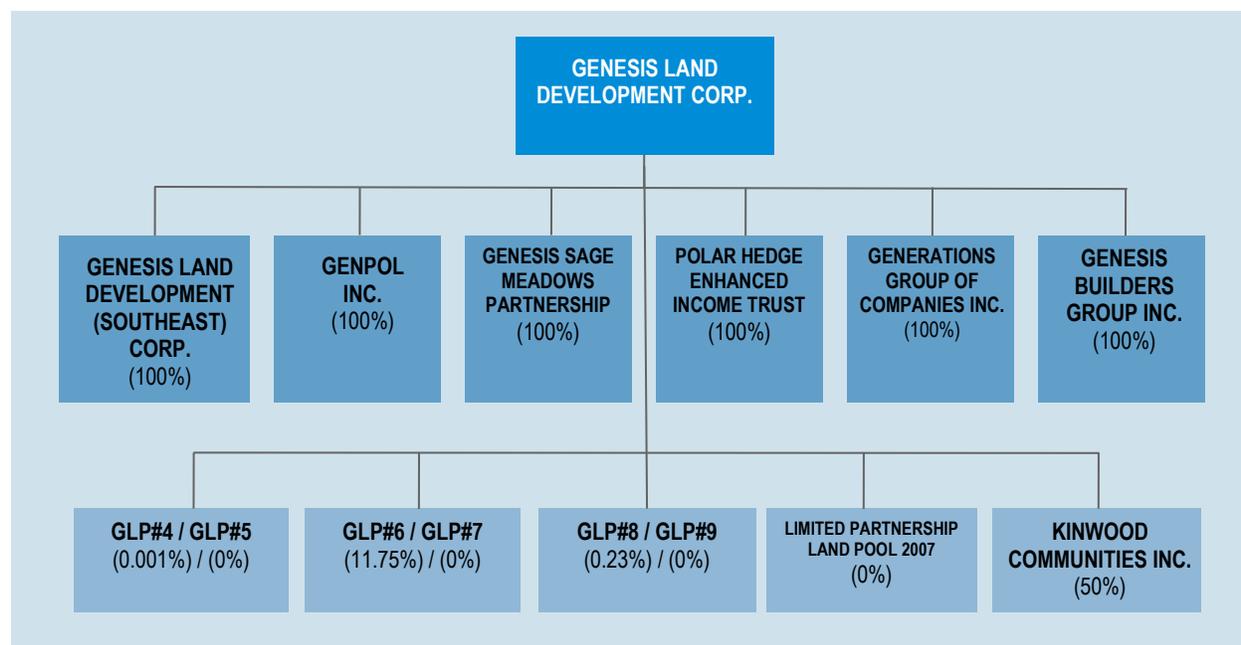
articles were further amended by a Certificate of Amendment dated October 29, 1998, whereby the name of the Corporation was changed from “Genesis Capital Corp.” to “Genesis Land Development Corp.” On January 2, 2002, the Corporation and its then wholly owned subsidiary, Genesis Land Developers Ltd., 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 7315 - 8th Street N.E., Calgary, Alberta, T2E 8A2.

**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 listed below are incorporated in the province of Alberta.



- 1) Genesis Land Development (Southeast) Corp. was formed on November 28, 2014 to hold the approximately 350-acre parcel of land located in southeast (“SE”) Calgary.
- 2) Genpol Inc. was formed on August 3, 2004, to hold and develop certain lands in northeast (“NE”) Calgary transferred from the Corporation. Genesis subscribed for 19.88% of the shares in Genpol with PHT obtaining the remaining 80.12%. PHT was acquired to gain access to substantial non-capital losses that had accumulated in PHT. Genpol was formed to make efficient use of these losses from an income tax perspective.
- 3) GSMP is a registered partnership that was formed on March 31, 2010. The partnership was created to hold the Evansridge/Sage Meadows land parcel in Symons Valley, and is 100% beneficially owned by Genesis.
- 4) PHT was acquired by Genesis on October 9, 2003, for an aggregate consideration of \$6.6 million. PHT was an income trust for income tax planning purposes and is currently inactive. PHT was amended to terminate on April 30, 2040, which is an extension from the original date of April 30, 2015.
- 5) GLP#4 and GLP#5 were formed in 2005 to acquire the North Conrich lands, comprised of 610 acres of land adjacent to the eastern boundary of the City of Calgary. GLP#4 and GLP#5 collectively raised a total of \$9.0 million and acquired a 48.8%

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interest in North Conrich. Genesis retained a 51.2% ownership interest in the North Conrich lands, which it continues to hold.

- 6) GLP#6 was formed in 2005, and GLP#7 in 2006, to obtain further cash liquidity on seven zoned and developed properties already owned by the Corporation and valued at approximately \$27.5 million. Combined, GLP #6 and GLP #7 raised \$25.0 million in cash with the intention to conduct joint ventures to construct multi-family dwellings, single-family homes, and commercial centres on these seven properties. The last of the properties held by GLP#6 and GLP#7 is expected to be sold in 2016 and the partnerships are anticipated to be wound up thereafter. Genesis holds an 11.75% interest in GLP#6.
- 7) GLP#8 and GLP#9 were formed in 2006 to raise capital for the purchase of 1,140 acres of land near Radium, British Columbia. These limited partnerships raised \$10.7 million in 2007 to complete the land purchase.
- 8) On June 29, 2007, Genesis formed LPLP 2007 to raise capital to purchase 319 acres of land adjacent to the city of Airdrie, Alberta, and 618 acres of land near the hamlet of Delacour, Alberta. LPLP RRSP #1 and LPLP RRSP #2 were formed on July 25, 2007, and January 15, 2008, respectively, to enable RRSP investors to indirectly acquire units of LPLP 2007. Combined LPLP 2007 and LPLP RRSP #1 and #2 raised approximately \$44.0 million.
- 9) Kinwood was formed on April 30, 2010. Genesis and another real estate development corporation formed Kinwood as a joint venture corporation for the purpose of conducting residential development of certain real estate holdings. Genesis contributed 75 acres (net of JV interests) and has a 50% interest in Kinwood. The property held by Kinwood was all sold as at December 31, 2015.
- 10) The home building division of Genesis was started in 2005 as Reliant Homes Inc. Genesis purchased the assets of Point Grey Homes Ltd. in June 2006 and created GBG as a result of the purchase. It is focused on residential home building. The home building division has 100% interest in three subsidiaries to potentially build townhome complexes on land owned or controlled by Genesis: Ashbury at Saddlestone Inc., Hutton at Bayview Inc., and Newport at Canals Landing Inc.

For a complete list of controlled entities, please refer to note 19 of the consolidated financial statements for the year ended December 31, 2015, which can be found on SEDAR and the Corporation's website at [www.genesisland.com](http://www.genesisland.com).

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

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

#### 2013

The positive trend in general economic conditions and the industry that started in 2012 continued throughout 2013, providing solid economic fundamentals and a healthy business environment for the Corporation's core land development and home building activities. The number of homes sold increased to 164 from 91 in 2012, resulting in higher revenues, gross margins, earnings and cash flows from operating activities for the business segment.

In January 2013 Genesis received proceeds from the 2012 sale of the Sage Hill Crossing property to Riocan Real Estate Investment Trust. The net proceeds from the sale were used to repay loans and credit facilities. By December 31, 2013, the Corporation's debt decreased to \$50.4 million from \$97.2 million at December 31, 2012.

In February 2013 Mr. Bruce Rudichuk was named as the President and Chief Executive Officer, replacing Mr. Jeff Blair. Mr. Mark Scott resigned from the Board and was named as the Executive Vice President and Chief Financial Officer also in February 2013.

On July 26, 2013, Smoothwater Capital Corporation ("**Smoothwater**") announced that it would propose a slate of seven nominees for election to the Board and subsequently filed a dissident proxy circular. Pursuant to a settlement agreement (the "**Settlement Agreement**"), Genesis entered into a standstill agreement on August 28, 2013, which included the support by Smoothwater of certain Board nominees for election until immediately after the May 14, 2015 annual meeting of shareholders.

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During 2013, Messrs. Stephen Griggs, Loudon Owen and Iain Stewart were appointed to the Board. Mr. Griggs was also appointed as the Chairman of the Board. Mr. Sandy Poklar resigned from the Board effective September 4, 2013.

Over the course of 2013, Management and the Board developed and commenced execution of a strategic business plan to focus and accelerate the profitable operations of Genesis.

#### 2014

Alberta's general economic conditions were strong throughout the majority of 2014 and the debt reduction in 2013 provided a strong balance sheet for the Corporation. Genesis realized an overall increase in revenue from \$96.1 million in 2013 to \$134.2 million in 2014, while further reducing debt from \$50.4 million at December 31, 2013, to \$23.9 million at December 31, 2014. Residential lot sales rose to 271 in 2014 from 260 in 2013.

On February 28, 2014, Genesis closed the sale of the non-core 122 acre industrial Acheson site for gross proceeds of \$14.0 million. A portion of the net proceeds from the sale was used to retire approximately \$6.5 million of related property debt.

On June 30, 2014 Genesis paid a special cash dividend of \$0.12 per common share for a total of \$5.4 million.

The Corporation entered into a purchase and sale agreement on October 14, 2014 for the acquisition of approximately 350 acres of land located in SE Calgary for \$52.5 million, payable over five years at 0% interest rate. This land is in a rapidly growing area within the city of Calgary and is expected to include nearly 2,100 homes, parkland and supporting community and commercial development with servicing forecasted to begin in 2021. This purchase was completed on January 6, 2015.

On October 22, 2014, Genesis announced that it was seeking a development partner or purchaser for a major mixed-use development site in the northwest Calgary. The "Sage Hill Town Centre" encompasses 22.4 acres and is proposed to be developed with up to 450,000 square feet of retail area and 720,000 square feet of multi-family residential.

#### 2015

The significant drop in crude oil and natural gas prices that began in the middle of 2014 continued throughout 2015, with significant volatility throughout the year. Both land development and home building were negatively impacted. Somewhat offsetting the decline in Alberta's major industry were continued low-interest rates and a low-inflation environment. Also benefiting Genesis is the relatively low level of serviced lot inventory in Calgary and an approvals process which has limited the supply of new serviced lots.

Total revenues for 2015 were \$119.1 million, lower than the \$134.2 million for 2014, due largely to the challenging economic conditions in the Calgary Metropolitan Area. Revenues were from the sale of 184 residential lots to third party builders, 209 homes by GBG and 118 acres of development land, compared to 271 residential lots to third party builders, 220 homes by GBG and 122 acres of development land sold in 2014.

On September 4, 2015, Genesis announced the commencement of a normal course issuer bid through the facilities of the Toronto Stock Exchange to purchase and cancel up to 2,246,310 common shares being approximately 5% of the then issued and outstanding shares. As at December 31, 2015, 628,598 common shares (1.40% of common shares outstanding at the beginning of the year) had been cancelled resulting in a reduction of shareholders' equity of \$1.9 million.

During the year Genesis obtained one new operating line and four land development loan facilities totaling \$75.80 million and increased a current facility by \$11.5 million. Interest on these facilities ranges from prime + 0.75% to prime + 1.25% per annum.

On October 23, 2015, the board appointed Steven J. Glover, FCPA, FCA as Lead Director. The Vice Chair position, which was held by William Pringle, B. Comm, CA, was eliminated and the Governance and Compensation Committee was split into two separate committees namely: the Governance Committee and the Compensation Committee. On December 31, 2015, William Pringle resigned as a director of Genesis.

On December 31, 2015, a special cash dividend of \$0.12 per common share for a total of \$5.3 million was paid to shareholders.

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#### **2016 Market Overview and Focus**

The negative impact of low oil and natural gas prices continues for the Corporation. Genesis entered 2016 with 63 firm sale contracts for new homes compared to 137 at the beginning of 2015. Weaker overall market conditions are expected to reduce margins and volumes in Calgary's home building industry throughout 2016 and likely beyond.

Genesis focuses its land development and home building activities primarily on the entry-level and first-time move-up segments, which in 2015 proved to be relatively less susceptible to market fluctuations than the higher end and custom segments. Genesis holds a portfolio of entitled residential and mixed-use land, which is expected to be positioned to deal with the expected continued economic downturn and to benefit from any future strengthening of the Alberta economy.

#### **Recent Developments**

On February 17, 2016, Mr. Bruce Rudichuk was replaced as President and Chief Executive Officer by Mr. Stephen J. Griggs, a Director and Chair of the Board, as interim Chief Executive Officer and Mr. Mark Scott, Executive Vice President and Chief Financial Officer, also left the company with immediate effect.

On March 16, 2016, the Board announced the appointment of Kirsten Richter, CPA, CA, as the interim Chief Financial Officer effective April 18, 2016. Until Ms. Richter assumes the position of interim Chief Financial Officer, the Board has appointed Mr. Rauf Muhammad, CPA (Colorado) to serve as the interim Chief Financial Officer of the Corporation.

## **DESCRIPTION OF THE BUSINESS**

### **General Description**

Genesis is a land developer and residential homebuilder creating communities and building homes in the Calgary Metropolitan Area.

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

### **Specialized Skills and Knowledge**

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 in the future as needed.

### **Corporate Objective and Strategy**

Management and the Board are committed to the profitable operation of the Corporation's land development and home building businesses (both focused primarily on residential) to maximize shareholder value. Properties that are not core to either the land development or home building businesses have been listed for sale and represent less than 5% of the net carrying value of real estate held for development and sale on the Corporation's balance sheet.

Operating and financial risk is mitigated by:

- Constant monitoring of market trends and conditions;
- Establishing substantial pre-sales before commencing a project;
- For financings:
  - Matching the terms of financing with the underlying land asset;
  - Establishing relationships with different lenders to mitigate against renewal risk;
  - Meeting debt covenants;
- Meeting all regulatory requirements;

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- Establishing adequate financing before commencement of project development;
- Working to continually reduce the costs of services and materials, securing long-term commitments for prices wherever possible;
- When, selling to third-party builders, Genesis:
  - Conducts thorough credit assessments on all new builders;
  - Obtains a non-refundable deposit; and
  - Maintains title to lots that are sold until payment is received in full;
- Maintaining a motivated and experienced management team and workforce;
- Undertaking strategic and operational planning of current and future land development projects; and
- Making the necessary capital expenditures to comply with environmental laws and regulations.

**Operations**

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

In 2015, total revenues, excluding interest and other income, were as follows:

	Year ended December 31	
	2015	2014
Residential lot sales to third parties	12,972,000	23,754,000
Development land sales to third parties	3,600,000	14,000,000
Residential home building segment (including related lots)	102,197,000	95,913,000
	<b>118,769,000</b>	<b>133,667,000</b>

**LAND DEVELOPMENT**

The land development business segment principally develops residential lots in the cities of Calgary and Airdrie, Alberta. The market started softening in the second half 2014 due to oil and natural gas prices which continued to fall and have high volatility in 2015. Single family building permits issued by the City of Calgary decreased in 2015 to 3,452 (2014 – 5,608) and increased to 9,893 for multi-family (including town homes) (2014 – 6,960) for a total of 13,345 (2014 – 12,568). Similarly in Airdrie, 643 single-family (2014 – 869) and 454 multi-family (2014 – 253) permits were issued in 2015 totaling 1,097 (2014 – 1,122). It is expected that the Alberta market will continue to remain soft in 2016 due to continued low oil and natural gas prices. Canada Mortgage and Housing Corp. (“CMHC”) has forecast 2016 building starts of 4,000 single family and 6,000 multi-family (totaling 10,000 starts) for the City of Calgary.

The land development business segment will continue to pursue strategic planning approvals in its core development areas in Calgary and Airdrie. The following is a brief summary of the land projects (developed and undeveloped) that Genesis owned or controlled as of December 31, 2015:

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**Development Projects**

	Location	Land under development		Land held for future development	Total		Scheduled start date	Scheduled completion date
		Acres	Lots	Acres	Acres	Lots		
<b>Residential</b>								
<b>Airdrie</b>								
Canals/Bayside	Airdrie	169	310	90	259	310	1997	2022
<b>Calgary NW</b>								
Sage Meadows	Calgary	34	90	-	34	90	2002	2019
<b>Calgary NE</b>								
Saddlestone	Calgary	13	120	33	46	120	2010	2017
<b>Calgary SE</b>								
	Calgary	-	-	349	349	-	2021	(1)
		<b>216</b>	<b>520</b>	<b>472</b>	<b>688</b>	<b>520</b>		
<b>Mixed Use</b>								
Sage Hill Crossing	Calgary	71	-	-	71	-	2019	(1)
North Conrich	County of Rockyview	-	-	312	312	-	(1)	(1)
		<b>71</b>	<b>-</b>	<b>312</b>	<b>383</b>	<b>-</b>		
<b>Non-Core</b>								
Beuna Vista	Kamloops, BC	-	-	1,654	1,654	-	(2)	(2)
Mitford Crossing	Cochrane, AB	-	-	156	156	-	(2)	(2)
Delacour	County of Rockyview	-	-	1,476	1,476	-	(1)	(1)
Mountain View Village	Calgary East	-	-	144	144	-	(2)	(2)
Brooks	Brooks, AB	-	14	-	-	14	(2)	(2)
Spur Valley	Radium, BC	-	-	33	33	-	(2)	(2)
			<b>14</b>	<b>3,463</b>	<b>3,463</b>	<b>14</b>		
<b>Total Genesis</b>		<b>287</b>	<b>534</b>	<b>4,247</b>	<b>4,534</b>	<b>534</b>		
<b>Limited Partnerships</b>								
Delacour (LPLP2007)	County of Rockyview	-	-	617	617	-	(1)	(1)
Fowler (LPLP2007)	Airdrie	-	-	319	319	-	2023	(1)
North Conrich (LP4/5)	County of Rockyview	-	-	298	298	-	(1)	(1)
Solana (LP6/7)	Airdrie	14	-	-	14	-	(2)	(2)
Spur Valley (LP8/9)	Radium, BC	-	-	1,139	1,139	-	(2)	(2)
Total Limited Partnerships		14	-	2,373	2,387	-		
<b>Total</b>		<b>301</b>	<b>534</b>	<b>6,620</b>	<b>6,921</b>	<b>534</b>		

(1) Not scheduled yet

(2) Identified for sale

**Current Projects**

A brief description of key properties follows.

**AIRDRIE**

In 1997, Genesis commenced development of this 720-acre parcel located in the City of Airdrie, located 25 minutes north of downtown Calgary. All lands within the 720 acres have approved the 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 canoeing and ice skating. The concept plan also provides for multi-family and commercial sites within the property along with an additional school site.

*The Canals* - Consists of nine phases, all of which are fully developed and eight fully sold out. Servicing of Canals Phase 6, the final phase of the community, was completed in 2012. Canals Phase 6 consisted of 148 single-family lots and a 3.50-acre townhouse site. There are 10 unsold single-family lots and one unsold 85 unit townhouse site in Canals Phase 6.

*Bayside* - Consists of 15 phases. Ten phases have been developed, and an additional five phases are available for future development. Bayside Phases 1 to 4 and Phases 6 and 7 are completely developed and sold out. There are 3 lots remaining in Bayside 9 and 5 lots remaining in Bayside 5. Bayside Phase 11 consists of 149 lots and as of December 31, 2015 it has 103 lots unsold of which 56 are contracted by GBG. Bayside Phase 8 was serviced in 2015 and contains 128 lots. At the end of 2015, 80 lots remain unsold in Bayside 8.

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*Bayview* – Located to the west of the existing Bayside and Canals communities, Bayview consists of 10 phases. Servicing was completed in Phase 10 during 2015. It consists of 114 single-family lots and one 80 unit townhouse site. At the end of 2015, all Phase 10 lots remain unsold.

#### **CALGARY NORTHWEST**

Genesis commenced development of a 775-acre parcel in the Symons Valley area in northwest Calgary in the fall of 2002. The entire project comprises a maximum 4,200 lots, plus multi-family parcels, mixed-use sites, and a 136-acre commercial lot. The area consists of the communities of Sherwood, Kincoira, Sage Meadows and Evansridge along with the Sage Hill Crossing commercial site.

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 has been designed to include an interconnected pedestrian pathway system, which will provide walking, jogging and cycling facilities, surrounded by scenic views of the natural topography. The area is directly north of the Stoney Trail ring road. The Symons Valley Community Plan (Area Structure Plan) received the approval of Calgary's City Council in April 2001, which permitted the submission of comprehensive development and rezoning plans. Outline plan and land use approval have been completed on all the Corporation's lands in Symons Valley.

*Sage Meadows* - The community of Sage Meadows consists of six 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 two residential phases with all of the 200 lots sold. In 2015, servicing was completed for Phase 3, a 9.34-acre mixed-use site (residential/retail) along with 16 single-family lots. Servicing was started on Phase 4 (74 lots) and completed in 2015 to allow the application for building permits for the lots. The remainder of the phase will be completed in 2016 which will bring on a 4.27 acres multi-family site.

*Kinwood* – The community of Kinwood consists of approximately 150 acres of land, including 26.9 acres of multi-family parcels. Genesis is involved in a JV arrangement in this community and is entitled to 50% of all lots and multi-family parcels as per the agreement with its partner. Servicing of Phases 1 to 5 is complete and all 429 lots and five multi-family sites have been sold.

*Sage Hill Crossing* – In 2010 and 2012, Genesis sold a total of 34.35 acres to Riocan Real Estate Investment Trust for \$32.5 million. Genesis has a 71-acre mixed-use/regional commercial project under the area structure plan called 'Sage Hill Crossing,' which commenced development in 2007. A re-visioning of sites 5 to 7 began in 2015 to achieve the highest value zonings for those parcels. Sites 3 and 4 are being marketed by RBC Capital Markets Real Estate Group as retail/mixed-use sites.

#### **CALGARY NORTHEAST**

*Saddlestone* - This project is a community of affordable housing, adult and senior living with convenient amenities, located approximately 20 minutes from downtown Calgary. The development comprises a variety of single-family houses with original sale prices ranging from \$250,000 to more than \$800,000, and an interconnected parks system, three storm water retention lakes, and an 8-acre shopping centre along with several school and multi-family sites.

Saddlestone consists of 166 acres, which has received outline plan and land use approval. This project is being developed in 11 phases. Development is complete on Phases 1 to 6 and Phase 12 with 457 single-family lots, six multi-family sites, and one commercial site. At December 31, 2015, there were 19 lots that remained unsold in these phases. Servicing for Phase 7 was completed in December 2014, consisting of 129 lots of which 28 homes have been sold by GBG in 2015. Development was largely completed for Phase 8 in 2015, and it will consist of 82 lots.

*North Conrich* – This 610-acre parcel of farm land borders the Calgary city limits in northeast Calgary (80th Ave. and 84th St.) within Rocky View County. Genesis holds a 51.2% (312 acres) undivided interest in the lands with the remaining owned by GLP#4 and GLP#5. The planning process has begun to develop a commercial/industrial mixed use park. The completed east leg of the Stoney Trail ring road, located adjacent to this property, provides expected access and exposure to this property. A major

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constraint to development of this property is a lack of water and sanitary sewage treatment capacity. Genesis is currently negotiating a front ending agreement with Rocky View County to provide additional treatment capacity. If this agreement is concluded, Genesis expects to be placed on Rocky View's Area Structure Plan priority list which should initiate and accelerate the approvals needed for the development of this land.

#### **CALGARY SOUTHEAST**

*Calgary South East* – In January 2015, the Corporation acquired a 350-acre property. The property is located overlooking the Bow River Valley with views of the Rocky Mountains, and is south of the Calgary South Health Campus/Regional Hospital. The community is expected to ultimately include nearly 2,100 homes, parkland and supporting community commercial development.

#### **HOME BUILDING**

The Home Building division was started in 2005 and builds product for homeowners entering the market for the first time as well as those moving up to larger homes, including single family detached, semi-detached homes and town homes. Home Building is active in all of the Corporation's residential communities and currently has eight professionally designed and staged show homes.

Genesis sold 186, 207 and 113 single-family homes in 2015, 2014 and 2013, respectively. Genesis sold 23, 13, and 51 townhomes in 2015, 2014, and 2013, respectively.

Genesis is working on submitting a development permit on an 180 townhome site in NW Calgary and obtaining approval of two development permits on two townhome sites (165 units) in Airdrie and two sites (78 units) in NE Calgary.

#### **Competitive Conditions**

The market in which Genesis operates in is very competitive with a number of well-financed companies operating in the same markets in the cities of Calgary and Airdrie.

#### **Seasonality**

Seasonality affects the land development and home building industry in Canada due to weather conditions during winter operations. As a result, Genesis will typically realize higher home building revenues in the summer and fall months when home building activity is at its maximum. Revenues can be impacted by the timing of lot sales, which is less weather dependent.

#### **Environmental Protection Requirements**

The Corporation's development activities are subject to laws and regulations concerning the protection of the environment. Environmental laws or local bylaws may apply to a development site based on its environmental condition, present and former uses, and its adjoining properties. Environmental laws and conditions may result in delays, causing compliance and other costs, and can severely restrict or prevent development in environmentally sensitive regions or areas. Genesis employs a due diligence process before the acquisition of any raw land or development site to identify and mitigate its exposure to these potential issues.

Environmental protection requirements did not have a significant financial or operational effect on Genesis capital expenditures, earnings or competitive position during 2015 and management does not expect significant effects in future years.

#### **Employees**

The Corporation had 80 employees as at December 31, 2015, primarily located in Calgary, Alberta.

#### **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.

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The Board approved a revised and restated Code on December 16, 2015, 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 industry. Real estate development and homebuilding are cyclical businesses and their profitability could be adversely affected by external factors beyond the control of Management.

### **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 adversely affects 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 project must meet before being approved for a particular development or project if approved at all. 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 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 restricting land development and home building activity in environmentally sensitive regions or areas.

### **Credit and Liquidity Risk**

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

### **Finance Risk**

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

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**Interest Risk**

This is the risk that Genesis would experience a loss as the result of its exposure to a higher interest rate environment and the possibility that at the time of maturity of a mortgage the Corporation would be unable to renew the maturing debt either with the existing lender or with a new lender on similar terms. Where possible, Genesis structures its debt so as to stagger the maturity dates to reduce exposure to short-term fluctuations in interest rates. 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.

**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 a reduction in demand for real estate in the area), (iii) changes in government and environmental regulations (such as new or revised 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. Also, financial difficulties of other developers and landowners, resulting in distress sales, may depress real estate values in the markets in which the Corporation operates.

**Competition**

Each segment of the real estate business is competitive. Numerous residential developers and builders compete for potential customers. Although it is the Management's goal to be the leading land developer or builder in the marketplaces in which Genesis operates, 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.

**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.

**Development and Construction Costs**

Genesis may experience loss due to higher prices of labor and consulting fees, and costs of materials, including due to the weakness of the Canadian dollar relative to the US dollar. Costs of development and building have fluctuated over the past several years and may or may not be passed on to the customer through higher pricing. Any significant increase that Genesis cannot pass on to the customer may have a material negative impact on profits.

**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 customers finance their home acquisitions through lenders providing mortgage financing. Increases in mortgage rates or decreases in the availability of mortgage financing could depress the market for new homes because of the increased monthly mortgage costs to potential homebuyers. Even if potential customers do not need financing,

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changes in mortgage interest rates and mortgage availability could make it harder for them to sell their 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.

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

### **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 adversely affect the Corporation's ability to borrow using the property as collateral or 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.

## **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, 44,117,802 Common Shares are issued and outstanding as fully paid and non-assessable. In addition, 3,611,780 Common Shares are reserved for issuance pursuant to options granted to directors, officers and employees of Genesis. Genesis is also authorized to issue an unlimited number of Preferred Shares without nominal or par value. To date, no Preferred Shares have been issued.

As at the date of this AIF, options to acquire 800,000 common shares of Genesis were issued and outstanding under our stock option plan. On February 17, 2016, the Corporation cancelled 285,000 regular options and all 1,272,000 performance options on departure of the President and CEO and the CFO from Genesis.

On September 4, 2015, the Corporation announced a normal course issuer bid to repurchase for cancellation up to 2,246,310 common shares (representing 5% of the Corporation's common shares issued and outstanding as at September 3, 2015). The bid commenced on September 10, 2015, and will terminate on the earlier of (i) September 9, 2016; and (ii) the date on which the maximum number of common shares are purchased pursuant to the NCIB.

During 2015, 628,598 common shares (1.40% of common shares outstanding at the beginning of the year) were purchased and cancelled for a total cost of \$1.9 million (average \$3.00 per share). Under the NCIB, the Corporation repurchased for cancellation an additional 257,700 shares for \$606,627 between January 1, 2016, and March 22, 2016.

### **Common Shares**

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, to receive such assets of Genesis as are distributable to the holders of the Common Shares.

### **Preferred 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

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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.

**DIVIDENDS**

Dividends on securities of Genesis or its subsidiaries will be paid (or made) 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 special dividends were paid to the shareholders:

	<b>2015</b>	<b>2014</b>
<b>Per share</b>	0.12	0.12
<b>Total</b>	5,331,000	5,386,000
<b>Payout date</b>	December 31, 2015	June 30, 2014

Before these special dividends, neither Genesis nor any of its subsidiaries had declared any cash dividends or made any distributions on any of their securities other than distributions made to unit holders of certain subsidiary 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, 2015, 2014 and 2013, respectively: The Corporation expects to distribute a final payout after the sale of the last property in 2016.

	<b>2015</b>	<b>2014</b>	<b>2013</b>
GLP#6 and GLP#7	-	-	4,750,000
<b>Total</b>	-	-	<b>4,750,000</b>

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**MARKET FOR SECURITIES**

The outstanding Common Shares of the Corporation 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.

2015	Price Range (\$)		Monthly Trading Volume
	High	Low	
January	3.90	3.02	962,200
February	3.30	3.00	863,300
March	3.50	3.10	514,500
April	3.49	3.20	772,500
May	3.62	3.14	1,575,400
June	3.72	3.26	151,700
July	3.32	3.10	927,300
August	3.45	2.92	4,008,800
September	3.30	2.93	615,800
October	3.28	2.95	195,900
November	3.00	2.83	699,000
December	2.86	2.58	789,800

**PRIOR SALES**

There were no securities issued by Genesis that are currently outstanding but not listed or quoted on a market price, during its most recent completed financial year.

For more information regarding the Corporation's Stock Option Plan, please see note 10 of the Consolidated Financial Statements for the years ended December 31, 2015, and 2014, dated March 22, 2016, and filed on SEDAR.

**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.

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**DIRECTORS AND OFFICERS**

The following table sets forth, as at the date hereof, the residence of the directors and executive officers 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 has established an Audit Committee, comprised of independent directors. In addition, a Transaction Review Committee, Compensation Committee, Governance Committee and Disclosure Committee have been established.

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Director Since</b>	<b>Principal Occupation (preceding five years)</b>
Yazdi J. Bharucha C.A., ICD.D <sup>(1)(2)(4)</sup> Toronto, Ontario, Canada	Director	November 18, 2010	Chief Financial Officer, Cliffside Capital Ltd. (February 2015 – present); Director and Chair of the Audit Committee, Centric Health Corporation (February 2013 - present); Director, Rouge Valley Hospital System (September 2012 - present).
Michael Brodsky B.A., J.D., M.B.A. <sup>(4)</sup> Washington, DC, U.S.A.	Director	July 12, 2012	Managing Partner, Vajra Asset Management, LLC (December 2012 – present); Executive Chairman, Determine Inc. (December 2013 – present); Chairman of the Board of Directors, Trans World Corporation Inc. (October 2013 – present); Lead Director, ID Systems Inc. (June 2014 - present); Director, Sparks Networks Inc. (November 2015-present).
Stephen Griggs, B.A., J.D. <sup>(3)(4)</sup> Ontario, Canada	Chair of the Board, Interim Chief Executive Officer	August 28, 2013  February 17, 2016	Chief Executive Officer, Smoothwater Capital Corporation (2013 – Present); Director and Chair, Equity Financial Holdings Inc.; Adjunct Professor of corporate governance at Osgoode Hall Law School; Chief Executive Officer, Underwood Capital Partners Inc. (May 2012 – March 2013); President and Chief Executive Officer, OPTrust (June 2011 – April 2012); Executive Director, Canadian Coalition for Good Governance (November 2007 – June 2011).
Steven J. Glover, M.B.A., FCA <sup>(1)(4)</sup> Canmore, Alberta, Canada	Lead Director	November 18, 2010	Chief Financial Officer, Clearview Resources Ltd. (2010 – present); 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)(4)</sup> Calgary, Alberta, Canada	Director	June 29, 2010	President, Reliant Capital Limited (2002 – present); Vice-Chairman, Fraser Institute; Trustee of The W. Garfield Weston Foundation.
Loudon Owen B.A., J.D., M.B.A. <sup>(3)(4)</sup> Toronto, Ontario, Canada	Director	March 22, 2013	Managing Partner, McLean Watson Capital Inc. (1996 – present); Board of Directors, Aureus Mining Inc., Khan Resources Inc., Kilo Goldmines Inc., Chairman, Posera-HDX Ltd.

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<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Director Since</b>	<b>Principal Occupation (preceding five years)</b>
Iain Stewart B.Comm., C.A. <sup>(1)(2)(3)(4)</sup> Calgary, Alberta, Canada	Director	September 4, 2013	President, Capella Cove Capital Corp. (2012 – present); Board of Directors, Direct Cash Bank (2012 – present); Co-Chief Executive Officer and Co-Founder, Parkbridge Lifestyle Communities Inc. (1997-2011).
Rauf Muhammad, CPA (Colorado) Calgary, Alberta, Canada	Interim Chief Financial Officer	N/A	Corporate Controller, Genesis Land Development Corp (December 2010 – present); Assistant Controller, Genesis Land Development Corp (August 2011 – November 2012); Manager of Financial Reporting, Genesis Land Development Corp (November 2010 – July 2011).

*(1) Member of the Audit Committee*

*(2) Member of the Transaction Review Committee*

*(3) Member of the Compensation Committee*

*(4) Member of the Governance Committee*

As at the date hereof, the directors and officers of Genesis as a group beneficially owned, controlled or directed, directly or indirectly, 21,911,368 Common Shares or approximately 49.67% of the issued and outstanding Common Shares. Mr. Griggs is the Chief Executive Officer of Smoothwater Capital Corporation which beneficially owns, or controls or directs, directly or indirectly, 15,111,535 Common Shares representing approximately 34.25% of the outstanding Common Shares. Mr. Mitchell beneficially owns, or controls or directs, directly or indirectly, 5,273,633 Common Shares representing approximately 11.95% of the 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.

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 which remains in effect. 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's 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

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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. On August 26, 2013, Western Plains filed a Notice of Intention to make a proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**Bankruptcy Act**"). Western Plains was deemed bankrupt on February 22, 2014, for failure to file a proposal and has been discharged on October, 22, 2015.

Mr. Brodsky was the Co-Chief Executive Officer of Federated Sports & Gaming Inc. ("**Federated Sports**") until his resignation from Federated Sports effective March 1, 2012. On February 28, 2012, Federated Sports filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. Mr. Brodsky was the Co-Chief Executive Officer of Federated Heartland, Inc. ("**Federated Heartland**") until his resignation from Federated Heartland effective March 1, 2012. On February 28, 2012, Federated Heartland filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland.

Mr. Owen ceased being a director of the Fight Network Inc. in October 2010, at which time the company filed for bankruptcy proceedings under the Bankruptcy Act.

Mr. Bharucha ceased being a director of Goodwill Industries of Toronto, Eastern, Central and Northern Ontario ("**Goodwill**") in January 2016 and in February 2016 Goodwill filed for bankruptcy protection under the Bankruptcy Act.

### Penalties or Sanctions

To the best of Genesis's knowledge, no director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to affect materially the 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

To the knowledge of the Corporation, there are no legal proceedings material to Genesis to which Genesis is or was a party to or of which any of its properties is or was the subject of, during the financial year ended December 31, 2015, nor are there any such proceedings known to the Corporation to be contemplated.

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.

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#### **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, 2015, and 2014. MNP LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Chartered Professional Accountants of Alberta.

#### **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, 2015. 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

#### I. The Audit Committee's Terms of Reference

The following is the text of the Audit Committee's Terms of Reference:

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Genesis Land Development Corp. (the "**Corporation**" or "**Genesis**") shall have the oversight responsibility, authority and specific duties as provided by corporate, securities and other legislative or regulatory authority and as described below.

#### Composition

The Committee will be comprised of three or more directors appointed by the Board in accordance with the Board Mandate and shall be independent and financially literate as those terms are defined in National Instrument 52-110 for audit committees ("**NI 52-110**").

Members of the Committee shall serve until his or her successor is appointed, unless such member shall resign, be removed by the Board or otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

The Chair of the Committee shall be appointed by the Board.

#### Communication, Authority to Engage Advisors and Expenses

The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

The Committee shall have the authority to engage independent counsel and other advisors, acting reasonably, as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

#### Operation, Meetings and Record Keeping

Meetings of the Committee shall be conducted as follows:

1. The Committee shall meet at least once quarterly at such times and at such locations as the Chair of the Committee shall determine;
2. A resolution in writing, signed by all of the members of the Committee is as valid as if it had been passed at a meeting of the Committee;
3. The Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
5. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;
6. The Chair shall, in consultation with management, auditors and Committee members, establish the agenda for the meetings and work with management, auditors and if applicable, independent counsel or advisors so that complete and appropriate agenda materials are circulated to the Committee with sufficient time for study prior to the meeting;
7. Ensure appropriate agenda materials are circulated to the Committee with sufficient time for review prior to the meeting.

8. Forty-eight (48) hours' notice is required for meetings, unless Committee members unanimously waive the notice period;
9. Every question at a Committee meeting shall be decided by a majority of the votes cast, with each Committee member entitled to one vote;
10. The President and Chief Executive Officer and the Chief Financial Officer shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
11. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee.

### Responsibilities

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:

1. Providing oversight of the accounting, financial reporting, internal audit and financial risk management functions, and procedures, practices and policies of the Corporation related thereto;
2. Reviewing and recommending to the Board for acceptance, prior to their public release, all material financial information required to be disclosed by the Corporation;
3. 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;
4. Overseeing and supervising the work of internal audit.
5. Overseeing the appointment and the ongoing relationship with the external auditor to the Corporation

### Specific Duties

In addition to any tasks assigned by the Board of Directors the Committee shall:

#### 1. External auditors:

- 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) Resolve disagreements between management and the external auditor;

- i) 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;
- j) Meet with the external auditor prior to the audit to review and approve the annual audit plan.
- k) 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;
- l) Monitor the level of co-operation received by the external auditor during its audit including access to all requested records, data, explanations and information;
- m) 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;
- n) 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;
- o) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives; and
- p) 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 2.4 of NI 52-110.

**2. Financial statements, management discussion and analysis and all external reporting or disclosure of financial statements or information (prior to public disclosure):**

- 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 fund raising activities of the Corporation prior to their filing;
  - (ii) relevant sections of the annual report, 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.

### 3. Accounting systems, disclosure controls and procedures, internal controls and related systems and procedures

- 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) 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;
- f) 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;
- g) Oversee the Corporation's risk management policies and systems related to major financial risks, including litigation matters and cyber security;
- h) Oversee the Corporation's tax policies and systems related to tax planning, payments, reporting, audits and assessments;
- i) As considered appropriate, direct the external auditor's examinations to particular issues;
- j) Meet separately with Executive Management or Finance personnel as deemed appropriate;
- k) Independently or together with the Board, investigate any identified fraud, illegal acts and conflicts of interest; and
- l) 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.

### 4. Internal audit

- a) Maintain direct communications and discuss and review specific issues, as appropriate, with the internal auditor;
- b) Review the audit plans of the internal auditor and the coordination with the external auditor;
- c) Review the quarterly certification and sub-certification process and the internal audit role with respect to the process;
- d) Review the significant findings of the internal audit programs or the sub-certification process, together with management's response thereto;
- e) As considered appropriate, direct the internal auditor's examinations to particular issues;
- f) Review the adequacy of the resources of the internal auditor and the objectivity and independence of the internal audit function; and
- g) Meet separately with the Internal Auditor as deemed appropriate.

### Review of Terms of Reference

The Committee shall review and reassess the adequacy of these terms of reference at least biennially, and otherwise as it deems appropriate and recommend changes to the Governance Committee for its review and further recommendation to the Board as the Governance Committee determines. Such review shall include the evaluation of the performance of the Committee against criteria set forth in the Committee terms of reference and the Board mandate.

## II. Composition of the Audit Committee

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

Steven J. Glover	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Yazdi J. Bharucha	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Iain Stewart	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

*(1) Meaning as ascribed in NI 52-110.*

## III. Relevant Education and Experience

The Board assesses overall business experience and financial literacy as they relate to the Corporation's primary business segment, real estate, in its selection of Audit Committee members.

Steven Glover holds a Masters of Business Administration from the University of Alberta and is a Fellow of the Chartered Accountants, currently serving as Chief Financial Officer of Clearview Resources Ltd. and as a Director and Chair of the Audit Committee of the Mutual Fund Dealers Association of Canada. He is a former (2009 - 2015) Vice Chair of the Board of Directors, and Chair of the Audit Committee of an Alberta crown corporation, Travel Alberta. Mr. Glover also served as the Executive Director of the Institute of Chartered Accountants of Alberta from 1984 to 2005.

Yazdi Bharucha is a Chartered Professional Accountant and holds the Institute Certified Director Designation, ICD.D, from the Institute of Corporate Directors. Mr. Bharucha is a Director and Chair of the Audit Committee of Centric Health Corporation, a TSX listed diversified public healthcare company. Mr. Bharucha also serves as a Director of Rouge Valley Hospital System. Mr. Bharucha also serves as CFO of Cliffside Capital Ltd, a TSXV listed capital pool company. He is a former Chief Financial Officer of Canadian Apartment Properties Real Estate Investment Trust (CAPREIT). Mr. Bharucha's previous experience includes Vice President and Controller of MPI Group Inc., a real estate investment, and development company. He has also held the position of Controller of MICC Properties Inc., a real-estate investment, and development company and was previously responsible for financial planning, accounting, reporting and management of real estate operations.

Iain Stewart is a Chartered Professional Accountant and holds the Institute Certified Director Designation, ICD.D, from the Institute of Corporate Directors. He is the co-founder and former co-CEO of Parkbridge Lifestyle Communities Inc., Canada's pre-eminent land lease community owner and operator. Parkbridge was sold to a major pension fund in 2011 at a value of \$790 million. He has over 25 years of experience in the real estate industry, providing strategic advice in the financial and capital markets activities. Mr. Stewart currently serves as President of Capella Cove Capital Corp., a real estate advisory and investment company.

## IV. 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.

## V. 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.

## VI. Pre-Approved Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

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

The aggregate fees billed by the Corporation's external auditors 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>
2015	\$165,000	\$68,000	\$-	\$21,000
2014	\$185,000	\$66,000	\$12,000	\$42,800

*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 but not limited to IFRS conversion, procedures relating to ICFR as defined in NI 52-109 and other miscellaneous services.*