ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2017

MARCH 14, 2018

GENESIS

CONTENTS

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2017

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

"GSEC" means Genesis Land Development (Southeast) Corp.;

"GBG" means Genesis Builders Group Inc.;

"GDP" means the Gross domestic product.

"GLP#4" means Genesis Limited Partnership #4;

"GLP#5" means Genesis Limited Partnership #5 and its wholly owned subsidiaries GLP5 NE Calgary Development Inc.;

"GLP#6" means Genesis Limited Partnership #6;

"GLP#7" means Genesis Limited Partnership #7 and its wholly owned subsidiaries GLP7 Subco Inc.;

"GLP#8" means Genesis Limited Partnership #8;

"GLP#9" means Genesis Limited Partnership #9 and its wholly owned subsidiaries GLP9 Subco Inc.;

"GSMP" means Genesis Sage Meadows Partnership;

"ICFR" means internal controls 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. for the purpose of development of the Kinwood Lands and the sale of subdivided lots;

"LPLP 2007" means Limited Partnership Land Pool 2007;

"Management" means the executive officers and other high-level managers of the Corporation;

"NCIB" means Normal Course Issuer Bid.

"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; 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; 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, 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, 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. 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, 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, 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

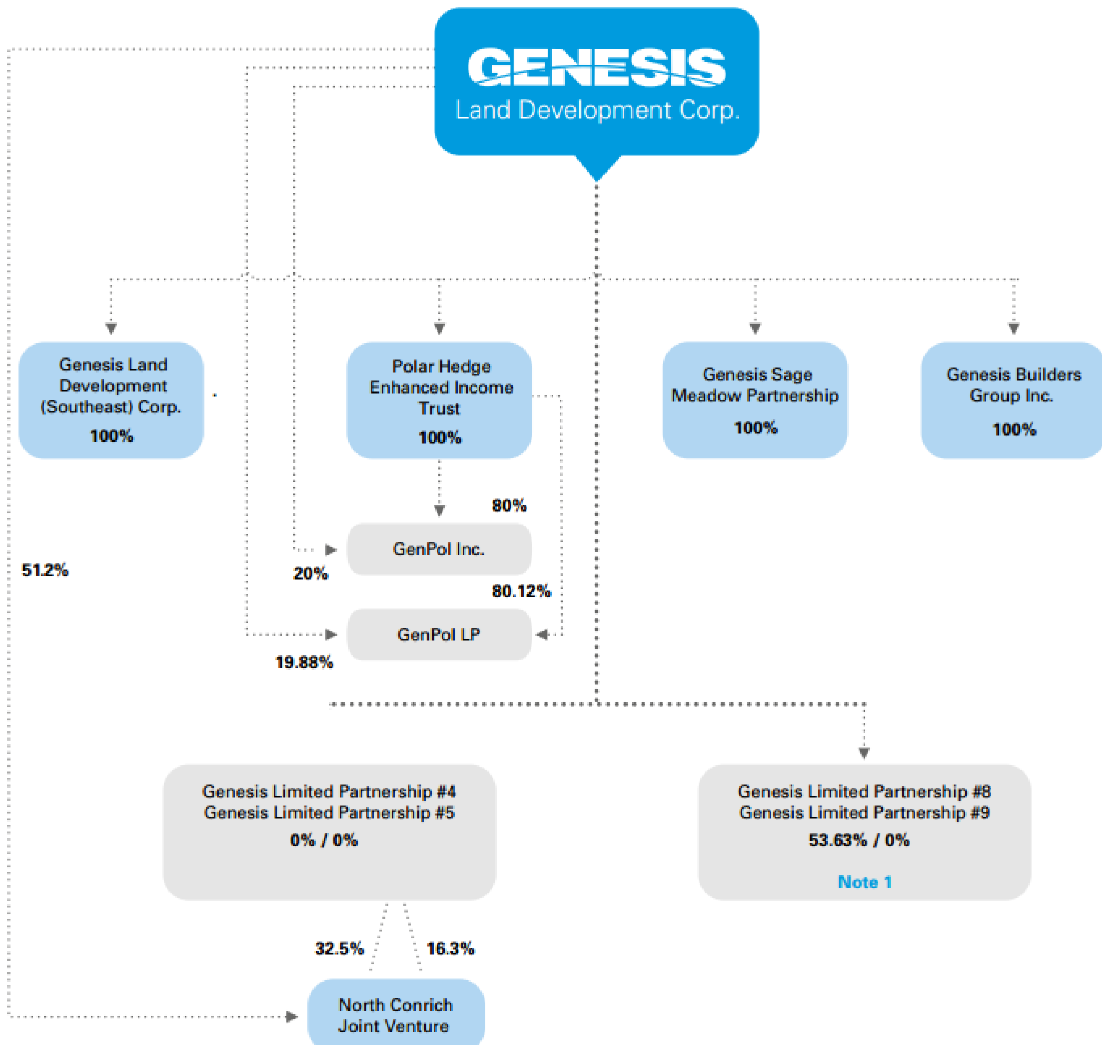
Genesis was incorporated as “Genesis Capital Corp.” under the ABCA on December 2, 1997. The Corporation amended its Articles of Incorporation by Certificate of Amendment dated January 30, 1998, to remove the private company restrictions. The articles were further amended by a Certificate of Amendment dated October 29, 1998, 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

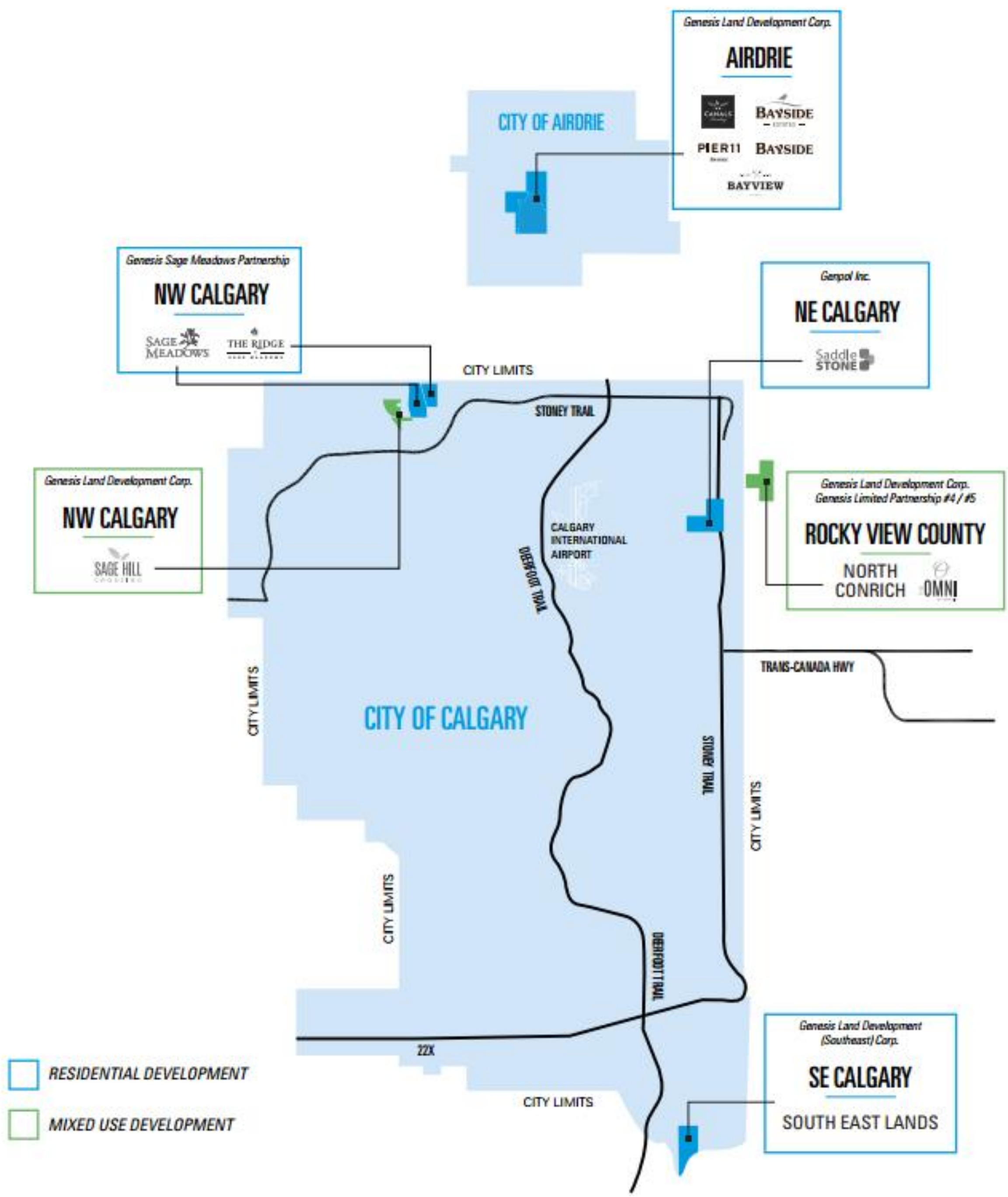
The percentage of votes attached to all voting securities of the Corporation's material subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by Genesis is set forth below. All subsidiaries, partnerships and limited partnerships listed below are incorporated and established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



Note 1

Represents percentage of ownership interest of Genesis. Allocation of profit and loss for the year ending December 31, 2017 and 2016 is nil as preconditions provided in the limited partnership agreement were not met by Genesis.

GENESIS' LANDS



Set out above are the material lands title to which are held by the various Genesis entities. Also refer to page 14 which has a table with detailed land holdings.

Genesis Land Development (Southeast) Corp. was incorporated on November 28, 2014 to hold title to the approximately 349 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% 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 and Genesis Limited Partnerships #4 and GLP5 NE Calgary Development Inc. entered into a joint venture agreement, the "North Conrich Joint Venture" to jointly develop and sell the North Conrich Lands.

GLP#6 and GLP#7 were established in 2005, and 2006 respectively, and collectively raised $25 million from third party investors to jointly develop and sell the seven parcels of land which Genesis owned. All seven parcels of land have either been developed or sold with the last being sold on June 1, 2016. A final distribution of the partnership assets to all limited partners including Genesis was completed in 2016 and the partnerships were wound up in November 2017. Genesis held an 11.75% ownership interest in GLP#6.

GLP#8 and GLP#9 were established in 2006 and raised $10.8 million from third party investors, which funds were used to purchase 1,140 acres of land near Radium, British Columbia, which continue to be held by the partnerships.

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.

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. Concurrently with the parties entering into the Kinwood JV agreement on April 30, 2010, with Genesis selling a portion of its ownership interest in the lands to the Joint Venturer, so that each party to the Kinwood JV agreement owned a 50% interest in the Kinwood JV. Activity and operations of the Kinwood JV are expected to be nominal in future years as the Kinwood JV is wound down and the future liability is reduced to nil.

GBG, the home building group of Genesis, was started 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.

For a complete list of controlled entities, please refer to note 19 of the consolidated financial statements for the year ended December 31, 2017, which can be found on SEDAR and the Corporation's website at www.genesisland.com.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview of Alberta Real Estate Market

The Alberta economy relies significantly on the oil and gas industry, including the levels of capital investment and employment in the industry, which are generally driven by the price of oil and gas and expectations of future prices. The Alberta real estate market has been slowly improving as oil prices have stabilized and the overall market and economy has adjusted.

The 2017 gross domestic product ("GDP") growth in Alberta is forecast at 6.7% by the Conference Board of Canada, compared to declines of 3.8% in 2016 and 3.7% in 2015. However, the Conference Board of Canada has forecast Alberta GDP growth for 2018 to be 2.1%. The GDP of Alberta has not yet returned to its 2014 level, and there have been reduced levels of home purchases in the CMA since late 2014. Detached home sales in the CMA in 2017 were up year over year, with average prices increasing modestly in 2017 compared to 2016, although inventory levels increased, likely placing downward pressure on prices.

While historically low mortgage rates continue to support the affordability of homes for many buyers, interest rate increases and the tightening of bank mortgage lending rules in 2017 negatively impacted sales and are generally expected to continue to do so in 2018. Prices for lower and mid-market homes in the CMA were generally stable in 2017 and were less impacted by the downturn of the Alberta economy than higher valued homes.

There has been a significant shift over the last several years in the timing of the buying of new CMA homes by many purchasers, with many homes now sold at or close to completion on a quick possession basis, rather than being contracted before construction commences.

Three-Year History

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

Recent Developments

2017

Residential lot sales

Total residential lot sales in 2017 were $49.2 million (266 lots), up 33% from $37.0 million (204 lots) in 2016. During 2017, 132 lots were sold to third-party builders, more than twice the 58 lots sold to third-party builders in 2016. 34 of the lots sold to third party builders in 2017 were premium lots in the Calgary community of Sage Meadows and 98 were in the City of Airdrie (2016 - 10 and 48 lots, respectively). In 2017, GBG sold 134 homes on Genesis lots, down from 146 homes sold in 2016.

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. Genesis is actively working to protect its interests in connection with this receivership and to contract with one or more replacement builder groups for this development.

Sale of Land Parcels

In 2017, the Corporation sold 1,476 acres of non-core parcel of land located in the Hamlet of Delacour, Alberta for gross proceeds of $9.0 million. In addition, LPLP sold a 617 acre land parcel located in the Hamlet of Delacour, Alberta to a third party purchaser for gross proceeds $5.234 million and a 319 acre land parcel located in Airdrie, Alberta to a third party purchaser for gross proceeds of $41.0 million.

These 2017 sales substantially complete the plan to dispose of the non-core lands owned or controlled by Genesis, with the bulk of non-core assets by dollar value having been sold. Genesis will continue to market the remaining non-core lands with the objective of selling the balance over the next few years.

Plans for the Development and Disposition of Core Lands

In 2017, Genesis entered into conditional agreements to sell several parcels of multi-family and commercial lands which are expected to close in 2018. These transactions provide for cash payments of the purchase price on closing, subject to customary adjustments. Genesis expects, but cannot provide any assurances that these transactions will close. These transactions include the following:

- In the third quarter of 2017, Genesis entered into an agreement with an arms-length third party for the sale of two sites totaling 8.65 acres and is approximately half of Phase 5 of the Genesis Sage Meadows development located in northwest Calgary, Alberta. The aggregate sale price for the sites is $11.3 million. The first 3.91 acre site is expected to close in the second half of 2018 for $5.0 million. The second 4.74 acre site is expected to close in mid-2020. The agreement is conditional on Genesis subdividing the subject lands prior to the initial closing in 2018. The purchaser has paid a deposit and will pay the sale price in cash at each closing.
- In the fourth quarter of 2017, Genesis entered into an agreement with a third-party builder for the sale of lands in the community of Sage Meadows, located in northwest Calgary, Alberta. The lands are a part of Phase 3 of the Genesis Sage Meadows development and consist of two sites of 8.18 acres and 1.4 acres respectively, and are zoned for multi-family and commercial development respectively. The aggregate sale price of these lands is $10.5 million and requires Genesis to subdivide the lands prior to closing. The transaction is expected to close thirty days after registration of the subdivision plan, which is anticipated to occur in the second quarter of 2018. The purchaser has paid a deposit and will pay the full sale price on closing.

Sale of New Homes by GBG

New homes sold in 2017 were 148 units (127 single-family homes and 21 townhouses), below management's expectations for the year, compared to 166 units in 2016. Sales in 2017 are believed to have been negatively impacted by a number of external factors, including changes to the bank mortgage rules and increasing mortgage rates.

Revenues from the sale of homes by GBG in 2017 were $67,707, down 18.7% from $83,249 in 2016. Revenues were down due to a combination of lower volumes and product mix, with 127 being single-family homes and 21 being lower priced townhouses, while all 166 homes sold in 2016 were single-family homes. Gross margins from the sale of homes by GBG in 2017 were $11,257, down 18.6% from $13,833 in 2016.

In Q3 2017, GBG completed construction of its "Ashbury" 24-unit townhouse development in Saddlestone in northeast Calgary. As of March 14, 2018, 2 units remain without firm sales contracts. Genesis also began construction of the nearby 54 townhouse unit "The Laurels" and had 8 units with firm sales contracts as of March 14, 2018. Late in the second quarter of 2017, construction commenced on "The Newport", an 85-unit townhouse development in the community of "Canals" in Airdrie. There were no firm sales contracts in "The Newport" as of March 14, 2018.

Sales, general and administrative expenses in 2017

Sales, general and administrative expenses for 2017 were $15.9 million compared to $16.2 million for 2016, down $0.3 million or 2%. Q4 2017 general, administrative and sales expenses were $4.2 million, compared to $4.6 million in Q4 2016, down $0.4 million or 9%. Genesis continues to seek cost reductions and operating efficiencies.

Continued Improvements in 2017 Cash Flow from Operating Activities

Genesis generated significant positive cash flow in 2017, with cash flows from operating activities of $46.9 million ($1.08 per share), an increase of $ 4.0 million ($0.10 per share) from the $42.9 million ($0.98 per share) cash flows from operating activities in 2016. Cash flows from operating activities were mainly used for the following: In 2017, Genesis' loans and credit facilities were reduced by $13.2 million from $43.3 million at December 31, 2016 to $30.1 million at December 31, 2017. A significant portion of the loans and credit facilities at December 31, 2017 was made up of $22.2 million related to a vendor take back loan (the "VTB") on Genesis' Calgary southeast lands. In early 2017, Genesis made a payment of $8.0 million on the VTB and $19.9 million was used to pay two dividends to shareholders (total of $0.46 per share). Additionally, $1.5 million was used to repurchase Common Shares through Genesis' normal course issuer bid. Genesis' cash on hand increased by $9.3 million as at December 31, 2017 to $23.6 million in comparison to $14.3 million as at December 31, 2016.

Dividends

A cash dividend of $9.1 million ($0.21 per share) was declared in August 2017 and paid in September 2017. An additional cash dividend of $10.8 million ($0.25 per share) was declared in December 2017 and paid in January 2018. Total dividends for the year were $19.9 million ($0.46 per share)

Normal Course Issuer Bid

On September 7, 2017, the Corporation announced the renewal of its normal course issuer bid ("NCIB") which commenced on September 12, 2017 and terminates on the earlier of (i) September 11, 2018; 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 2,163,022 Common Shares under the current NCIB. The Corporation has purchased no Common Shares under the current NCIB.

The Corporation purchased a total of 493,085 Common Shares at an average price of $2.95 per share during 2017.

Servicing of Additional Phases

In the second quarter of 2017, Genesis began the servicing of a new phase in the "Saddlestone" community in Calgary (to create 102 residential lots available for sale in 2018) and a new phase in the "Bayview" community in Airdrie (to create 73 residential lots, 28 of 73 being already contracted to a third-party builder) financed using credit facilities from major Canadian banks. Construction of homes on serviced lots in these new phases began in early 2018.

Genesis carefully plans any proposed land servicing to match expected sales over the following 12-24 months, recognizing the seasonality of servicing activities in Alberta.

Land Servicing and Zoning Entitlements Obtained

During 2017, significant progress was made by Genesis in obtaining additional land servicing and zoning entitlements including:

- In September 2017, the City of Calgary unanimously approved an amendment to the Sage Hill Area Structure Plan ("ASP") where Genesis currently owns 64 acres of land. This approval enables Genesis to proceed with securing land use and outline plan approval for a low to medium density residential and commercial development, rather than the previous high density high rise residential and big box commercial zoning.
- In September 2017, the County of Rocky View approved the Omni ASP, which includes the 610 acres of the "North Conrich" lands owned by Genesis (51.2%), Genesis Limited Partnership #4 (32.5%) and GLP5 NE Calgary Developments Inc. (16.3%). The City of Calgary has appealed this ASP to the Municipal Government Board, and the City of Calgary and the County of Rocky View are currently in a mediation process in an effort to resolve this matter. Genesis expects that once finalized, this ASP approval will enable Genesis to proceed with securing land use and outline approval for development.
- In the second quarter of 2017, the Council of the City of Airdrie passed Land Use and Outline Plan amendments for the remaining Bayview lands and a portion of the remaining Bayside lands owned by Genesis. These amendments will allow Genesis to meet current community requirements including a full range of residential product mix along with attractive amenities such as open spaces, a school site and a neighborhood retail center.
- In addition, in January 2018, the City of Calgary formally began the development of an ASP for the "Cell E" lands, which includes Genesis' southeast lands, which is an important step to permit the future development of these lands.

Changes in Leadership

Effective May 12, 2017, Stephen J. Griggs, Chair of the Board of the Corporation, was appointed Chief Executive Officer ("CEO") and Wayne King, CPA, CA was appointed Chief Financial Officer ("CFO") of the Corporation, replacing Ms. Kirsten Richter, who had been the interim CFO.

2016

Sale of New Homes

The sale of new homes generally declined in Calgary in 2016, with slightly lower prices for lower and mid-market homes, which were relatively stable and less impacted by the Alberta economy than higher valued homes. The CMA had a relatively low level of serviced lot inventory available to builders, and Genesis was able to obtain increases in lot prices in 2016. In addition, Genesis made design, finishing and supplier contractual changes to reduce the construction cost of its homes while maintaining quality.

The shift in the buying of new CMA homes continued, and the vast majority of homes were sold at or close to completion on a quick possession basis, rather than being contracted for before construction commenced. Given the capital strength of the Corporation, Genesis was well positioned to sell homes on a quick possession basis and had developed a sales program tailored to market conditions.

Changes in Leadership

The employment of Bruce Rudichuk as President and CEO and of Mark Scott as Executive Vice President and CFO was terminated by the Corporation on February 17, 2016. Stephen Griggs, Chair of the Board, replaced Bruce Rudichuk as interim CEO. Rauf Muhammad, CPA (Colorado) served as interim CFO, until the appointment of Kirsten Richter, CPA, CA, as the interim CFO effective April 18, 2016.

Genesis made a number of staffing and organizational changes in early 2016 with the objective of creating clear lines of responsibility for the three main business functions of Genesis (land development, land sales and project financing, and home building) and consolidating in the CFO role responsibility for all support functions (such as technology, human resources and office management). This new structure allowed the CEO to focus on developing and implementing the new strategy, monitoring and analyzing results, delegating day-to-day operational responsibility and ensuring that Genesis has strong cash flow available for distribution to shareholders. In addition, the new structure reduced overall leadership costs while incentivizing key executives to deliver the results expected by the Board on behalf of shareholders.

In May 2016, three new Vice-President roles were created, each reporting to the CEO, and the following internal appointments were made for these roles:

- Arnie Stefaniuk was appointed Vice-President, Land Development, with responsibility for the planning and development of the extensive land portfolio and managing the Genesis staff and external consultants.
- Brian Whitwell was appointed Vice-President, Land and Financing, focusing on the sale of developed and non-core lands, the addition of new builder groups and the financing of land servicing and home building construction.
- Parveshindera Sidhu was appointed Vice-President, Homebuilding and President, Genesis Builders Group Inc., with operating responsibility for the Genesis' home building business and its staff.

Termination of Corporation's Stock Plan

In 2016, the executive compensation plan was simplified to eliminate the share option plan and to create additional accountability for delivering measurable results for shareholders by achieving or exceeding specific operational targets. The Corporation's stock option plan was terminated by the Board on March 22, 2016 and all outstanding stock options were voluntarily cancelled effective June 30, 2016.

Sales of Land Parcels

In June 2016, the Corporation sold two parcels of land: a 14 acre land parcel being the last parcel of land of GLP #6, in which Genesis owned a direct 10% interest, sold to a third party purchaser for $10.1 million and 1,653 acres of non-core parcels of land located in Kamloops, British Columbia, sold for gross proceeds of $1.65 million. In September 2016, Genesis sold 6.99 acres of serviced lands located in Sage Hill Crossing to the City of Calgary for $9.4 million.

Balanced approach to selling land and lots to third parties rather than only internally

In 2016, Genesis focused on selling residential lots, developed townhouse sites and other lands to third parties, rather than retaining land for future use primarily by Genesis in its GBG building business. 2016 revenues included the sale of three third party land parcels for $21.2 million compared to $3.6 million for two sales during 2015, and 58 lots sold to third parties in 2016 compared to 69 lots in 2015 (with 50 lots being sold to a third party builder in late 2015 for use in 2016). In 2016, GBG sold 146 homes on lots provided by Genesis, in comparison to 115 in 2015.

Monetization of non-core lands

Genesis accumulated lands over a number of years which it considers non-core, and all of which were listed or made available for sale. Progress was made in selling non-core land in 2016 with $1.65 million realized in 2016.

Normal Course Issuer Bid

In September 2016, Genesis announced the renewal of a NCIB. The renewal commenced on September 12, 2016 and terminated on September 11, 2017. The Corporation purchased a total of 548,881 Common Shares at an average price of $2.95 per share under the NCIB. The prior NCIB, which expired on September 9, 2016, allowed the Corporation to purchase for cancellation up to 2,246,310 Common Shares.

The Corporation purchased 551,796 Common Shares at an average price of $2.60 per share during 2016.

Significant cost reductions in 2016

In early 2016, Genesis reviewed its operating and capital budgets to reduce operating costs and servicing investments and to respond to the expected level of land and lot sales over the next several years. This resulted in 2016 operating costs being reduced by 14% in comparison to 2015 (including 13.9% in Q4 2016 vs Q4 2015), the postponement of previously planned land servicing costs on a large development land parcel until a buyer was found, and the reduction of home building work in progress by $11.4 million. In addition, Genesis reduced its staffing and consolidated a number of roles, ending 2016 with 55 employees in comparison to 80 employees at the end of 2015.

General, administrative and sales expenses for 2016 were $16.3 million (including one-time severance and other costs) compared to $18.9 million for 2015, down $2.6 million or 14%.

Significant improvements in 2016 Cash Flow

Genesis generated significant positive cash flow in 2016 in comparison to prior years. This was the result of a new empowered executive team, reductions in operating costs and capital commitments, creative land and home selling efforts and a focus on strengthening cash flow and the balance sheet.

In 2016, Genesis had cash inflows from operations of $42.9 million ($0.98 per share), an increase of $1.39 per share from 2015. The cash flows were mainly used to reduce debt by over $20.5 million. In 2016, Genesis' loans and credit facilities were reduced by $20.5 million from $63.8 million at December 31, 2015 to $43.9 million at December 31, 2016. The loans and credit facilities at December 31, 2016 included $8.5 million of debt related to a limited partnership and $28.5 million related to a vendor take back loan ("VTB") on the Calgary southeast lands. In early 2016, Genesis made a payment of $8.0 million to reduce the VTB and $10.9 million was used to pay a dividend to shareholders of $0.25 per share. Additionally, $1.4 million was used to repurchase Common Shares through the NCIB. Genesis' cash on hand increased by $2.9 million as at December 31, 2016 to $14.3 million in comparison to $11.3 million as at December 31, 2015.

Focused on obtaining entitlements or improving existing entitlements

In 2016, Genesis renewed its efforts to obtain zoning and servicing entitlements for its large portfolio of raw land, including in southeast Calgary and Rocky View County, and to improve the current zoning of its Sage Hill Crossing and Airdrie developments. Zoning changes generally take a number of years and are not certain until the required municipal and other regulatory approvals have been obtained. Overall, Genesis made significant progress on all of its rezoning projects in 2016.

Solid 2016 results for Genesis Builders Group

GBG had 166 new home sales in 2016 with revenues of $83.2 million compared to 209 new home sales with revenues of $102.8 million in 2015. Of the 166 new home sales, 146 were built on residential lots supplied by Genesis, generating residential lot revenues included in the land division of $25.4 million (2015-115 and $18.9 respectively). There were 142 new home orders in 2016 compared to 135 in 2015. There were 30 new home orders in Q4 2016 compared to 36 in Q4 2015.

Dividends

On December 22, 2016, a special cash dividend of $0.25 per common share for a total of $10.9 million was paid to shareholders.

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. However, low-interest rates, a low-inflation environment and lower levels of available serviced lots in Calgary softened the impact.

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

On September 4, 2015, Genesis announced the commencement of a NCIB through the facilities of the Toronto Stock Exchange ("TSX") 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 at an average price of $3.00 per share (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.

In 2015, Genesis obtained one new operating line and four land development loan facilities totaling $75.8 million and increased an existing loan facility by $11.5 million. Interest on these loan facilities ranges from prime + 0.75% to prime + 1.25% per annum.

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

DESCRIPTION OF THE BUSINESS

General Description

Genesis is a land developer and residential home builder operating in the CMA, holding a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

As a land developer, Genesis plans, rezones, subdivides, services and sells residential communities and commercial and industrial lands to third parties, and sells lots and completed homes through its home building business. The land portfolio is planned, developed, serviced and sold at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize the cash flow available for distribution to shareholders. Excess cash on hand is generally used to reduce debt, opportunistically acquire additional development land, issue dividends to shareholders and/or buy back Common Shares.

Genesis' home building group builds and sells homes on lots generally supplied by Genesis. The home building business is operated through a wholly-owned subsidiary, GBG, which designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building business is to deliver an acceptable return and cash flow from the capital invested in it and to sell incremental Genesis single-family lots and townhouse land parcels.

Corporate Objectives and Strategy

The business plan for 2017 included:

- maximizing the return of capital to shareholders through dividends and/or buying back shares;
- obtaining additional land servicing and zoning entitlements which were expected to materially increase the value and marketability of these lands;
- developing detailed plans for the development and ultimate disposition of all core lands to maximize the net present value of each project;
- adding one or more third-party builders acquiring lots in Genesis communities, in addition to the seven third-party builders already working with Genesis at the end of 2016;
- increasing the number of units sold by GBG, including constructing townhouse complexes, at reasonable construction margins while optimizing the amount of required capital;
- servicing a phase of the "Saddlestone" community in Calgary (expected to yield 102 residential lots) and an additional phase in Airdrie (expected to yield 73 residential lots); and
- selling the remaining non-core land.

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 2017 and 2016, total revenues were as follows:

	Year ended December 31	
	2017	**2016**
Residential lot sales to third parties	**$27,815,000**	$10,697,000
Development land sales to third parties[(1)]	**$55,234,000**	$21,237,000
Residential homes sales (including related lots)	**$67,697,000**	$83,245,000
Other revenue	**$187,000**	$778,000
Total revenues	**$150,933,000**	$115,957,000

[(1)] *2017 included $46,234,000 of land sales related to a limited partnership (2016 - $9,135,000)*

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. The Alberta market appears to have stabilized and is generally forecast to remain stable due to the modest recovery of oil prices. The housing market began to decline in the second half 2014 due to the rapid decline in oil and natural gas prices and continued to be volatile in 2015 and 2016.

In 2017, single-family building permits issued by the City of Calgary were 4,423 (2016 – 3,409) and were 7,111 for multi-family (including townhomes) (2016 – 6,382) for a total of 11,534 residential permits issued (2016 – 9,791). In Airdrie, 565 single-family building permits were issued (2016 – 433) and 416 multi-family permits were issued (2016 – 577) for a total of 891 residential building permits in 2017 (2016 – 1,010).

The Conference Board of Canada forecasts CMA housing (single-family and multi-family) starts to total 11,475 units in 2018 compared to 11,534 residential permits issued in 2017 in the Cities of Calgary and Airdrie.

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, 2017:

	Location	Current Land Holdings Acres	Current Land Holdings Serviced Lots	Commenced / Estimated Servicing Start Date	Estimated Servicing Completion Date
Residential					
Canals/Bayside/Bayview	Airdrie	251	138	1997	2028
Sage Meadows	Calgary NW	34	43	2002	2021
Saddlestone	Calgary NE	35	53	2010	2021
Southeast Lands	Calgary SE	349	-	2021	2031
		669	**234**		
Mixed Use					
Sage Hill Crossing	Calgary NW	64	-	2019	2029
North Conrich	County of Rocky View	312	-	2019	2035
North Conrich (LP4/5)	County of Rocky View	298	-	2019	2035
		674	**-**		
Non-Core					
Other lands	Various	334	14	(1)	(1)
Other lands (LP8/9)	Radium, BC	1,139	-	(1)	(1)
		1,473	**14**		
Total		**2,816**	**248**		

(1) *Identified for sale*

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 25 minutes north of downtown 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. 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, 2017, 7 single-family lots remain unsold while construction of the "Newport" townhouse units by GBG had begun on the 3.51 acre site.

Bayside - Consists of 15 phases. Ten phases have been developed and five phases are available for future development. Bayside Phases 1 to 4 and Phases 6, 7 and 9 are fully developed and sold out. As at December 31, 2017, there were four unsold lots from a total of 122 in Bayside 5. Bayside Phase 11 consists of 149 lots and as at December 31, 2017 there were 145 lots sold and four lots unsold. Bayside Phase 8 was serviced in 2015 and has 128 lots. At the end of 2017, 32 lots remained unsold in Bayside 8.

Bayview – Located to the west of the existing Bayside and Canals communities, Bayview consists of 10 phases. Genesis has re-conceptualized and re-zoned Phases 1 to 8 in order to reflect current market trends. Servicing was started in Phase 10 during 2015 and completed in 2016. It consists of 114 single-family lots and a 3.36 acre townhouse site. At the end of 2017, 46 lots remained unsold in Phase 10. Phase 9 was serviced in 2017 and contained 73 lots, of which 28 have been sold to third party builders.

CALGARY NORTHWEST

In 2002, Genesis commenced development of a 775 acre parcel in the Symons Valley area in northwest Calgary. The project comprises approximately 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 is designed to include an interconnected pedestrian pathway system, which provides 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 in Symons Valley have been completed on all lands owned by the Corporation.

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 two residential phases with all 200 lots sold.

In 2015, servicing was completed for 9.58 acres of multi-family and commercial sites and 16 single-family lots in Phase 3 of which three lots have been sold by GBG. The 9.58 acre site is under contract and development permits have been submitted to the City for both the commercial and multi-family parcels.

In 2016, servicing was substantially completed in Phase 4 (74 lots) and for a 4.27 acre multi-family site. Two third-party builders have entered into an option to purchase all 74 lots in Phase 4. As at December 31, 2017, 44 lots in Phase 4 had been sold.

Phase 5 is planned to be serviced in 2018 and contains 31 single-family lots and an 18.53 acre multi-family site. In 2017, Genesis entered into a contract to sell 8.65 acres of the multi-family site in 2018 and 2020.

Sage Hill Crossing **-** Genesis has a 71-acre mixed-use/regional commercial project under the area structure plan called 'Sage Hill Crossing,' which commenced development in 2007. In September 2016, Site 4 comprising 6.99 acres was sold to the City of Calgary for $9.4 million. A re-visioning of the remaining sites 3, 5, 6 and 7 began in 2015 to achieve the highest value zonings for those parcels. An amendment to the ASP for these sites was approved by the Council of the City of Calgary in September 2017. The Outline Plan and Land Use applications for sites 3, 5, 6 and 7 was submitted for approval in December 2017.

CALGARY NORTHEAST

Saddlestone - This project is a community of affordable housing, adult and senior living with convenient amenities, and located approximately 20 minutes from downtown Calgary. 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 centre along with several school and multi-family sites.

Saddlestone originally consisted of 166 acres, which has received Outline Plan and land use approval in 2008. This project comprises 12 phases and commenced servicing in 2010, with development complete on Phases 1 to 6 and Phases 11 and 12 (457 single-family lots, seven multi-family sites, and one commercial site). All remaining lots are expected to be contracted to and sold by GBG. Servicing for Phase 7 was completed in December 2014 and Phase 8 was serviced by December 2015, for a total of 211 lots. GBG has substantially completed construction of all of Phase 7 and is well under way with sales and construction in Phase 8. 102 lots in Phase 10 were serviced in 2017 and will be ready for GBG to commence construction in 2018. Phase 9 (121 lots) is planned to be serviced in 2018 and will be available for GBG in 2019.

CALGARY SOUTHEAST

In January 2015, the Corporation acquired a 349 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 homes, parkland and supporting community commercial development. On March 14, 2017, the City of Calgary Council approved a motion to commence an ASP approval process in January of 2018 under a developer funded model for the Genesis lands as well as lands owned by two adjacent land owners. The ASP process formally commenced in January 2018 and is anticipated to be completed in 2019. Initial servicing is expected to commence in the third quarter 2020 and with the first phase to be complete in 2021 and building permits being available later that year.

ROCKY VIEW COUNTY

"North Conrich Lands" **-** This 610 acre parcel of farm land which borders the Calgary city limits in northeast Calgary at 80th Ave and 84th St 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 August 2004 to jointly develop and sell the North Conrich Lands. The lands are currently recognized as a Highway Business District within the County Plan. An Area Structure Plan for 1280 acres, including the 610 acres of Genesis lands was approved by the Council of Rocky View County in October 2017 to permit Retail/Commercial and Light Industrial uses. This ASP has been appealed by the City of Calgary and is currently in a mediation process.

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 6 professionally designed and staged show homes.

Residential homes sold were 148, 166 and 209 in 2017, 2016 and 2015, respectively. Both 2017 and 2015 included closings of townhouse units (2017 – 21, 2015 - 23) while there were no townhouse closings in 2016.

GBG has completed construction of 24 townhouse units in northeast Calgary, has commenced an 85 townhome project in Airdrie and commenced construction on a 54 unit townhouse complex in northeast Calgary.

Employees

The Corporation had 58 employees as at December 31, 2017, 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 it 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 approved a revised and restated Code on November 9, 2017, 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.

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 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 that acquire lots from Genesis may experience financial difficulty and be unable to fulfill their lot payout commitments. 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, renew existing credit facilities or secure additional financing, the Corporation's ability to meet its obligations as they become due may be impacted. 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.

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 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 unauthorised 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. 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 higher pricing. Any significant increase that Genesis cannot pass on to the end customer may have a negative material impact on profits.

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 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, a construction operating line for home construction purposes and lines of credit for corporate purposes. Should Genesis be unable to retain or obtain such credit facilities or any of the loans which are on a demand basis be called at short notice, 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 and manages 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 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 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.

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. If other developers and landowners experience financial difficulties, this may trigger distress 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 the 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 particular 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. Genesis will typically realize higher home building revenues in the summer and fall months when home building activity is at its maximum. 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 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 a strategic and operational planning exercise 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 small townhouse projects. Genesis secures commitments for the supply of materials and labor depending on market conditions and whenever beneficial.

Prior to commencing projects relating to 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, 43,252,721 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, 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.

The Corporation terminated its stock option plan on March 22, 2016 and all outstanding options to acquire Common Shares were cancelled effective June 30, 2016, by mutual agreement between the Corporation and the option holders.

In September 2015, Genesis initiated a NCIB to purchase and cancel up to 2,246,310 Common Shares which was 5% of Genesis's issued and outstanding Common Shares as at September 3, 2015. The Corporation purchased a total of 1,124,598 Common Shares at an average price of $2.81 per share under this NCIB.

On September 7, 2016, the Corporation announced the renewal of its NCIB. The renewed NCIB commenced on September 12, 2016 and terminated on September 11, 2017. The Corporation could purchase for cancellation up to 2,194,320 Common Shares under this NCIB. The Corporation purchased a total of 548,881 Common Shares at an average price of $2.95 per share under this NCIB.

On September 7, 2017, the Corporation announced the renewal of its NCIB which commenced on September 12, 2017 and terminates on the earlier of (i) September 11, 2018; 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 2,163,022 Common Shares under the current NCIB. The Corporation has purchased no Common Shares under this NCIB.

During 2017, 493,085 Common Shares (1.13% of Common Shares outstanding at the beginning of the year) were purchased and cancelled for a total cost of $1.46 million (average $2.95 per share). Under the NCIB, the Corporation has repurchased no Common Shares for cancellation between January 1, 2018, and March 14, 2018.

DIVIDENDS

Dividends on the outstanding Common Shares of Genesis 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:

	2017	2016	2015	2014	Total
Per share	$0.46	$0.25	$0.12	$0.12	$0.95
Total	$19,896,000	$10,936,000	$5,331,000	$5,386,000	$41,549,000

A cash dividend of $9,083,000 ($0.21 per share) was declared in August 2017 and paid in September 2017. An additional cash dividend of $10,813,000 ($0.25 per share) was declared in December 2017 and paid in January 2018. Other than these cash dividends, neither Genesis nor any of its subsidiaries has 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, 2017, 2016 and 2015, respectively. In the GLP#6 and GLP#7 structure, the sale of the last property occurred in 2016 and the distribution in 2016 was the final payout.

	2017	2016	2015
GLP#6 and GLP#7	-	6,978,000	-
Total	-	6,978,000	-

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.

	Price Range ($)		
2017	**High**	**Low**	**Monthly Trading Volume**
January	2.99	2.78	112,200
February	2.95	2.80	234,900
March	2.99	2.80	690,800
April	3.20	2.94	36,000
May	3.45	3.25	144,800
June	3.48	3.35	101,500
July	3.65	3.36	133,600
August	3.74	3.44	80,600
September	3.64	3.44	102,400
October	3.95	3.42	118,300
November	3.95	3.75	41,500
December	3.90	3.73	113,200

PRIOR SALES OF COMMON SHARES

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

The Corporation terminated the stock option plan on March 22, 2016. All outstanding stock options issued pursuant to the stock option plan were cancelled effective June 30, 2016 and $5.6 million of contributed surplus relating to share payments was transferred to retained earnings.

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, a Transaction Review Committee, a Compensation Committee and a Governance Committee.

Name and Municipality of Residence	Position	Director Since	Principal Occupation (preceding five years)
Yazdi J. Bharucha CPA, CA, ICD.D (1)(2)(4) Toronto, Ontario, Canada	Director	November 18, 2010	Chief Financial Officer, Cliffside Capital Ltd., an automobile finance investment company (February 2015 – present); Director and Chair of the Audit Committee, Centric Health Corporation (February2013 - present); Director, Scarborough Rouge Hospital (September 2012 - present).
Michael Brodsky B.A., J.D., M.B.A. (4) Washington, DC, U.S.A.	Director	July 12, 2012	Managing Partner, Vajra Asset Management, LLC, an investment advisory firm (December 2012 – present); Chairman of the Board of Directors, Determine Inc. (December 2013 – present); Chairman of the Board of Directors, Trans World Corporation Inc. (October 2013 – present);Chairman of the Board of Directors , ID Systems Inc. (June 2014 - present); Director, Sparks Networks Inc. (November 2015 – December 2017).
Stephen J. Griggs, B.A., J.D. (3)(4) Mississauga, Ontario, Canada	Director and Chair of the Board Interim Chief Executive Officer Chief Executive Officer	August 28, 2013 February 17, 2016 to May 11, 2017 May 12, 2017	Chief Executive Officer, Smoothwater Capital Corporation, a private investment company (2013 – Present); Director, Chairman and CEO, Equity Financial Holdings Inc. and Director and Chairman, Equity Financial Trust Company; Adjunct Professor of corporate governance at Osgoode Hall Law School; Chief Executive Officer of Underwood Capital Partners Inc.; Director, Marquee Energy Ltd. and Greater Toronto Airports Authority.
Steven J. Glover, M.B.A., FCPA, FCA (1)(4) Canmore, Alberta, Canada	Lead Director	November 18, 2010	Chief Financial Officer, Clearview Resources Ltd. (2010 – present); an oil and gas exploration services company; Director and Chair of the Audit Committee of the Mutual Fund Dealers Association of Canada (2014 – present).

Name and Municipality of Residence	Position	Director Since	Principal Occupation (preceding five years)
Mark W. Mitchell, B.A., M.B.A. (2)(4) Calgary, Alberta, Canada	Director	June 29, 2010	President, Reliant Capital Limited, a real estate finance company (2002 – present); Vice-Chairman, Fraser Institute; Trustee of The W. Garfield Weston Foundation; Trustee of the Canadian Constitution Foundation.
Loudon Owen B.A., J.D., M.B.A. (3)(4) Toronto, Ontario, Canada	Director	March 22, 2013	Managing Partner, McLean Watson Capital Inc. a venture capital investment firm (1996 – present); Director, Avesoro Resources Inc., Director, Kilo Goldmines Ltd., Chair of the Board, Posera Ltd.
Iain Stewart B.Comm., ICD.D, CPA, CA (1)(2)(3)(4) Calgary, Alberta, Canada	Director and Vice Chair of the Board	September 4, 2013	President, Capella Cove Capital Corp. (2012 – present); a real estate advisory company, Director, Direct Cash Bank (2012 – present); Co-Chief Executive Officer and Co-Founder, Parkbridge Lifestyle Communities Inc. (1997-2011).

(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

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)
Parveshindera 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 to 2016 – General Manager of Land Development, Genesis Land Development Corp.
Brian Whitwell, B.Comm. Calgary, Alberta Canada	Vice-President, Land and financing	May 12, 2016	2016 - Present: Vice-President, Land and Financing 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 to 2016: Chief Financial Officer and Senior Vice President at Southern Alberta Institute of Technology (SAIT)

Mr. Griggs is the Chief Executive Officer of Smoothwater Capital Corporation which beneficially owns, or controls or directs, directly or indirectly, 15,233,935 Common Shares representing approximately 35.22% of the outstanding Common Shares. Mr. Mitchell beneficially owns, or controls or directs, directly or indirectly, 5,273,633 Common Shares representing approximately 12.19% 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, 22,088,478 Common Shares or approximately 51.07% 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.

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 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. In February 2016 Goodwill filed for bankruptcy protection under the Bankruptcy Act.

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

Two former employees filed a statement of claim against the Corporation and a director on May 27, 2016 alleging wrongful termination of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The aggregate amount of the claim is approximately $1.6 million. The former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017 and intends to vigorously defend against the claim. The appeal is set down for a hearing on May 2, 2018.

On March 8, 2018, the two former employees served an application for leave to amend their claim to add claims in the amount of $1.1 million plus costs and interest in connection with a disputed purported exercise of options. It is too early in the process to assess potential liability with respect to the new claims.

On September 22, 2017, Limited Partnership Land Pool ("LPLP 2007"), Genesis as manager, the general partner, two limited partners, two affiliated limited partnerships and various third parties were named as co-defendants in a statement of claim initiated in the Province of Alberta by a limited partner of LP RRSP Limited Partnership #1, a limited partner of LP RRSP Limited Partnership #2 and a limited partner of LPLP 2007. The statement of claim seeks to be classified as a class action and is seeking pecuniary and non-pecuniary damages of $60.0 million, including general and special damages. The Corporation's view is that this claim is completely without merit and, on its behalf and on behalf of LPLP 2007, is actively contesting both the certification proceeding and the claim itself. Any potential liability to the Corporation and/or the Partnership is currently indeterminate.

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).

RELATED PARTY DISCLOSURE

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

Underwood Capital Partners Inc. ("Underwood") is a corporation controlled by Stephen J. Griggs, who is the chief executive officer and the Chair of the Board of Directors of Genesis. The Corporation pays a fee to Underwood for the services provided.

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, 2017, and 2016. 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.

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, 2017. Copies of these and other documents relating to Genesis may be found on SEDAR at www.sedar.com and the Corporation's website at www.genesisland.com.

APPENDIX "A"

INFORMATION CONCERNING AUDIT COMMITTEE

Audit Committee's Terms of Reference

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

The Audit Committee's (the "**Committee**") of the Board of Directors (the "**Board**") of Genesis Land Development Corp. (the "**Corporation**" or "**Genesis**") 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:

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

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 Board and each Committee shall meet as necessary (the Board Audit Committee shall meet at least once quarterly) and 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 Board or Committee is as valid as if it had been passed at a meeting of the Committee;

3. The Chair of the Board or 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 Board or 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 a 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 and Committee members, establish the agenda for the meetings and work with management, and if applicable, auditors, 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. Forty-eight (48) hours' notice is required for meetings, unless Board or Committee members unanimously waive the notice period;
8. Every question at a Board or Committee meeting shall be decided by a majority of the votes cast, with each Committee member entitled to one vote;
9. The Chief Executive Officer and the Chief Financial Officer shall be available to advise the Board or Committee. The Chair of the Board or the Chair of each Committee shall determine whether notice of a Committee meeting is sent to the Chief Executive Officer and/or Chief Financial Officer and what portions of each meeting are attended by these Officers. Other management representatives may be invited to attend as necessary;
10. A Board or 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; and
11. Each 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 (if any) 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) 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 2.4 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.

Composition of the Audit Committee

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

Steven J. Glover, FCPA, FCA	Independent(1)	Financially literate(1)
Yazdi J. Bharucha, CPA, CA	Independent(1)	Financially literate(1)
Iain Stewart, CPA, CA	Independent(1)	Financially literate(1)

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

Relevant Education and Experience

Steven Glover holds a Masters of Business Administration from the University of Alberta and is a Fellow of the Chartered Professional 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 financial and capital markets activities. Mr. Stewart currently serves as President of Capella Cove Capital Corp., a real estate advisory and investment company.

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.

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(1)	Tax Fees(2)	All Other Fees(3)
2017	$165,000	$66,000	$25,000	$66,500
2016	$165,000	$66,000	$22,000	$36,000

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 such services.*