

**NOTICE OF 2014 ANNUAL GENERAL MEETING  
MANAGEMENT INFORMATION CIRCULAR**

APRIL 11, 2014

**GENESIS**

**NOTICE OF 2014 ANNUAL GENERAL MEETING  
MANAGEMENT INFORMATION CIRCULAR**

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*All information contained in this Management Information Circular ("Circular") is dated as at April 11, 2014 unless otherwise noted.*

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**INVITATION TO SHAREHOLDERS**

Dear Fellow Shareholders:

On behalf of our Board of Directors and management team, I invite you to attend the 2014 annual general meeting of shareholders (the "**Meeting**") of Genesis Land Development Corp. ("**Genesis**", the "**Corporation**" or "**our**"). We are pleased to hold the Meeting on Thursday, May 15th, 2014 at 9:00 a.m. (Mountain Daylight time) at:

The Genesis Centre of Community Wellness  
Multi-Purpose Room  
7555 Falconridge Blvd. N.E.,  
Calgary, Alberta

At the Meeting, we will review the Corporation's 2013 operating and financial performance, as well as our plans for the remainder of 2014. You will have an opportunity to meet members of our management team and Board of Directors to discuss items of interest to you. The business items to be dealt with are described in the accompanying Notice of Meeting and Management Information Circular. In addition to the Circular and related proxy materials, documentation and information concerning Genesis is available on our website at [www.genesisland.com](http://www.genesisland.com).

If you are unable to attend the Meeting in person, or if you hold your Common Shares in the name of a nominee, such as a brokerage firm, I encourage you to vote in advance by any of the means available to you, as described on page 15 of this Circular.

I look forward to seeing you at the Meeting.

Sincerely,

(Signed)

"Bruce Rudichuk"

**Bruce Rudichuk**  
President & Chief Executive Officer

April 11, 2014

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### LETTER TO SHAREHOLDERS

Dear fellow shareholders:

2013 was a transformational year for Genesis Land Development Corp., with new and experienced executive leadership, a reconstituted board including representatives of major shareholders on the board and a number of independent directors with industry expertise, a comprehensive strategic plan, much reduced and more cost effective debt, and a concerted focus on obtaining market recognition of the true value of the company for all shareholders.

Our new CEO and CFO have worked hard to understand where value exists and can be created in the lands and other assets of Genesis, and which assets are non-core and can be disposed of. Our core land holdings are focused exclusively in the Calgary metropolitan area, and much progress has already been made on selling non-core lands.

The executive team has turned around the Genesis home building business, dramatically increasing production levels, reducing costs and markedly improving the design and quality of homes delivered to our customers. We believe that the Genesis home building business will become an important contributor to the profits and cash flow of the corporation over the next few years, delivering about 300 homes per year.

We recognize that the corporation has had difficulties and serious management and financing challenges, especially following the 2008 Credit Crisis. Your board and management have taken targeted and decisive action to improve the business and future of Genesis. We believe that the capital markets are beginning to recognize what we see – Genesis has the potential to be a very successful integrated land developer and home builder in the Calgary area, one of the best regions in Canada for our industry.

On behalf of the board, we look forward to continuing to serve all shareholders and hope that you can attend the 2014 Annual Meeting in person.

Yours truly,

**Stephen J. Griggs**  
Chair of the Board

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**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (the “**Meeting**”) of holders (“**shareholders**”) of common shares (“**Common Shares**”) of Genesis Land Development Corp. (the “**Corporation**”) will be held in the Multi-Purpose Room at the Genesis Centre of Community Wellness, 7556 Falconridge Blvd. N.E., Calgary, Alberta, T3J 0C9 on Thursday, May 15th, 2014 at 9:00 a.m. (Mountain Daylight time), for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2013 and the report of the auditors thereon;
2. to fix the Board of Directors of the Corporation to be elected at the Meeting at eight (8) members and to elect the Board of Directors of the Corporation for the ensuing year;
3. to appoint MNP LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Corporation for the ensuing year and to authorize the Board of Directors of the Corporation to fix the auditors' remuneration; and
4. to transact any such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders of record of Common Shares of the Corporation at the close of business on April 10th, 2014 will be entitled to vote at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and execute the enclosed form of proxy and return it in the envelope provided for that purpose. Alternatively, shareholders may vote by proxy, by telephone or over the internet (please refer to page 15 of the accompanying Circular for further information).

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

**DATED** at the City of Calgary, in the Province of Alberta, this 11<sup>th</sup> day of April, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Bruce Rudichuk”*

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**Bruce Rudichuk**  
President & Chief Executive Officer  
Genesis Land Development Corp.

**IMPORTANT**

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

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### FORWARD-LOOKING STATEMENTS

If there are any statements made in this Management Information Circular and in related Notices and Letters that contain information which is not historical, or which refer to future events, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements are related to our objectives, goals, strategies, intentions, plans, estimates and outlooks. Other forward-looking statements may be identified by the use of words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. Such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Material factors or assumptions included by us in the forward-looking statements such as, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; changes in the number of homes delivered per year; changes in accounting standards; and changes in laws or regulations or the interpretation or application of those laws and regulations, may cause actual results to differ materially from those expressed or implied in such statements.

When relying on our forward-looking statements to make decisions with respect to Genesis, investors and others should carefully consider the uncertainties and potential events. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arises after the date thereof or otherwise.

## NOTICE OF 2014 ANNUAL GENERAL MEETING MANAGEMENT INFORMATION CIRCULAR

### PART I - BUSINESS OF THE MEETING

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) and management of Genesis Land Development Corp. (“Genesis” or the “Corporation” or “our”), to be used at the Annual General Meeting (the “Meeting”) of holders (“shareholders”) of common shares (“Common Shares”) of the Corporation, to be held on Thursday, May 15th, 2014, at 9:00 a.m. (Mountain Daylight time), in the Multi-Purpose Room at the Genesis Centre of Community Wellness, 7555 Falconridge Blvd. N.E., Calgary, Alberta, T3J 0C9 and at any adjournment thereof for the purposes set out in the accompanying notice of meeting (the “Notice”).

All information contained in this Circular is dated as at April 11th, 2014 unless otherwise noted.

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

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2013 and the report of the auditors thereon;
2. to fix the Board of Directors of the Corporation to be elected at the Meeting at eight (8) members and to elect the Board of Directors of the Corporation for the ensuing year;
3. to appoint MNP LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Corporation for the ensuing year and to authorize the Board of Directors of the Corporation to fix the auditors' remuneration; and
4. to transact any such other business as may properly be brought before the Meeting or any adjournment thereof.

In accordance with National Instrument 54-101 “*Communication with Beneficial Owners of Securities of a Reporting Issuer*”, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the shareholders entitled to receive Notice of and to vote at the Meeting was April 10th, 2014 (the “Record Date”).

**All matters to be brought before the Meeting require, for the passing of same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.**

#### Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of Genesis for the year ended December 31, 2013 and the auditors' report thereon. No vote by the shareholders with respect thereto is required or proposed to be taken. The audited consolidated financial statements for the year ended December 31, 2013 are included and form part of the 2013 Annual Report of the Corporation. Additional copies of the 2013 Annual Report may be obtained from the Corporation upon request and copies will be available at the Meeting. Copies of the Corporation's annual and interim financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Number of Directors

The Articles of the Corporation stipulate that the Board shall consist of a minimum of one (1) and a maximum of fifteen (15) Directors. The Board reviews each director's contribution and determines whether the Board's size allows it to function effectively and efficiently. The Board believes that a board of directors composed of 8 members promotes effectiveness. For the forthcoming year, it is proposed that the Board shall consist of eight (8) members. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board at eight (8) members for the next ensuing year. **Management recommends voting in favour of the fixing of directors at 8. Management representatives designated in the enclosed form of proxy intend to vote FOR the fixing of the number of directors at 8.**

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### Election of Directors

#### *Nomination Process*

The Compensation and Governance Committee (the "Committee") has been established to assist the Board of the Corporation. Acting under its mandate, the Committee is responsible for establishing general criteria for the election and re-election of Directors, identifying and recommending candidates to the Board for election and re-election by the shareholders, and assessing the current board based on a skills matrix to ensure that the core required skills are reflected in the current and prospective directors. Ethnic and gender diversity and independence from management and from each other are important factors in considering candidates for the board of directors.

The objective of the Committee is to have sufficient range of skills, expertise and experience on the board to ensure that the Board can carry out its responsibilities effectively. The Committee considers the combined Directors' skills and characteristics based on a number of areas of expertise, including:

- Land development
- Home building
- CEO or other senior executive
- Strategy
- Public boards
- Human resources
- Legal and accounting
- Corporate finance

On a regular basis, the Committee reviews the current profile of the Board including representation of various areas of expertise, experience and diversity. The Board has adopted independence standards that derive from applicable Canadian securities laws and the Toronto Stock Exchange corporate governance rules. Based upon such standards, all members of the Committee are independent. The process and skills matrix is reviewed annually to reflect the current needs of the Board and strategic priorities of the Corporation.

#### *Proposed Nominees*

Pursuant to a standstill agreement dated August 28, 2013 entered into by the Corporation with its largest shareholder, Smoothwater Capital Corporation ("Smoothwater"), the Corporation and Smoothwater have agreed to support nomination of the current Board to the Board of Directors at the 2014 AGM. Accordingly, the nominees (collectively, the "Nominees" and each a "Nominee") for election as Directors of Genesis are:

<b>Michael Brodsky</b>	<b>Mark W. Mitchell</b>
<b>Yazdi Bharucha</b>	<b>Loudon Owen</b>
<b>Steven Glover</b>	<b>William Pringle</b>
<b>Stephen Griggs</b>	<b>Iain Stewart</b>

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

The individuals named in the accompanying form of proxy as proxyholders are either officers ("Officers") or Directors of Genesis and intend to vote at the Meeting for fixing the number of Directors at eight (8) members and to vote for the election of the nominees whose names are set forth above, unless specifically instructed on the form of proxy to withhold such vote. The election of Directors will be decided by a majority of the votes cast at the meeting by shareholders present, in person, or by



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proxy. The Board and management recommend that shareholders vote in favour of each of the above named Nominees.

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

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

### *Director Nominee Profiles*

Set forth below is biographical and other information with respect to each of the nominees for election as Director, including principal occupation, business or employment for the past five years or more, and the number of voting Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 11, 2014. In addition, the table lists other companies with whom each nominee is currently serving as a Director.

**Stephen Griggs<sup>(1)</sup>**  
B.A., J. D.  
Mississauga, Ontario,  
Canada

Stephen J. Griggs, Chair of Genesis, is the CEO of Smoothwater Capital Corporation, a private "activist" investor based in Toronto. He has a strong track record of leadership in the financial services industry and corporate governance in Canada.

Prior to joining Smoothwater, he was until April 2012 the President and CEO of OPTrust, a major public sector pension plan with assets of \$14 billion and over 83,000 members and retirees, leading OPTrust's integrated investment and administrative operations.

Prior to joining OPTrust in mid-2011, Mr. Griggs served for three years as Executive Director of the Canadian Coalition for Good Governance, where he represented the interests of leading Canadian pension plans and other institutional shareholders. He also served during this time as Chair of Investeco Capital Corp., Canada's first environmental investment company.

He was the President and CEO of Legg Mason Canada Inc. from 2003 to mid-2007, with responsibility for the Canadian operations of Legg Mason, Inc., one of the world's largest global investment management firms, and has been Chief Operating Officer of two leading Canadian mutual fund companies. Mr. Griggs was also a corporate/commercial and securities partner with the Toronto law firm Smith Lyons (now Gowlings) until 1994 and remains a member of the Law Society of Upper Canada with a J.D. from the University of Toronto Law School.

Mr. Griggs is a director and Vice Chair of Equity Financial Holdings Inc., a TSX listed company which, through its wholly owned subsidiary, Equity Financial Trust Company, is a alternative mortgage lender focused on owner occupied residential homes. Mr. Griggs is also on the board of Greater Toronto Airports Authority, which operates Toronto Pearson International Airport, and is a reporting issuer.

#### **Genesis Board Details:**

- Independent
- Director since August 28, 2013
- Chair of the Board
- Chair of the Compensation and Governance Committee
- Member of the Strategic Planning Committee
- Member of the Disclosure Committee
- Ex officio voting member of all Board Committees, including the Audit Committee and the Transaction Review Committee
- Areas of expertise: Canadian law, investment management, corporate governance

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	<ul style="list-style-type: none"> <li>• Attendance at Board meetings in 2013 to date: 5/5 (100%)</li> <li>• Common Shares owned: 9,897,435<sup>(1)</sup></li> <li>Options: 75,000</li> </ul>
<p><b>Yazdi Bharucha</b> C.A., ICD.D Toronto, Ontario, Canada</p>	<p>Mr. Bharucha was from May 1997 to September 2009 the Chief Financial Officer of Canadian Apartment Properties Real Estate Investment Trust (CAPREIT), which is one of Canada's largest owners of multi-family rental communities. His extensive experience in all aspects of real estate, including land development, is an invaluable asset to Genesis. Mr. Bharucha's previous experience includes Vice President and Controller of MPI Group Inc., a real estate investment and development company. Previously, he also held the position of Controller of MICC Properties Inc., a real estate investment and development company, and was responsible for financial planning, accounting, reporting and management of real estate operations with Guaranty Properties Limited, a subsidiary of Guaranty Trust Company of Canada.</p> <p>Mr. Bharucha is a Chartered Accountant and holds the Institute Certified Director designation (ICD.D) from the Institute of Corporate Directors. Mr. Bharucha is also a director and Chair of the Audit Committee of Centric Health Corporation, TSX listed diversified public healthcare company. Mr Bharucha currently also serves as a Director of Alosinac Realty Trust, Rouge Valley Hospital System and Goodwill Industries Limited of Toronto.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"> <li>• Independent</li> <li>• Director since November 18, 2010</li> <li>• Areas of expertise: corporate strategy, real estate accounting, finance, corporate governance</li> <li>• Chair of the Transaction Review Committee</li> <li>• Member of the Audit Committee</li> <li>• Member of the Special Committee</li> <li>• Attendance at Board meetings in 2013 to date: 13/13 (100%)</li> <li>• Common Shares owned: 25,000</li> <li>Options: 50,000</li> </ul>
<p><b>Steven J. Glover</b> M.B.A., C.A. Canmore, Alberta, Canada</p>	<p>Mr. Glover currently serves as and Chief Financial Officer of Clearview Resources Ltd and has served as an officer of several listed entities prior to his role with Clearview. He is also the Chair of the Audit Committee of an Alberta crown corporation, Travel Alberta.</p> <p>Mr. Glover holds a Bachelor of Math from the University of Waterloo and an M.B.A. from the University of Alberta. He is a Fellow of the Chartered Accountants and served as the Executive Director of the Institute of Chartered Accountants of Alberta from 1984 to 2005.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"> <li>• Independent</li> <li>• Director since November 18, 2010</li> <li>• Areas of expertise: finance</li> <li>• Chair of the Audit Committee</li> <li>• Chair of the Special Committee</li> <li>• Member of the Strategic Planning Committee</li> <li>• Attendance at Board meetings in 2013 to date: 13/13(100%)</li> <li>• Common Shares owned: 35,400</li> <li>Options: 75,000</li> </ul>

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**Michael Brodsky**  
B.A., J.D., M.B.A.  
Chevy Chase, Maryland  
U.S.A.

Michael Brodsky is a director of Genesis and the Managing Partner of Vajra Asset Management, LLC. He is also presently Executive Chairman of Selectica, Inc. He brings over 20 years of experience as an investor, manager and attorney. He has extensive experience in investment in, and the governance of public companies, as well as in corporate turnarounds and restructurings.

He currently serves as Chairman of the Board of Selectica, Inc. He is also currently a member of the board of directors of Trans World Corporation Inc. Past board positions include the board of directors of Churchill Downs Inc. where he served on the company's Executive Committee. He also served on the board of directors of Youbet.com, Inc. where he was also its Chairman.

Mr. Brodsky holds a B.A. from Syracuse University, a J.D. from the Northwestern University School of Law, and an M.B.A. from Northwestern University's J.L. Kellogg Graduate School of Management.

**Genesis Board Details:**

- Independent
- Director since July 12, 2012
- Member of the Compensation and Governance Committee
- Areas of expertise: corporate strategy, finance, legal counsel, corporate governance
- Former Chair of the Board
- **Attendance at Board meetings in 2013 to date: 13/13 (100%)**
- **Common Shares owned: 111,000**  
**Options: 75,000**

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

Mr. Mitchell currently serves as President of Reliant Capital Limited, a real estate finance company. He also serves as Chairman of the Canadian Constitution Foundation, Vice-Chairman of the Fraser Institute, and as Trustee of The W. Garfield Weston Foundation.

Mr. Mitchell holds a B.A. (Distinction) in Economics from Stanford University and a M.B.A. from the Wharton School of the University of Pennsylvania.

**Genesis Board Details:**

- Independent
- Director since June 29, 2010
- Member of the Transaction Review Committee
- Areas of expertise: corporate strategy, finance
- **Attendance at Board meetings in 2013 to date: 13/13 (100%)**
- **Common Shares owned: 4,160,033**  
**Options: 75,000**

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<p><b>Loudon Owen<sup>(2)</sup></b> B.A., J.D.; M.B.A. Toronto, Ontario, Canada</p>	<p>Mr. Owen is an international businessman and lawyer. His career has spanned more than 25 years, during which he has both led and actively participated in the growth of a host of successful businesses, in addition to extensive charitable and non-profit activities. He currently serves on the boards of a range of private corporations as well as Kilo Goldmines Ltd. (TSX-V), Ntegrator International Inc. (Singapore Stock Exchange), and Posera-HDX (TSX, Chair). He previously served on the board of Brookfield Development Corp. in the real estate industry.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"> <li>• Independent</li> <li>• Director since March 22, 2013</li> <li>• Member of the Compensation and Governance Committee</li> <li>• Member of the Strategic Planning Committee</li> <li>• Areas of expertise: corporate law</li> <li>• <b>Attendance at Board meetings in 2013 to date: 8/10 (80%)</b></li> <li>• <b>Common Shares owned: 1,273,800<sup>(2)</sup></b></li> <li>• <b>Options: 75,000</b></li> </ul>
<p><b>William Pringle</b> B. Comm., C.A. Calgary, Alberta, Canada</p>	<p>Mr. Pringle is the founder and Executive Chair of Bordeaux Properties Inc., a Calgary-based land developer and home builder. Previously, Mr. Pringle was employed by the Brookfield Asset Management Group from 1987 to 2001, during which time he had senior roles with the operating arms of Brookfield Properties Corporation, a multi-national real-estate company. He was President and CEO of Brookfield Homes from March of 1994 until February of 2000, and prior to that he was president of Brookfield's office property group.</p> <p>Mr. Pringle is a Chartered Accountant and received his Bachelor of Commerce from the University of Calgary. He is involved with various community activities, including past chair of the Major Donor Group, United Way of Calgary, and has served on the boards of various private and public companies.</p> <p><b>Genesis Board Details:</b></p> <ul style="list-style-type: none"> <li>• Independent</li> <li>• Director since September 12, 2012</li> <li>• Vice Chair of the Board</li> <li>• Chair of the Strategic Planning Committee</li> <li>• Member of the Compensation and Governance Committee</li> <li>• Member of the Special Committee</li> <li>• Areas of expertise: real estate management and investment, land development and homebuilding and finance.</li> <li>• <b>Attendance at Board meetings in 2013 to date: 13/13 (100%)</b></li> <li>• <b>Common Shares owned: Nil</b></li> <li>• <b>Options: 75,000</b></li> </ul>
<p><b>Iain Stewart</b> B. Comm., C.A. Calgary, Alberta, Canada</p>	<p>Iain Stewart 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. Prior to forming Parkbridge in 1997, he was Vice President at Rosebridge Capital Corporation, a private real estate advisory and investment company, from 1996 to 1997. From 1985 to 1996, he held progressively more responsible positions at Trizec Corporation, culminating in Vice President, Financial Services.</p>

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He currently serves on the board of directors and audit committee of a private financial services company. He holds a Bachelor of Commerce from the University of Alberta, and a C.A. Designation.

In addition, he has completed a number of coaching and leadership programs in North America.

### Genesis Board Details:

- Independent
- Director since September 4, 2013
- Member of the Audit Committee
- Member of the Transaction Review Committee
- Areas of expertise: real estate management, development and investment, corporate strategy, restructuring, and finance.
- **Attendance at Board meetings in 2013 to date: 4/4 (100%)**
- **Common Shares owned: 25,000**
- **Options: 75,000**

### Notes

<sup>(1)</sup> Mr. Griggs is the CEO of Smoothwater. Smoothwater beneficially owns, or controls or directs, directly or indirectly, 9,897,435 Common Shares. Smoothwater is a corporation wholly-owned by Garfield Mitchell who, together with Smoothwater, beneficially owns, or controls or directs, directly or indirectly, 9,909,435 Common Shares, representing approximately 22.09% of the outstanding Common Shares.

<sup>(2)</sup> Beneficially owned by Liberty Street Capital Corp. Mr. Owen owns 49.9% of the outstanding shares of Liberty Street Capital Corp.

### Cease Trade Orders

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

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

Mr. Loudon Owen served as a director of Hanfeng until February 24, 2014. On February 19, 2014, a temporary cease trade order was issued by the Ontario Securities Commission against Hanfeng Evergreen Inc. ("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. It was replaced by a permanent cease trade order dated March 3, 2014. The securities commissions of each of Quebec and British Columbia have also issued permanent cease trade orders against Hanfeng.

### Bankruptcies

Other than as set forth below, none of those persons who are proposed Directors of the Corporation is, or has within 10 years prior to the date of this Circular:

- i) been a Director or executive officer of any company, as applicable, that, while that 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

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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

- ii) 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 the assets of the Director, executive officer or shareholder.

Mr. Glover was the Vice President, Finance and Chief Financial Officer of Western Plains Petroleum ("Western Plains") until his resignation on February 19, 2014. On August 26, 2013, Western Plains filed a Notice of Intention to make a proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "Bankruptcy Act"). Western Plains was deemed bankrupt on February 22, 2014 for failure to file a proposal.

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 served as a director of The Fight Network Inc. which filed for bankruptcy proceedings in October 2010. Mr. Owen ceased being a director of the Fight Network Inc. in October 2010.

### *Penalties or Sanctions*

None of those persons who are proposed Directors of the Corporation is, or have 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 security holder in deciding whether to vote for a proposed Director.

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

At the Meeting, shareholders will be asked to approve a resolution appointing MNP LLP (formerly Meyers Norris Penny LLP), Chartered Accountants, as the auditors of the Corporation for the ensuing year. The form of proxy solicited by management of the Corporation will, on any poll, be voted as directed and, if there is no direction, in favour of the appointment of MNP LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the Board to fix the remuneration to be paid to the auditors. MNP LLP was first appointed auditor of the Corporation by resolution of the shareholders on August 19, 2009. **The Board unanimously recommends that shareholders vote in favour of the re-appointment of MNP LLP as the Corporation's auditors.**

If a majority of the Common Shares represented at the Meeting should be voted against the appointment of MNP LLP, Chartered Accountants, as the auditor of the Corporation, the Board will appoint another firm of chartered accountants based upon the recommendation of the Audit Committee, which appointment for any period subsequent to the 2014 meeting of shareholders shall be subject to approval by the shareholders at the next annual general meeting of shareholders.

The Corporation has included in its Annual Information Form, dated March 28, 2014, in Appendix "A" entitled "*Information Concerning Audit Committee*," certain prescribed information in respect of Audit, Finance and Risk Committee matters and audit fees.

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### Accounting Fees and Services

The aggregate amounts billed by MNP LLP to the Corporation with respect to fees payable for audit and audit related engagements, tax, and other services in the fiscal years ended December 31, 2013 and 2012 were as follows:

Type of Service	Fiscal Year Ended December 2013	Fiscal Year Ended December 2012
Audit Fees <sup>(1)</sup>	\$ 195,000	\$ 250,000
Audit Related Fees <sup>(2)</sup>	75,000	77,000
Tax Fees <sup>(3)</sup>	21,000	10,000
All Other Fees <sup>(4)</sup>	36,340	107,900
<b>Total</b>	<b>\$ 327,340</b>	<b>\$ 444,900</b>

#### Notes

<sup>(1)</sup> The aggregate audit fees billed or accrued by the Corporation's external auditor for audit services.

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

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

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

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

### Other Business

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

## PART II - VOTING

### Solicitation of Proxies

This Circular, which is being mailed to shareholders on or about April 21, 2014, is furnished in connection with the solicitation by and on behalf of management of the Corporation of proxies to be used at the Meeting to be held on Thursday, May 15, 2014 at the time and place and for the purposes set forth in the accompanying Notice, or any adjournment or adjournments thereof.

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

### Appointment of Proxy Holders

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

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*In order for proxies to be recognized at the Meeting or any adjournment or adjournments thereof, the shareholder may insert the name of such person in the blank space provided in the instrument of proxy, or may use another appropriate form of proxy.* All instruments of proxy must be deposited with Computershare Trust Company of Canada, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof. The Chairman of the Meeting may refuse to recognize any form of proxy received after such time.

### Revocation of Proxies

*A proxy is revocable. The giving of a proxy will not affect the right of a shareholder to attend and vote in person at the Meeting.* A shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing, executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, executed by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Corporation, 1900, 520 Third Avenue SW, Calgary, Alberta, T2P 0R3, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of the Meeting prior to the commencement of the Meeting or any adjournment thereof.

### Voting of Common Shares

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

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

### Advice to Beneficial Holders of Securities

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

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

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and



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provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

Beneficial Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBOS". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "OBOS".

### Distributions to NOBOS and OBOS

In accordance with the requirements of National Instrument 54-101 "*Communication with Beneficial Owners*" of the Canadian Securities Administrators ("**NI 54-101**"), the Corporation has elected to send the Notice and this Circular (collectively, the "Meeting Materials") directly to the NOBOS, and indirectly through intermediaries to the OBOS. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

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

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

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

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

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

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

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

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

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

### Voting Securities and Principal Holders Thereof

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

As of the Record Date, 44,861,200 of the Corporation's unlimited authorized voting Common Shares were issued and outstanding. The Corporation is also authorized to issue an unlimited number of preferred shares, of which none have been issued. In addition, there are 2,292,250 Common Shares issuable upon exercise of previously granted stock Options.

The By-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if at least two persons are present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy, and who hold or represent by proxy in the aggregate not less than five percent (5%) of the outstanding Common Shares entitled to be voted at the meeting.

To the knowledge of the Corporation's Directors and executive Officers, and as of the date hereof, no person beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to all outstanding Common Shares, other than as set forth below.

Name	Number of Common Shares <sup>(1)</sup>	Percentage of Issued Common Shares
Garfield R. Mitchell Toronto, Ontario	9,909,435 <sup>(2)</sup>	22.09%

#### Notes

<sup>(1)</sup> The information as to the Common Shares beneficially owned, not being within the knowledge of the Corporation, is based on information filed on SEDI.

<sup>(2)</sup> Mr. Mitchell holds 9,897,435 Common Shares through Smoothwater, a company of which he is the sole shareholder. In addition, Mr. Mitchell owns 12,000 Common Shares through RRSPs and TFSA's.

### Majority Voting Policy

On February 13, 2014, the Toronto Stock Exchange (the "TSX") made amendments to the TSX Company Manual that mandated all TSX-listed companies to adopt a majority voting policy for the election of Directors for non-contested meetings effective June 30, 2014 (the "Amendments"). Accordingly, all companies listed on the TSX with fiscal years ending on or after

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June 30, 2014, must comply with the Amendments at their first annual meeting following June 30, 2014. The Board voluntarily adopted the majority voting policy required by the TSX in March 2014.

A majority voting policy is a written policy adopted by a resolution of the board of directors of a company and provides that a director who is not elected by at least a majority of the votes cast, other than in a context of a contested meeting, must tender his or her resignation immediately after the meeting, to be effective upon acceptance by the board. A "contested meeting" is defined as a meeting at which the number of directors nominated for election is greater than the number of directors fixed for election to the board. The board must accept or refuse the tendered resignation within 90 days of the meeting and the board must promptly communicate its decision by issuance of a news release and, if the directors refuse to accept a resignation, the news release must fully state their reasons.

The Board has adopted a majority voting policy which applies to this and following director elections. Under this policy, a Director who is elected in an uncontested election with more votes withheld than voted in favour of his or her election will be required to tender his or her resignation as a Director to the Chair of the Board promptly following certification of the election results. The election results shall be disclosed immediately after the meeting including the number of votes For and the number of votes Withheld for each Director. The resignation will be effective when accepted by the Board. The Board expects that resignations will be accepted, unless extenuating circumstances warrant a contrary decision. The Board in making its decision may consider any factors or other information that it considers appropriate and relevant. The Board's decision of whether to accept or reject the tendered resignation (and the reasons for rejecting the tendered resignation, if applicable) will be announced within 90 days following the certification of the election results in a press release.

### PART III - COMPENSATION

#### General

##### *Compensation Governance*

In 2013, the Corporation developed and began to execute on a strategic plan to become an integrated land developer and home builder in the Calgary metropolitan area, and to accelerate growth and improving returns to shareholders. A new compensation plan was adopted in December 2013 to support the achievement of our strategic objectives.

The Board has delegated to the Compensation and Governance Committee (the "Committee") responsibility for the oversight, review, and recommending to the Board for approval, on an annual basis, the Corporation's compensation policies and the level of non-executive director and executive compensation. The Committee is currently comprised of four Directors, namely, Stephen Griggs (Chair), Michael Brodsky, William (Bill) Pringle and Loudon Owen, all of whom are independent within the meaning of Section 1.4 of National Instrument 52-110 Audit Committees.

The members of the Committee were selected according to their experience and their knowledge of matters to be dealt with by the Committee. Each member of the Committee has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and experience necessary to enable him to make decisions as to the suitability of the Corporation's policies and practices. These skills were acquired, among other things, through their experience in large part as President and/or Chief Executive Officer where human resources was directly reporting to such person and as corporate directors, including being a member of a similar committee on another board. Mr. Griggs served for three years as Executive Director of the Canadian Coalition for Good Governance, where he represented the interests of leading Canadian pension plans and other institutional shareholders and was instrumental in developing and implementing the Coalition's guidelines on executive compensation including "say on pay". Please see "Director Nominee Profiles" on pages 9, 10, 11, 12, and 13 of this Circular for biographical information concerning members of the Committee.

##### *Risk Oversight*

The Board is responsible for managing principal risks of the Company and ensures there are systems in place to effectively monitor and manage those risks. In that respect, the Company has developed the Company's code of conduct, which is

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reviewed and signed by all employees, directors and officers of the Company to confirm compliance. Financial controls are in place, which are monitored regularly by the Company's internal auditor.

### Board of Directors' Compensation

#### *Objectives*

The primary objectives of the Committee respecting director compensation are: a) to ensure that the remuneration fairly reflects the responsibilities and time commitment required of its directors; b) is competitive with the Company's peer group; and c) is sufficient to attract and retain qualified directors.

Directors are compensated for their services through fees payable by way of cash and reimbursement of reasonable travel and other out-of-pocket expenses for costs relating to their duties as directors and through incentive plan awards by way of an initial grant of stock options under the Company's Option Plan. The Corporation has had a practice of granting each new director 75,000, 3 year time vested options shortly after being elected or appointed. The Company does not provide benefits or a retirement plan for its directors. Director fees are paid by way of annual board and committee retainers, prorated from the date of the director's appointment to the Board and relevant committees.

#### *Directors Compensation Details*

Directors are paid Board and committee retainers according to the following rates:

Chair of the Board Retainer	\$60,000
Vice-Chair of the Board Retainer	\$15,000
Committee Chair Retainer	\$15,000
Member of Committee Retainer	\$5,000
Annual Board Retainer (Except Char)	\$35,000

The following table sets forth information in respect of all amounts of compensation (fees and incentive awards) provided to the Directors of the Corporation during the financial year ended December 31, 2013.

Director <sup>(6)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Non-Cash Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Stephen J. Griggs <sup>(2)</sup>	31,342	-	65,849	-	-	-	97,191
Yazdi J. Bharucha	69,055	-	-	-	-	-	69,055
Michael Brodsky	71,384	-	-	-	-	-	71,384
Loudon Owen <sup>(3)</sup>	30,589	-	61,206	-	-	-	91,795
Steven J. Glover	69,959	-	-	-	-	-	69,959
Mark W. Mitchell	45,836	-	-	-	-	-	45,836
Sandy I. Poklar <sup>(5)</sup>	44,822	-	-	-	-	-	44,822
William Pringle	77,822	-	-	-	-	-	77,822
Mark Scott <sup>(4)</sup>	26,486	-	-	-	-	-	26,486
Iain Stewart <sup>(6)</sup>	14,671	-	65,849	-	-	-	80,520
<b>Total</b>	<b>481,966</b>	<b>-</b>	<b>192,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>674,870</b>

#### *Notes*

<sup>(1)</sup> The value of the option-based awards represents the fair value of stock Options based upon an expected life of 2.5 years for the Options as well as assumptions for volatility, risk-free interest and dividend yield. The aggregate number of Options held by each of the Directors, including the number of Options granted to each Director during the financial year which is set out in the table under the heading entitled "Outstanding Option-Based Awards".

<sup>(2)</sup> Mr. Stephen Griggs was appointed to the Board on August 28, 2013.

<sup>(3)</sup> Mr. Loudon Owen was appointed to the Board on March 22, 2013.

<sup>(4)</sup> Mr. Mark Scott was appointed to the Board effective September 12, 2012. He resigned from the Board and was appointed to the position of Executive Vice

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*President and CFO effective February 11, 2013. Mr. Scott retained the options previously granted to him as a director as a component of his 2013 LTIP award compensation as an officer.*

<sup>(5)</sup> *Mr. Sandy Poklar resigned from the Board effective September 4, 2013.*

<sup>(6)</sup> *Mr. Iain Stewart was appointed to the Board on September 4, 2013.*

*Directors Incentive Plan Awards*

*Outstanding Share-Based and Option-Based Awards*

The following table sets forth information in respect of awards held by the Directors that are outstanding at the end of the financial year ended December 31, 2013.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or payout value of Share-Based Awards that have not Vested (\$)	Market or payout value of vested Share-Based Awards not paid out or distributed (\$)
Stephen Griggs	75,000	3.58	Sept 23, 2018	-	-	-	-
Yazdi J. Bharucha	50,000	3.27	Nov 18, 2015	7,000	-	-	-
Michael Brodsky	75,000	3.40	Sept 12, 2017	750	-	-	-
Iain Stewart	75,000	3.58	Sept 23, 2018	-	-	-	-
Steven J. Glover	75,000	3.27	Nov 18, 2015	10,500	-	-	-
Loudon Owen	75,000	3.30	May 15, 2018	8,250	-	-	-
Mark W. Mitchell	75,000	3.62	Aug 18, 2015	-	-	-	-
William Pringle	75,000	3.40	Sept 12, 2017	750	-	-	-
Mark Scott <sup>(2)</sup>	75,000	3.40	Sept 12, 2017	750	-	-	-

**Notes**

<sup>(1)</sup> *The value of the unexercised in-the-money Options is calculated as the difference between the closing price of the Common Shares on the TSX on December 31, 2013, being \$3.41, and the applicable exercise price of the Options.*

<sup>(2)</sup> *Mark Scott resigned as a director of the Corporation and was appointed to the position of Executive Vice-President and CFO effective February 11, 2013.*

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*Incentive Plan Awards – Value Vested or Earned during the Year*

The following table shows the Incentive Plan Awards value vested or earned for each Director for 2013. The Directors did not receive any share-based awards or non-equity incentive plan compensation.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Stephen J Griggs	-	-	-
Yazdi J. Bharucha	-	-	-
Michael Brodsky	6,250	-	-
Steven J. Glover	-	-	-
Loudon Owen	-	-	-
Mark W. Mitchell	-	-	-
Sandy I. Poklar	6,250	-	-
William Pringle	3,750	-	-
Mark Scott	3,750	-	-
Iain Stewart	-	-	-

**Notes**

<sup>(1)</sup> Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on vesting date based on the difference between the closing market price of the Common Shares on the vesting date and the exercise price of the Options held.

*2014 Directors' Compensation Plan*

In 2013, based upon the recommendation of the Committee, the Board determined that 2014 compensation for directors will remain at the same level as for 2013.

**Director Share Ownership Guidelines**

To align the interests of directors with those of shareholders, on March 28, 2014 the Board adopted a minimum share ownership requirement policy for its directors. All current directors are expected to hold or control common shares having an acquisition cost of a minimum of 3 times the basic retainer of \$35,000 (being \$105,000) within 18 months from the adoption of the policy. New directors are expected to meet this ownership requirement within 3 years of first being elected to the board.

*Directors' and Officers' Insurance*

The Corporation maintains a liability insurance policy for the benefit of the Directors and Officers. The policy provides coverage for costs incurred to defend and settle claims against Directors and Officers to an annual limit of \$10 million with a \$50,000 deductible per occurrence.

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### *Director Retirement Policy*

There is no retirement policy for Directors. The Corporation does not have a mandatory retirement age in respect of Directors' service on the Board. The Committee will consider the adoption of a retirement policy in future years when such is a practical matter for discussion.

### *Director Attendance*

Attendance records are disclosed in the table of meetings held on page 44 of the Circular. Directors are expected to attend all meetings of the Board and Board committees upon which they serve, to come to such meetings fully prepared and to remain in attendance for the duration of the meetings.

### *Director Assessment*

Annually, the Board completes an online questionnaire about the participation and involvement of members, effectiveness of the Board, its committees and the Chair, providing quantitative ratings of key areas and seeking subjective comment in each of those areas. Responses are reviewed by the Chair of the Committee and also by the Board, which considers any proposed changes to the board or its mandate. A summary report is prepared by the Chair of the Committee and provided to the full Board for its review.

### *Succession Planning*

The Board considers CEO and other senior executive succession plans on at least an annual basis and the Chair meets the CEO at least once a year to discuss succession plans for the CEO and other senior executive officers. The Board has identified short-term succession plan for the CEO and is identifying a longer-term plan. The CEO is in the process of preparing a succession plan for all executives for review by the Board.

### *Board Education*

Before several board meetings each year, the Board holds dinner sessions with the Chief Executive Officer and Chief Financial Officer to discuss the Corporation's strategy and assets, as well as the environment in which the Corporation operates. Each director is encouraged to participate in continuing education, and the Corporation will reimburse each director up to \$2,000 per year for educational programs. The Governance Committee is developing a structured board education program, including an educational component in each board meeting and holding an annual offsite strategy meeting.

## PART IV – COMPENSATION DISCUSSION AND ANALYSIS

### **Executive Officers' Compensation**

The Compensation Discussion and Analysis described below provides information about and explains the Corporation's philosophy for executive compensation, the elements of compensation and the objectives for such elements in 2013 as well as the significant changes to the compensation plan implemented in early 2014. This disclosure is intended to communicate the compensation provided to the Corporation's senior leaders during 2013, being the four identified named executive officers (each an "NEO").

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

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The four NEOs who are the focus of this Compensation Discussion and Analysis are as follows: Bruce Rudichuk, President and Chief Executive Officer ("CEO"); Mark Scott, Executive Vice President and Chief Financial Officer ("CFO"); Arnie Stefaniuk, General Manager, Land Development; and Parveshinder Sidhu, General Manager, Home Building.

In 2013, the Committee consulted the independent compensation consulting firm of Total Reward Professionals of Calgary, Alberta ("Total"), to provide information, analyses and recommendations with respect to formulating an executive compensation plan for the CEO and the CFO. Total provided industry compensation surveys with respect to a general peer group, which were reviewed in determining compensation for the CEO and the CFO. Total has not provided any services to the Corporation or to its affiliated or subsidiary entities, or to any of its directors or members of management other than to determine compensation for the CEO and the CFO. The aggregate fees billed by Total for services provided in 2013 were \$27,762.50.

The compensation plan for the other NEOs in 2013 consisted of base salary and a discretionary annual bonus calculated as a percentage of salary. In 2014, the Corporation intends to formalize a compensation plan for the other NEO's as well as other senior staff based on the same principles as are used for the CEO and CFO.

### *Objectives of Compensation Process*

The Corporation's executive compensation plan is designed to provide the CEO and CFO with incentives to assist the Corporation in successfully achieving its short and long term business objectives and to:

- Enable the Corporation to attract and retain highly qualified and experienced individuals to serve as executives;
- Align the interests of the executive officers with those of the shareholders by tying short and long term incentive compensation pay to the achievement of corporate performance, successful implementation of the Corporation's strategic plans and share price appreciation; and
- Balance appropriate levels of risk and reward to overall business strategies without motivating them to take unnecessary risk.

The Committee makes recommendations to the Board regarding compensation to be provided to the CEO and CFO of the Corporation and receives input from the CEO in respect of the compensation of the CFO. The Committee's recommendations are based on the underlying philosophy that such compensation should be competitive with other corporations in our industry of similar size; reward the achievement of specific annual, long-term and strategic goals established by the Board; reflect the experience, performance and contribution of the individuals involved; and take into consideration the overall growth, performance and success of the Corporation on behalf of shareholders.

### *Elements of the 2013 Executive (CEO and CFO) Compensation Program*

The Corporation's 2013 executive compensation plan for the CEO and CFO consisted of a combination of an annual base salary, an annual cash incentive plan and a limited long-term incentive plan under the Company's Option Plan. Cash payments were intended to primarily reward annual performance and equity incentives encourage executives to continue to deliver results over a longer period of time and serve as a retention tool.

The CEO and CFO were each appointed to their roles in February 2013 and entered into employment contracts which, among other matters, included commitments for base salary, annual bonuses and long-term compensation.

### *Base Salary*

Base salaries for the CEO and the CFO were agreed to and were targeted at the median of a general competitor group and intended to comprise approximately 50% of the executive's total annual compensation.

The CEO determined the individual annual base salaries and bonuses for all NEOs based on industry comparable positions.

Base salaries are reviewed annually having regard to the change in the cost of living, and how their compensation levels relate to compensation packages that would be available to such Officers from other employment opportunities based on commercially available salary survey data and publicly disclosed information.



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### Annual Incentive Plan

Compensation for the CEO, and CFO, for 2013 was governed by employment agreements dated February 2013, which were amended in August 2013, and further amended in January, 2014. The 2013 short-term annual incentive plan for the CEO and the CFO was set out in their employment contracts, and was intended to be replaced by a formal compensation plan approved by the Board. A permanent total compensation plan commencing in 2014 was approved by the Board in December 2013, which includes specific metrics for the 2014 annual bonus component and a long term incentive plan.

### Calculation of 2013 CEO and CFO Annual Incentive Plan Award

The purpose of the 2013 annual incentive plan was to reward executives for their contribution to the achievement of annual financial and non-financial objectives including the annual Board approved business plan prepared by the executives shortly after joining the Corporation. Awards under the plan were paid by way of a cash bonus and were "at risk" because the Corporation had to achieve certain annual performance objectives and operational milestones established by the Board in order for the executive officers to receive payments under the plan. The plan also had a maximum or "cap" on all metrics to ensure that the total payouts were limited, reducing the risks of the Corporation. "Target" performance was defined to be excellent performance, and "maximum" was defined as significantly exceeding expected results.

As 2013 was a transitional year for the Corporation, the Board used a significant degree of discretion and judgement in finalizing the actual 2013 bonus award.

Under the 2013 annual incentive plan, the CEO and CFO were eligible to receive a cash bonus equal to between a minimum of 0% and a maximum of 100% of the annual base salary paid in the year. The plan provided for a bonus of up to 75% of salary if various operating milestones were achieved and up to an additional 25% of salary if various financial objectives were achieved in 2013. Failure to achieve any targets would result in a bonus of 0%. Partial achievement would result in a bonus of up to 50%. Achievements significantly exceeding expected results could result in a bonus in the range of 50% to 100% of salary. The evaluation of performance and the amount to be paid out under the 2013 plan, if any, was determined by the Board, at the Board's discretion, taking into consideration the recommendations of the Committee.

For the 2013 annual incentive plan awards to the CEO and CFO, the Committee reviewed the general performance objectives discussed between the Committee and the CEO during contractual negotiations and after joining the Corporation, and assessed the individual performance of the CEO and CFO based on its experience in evaluating the performance of the CEO and CFO. The Committee also discussed with the CEO his perspectives on corporate and individual performance in 2013. In making its recommendations to the Board, the Committee recognized the progress made in implementing the Corporation's strategic objectives and meeting the Corporation's business objectives and the prudent management by the CEO and CFO.

The annual incentives for the other NEOs, Arnie Stefaniuk, General Manager, Land Development; and Parveshinder Sidhu, General Manager, Home Building, were determined by the CEO based on an assessment by the CEO of their contribution and performance and were paid from the bonus pool approved by the Board for all employees other than the CEO and CFO.

The Board, using its discretion, determined that the performance of the CEO and CFO in the year significantly exceeded "excellent performance", and was below "significantly exceeding expected results", being the terms used in the employment contracts of the executives. This resulted in annual incentive awards of 75% of base salary paid in the year. The Board was pleased with the results achieved by the CEO and CFO in their first year, taking into account the significant changes, challenges and successes experienced by the Corporation in 2013.

The 2013 incentive awards for the CEO and CFO are set out in "Compensation of Executive Officers – Summary Compensation Table".

### 2014 Annual Incentive Plan

In December 2013, the Board, in consultation with the CEO and CFO, adopted an annual incentive plan for the CEO and CFO for 2014 and subsequent years. The plan is focused on a target annual incentive of 50% of annual base salary when identified personal and core business objectives are met with excellent performance and results. The maximum annual incentive payout

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of 100% of salary will be paid if the core objectives are significantly exceeded. If core business performance is below a threshold, no payout will take place.

The Board has set minimum performance levels for each objective, below which no award will be made for that objective. The Board has also set maximum performance levels, above which no additional awards will be made. If all objectives have performance at "maximum", as determined by the board, the executive will be awarded an annual bonus of 100% of annual base salary paid in the year.

The Board in consultation with the executive will annually set operating milestones and financial objectives for subsequent years by January 31 of that year.

The objectives and relative weighting for 2014 will be as follows:

2014 Corporate Performance Criteria	Weighting
<b>Financial Objectives</b>	
Net Income after Tax	70%
<b>Non-Financial Objectives</b>	
Business plan for each development and long term land holdings	10%
Three year debt and use of cash flow plan	10%
Investor relations plan and implementation	5%
Balance sheet clean up	5%
<b>Total corporate performance goals</b>	<b>100%</b>

### Long Term Incentive Plan Awards 2013

Prior to 2013, there was no long term incentive plan in place for NEO's other than limited one time grants of time vested stock options. The long-term incentive plan for the CEO and CFO ("LTIP") was established in December 2013 and largely implemented in January 2014 and links the interests of executives and shareholders by rewarding executives for the creation of significant and sustained shareholder value in the long term, including by having the share price reflect the underlying value of the assets of the Corporation.

Prior to the implementation of the LTIP, the CEO had no long term component to his compensation and the CFO had 75,000 time vested stock options granted to him by the Corporation in his prior capacity as a director of the Corporation. Under their employment contracts, the Corporation is committed to reward the executives' performance in achieving cumulative economic value, operating profit and related financial and non-financial targets. These contractual commitments were fulfilled with the time vested stock options granted to the CEO and CFO.

On December 16, 2013, when they were granted time vested stock options intended to represent 2013 LTIP, the awards were based on:

- i) performance being determined to be mid-point between "target" and "maximum";
- ii) considering the 75,000 options already granted to Mr. Scott in his prior role as a director as a part of his 2013 long term award; and
- iii) using a notional value of \$1.25 per option being the Board's estimate of the value of each option at such time. The Board recognized that the value of these options using traditional option pricing methods would be significantly lower than the \$1.25 per option used by the Board in making these awards.

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These options vest one third on each of February 11, 2014, February 11, 2015 and February 11, 2016. The following table sets forth the 3 year time vested stock options granted to the CEO and the CFO for 2013 performance.

Stock Options granted to the Executive for year ended 2013

Executive Officer	Number of stock options granted for 2013	Value of Unexercised in-the-Money Options
Bruce Rudichuk; CEO	160,000 at exercise price of \$3.36; with 3 year vesting deferral	\$8,000
Mark Scott; CFO	50,000 at exercise price of \$3.36; with 3 year vesting deferral <sup>(1)</sup>	\$2,500
Arnie Stefaniuk	Nil	-
Parveshinder Sidhu	Nil	-

**Notes**

<sup>(1)</sup> At the time of granting these stock options, the Corporation took into consideration the 75,000 stock options already granted to him by the Corporation in his prior capacity as a director of the Corporation, which have an exercise price of \$3.40.

*2014/15/16 LTIP Awards to the CEO and CFO*

In January 2014, the Board determined to make a one time award of performance conditioned stock options (the "Performance Options") to the CEO and CFO to constitute all long term compensation for 2014, 2015 and 2016 and which will reward the executives only if the Corporation's share price reaches and sustains certain pre-determined levels which the Board believes reflect the net value of the assets of the Corporation. Awards of Performance Options were based on certain target dollar amounts of LTIP using an estimated value per option of \$1.25, recognizing that traditional option pricing methods would use a significantly lower value. The target value of long term compensation for each of 2014, 2015 and 2016 was \$300,000 for the CEO, and was \$230,000 for the CFO. The actual number of Performance Options granted was determined by dividing the aggregate dollar value of the award by a notional option value of \$1.25 per share. The Board recognized that it is difficult to value the Performance Options and that the valuation of the Performance Options using traditional option pricing methods results in significantly lower value than the \$1.25 per option used by the Board in making these awards.

In setting the number of Performance Options and determining their possible value, the board also considered the proportion of the increase in the market value of the Corporation which would accrue to the CEO and the CFO in comparison to the amount that would accrue to shareholders, the impact to the Corporation of achieving the performance criteria and the quality of performance required to achieve the performance criteria.

"Target" performance was determined by the Board to be \$5.00 per share; minimum performance to be \$4.00 per share; and maximum performance to be \$7.00 per share, being the approximate net asset value per share.

The CEO and CFO were granted 3 year time vested, Performance Options of 720,000 and 552,000 respectively at an exercise price of \$3.35, being the closing price of the Shares traded on the last business day preceding the grant of the Option. These Performance Options time vest one third on each of January 1, 2015, January 1, 2016 and January 1, 2017 and are also subject to share price performance measures such that, once time vested, options may be only exercised upon the sustained achievement of certain share prices.

The following tables set forth the Performance Options granted to the CEO and the CFO for the financial years ending 2014, 2015 and 2016 pursuant to the LTIP. When the "Average Price Per Share" reaches the following levels and is sustained for at least 20 trading days, the number of Shares which may be purchased on exercise of the vested Performance Option is as follows:

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*Performance Options Granted to CEO*

Average Price Per Share <sup>(3)</sup>	Total Number of Option Shares <sup>(1)</sup>	Vesting Date Total Number of Option Shares <sup>(1)</sup>		
		January 1, 2015	January 1, 2016	January 1, 2017
4.00	120,000	40,000	40,000	40,000
4.25	170,000	56,667	56,666	56,667
4.50	220,000	73,333	73,334	73,333
4.75	270,000	90,000	90,000	90,000
5.00	320,000	106,667	106,666	106,667
5.25	370,000	123,333	123,334	123,333
5.50	420,000	140,000	140,000	140,000
5.75	470,000	156,667	156,666	156,667
6.00	520,000	173,333	173,334	173,333
6.25	570,000	190,000	190,000	190,000
6.50	620,000	206,667	206,666	206,667
6.75	670,000	223,333	223,334	223,333
7.00	720,000	240,000	240,000	240,000

**Notes**

<sup>(1)</sup> Subject to vesting, the total number of Option Shares which may be purchased on exercise of the vested Option.

<sup>(2)</sup> Example of interpolation: If the highest Average Price Per Share was \$5.35, then 40% of the 25 cent difference between \$5.25 and \$5.50 would apply, so 40% of the 50,000 difference in Option Shares which may be purchased at \$5.50 compared to \$5.25 would be available for purchase, yielding 390,000 total Option Shares available for purchase.

<sup>(3)</sup> The Average Price Per Share means, at any date, the volume weighted average trading price of the Common Shares traded on the Toronto Stock Exchange for the 20 consecutive trading days immediately preceding such date, calculated by dividing the total value by the total volume of securities traded for the relevant period.

*Performance Options Granted to CFO*

Average Price Per Share <sup>(3)</sup>	Total Number of Option Shares <sup>(1)</sup>	Vesting Date Total Number of Option Shares <sup>(1)</sup>		
		January 1, 2015	January 1, 2016	January 1, 2017
4.00	90,000	30,000	30,000	30,000
4.25	128,500	42,833	42,833	42,834
4.50	167,000	55,667	55,667	55,666
4.75	205,500	68,500	68,500	68,500
5.00	244,000	81,333	81,333	81,334
5.25	282,500	94,167	94,167	94,166
5.50	321,000	107,000	107,000	107,000
5.75	359,500	119,833	119,833	119,834
6.00	398,000	132,667	132,667	132,666
6.25	436,500	145,500	145,500	145,500
6.50	475,000	158,333	158,333	158,334
6.75	513,500	171,167	171,167	171,166
7.00	552,000	184,000	184,000	184,000

**Notes**

<sup>(1)</sup> Subject to vesting, the total number of Option Shares which may be purchased on exercise of the vested Option.

<sup>(2)</sup> Example of interpolation: If the highest Average Price Per Share was \$5.35, then 40% of the 25 cent difference between \$5.25 and \$5.50 would apply, so 40% of the 38,500 difference in Option Shares which may be purchased at \$5.50 compared to \$5.25 would be available for purchase, yielding 297,900 total Option Shares available for purchase.

<sup>(3)</sup> The Average Price Per Share means, at any date, the volume weighted average trading price of the Common Shares traded on the Toronto Stock

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*Exchange for the 20 consecutive trading days immediately preceding such date, calculated by dividing the total value by the total volume of securities traded for the relevant period.*

### Option Plan

The Option Plan of the Corporation was approved by the shareholders of the Corporation effective May 31, 2007 and unallocated Options, rights and other entitlements under the Option Plan were ratified by shareholders on June 29, 2010 and on September 23rd, 2013. The Option Plan permits the granting of Options to purchase Common Shares to the Corporation's employees, Officers, Directors and consultants for the purpose of developing the interest of the participants in the growth and development of the Corporation and to better enable the Corporation to attract and retain persons of desired experience and ability. The Option Plan facilitates the alignment of the compensation levels of the NEOs to the successful implementation of the Corporation's strategic plans by resultant increases in the price of the Common Shares. On January 30, 2014, the Board passed a resolution to amend the Option Plan in order to distinguish certain features of stock options granted under Performance Option Agreements, pursuant to section 15 (a)(v) and (x) of the Option Plan. The amended Option Plan was filed with appropriate securities commission and regulatory authorities.

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

The Corporation has not at any time granted any share-based compensation nor has it provided any awards pursuant to a non-equity incentive plan, other than those awards granted pursuant to the Option Plan.

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

The Corporation currently has no defined pension, retirement, deferred compensation or actuarial plans for its NEOs or Directors of the Corporation, other than for the CEO and the CFO. The Corporation matches any contribution made by each of the CEO and the CFO annually to a RRSP up to an amount equivalent to 6% of their annual respective base salary. See below "Amended Executive Employee Agreements".

### Benefits

Extended health care, dental and insurance benefits are provided to all employees, including the NEOs. The process for determining perquisites and approval of benefits for the NEOs is to provide perquisites and benefits which are comparable to those usually offered by other corporations of a similar size to the Corporation.

### Risk Management

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

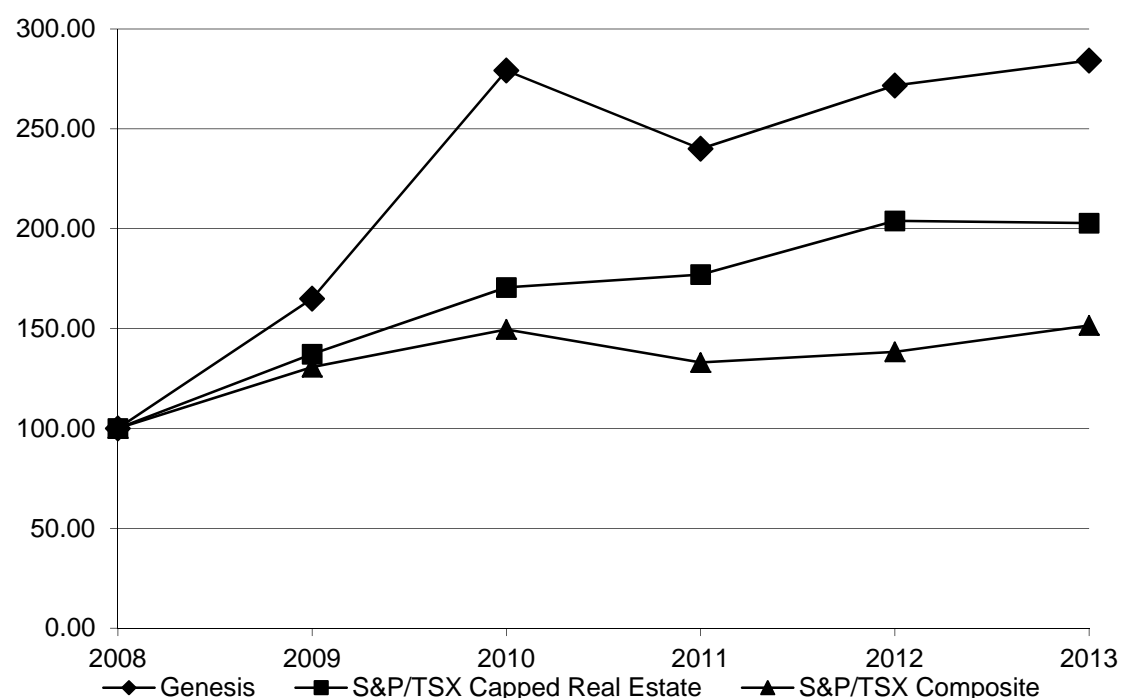
- a) The board approved strategic and annual operating plans are prepared with due consideration of operating and industry risk;
- b) The internal controls include pre-determined authority limits and require 2 or more employees jointly to make financial and operating decisions to avoid undue risk by one individual;
- c) Compensation for all executives is balanced between base salary, short term incentives in the form of a cash bonus based on individual performance as determined solely by the Board; and long term equity based incentives. Compensation for the CEO and CFO includes base salary, short term incentive in the form of a cash bonus and long term incentives in the form of grant of stock options;
- d) Milestones achieved must be maintained over a period of time prior to being paid or awarded.
- e) Stock ownership requirements for the CEO and CFO; and

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- f) Board policies which determine authorization levels for management and executives respecting signing of contracts and banking authorizations.

*Performance Graph*

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the Shares (assuming a \$100 investment was made on December 31, 2008), and the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Capped Real Estate.



As at December 31,	2008	2009	2010	2011	2012	2013
Genesis	\$100.00	\$165.00	\$279.17	\$240.00	\$271.67	\$284.17
TSX Capped Real Estate	\$100.00	\$137.17	\$170.60	\$177.03	\$203.93	\$202.78
S&P/TSX Composite	\$100.00	\$130.69	\$149.57	\$133.02	\$138.34	\$151.56

Total shareholder return was impacted from 2008 to 2013 by a number of factors, including: the global economic recession in 2008, resulting in an associated decline in stock markets and the land and building industry; the effect of the announced and subsequent terminated sale transaction of the Corporation in 2011; the announcement and termination of the strategic alternatives process in 2011 and 2012; the changes and transitions of Officers and Directors in 2011, 2012 and 2013; and the general state of the economy.

When the Committee and the Board determines overall compensation, they consider a number of factors and performance elements including total shareholder returns as well as a number of market and economic factors outside of management's control that impact shareholder return.

The trend in shareholder returns has impacted total executive compensation in that it is the primary driver of the value of all long term compensation, and also has been a factor considered by the Board in exercising its discretion in awarding annual compensation.

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### *Amended Executive Employee Agreements*

Genesis underwent a series of Board and executive officer changes in 2012 and 2013. Effective February 11, 2013, Mr. Bruce Rudichuk and Mr. Mark Scott were retained by the Corporation and entered into executive employment agreements with the Corporation, which were subsequently amended and restated on August 13, 2013 and again on January 30, 2014 (collectively, the "Amended Executive Employee Agreements"). Under the Amended Executive Employee Agreements:

1. Mr. Rudichuk and Mr. Scott's 2014 base annual salaries are \$307,500 and \$235,750, respectively;
2. The annual bonus amount is set at a minimum annual payout of 0% of base salary and a maximum annual payout of 100% of base salary when Board approved personal and core business objectives are significantly exceeded, with a target annual payout of 50% of base salary for excellent performance.
3. The long-term incentive plan has a long-term equity-based compensation payments composed of the following:
  - a) a minimum annual payout of 0% of annual salary with a target annual payout of 50% of annual salary for excellent performance;
  - b) a 3 year vesting deferral; and/or
  - c) a 3 year vesting deferral, linked to performance measures.
4. RRSP matching, with the Corporation matching any contribution made by the executive annually to a RRSP up to an amount equivalent to 6% of annual salary;
5. Standard benefits and perquisites as provided by Genesis for executives;
6. Severance amounts as described in the section "*Termination and Change of Control Benefits*"; and
7. Mr. Rudichuk and Mr. Scott are required to own Shares of the Corporation with a cost base of at least \$80,000.

### *Changes to Executive Officer Team*

There were several changes to the executive Officer team in 2013.

Mr. Jeffrey Blair's employment as Chief Executive Officer and Chief Operating Officer was terminated effective February 8, 2013. Effective February 11, 2013, Mr. Bruce Rudichuk joined Genesis as President and Chief Executive Officer. Mr. Rudichuk and the Corporation entered into an executive employment agreement, subsequently amended on August 13, 2013 and again on January 30, 2014.

Effective February 11, 2013, Mr. Scott assumed the role of Executive Vice President and CFO. Mr. Scott and the Corporation entered into an executive employment agreement subsequently amended on August 13, 2013 and January 30, 2014.

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Summary Compensation Table of the NEOs

**Summary Compensation Table**

The following table provides information concerning compensation of the NEOs for the financial years ended December 31, 2013, 2012 and 2011.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(3)</sup>	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-Term Incentive Plans			
<b>Bruce Rudichuk<sup>(4)</sup></b> President & Chief Executive Officer	2013	268,269	-	121,126	200,250	-	-	31,368	621,013
	2012								
<b>Mark Scott<sup>(5)</sup></b> Executive Vice President and Chief Financial Officer	2013	205,673	-	37,852	\$153,525	-	-	33,984	431,034
	2012	-	-	76,695	-	-	-	-	76,695
<b>Arnie Stefaniuk</b> General Manager, Land Development	2013	135,000	-	-	32,500	-	-	7,103	174,603
	2012	125,000	-	-	32,000	-	-	11,945	168,945
	2011	110,750	-	70,061	20,000	-	-	10,906	212,332
<b>Parveshinder Sidhu</b> General Manager, Home Building	2013	150,000	-	-	7,500	-	-	7,189	164,689
	2012	125,000	-	-	37,000	-	-	11,945	173,945
	2011	100,000	-	-	20,000	-	-	10,975	130,975
<b>Jeffrey Blair<sup>(6)</sup></b> Interim Chief Executive Officer and Chief Operating Officer	2013	27,060	-	-	10,000	-	-	622,220 <sup>(10)</sup>	659,280
	2012	254,948	-	103,590	10,000	-	-	11,945	380,483
	2011	188,380	-	-	61,300	-	-	-	249,680
<b>Simon Fletcher<sup>(7)</sup></b> Chief Financial Officer	2013	-	-	-	-	-	-	-	-
	2012	121,742	-	-	5,500	-	-	112,355 <sup>(10)</sup>	239,597
	2011	156,000	-	-	30,000	-	-	-	186,000
<b>Val Salov<sup>(8)</sup></b> Corporate Controller	2013	36,361	-	-	-	-	-	8,234	44,595
	2012	152,500	-	-	37,000	-	-	11,945	201,445
	2011	137,500	-	-	25,000	-	-	-	162,500
<b>Gobi Singh<sup>(9)</sup></b> President and Chief Executive Officer	2013	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	43,890	43,890
	2011	262,213	-	-	-	-	-	-	262,213

**Notes**

<sup>(1)</sup> The value of the option-based awards represents the fair value of stock Options granted using the Black-Scholes option pricing model. The Option grant fair value reflects an expected life of 2.5 years for the Options as well as assumptions for volatility, risk-free interest and dividend yield. The aggregate number of Options held by each of the NEOs, including the number of Options granted to each NEO during the financial year which is set out in the table under the heading entitled "Outstanding Option-Based Awards".

<sup>(2)</sup> Pursuant to the Bonus Plan, these amounts were earned in 2011, 2012 and 2013 and were paid out to the NEOs in 2011, 2012 and 2013, respectively.

<sup>(3)</sup> The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEOs total salary for the financial year.

<sup>(4)</sup> Mr. Rudichuk joined the Corporation as President and Chief Executive Officer effective February 11, 2013.

<sup>(5)</sup> Mr. Scott was appointed to the Board on September 12, 2012. Subsequently, he was appointed to the position of Executive Vice President and CFO effective February 11, 2013. Compensation relates to his role as a Director in 2012.

<sup>(6)</sup> Mr. Blair was appointed Chief Operating Officer of the Corporation on December 9, 2009 and was appointed Interim Chief Executive Officer on October 11, 2011 and Chief Executive Officer effective August 29, 2012. His employment as Chief Executive Officer of the Corporation was terminated effective February 11, 2013.

<sup>(7)</sup> Mr. Simon Fletcher was appointed CFO of the Corporation on October 2, 2009. He was terminated from his position as CFO of the Corporation effective September 18, 2012.

<sup>(8)</sup> Mr. Salov was the Corporate Controller and resigned from the Corporation effective March 29, 2013.

<sup>(9)</sup> Mr. Singh was the President and Chief Executive Officer of the Corporation from December 2, 1997 to April 24, 2009. Mr. Singh was re appointed as President and Chief Executive Officer of the Corporation on May 21, 2009 and resigned as an Officer and Director of the Corporation on August 29, 2011.



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He received no compensation in consideration of acting as a Director. He was hired as a consultant to provide advisory services effective August 30, 2011.

He received \$43,890 in consulting fees in 2012; the consulting agreement terminated effective March 31, 2012.

<sup>(10)</sup> Represents severance amount paid on termination.

### Incentive Plan Awards

#### Outstanding Share-Based and Option-Based Awards held by each NEO at December 31, 2013

The following table sets forth information in respect of option based awards outstanding at the end of the financial year ended December 31, 2013 held by the NEOs of the Corporation. Previous grants of awards are taken into account when the Board considers new grants to NEOs. The NEOs did not receive any share based awards in 2013.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or payout value of Share-Based Awards that have not Vested (\$)	Market or payout value of vested Share-Based Awards not paid out or distributed (\$)
Bruce Rudichuk	160,000	3.36	Dec 16, 2018	8,000	-	-	-
Mark Scott <sup>(2)</sup>	75,000	3.40	Sept 12, 2017	750	-	-	-
	50,000	3.36	Dec 16, 2018	2,500	-	-	-
Arnie Stefaniuk	45,000	3.26	June 14, 2015	6,750	-	-	-
Parveshinder Sidhu	20,000	2.01	Dec 10, 2014	28,000	-	-	-

#### Notes

<sup>(1)</sup> The value of the unexercised in-the-money Options is calculated as the difference between on the closing price of the Common Shares on the TSX on December 31, 2013, being \$3.41, and the applicable exercise price of the Options.

<sup>(2)</sup> Mr. Scott received his Options as part of his Director compensation upon being appointed to the Board effective September 12, 2012. He stepped down from his Director position upon appointment to the position of Executive Vice President and CFO effective February 11, 2013.

#### Incentive Plan Awards – Value Vested or Earned by each NEO during 2013.

The following table shows the incentive plan awards value vested or earned for each NEO in 2013. The NEOs did not receive any share-based awards or non-equity incentive plan compensation.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Bruce Rudichuk	-	-	-
Mark Scott	3,750	-	-
Arnie Stefaniuk	6,750	-	-
Parveshinder Sidhu	-	-	-

#### Notes

<sup>(1)</sup> Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on vesting date based on the difference between the closing market price of the Common Shares on the vesting date and the exercise price of the Options held.

### Significant Terms of Compensation Plan and Employment Agreements

What follows is a description of the significant terms of each of the Corporation's stock based awards and executive employment agreements.

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### Grant of Stock Options under the Stock Option Plan

The process that the Corporation uses to grant option-based awards to Officers, including the NEOs, and the factors that are taken into account when considering new grants under the Option Plan are as follows: a) the performance of the Officers, b) the incentives recommended to align the interests of officers with shareholders; c) the number of stock Options available for grant under the Option Plan, d) the number of stock Options anticipated to be required to meet the future needs of the Corporation, and e) the number of stock Options previously granted to each of the NEOs. The Board, upon the recommendation of the Governance Committee, determines the need for any amendments to the Option Plan and the number of stock Option grants to be made under the Option Plan. The CEO provides input and recommendations to the Board regarding the granting of stock Options, from time to time. The CEO, in turn, and where appropriate, also obtains input from other Officers of the Corporation when providing his input and recommendations.

On January 30, 2014, the Board amended the Option Plan in order to permit certain performance based vesting features of stock options granted under Performance Option Agreements, pursuant to section 15 (a)(v) and (x) of the Option Plan. The amended Option Plan was filed with appropriate securities commission and regulatory authorities. Stock Options granted pursuant to Performance Stock Option Agreements are subject to time vesting schedules and performance measures which have to be met before the stock options may be exercised by the grantee.

The Corporation's Stock Option Plan provides that the Board may determine the exercise price of the Option provided that the exercise price must not be less than the market price, which means, when the Common Shares are trading on an exchange, the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the grant of the Option, and may not be less than that permitted by the TSX. Further information about the Corporation's Option Plan can be found in its Stock Option Plan of May 31, 2007. Substantially all of the Options have been granted so as to vest over 36 months from the date of grant. The Board may, in its sole discretion and without further approval of the shareholders of the Corporation, amend, suspend, terminate or discontinue the Option Plan and may amend the terms and conditions of Options granted under the Option Plan (including the exercise price of the Options, the expiry date of the Options and the termination provisions of the Options), subject to any required approval of any regulatory authority or the TSX. The Board may, without shareholder approval (but with the consent of the TSX) make amendments to cure any ambiguity, error or omission in the Option Plan; correct any inconsistencies in the Option Plan that are necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed; change the early termination provisions of a share award or the Option Plan which does not entail an extension beyond the original expiry date; or make an amendment that is of a "housekeeping nature".

The approval of the shareholders of the Corporation will be required for amendments to the Option Plan that increase the maximum percentage of the issued and outstanding Common Shares issuable pursuant to the Option Plan; add any form of financial assistance by the Corporation for the exercise of Options; change the class of eligible participants to the Option Plan which would have the potential to broaden or increase participation by insiders of the Corporation; reduce the exercise price of an outstanding Option or permit a reduction in the exercise price of an outstanding Option through the cancellation and re-issue of Options to a participant; amend the expiry date to extend the term of Option or allow such Option to be exercisable for a period exceeding five years from the date the Option is granted (excluding extensions for Blackout Periods); or amend the amendment provisions of the Option Plan.

Participation in the Option Plan is voluntary. Options granted under the Option Plan will be for a term of no longer than five (5) years. The interest of any optionee under the Option Plan is not transferable or alienable by the optionee either by assignment or in any manner. The Option Plan provides the following: (i) if any optionee ceases to be a participant as a result of permanent physical or mental disability or death, then, to the extent vested, Options may be exercised for a period of one year thereafter; (ii) if an optionee ceases to be a participant for reasons other than permanent physical or mental disability or death and is terminated without notice or entitlement to notice or compensation in lieu thereof, the optionee may exercise the Options, to the extent they have vested as of the date of ceasing to be a participant; (iii) if the optionee ceases to be a participant for any reasons other than as described above, the optionee may exercise the Options, to the extent they have

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vested, when reasonable notice has been given, on the date the optionee ceases to be a participant and when compensation is paid in lieu of notice, for 21 days after the date the optionee ceases to be a participant.

The Option Plan provides for the extension of the expiry date of any Option, which would otherwise expire during a "black-out period" for ten (10) business days from the date that any "black-out period" ends. In the event of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise or in the event of any other change in the Common Shares, the Board may proportionately adjust the number of Common Shares that may be issued under existing Option agreements. In the event of a change of control, all unexercised and unvested outstanding Options shall immediately vest and be exercisable, but may only be purchased for tender to the subject transaction. If the subject transaction is not completed, any Common Shares issued and tendered pursuant to the transaction shall be deemed to be cancelled and returned to treasury. Each participant may exercise a put right to require the Corporation to purchase all or part of the then vested Options which it may hold, provided, however, that the Corporation may at its sole discretion decline to accept and accordingly, have no obligations with respect to the exercise of the put right from time to time. The Corporation will purchase such Options at a price equal to the excess of the closing price of the Common Shares on the principal stock exchange on which they are traded on the date of receipt of the put notice by the Corporation over the exercise price for each Option being purchased under the put or such other amount as may be agreed to by the Optionee and the Corporation.

The Option Plan is an "evergreen plan" such that all exercised or cancelled Options become available again for future grant. The aggregate number of Common Shares issuable under the Option Plan and under any other security based compensation arrangement, if any, and: (i) issued to insiders, within any one year period, shall not exceed ten percent (10%) of the issued and outstanding Common Shares; and (ii) issuable to Insiders, shall not exceed ten percent (10%) of the issued and outstanding Common Shares.

The Option Plan currently provides that no more than 4,486,120 Common Shares (which is equal to 10% of the currently issued and outstanding Common Shares) may be reserved for issuance upon the exercise of Options granted pursuant to the Option Plan. Since inception, a total of 2,088,525 Common Shares have been issued under the Option Plan, which represents 4.7% of the 44,861,200 Common Shares outstanding as at the date hereof.

### Termination and Change of Control Benefits

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

#### *Employment Agreements*

##### *a) Bruce Rudichuk*

The Corporation entered into an employment agreement with Mr. Rudichuk on February 11, 2013, amended on August 13, 2013. On January 30, 2014, the Corporation entered into a second amended and restated employment agreement with Mr. Rudichuk. Pursuant to the second amended and restated employment agreement, either party may at any time, by written notice to the other, terminate the agreement, or the Corporation may terminate the agreement for cause. The termination shall be effective upon delivery of written notice to such effect and the Corporation would pay all salary and benefits earned by Mr. Rudichuk to the date of termination but shall not be obligated to pay any other amounts except as provided in the agreement.

In the event of a termination of employment without cause, or a change of control (as such term is hereinafter defined) situation, Mr. Rudichuk is entitled to receive a severance amount as follows:

- i) an amount equivalent to twelve (12) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated between February 11, 2013 (the "effective date") and 544 days of its effective date;
- ii) an amount equivalent to eighteen (18) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated between 545

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and 729 days of its effective date; and

- iii) an amount equivalent to twenty-four (24) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated any time after 730 days of its effective date.

The estimated incremental payments, payables and benefits which might be paid by the Corporation for Mr. Rudichuk, assuming a termination of employment without cause or a change of control occurred on December 31, 2013, and he had been employed at that time, would be, in the aggregate, approximately \$330,000.

### *b) Mark Scott*

The Corporation entered into an employment agreement with Mr. Scott on February 11, 2013, amended on August 13, 2013 and on January 30, 2014. Pursuant to the second amended and restated employment agreement, either party may at any time, by written notice to the other, terminate the agreement, or the Corporation may terminate the agreement for cause. The termination shall be effective upon delivery of written notice to such effect and the Corporation would pay all salary and benefits earned by Mr. Scott to the date of termination but shall not be obligated to pay any other amounts except as provided in the agreement.

In the event of a termination of employment without cause, or a change of control (as such term is hereinafter defined) situation, Mr. Scott is entitled to receive a severance amount as follows:

- i) an amount equivalent to twelve (12) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated between February 11, 2013 (the "effective date") and 544 days of its effective date;
- ii) an amount equivalent to eighteen (18) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated between 545 and 729 days of its effective date; and
- iii) an amount equivalent to twenty-four (24) months' salary plus an amount equal to 10% of Annual Salary for lost benefits and perquisites less applicable statutory deductions and withholdings if the agreement is terminated any time after 730 days of its effective date.

The estimated incremental payments, payables and benefits which might be paid by the Corporation for Mr. Scott, assuming a termination of employment without cause or a change of control occurred on December 31, 2013, and he had been employed at that time, would be, in the aggregate, approximately \$253,000.

### *c) Parveshinder Sidhu*

Parveshinder Sidhu, General Manager, Home Building, entered into a new employment agreement dated June 22, 2010, which replaced his previous employment agreement dated January 15, 2009. Pursuant to the agreement, either party may at any time, by written notice to the other, terminate the agreement, which termination shall be effective upon delivery of written notice to such effect or the Corporation may terminate the agreement for cause. The Corporation shall pay all salary and benefits earned by Mr. Sidhu to the date of termination for cause but shall not be obligated to pay any other amounts except as provided in the agreement. In the event the Corporation terminates the agreement for any reason other than cause, the Corporation shall pay to Mr. Sidhu, within seven (7) business days after the date of termination, an amount equal to three (3) months of his then current annual salary.

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The estimated incremental payments, payables and benefits which might be paid by the Corporation for Mr. Sidhu, assuming a termination of employment without cause occurred on December 31, 2013, and he was employed at that time, would be, in the aggregate, approximately \$37,500.

### *d) Jeffrey Blair*

The Corporation entered into an employment agreement effective August 29, 2011 with Jeffrey Blair which replaced his previous employment agreement dated December 7, 2009. In the event of a termination of employment without cause, or a change of control (as such term is hereinafter defined) situation whereby the NEO is terminated, the NEO is entitled to receive an amount equal to two times his annual base salary plus an amount for lost benefits and perquisites plus an amount equal to the average bonus paid to the CEO in the previous two years. Mr. Blair's employment was terminated effective February 11, 2013, triggering a severance payment of \$599,400 in 2013.

### *e) Val Salov*

Val Salov, the Corporate Controller, entered into an employment agreement effective October 19, 2009 with the Corporation. Pursuant to the agreement, either party may at any time, by written notice to the other, terminate the agreement, or the Corporation may terminate the agreement for cause. The termination shall be effective upon delivery of written notice to such effect and the Corporation would pay all salary and benefits earned by Mr. Salov to the date of termination but shall not be obligated to pay any other amounts except as provided in the agreement. In the event the Corporation terminates the agreement for any reason other than cause, the Corporation shall pay to Mr. Salov, all amounts required under the "Employment Standards Code (Alberta)". Mr. Salov resigned from the Corporation effective March 29, 2013; accordingly, he was not granted a termination payment.

### *Change of Control*

For purposes of the employment agreements of the CEO and CFO, a change of control shall be deemed to have occurred at such time as:

- a) the direct or indirect acquisition by any Person or entity of securities of Corporation representing more than fifty percent (50%) of the Corporation's voting rights; or
  - b) the approval by the shareholders of the Corporation of an agreement for the sale, lease or other disposition of all or substantially all of the property or assets of the Corporation; or
  - c) the approval by the shareholders of the Corporation of an amalgamation, arrangement or merger of the Corporation where shareholders immediately thereafter do not hold more than 50% of the votes attaching to all the common shares; or
  - d) the approval by the shareholders of the Corporation of a plan for its complete liquidation; or
  - e) the following events:
    - i) the election at a meeting of the shareholders of a number of directors of the Corporation, who were not included in the slate for election as directors proposed to the shareholders by the Corporation's prior Board of Directors, and would represent a majority of the Board of Directors;
- Or
- ii) the appointment of a number of directors which would represent a majority of the Board of Directors and which were nominated by any holder of Common Shares of the Corporation or by any group of holders of Common Shares of the Corporation acting jointly or in concert and not approved by the Corporation's prior Board of Directors.

### **The Option Plan**

The Option Plan provides that if an Offer (as such term is hereinafter defined) is made which, if successful, would result in a change of control (as such term is hereinafter defined), then all unexercised and unvested outstanding Options shall

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immediately time vest and become exercisable by the holders, notwithstanding any other time vesting provisions in the Option Plan or in an agreement providing for the Option, as to all or any of the Common Shares in respect of which such Options have not previously been exercised, but such shares may only be purchased for tender pursuant to such Offer. If for any reason such Common Shares are not taken up and paid for by the offeror pursuant to the Offer, any such Common Shares so purchased by an optionee shall be deemed to be cancelled and returned to the treasury of the Corporation, shall be added back to the number of Common Shares remaining available under the Option Plan and, upon presentation to the Corporation of share certificates representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the participant all consideration paid for such Common Shares and, in such event, the participant shall thereafter continue to hold the same number of unexercised and unvested outstanding Options on the same terms and conditions, including the exercise price thereof, as were applicable thereto immediately prior to time the subject Offer was made.

For the purposes of the Option Plan, "Offer" means an offer made generally to the holders of the Common Shares in one or more jurisdictions to acquire, directly or indirectly, Common Shares and which is the nature of a "takeover bid" as defined under the *Securities Act (Alberta)* (the "Securities Act") and where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act. For the purposes of the Option Plan, "change of control" means the purchase or acquisition of Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares as a result of which a person, group of persons or persons acting jointly or in concert, or persons who are Associates of or affiliated with, within the meaning of the Securities Act, any such person, group or persons or any of such persons acting jointly or in concert, beneficially owns or exercises control or direction over Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares such that, assuming the conversion, exercise or exchange of all such securities, would entitle such person, group of persons or person acting jointly or in concert to cast 50% plus one of the votes attaching to all Common Shares, excluding, however, a purchase or acquisition of Common Shares in connection with a reverse take-over as defined in the policies of any stock exchanges upon which the Common Shares are listed and posted for trading, and provided that the beneficial ownership by or exercise or control or direction over securities by shareholders of the Corporation as at the date of the Option Plan shall not constitute or be counted towards a change of control.

### *Estimated Incremental Payments and Benefits as of December 31, 2013*

The following table sets forth the estimated incremental payments and benefits that would be received by the NEOs following a termination without cause or a change of control, in each case had such events occurred on December 31, 2013, the NEOs were employed at that time, and assuming the payment of severance in lieu of notice.

Name and Principal Position	Base Salary <sup>(1)</sup> (\$)	Option Plan <sup>(2)</sup> (\$)	Benefits <sup>(3)</sup>	Total (\$)
Bruce Rudichuk, President and Chief Executive Officer	300,000	5,333.35	30,000	335,333.35
Mark Scott, Executive Vice President and Chief Financial Officer	230,000	1,916.70	23,000	254,916.70
Parveshinder Sidhu, General Manager, Home Building	37,500	-	-	37,500
Arnie Stefaniuk, General Manager of Land Development	n/a	n/a	n/a	n/a

#### **Notes**

<sup>(1)</sup> Represents the NEOs base salary for the termination period.

<sup>(2)</sup> The amounts presented are calculated based on the differences between the closing price of the Common Shares on the TSX on December 31, 2013, being the last day the Common Shares traded during the year ended December 31, 2013 (\$3.41), and the exercise price of such Options that were not vested but would vest if an Offer was made.

<sup>(3)</sup> Benefits calculated at 10% of annual base salary.

### *Securities Authorized For Issuance under Equity Compensation Plans*

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at December 31, 2013.

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As at December 31, 2013	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Available for Future Issuance Under Equity Compensation Plans	Equity Compensation Plans Not Approved by Security Holders
Equity compensation plans approved by shareholders	1,060,500	\$3.33	3,425,620	Nil

The total number of Common Shares issuable pursuant to outstanding Options granted prior to December 31, 2013 represents approximately 2.36 % of the total outstanding Common Shares. The total number of Common Shares issuable pursuant to Options granted during 2013 represents approximately 0.97% of the total outstanding Common Shares.

As at April 11th, 2014, there were 2,292,250 Options outstanding and 2,193,870 Options available for grant, representing 5.1 % and 4.9 %, respectively, of the total outstanding Common Shares at such date.

The total number of Options granted between January 1, 2013 and April 11th, 2014 is 1,707,000, which represents 3.8 % of the number of currently outstanding Common Shares. Since September 23, 2013 (being the date of the last annual general meeting of shareholders), no Options Shares have been exercised. The exercise price for each Option granted under the Stock Option Plan is the closing price of the Common Shares on the TSX traded on the last business day preceding the grant of the Option.

**PART V - OTHER INFORMATION**

**Indebtedness to the Corporation**

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

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

**Interest of Informed Persons in Material Transactions**

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

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

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### **Proxy Contest**

On July 26, 2013, Smoothwater announced that it would propose a slate of seven nominees for election to the board of directors of the Corporation, and would file and mail a dissident proxy circular in response to the management information circular dated July 17, 2013 previously sent to the shareholders of the Corporation. Subsequently, on July 29, 2013, Smoothwater filed its dissident proxy circular and a proxy contest ensued between the Corporation and Smoothwater. On August 19, 2013, the Corporation and Smoothwater announced that they arrived at a settlement in respect of Smoothwater's proposal to nominate an alternate slate of directors at the Meeting. On August 28, 2013, and pursuant to the Settlement Agreement, the Corporation and Smoothwater entered into a standstill agreement whereby the Corporation and Smoothwater have agreed, subject to certain assumptions and the coverage of reasonable costs related to the proxy contest, to certain standstill provisions and to the support of Board nominees for election to the board of directors of the Corporation through to the close of the 2015 annual meeting of shareholders. A copy of the Settlement Agreement and the standstill agreement are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

### **Conflict of Interest**

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

### **Gender Diversity**

The Board has not actively considered implementing a gender diversity policy for its board as contemplated by the gender diversity policy proposed by the Ontario Securities Commission and published for general comment from the public, but intends to do so in 2014.

### **Risk Oversight**

The Board is responsible for managing principal risks of the Company and ensures there are systems in place to effectively monitor and manage those risks. In that respect, the Company has developed the Company's code of conduct, which is reviewed and signed by all employees, directors and officers of the Company to confirm compliance. Financial and signing authority controls are in place, which are monitored regularly by the Company's internal auditor.

### **Hedging**

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

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

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

### **Management Contracts**

No management functions of the Corporation or its subsidiaries are, to any substantial degree, performed by a person or company other than the Directors or senior Officers of the Corporation.



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### Statement of Corporate Governance Practices

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

The Corporation also has a Code of Conduct and Ethics Policy, both dated March 4, 2013, applicable to all Officers, Directors, and employees. A copy of the Code of Conduct and Ethics Policy can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### Canadian Corporate Governance Requirements

The Canadian Securities Administrators approved National Policy 58-201 "*Corporate Governance Guidelines*" (the "Best Practices Policy") and National Instrument 58-101 "*Disclosure of Corporate Governance Practices*" (the "Disclosure Instrument") effective June 30, 2005. The Best Practices Policy provides guidance on corporate governance practices, following U.S. initiatives under the Sarbanes-Oxley Act of 2002 and corporate governance rules of the New York Stock Exchange and NASDAQ. The Disclosure Instrument specifically requires issuers to make certain corporate governance related disclosures. The disclosures required under the Disclosure Instrument generally correspond to the guidance in the Best Practices Policy.

A description of the Corporation's corporate governance disclosures, as required by the Disclosure Instrument, is set forth in Schedule "A" to this Circular.

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### PART VI - ADDITIONAL INFORMATION

#### Availability of Information

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

Copies of this Circular, as well as the Corporation's latest Annual Information Form, audited consolidated financial statements and MD&A for the year ended December 31, 2013, may be obtained without charge to the shareholder, upon request to the Corporate Secretary of the Corporation at:

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

#### Communicating with the Board

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

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

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

## SCHEDULE "A"

### CORPORATE GOVERNANCE DISCLOSURE

Under National Instrument 58-101 "*Disclosure of Corporate Governance Practices*", the Corporation is required to include in this Circular the disclosure required under Form 58-101F1 "*Corporate Governance Disclosure*" with respect to the matters set out under National Policy 58-201 "*Corporate Governance Guidelines*." Copies of the corporate governance policies of the Corporation may be found on the Corporation's website at [www.genesisland.com](http://www.genesisland.com).

#### Board of Directors

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

Directors' Relationships to the Corporation				
Director	Independent	Not Independent	Reason for Non-Independent Status	Director of Other Reporting Issuer
Yazdi J. Bharucha	✓			Centric Health Corporation
Michael Brodsky	✓			Selectica, Inc.
Steven J. Glover	✓			No other reporting issuers
Stephen J. Griggs	✓			Equity Financial Holdings Inc., Greater Toronto Airports Authority
Mark W. Mitchell	✓			No other reporting issuers
Loudon Owen	✓			Kilo Goldmines Ltd., Ntegrator International Inc., Posera-HDX
Sandy Poklar		✓	Employed as a senior officer of a company which has extended loans to the Corporation	Firm Capital Property Trust, True North Commercial REIT
William Pringle	✓			No other reporting issuers
Iain Stewart	✓			No other reporting issuers

The position of Chair of the Board is held by Mr. Griggs who is an independent Director. Duties of the Chair of the Board include the responsibility to:

- communicate with the CEO, review strategies, define business issues, and maintain accountability;
- lead the Board in respect of governance of the Corporation's business and affairs;
- assist the Board in reviewing and monitoring the goals, objectives, strategies, policies and direction of the Corporation; and
- review and assess each Director's attendance, performance and compensation in conjunction with the Governance Committee.

The number of Board and Committee meetings in 2013 and from January 1, 2014 to April 11, 2014, and the attendance of individual Directors were as follows:

Meetings Attended of Meetings Held						
Director <sup>(11)</sup>	Board Chair: S. Griggs	Audit <sup>(1)</sup> Chair: S. Glover	Compensation and Governance <sup>(2)</sup> Chair: S. Griggs	Strategy and Planning <sup>(3)</sup> Chair: William (Bill) Pringle	Transaction Review <sup>(4)</sup> Chair: Y. J. Bharucha	Overall Attendance
Stephen Griggs <sup>(5)</sup>	5/5	n/a	3/3	3/3	n/a	100%
Yazdi J. Bharucha	13/13	5/5	n/a	n/a	6/6	100%
Michael Brodsky	13/13	5/5	3/3	n/a	n/a	100%
Steven J. Glover	13/13	5/5	n/a	3/3	n/a	100%
Mark W. Mitchell	13/13	n/a	3/3	n/a	6/6	100%
Loudon Owen <sup>(7)</sup>	9/11	n/a	3/3	3/3	n/a	88%
Sandy I. Poklar <sup>(6)</sup>	7/9	n/a	3/3	n/a	n/a	93%
William Pringle	11/11	n/a	6/6	3/3	n/a	100%
Mark Scott <sup>(9)</sup>	4/4	n/a	n/a	n/a	n/a	100%
Iain Stewart <sup>(8)</sup>	5/5	5/5	n/a	n/a	6/6	100%

#### Notes

<sup>(1)</sup> The Audit Committee is composed of Steven J. Glover (Chair), Yazdi J. Bharucha and Iain Stewart.

<sup>(2)</sup> Prior to August 28, 2013, the Compensation and Governance Committee was composed of: Mark W Mitchell (Chair), William (Bill) Pringle, and Sandy Poklar. Mr. Sandy Poklar resigned from the Board effective February 11, 2013. Subsequent to August 28, 2013, the Compensation and Governance Committee is composed of: Stephen Griggs (Chair), William (Bill) Pringle, Loudon Owen and Michael Brodsky.

<sup>(3)</sup> The Strategy and Planning Committee is composed of William (Bill) Pringle (Chair), Steven Glover, Stephen Griggs and Loudon Owen.

<sup>(4)</sup> The Transaction Review Committee replaced the Executive Committee effective March 4, 2013 and is composed of Yazdi Bharucha (Chair), Mark W Mitchell and Iain Stewart. Meetings are conducted by telephone as and when required.

<sup>(5)</sup> Mr. Stephen Griggs was appointed to the Board effective August 28, 2013.

<sup>(6)</sup> Mr. Sandy Poklar was appointed to the Board on July 12, 2012 and resigned effective September 4th, 2013.

<sup>(7)</sup> Mr. Owen was appointed to the Board effective March 22, 2013.

<sup>(8)</sup> Mr. Iain Stewart was appointed to the Board on September 4, 2013 pursuant to the Settlement Agreement.

<sup>(9)</sup> Mr. Scott was appointed to the Board on September 12, 2012 and resigned effective February 11, 2013. Subsequently, he was appointed to the position of Executive Vice President and Chief Financial Officer effective February 11, 2013.

During the financial year ended December 31, 2013, management were invited to attend regularly scheduled board and committee meetings and, when they were present, the board generally held an in camera session at each board and committee meeting without management present. The Board facilitates open and candid discussion among its Directors and the independent Directors can meet by themselves whenever they wish to do so. While the Board relies heavily on information provided to it by management, it functions independently of management. The independent Directors are in regular communication with the Corporation's CEO and CFO outside of formal Board meetings and processes.

During the financial year ended December 31, 2013, the independent Directors of the Corporation did not hold any regularly scheduled meetings at which non-independent Directors and members of management were not in attendance. In order to provide leadership for the independent Directors, the Board encourages communication among the independent Directors and considered or held meetings of the independent Directors at the end of each Board meeting. The Board facilitates open and candid discussion among its independent Directors by making it clear that the independent Directors can meet by themselves whenever they wish to do so and by providing an opportunity for the independent Directors to meet without any members of management present at meetings of the Board or its various Board committees. While the Board relies heavily on information provided to it by management, it functions independently of management. The independent Directors are in regular communication with the Corporation's CEO and Chief Financial Officer outside of formal Board meetings and processes.

The independent Directors, as members of the Audit Committee, also meet with the Corporation's auditors. These meetings are independent of management for the purposes of planning their activities and thereafter to supervise such activities. The other purpose of these meetings is to ensure that such auditors: receive full access to all requested information and receive full cooperation of management; that they are not subject to any pressure from management; that there are no outstanding

disagreements with management; that they are not aware of any evidence of illegal or fraudulent acts; and that they are not aware of any other significant matters that should be brought to the attention of the Directors.

### **Board Mandate**

The text of the Board's written mandate is attached hereto as Schedule "B".

### **Position Descriptions**

The Board has outlined the duties, the role and responsibilities of the chair of the Board and the chair of each of the Audit Committee and the Governance Committee in the respective mandate or charter of each of the foregoing committees and expects the chair of each committee to follow same.

The Board together with the CEO has developed a written position description for the CEO.

Stephen Griggs was appointed Chair of the Board on August 28, 2013 and is considered independent. The Chair of the Board is instructed by the Board to preside at all meetings of Directors and at all meetings of the shareholders. The Board has made it clear that his responsibilities and role also includes acting as spokesperson and a representative of the Corporation and provide support and advice to the CEO and the committees of the Board. He is expected to be fair and a good communicator. William Pringle was appointed Vice Chair of the Board on August 28, 2013. In the Chair's absence, the Vice Chair of the Board shall preside at all meetings of Directors and at all meetings of the shareholders.

### **Director Orientation and Continuing Education**

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

The Corporation arranges for presentations to be made to the Board and each Committee of the Board to inform Directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. In addition, the Corporation facilitates the education of Directors through memberships in the Institute of Corporate Directors and contributing to the cost of relevant courses and programs. As well, Directors are encouraged to visit the Corporation's offices, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation. Board members have full access to the Corporation's records and are encouraged to conduct field sites to the Corporation's various properties and land holdings.

### **Ethical Business Conduct**

The Corporation has adopted a written Code of Conduct and an Ethics Policy (collectively, the "Code") for the Corporation's Directors, Officers and employees. The Board does not monitor compliance with the Code, but it encourages following the Code by making it widely available. It is distributed to Directors in the Director's Manual and to Officers and employees at the commencement of their employment and it is posted on the Corporation's internal website and is available under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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

The chair of the Audit Committee of the Corporation is responsible for investigating complaints, presenting complaints to the applicable Board committee or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of the Audit Committee of the Corporation will advise the

complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its Directors and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing.

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

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

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

## **Compensation**

The Corporation has a Compensation and Governance Committee (that is composed of a majority of independent Directors) that annually determines the compensation to be received by the Corporation's Directors and the Named Executive Officers. Compensation is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contributions of the individuals involved and overall performance of the Corporation. With respect to Directors' compensation, the Compensation and Governance Committee reviews the level and form of compensation received by the Directors, members of each committee, the Board chair and the chair of each Board committee, considering the duties and responsibilities of each Director, his or her past service and continuing duties in service to the Corporation. The compensation of Directors, the CEO and Officers of competitors are considered, to the extent publicly available, in determining compensation and the Governance Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

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

Please see *Election of Directors - Nomination Process* and *Majority Voting Policy* above.

## **Board Committees**

Currently, the Board has three standing committees of the Board: the Audit Committee; the Compensation and Governance Committee; and the Transaction Review Committee. It also has a Strategy and Planning Committee and had a Special Committee to deal with certain shareholder matters.

## **Audit Committee**

Under National Instrument 52-110 "*Audit Committees*", the Corporation is required to include in its Annual Information Form ("AIF") the disclosure required under Form 52-110F1 "*Audit Committee Information Required in an AIF*" with respect to its Audit Committee, including the text of its audit committee charter, the composition of the Audit Committee and the fees paid to the external auditor and to include in the Circular a cross-reference to the sections in the AIF that contain the required information. The Corporation's disclosure with respect to the foregoing is contained in Appendix "A" of the Corporation's AIF dated March 28, 2014 entitled "*Information Concerning Audit Committee*".

## **Compensation and Governance Committee**

The Corporation has a Compensation and Governance Committee, composed of independent Directors, that annually determines the compensation to be received by the Corporation's Directors and the Named Executive Officers.

## **Transaction Review Committee**

On March 4, 2013, the Corporation replaced the Executive Committee with the Transaction Review Committee (the "Transaction Committee"), composed of independent Directors. The Transaction Committee is a standing committee of the Board and has the responsibility to exercise limited powers and authority during intervals between meetings of the Board. The Board has adopted the following Terms of Reference for the committee: (i) to conduct advisory review with management of the Corporation's business plans, budgets and approved strategic plan and provide an oversight role on behalf of the Board; (ii) to approve all business transactions of the Corporation of value in excess of \$2 million but not more than \$15 million; (iii) to review and recommend for approval by the Board all business transactions of the Corporation of value in excess of \$15 million.

## **Strategy and Planning Committee**

The Board established a Strategy and Planning Committee of the Corporation (the "Strategy Committee") with the mandate of working with management to develop the Corporation's Strategic Plan and to monitor its implementation. The Corporation's Strategic Plan was completed and approved by the Board in December 2013. The Strategy Committee is comprised of William (Bill) Pringle, (Chair), Stephen Griggs, Steven Glover and Loudon Owen. The function of the Strategy Committee is to facilitate a careful review of the strategic alternatives, to work with management to formulate the Corporation's Strategic Plan and to monitor its implementation.

The strategic planning process is comprised of: a) developing a 5 year Strategic Plan based on a review of all possible strategic alternatives; b) setting annual corporate objectives; c) establishing annual budgets and financial plans; and d) reviewing the Strategic Plan periodically and revising it based on our progress and changing market conditions. The Board was actively involved in the strategic planning process and held a number of meetings with management for in-depth discussion and analysis. Management and the Board discussed the main risks facing our business, strategic issues and the wide range of corporate opportunities currently available to the Corporation. Management presents a progress report of strategic issues to the Board throughout the year.

## **Special Committee**

The Board established a Special Committee of the Corporation (the "Special Committee") for the limited mandate of dealing with matters related to the proxy contest related to the 2013 annual meeting. The Special Committee was comprised of William (Bill) Pringle, (Chairman) Yazdi J. Bharucha, Steven Glover and Sandy I. Poklar and was terminated following the 2013 annual meeting. The function of the Special Committee was to facilitate a careful review of and contend with the proxy solicitation of shareholders seeking to propose an alternate slate of nominees for election to the Board.

## **Other Board Committees**

In addition to those described above, the Board has a special committee as follows.

## **Disclosure Committee**

The Board has established a Disclosure Committee of the Corporation (the "Disclosure Committee"). The Disclosure Committee is comprised of Stephen Griggs, Director and Chair, the Chief Executive Officer and the Chief Financial Officer of the Corporation. The function of the Disclosure Committee is to ensure that the written and oral communications by the Corporation to the public and to applicable regulatory authorities are disseminated in a timely and factually accurate manner and to assist the Corporation in maintaining and complying with its disclosure policy.



## SCHEDULE "B"

### BOARD MANDATE

1. The Board of Directors (the "Board") of Genesis Land Development Corp. (the "Corporation") is responsible for:
  - a) stewardship of the Corporation;
  - b) supervising the management of the business and affairs of the Corporation; and
  - c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making.
2. The Board has the responsibility to:
  - a) act honestly and in good faith with a view to the best interests of the Corporation;
  - b) exercise the care, diligence and skill that a reasonably prudent Board would exercise in comparable circumstances; and
  - c) direct management to ensure legal, regulatory and exchange requirements applicable to the Corporation have been met.
3. A majority of the Board will, at all times, be independent directors as defined in the current laws applicable to the Corporation. In addition, no director shall qualify as independent unless the Board affirmatively determines that a director has no direct or indirect material relationship with the Corporation, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Corporation.
4. To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.
5. The Board is responsible to:
  - a) meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board; and
  - b) hold meetings of the independent directors with or without management and non-independent directors present.
6. The Board is responsible to annually select a member of the Board, whether or not that member is independent, as defined in the current laws applicable to the Corporation, to serve as Board chair, or if the Board Chair is not independent as defined in the current laws applicable to the Corporation, a lead director to:
  - a) provide leadership to the directors;
  - b) manage the affairs of the Board; and
  - c) ensure that the Board functions effectively in the fulfillment of its duties to the Corporation.
7. The Board is responsible for:
  - a) establishing such committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board;
  - b) appointing directors to serve as members of each committee;
  - c) appointing a chair of each committee to:
    - i) provide leadership to the committee;
    - ii) manage the affairs of the committee; and
    - iii) ensure that the committee functions effectively in fulfilling its duties to the Board and the Corporation; and
  - d) regularly receiving and considering reports and recommendations of each committee, in particular:
    - i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit; and

- ii) Corporate Governance, Nominating and Compensation Committee recommendations regarding Board assessments and Chief Executive Officer ("CEO") compensation.
- 8. The Board is responsible for, with the assistance of the Corporate Governance, Compensation and Governance Committee, establishing CEO goals and objectives and evaluate CEO performance.
- 9. The Board is responsible to:
  - a) annually review and either approve or require revisions to the mandates of the Board and each Board Committee, position descriptions, the Code of Conduct and all other policies of the Corporation (collectively the "Governance Documents");
  - b) take reasonable steps to satisfy itself that each director, the CEO, and the executive officers are:
    - i) performing their duties ethically;
    - ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
    - iii) fostering a culture of integrity throughout the Corporation; and
  - c) arrange, on the advice of the Disclosure Committee, for the Governance Documents to be publicly disclosed on the Corporation's website.
- 10. The Board is responsible, with the assistance of the Disclosure Committee, for:
  - a) approving and implementing a Disclosure Policy and Procedures which provides for disclosure and communications practices governing the Corporation; and
  - b) approving and maintaining a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.
- 11. The Board is responsible for:
  - a) reviewing departures from the Governance Documents;
  - b) providing or denying waivers from the Governance Documents; and
  - c) disclosing departures from the Governance Documents including by filing required material change reports for material departures from the Governance Documents containing:
    - i) the date of the departure;
    - ii) the parties involved;
    - iii) the reason why the Board has or has not sanctioned the departure; and
    - iv) any measures taken to address or remedy the departure.
- 12. The Board has the duty to:
  - a) review a strategic planning process for increasing shareholder value, annually approve a strategic plan, and regularly monitor the Corporation's performance against its strategic plan;
  - b) review capital and operating budgets to implement the strategic plan;
  - c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and
  - d) evaluate management's analysis of the strategies of existing and potential competitors, market conditions and their impact, if any, on the Corporation's strategic plan.

13. The Board has the duty to:
- a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
  - b) together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
    - i) disclosure controls and procedures;
    - ii) internal controls over financial reporting; and
    - iii) management information systems.
14. The Board has the duty to:
- a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
    - i) interim and annual financial statements and notes thereto;
    - ii) managements' discussion and analysis of financial condition and results of operations;
    - iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
    - iv) forecasted financial information and forward looking statements; and
    - v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
  - b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions not in the normal course of business.
15. The Board has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.
16. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

**Reviewed and adopted by the Board: April 11, 2014.**

# GENESIS

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