



Genesis Special Committee Chair Writes Letter to Shareholders

August 12, 2013 – Calgary – Genesis Land Development Corp. (TSX: GDC) (the "Corporation" or "Genesis") released the following letter to shareholders:

August 12, 2013

Dear Fellow Shareholders,

As chair of the Special Committee of Genesis established to contend with a proxy solicitation by a few dissident shareholders seeking to take control of the Board, I wanted to write you before the voting deadline to address the dissidents' misguided arguments and offer compelling reasons to support your Board.

Board Renewal

As the current chair of the Governance Committee, Mark Mitchell recently led the search for and selected your new CEO and CFO. Furthermore, your Board was recently overhauled just last year when four of the seven members came on board: myself, Sandy Poklar, Mark Scott (our CFO who has since been replaced on the Board by one of the dissidents' nominees, Loudan Owen) and Michael Brodsky.

While renewal is important, so are Board continuity and industry expertise. The longest-serving Board member is Mark Mitchell—a close associate of the dissidents'—who management has also nominated. Two of our nominees, Steve Glover and Yazdi Bharucha, offer crucial industry and financial knowledge, as well as a deep understanding of Genesis' contractual arrangements. For 21 years, Steve was the Executive Director of the Alberta Institute of Chartered Accountants and, as a resident of the Calgary area, extremely familiar with Genesis' market. Yazdi was CFO of CAPREIT, and brings expertise in financial arrangements, particularly focused on public company real estate. I am the founder and Executive Chair of a Calgary-based land developer. I have held senior positions with Brookfield Properties, and was CEO of Brookfield Homes. Loudan Owen, Mark Mitchell, Michael Brodsky and Sandy Poklar are associated with past or current shareholders with major share positions, while the other three members are fully independent. Your company has a talented Board with the right mix of interests, experience and skills.

Shareholder Activism

Your Board welcomes efforts by shareholders to ensure their Board is focused on enhancing and unlocking shareholder value.

We are!

Your Board has hired new senior management and is shedding non-core assets to simplify the company and make it more attractive to investors. We're working to enhance the company's reputation and credibility, and developing a new strategic plan (more on that below). We have also responded to the recommendation by Garfield Mitchell—the beneficial owner of the largest position of Genesis shares—to nominate Steven Griggs, a self-styled activist. The nominees recommended by your Board will continue to promote change that builds value. We look forward to welcoming two new Board members, who we expect will put forth valuable initiatives. If the dissidents had any prospect of accelerating or even improving upon the plans we are implementing, they have had plenty of opportunity to do so and their input would have been most welcome. We have always sought out the views of our shareholders and pledge to continue to do so if we are re-elected. The dissidents' slate has neither the expertise nor the accountability to do that.

Board Cohesion

The dissidents claim that the current Board is dysfunctional. This is simply not true.

The Board completed a survey this past spring, which did not illuminate any issues. In fact, Mark Mitchell, who was in charge of the review process, had “nothing significant to report.” While it's true we've had lively discussions throughout the year, since Loudon Owen joined the Board, until the dissidents surfaced, we haven't had any split votes or disagreements regarding priorities, including the timing of the strategic review, which I will elaborate on below. We like a lively and engaged Board; activism and cohesion are not mutually exclusive.

Qualifications of Directors

I have no interest in disparaging the dissident slate. I worked with Mr. Nordholm and Mr. Herber on a small team that created what is now the real estate arm of Brookfield Asset Management. I respect their skills, however, I question whether they have the *right* skills for Genesis. Mr. Nordholm is a lawyer with an expertise in restructuring debt and securities, while Mr. Herber's role was to sell non-core assets. Genesis' debt—down to \$50 million—is conventional, and does not need restructuring. Its capital structure is simple - common shares. Clearly, neither are in need of restructuring. Assets held for sale total half a dozen, and their disposition is well in hand. Notably, none of the dissident nominees have land and housing experience. None have secured regulatory approvals or built single-family homes – a critical aspect of our business. Only one nominee has some familiarity with Genesis' Calgary market. The Management nominees, on the other hand, have the appropriate mix of expertise and familiarity with Genesis' business and markets.

The dissidents claim “skin in the game” is a major issue, yet most of the dissident nominees (four of seven) own no beneficial interest in Genesis shares. Your Board also feels that it is important for directors to own stock and we have implemented a policy that all directors must own shares, and the time periods for acquiring them are typical of most public companies.

Entrenchment

Your Board members are new and thus not entrenched. If it best serves shareholders, Steve Glover and Yazdi Bharucha and I have offered to resign if the dissidents can find more qualified candidates. Sandy Poklar has already agreed to step down at the meeting. This offer will stand throughout our tenures, we will do what is in the best interest of shareholders, and if that means replacing any one of us with a better director candidate, that would be the right thing to do. We feel that it is important for shareholders to have a majority independent Board - that should not be confused with “entrenchment”, which in Genesis’ situation is a misplaced complaint taken out of the dissident fight manual.

Independence

The dissidents refer to themselves as independent. Going by the strict legal definition of independence from management, they could be considered independent. However, this is a disingenuous characterization when you consider the personal, business and familial relationships among the dissidents, who, together with Mark Mitchell, control 34% of Genesis shares.

Mark Mitchell (long time Board member) and Garfield Mitchell (the sole owner of Smoothwater) are brothers. Ed Nordolm and Lawrence Herber were colleagues at Brookfield, and remain friends. Stephen Griggs and Paul Currie serve on the Airport Authority together. Stephen Griggs and Garfield Mitchell are university friends. Loudon Owen and Garfield Mitchell are good friends. Loudon Owen and Ed Nordholm are business partners and friends. The only dissident nominee that is truly independent of close ties to shareholders with major share positions is Iain Stewart.

The dissidents have suggested that their nominees were selected because Garfield Mitchell has confidence in them. That may be true, however, we suggest that for audit committee work, development of strategic plans that serve all shareholders, and for special committee work, such as take-over offers, that there be at least three directors who are truly independent from the Mitchells or Liberty Street Capital, and serve the interests of the other 66% of shareholders. We feel our nominees will adequately represent the interest of large shareholders: three (37.5%) of the directors represent the dissidents and their associates that collectively own 34% of the shares; another, Michael Brodsky is associated with other significant shareholders, bringing representation of large shareholders to 50% of the members of the Board. The other four nominated directors have no perceived connection or special relationship with major shareholders, and also have the financial expertise to serve on the audit committee.

We are not comfortable leaving minority shareholders in the hands of a Board that will be focused on serving a small group of powerful shareholders who want to control the fate of your company. That is the crux of what we are fighting for here.

Working Together

As shareholders are aware, Genesis has sought a court order against Smoothwater Capital, Liberty Street Capital, Garfield Mitchell, Mark Mitchell and Edwin Nordholm for alleged violations of the Alberta Securities Act. In the court application, Genesis has alleged that the companies and individuals listed above have worked jointly or in concert with each other with the goal of ousting the incumbent Board and taking control of the Board to have their own slate elected.

The Special Committee believes all shareholders should play by the same rules, and on the same level playing field. The allegations made by Genesis are serious and could impact the outcome of the shareholder meeting. So serious, that we have postponed the meeting to allow Genesis time to seek direction from the Court of Queen's Bench of Alberta.

Strategy Development

The dissidents have criticized our lack of strategy development. Above, I have already outlined some of the initial steps your Board has taken. The obvious and immediate issues have already been addressed. We agree that complex issues, such as expansion, sale and other options still need addressing. The new CEO and CFO only came on board in February, and the Board felt that they must first assess their team, assets and markets before recommending a strategy. In May, the Board agreed that management's analysis and recommendations would be tabled at the first Board meeting following the annual meeting. No Board members objected to this approach.

Unlocking Value

In terms of unlocking value, we must rebuild the reputation of the company in the eyes of our shareholders, so they can attribute credibility to the net asset value of the shares. We agree that shareholder reports, such as the management discussion and analysis must be simplified, and we must re-establish credibility with major financial institutions. In my experience softer issues like reputation take time. We think perceptions will be very different within two years. Also, we must build a profitable housing business, as all our major competitors have done or are considering. This is standard stuff for land and housing companies, and we have hired a CEO that is experienced in this area. Growing a housing operation from 100 homes/year to 400/year (potentially more if we add multi-family) does not happen overnight; we need at least two more years. Any value we build here will be in addition to current NAV.

The majority of your Board believes it would be a travesty if we were to leave too much value on the table, or if we conducted a bulk fire sale of the company prior to meeting these goals. We are concerned the dissidents would act too hastily.

Cost

We believe the dissidents' primary motive is total Board control. As you know, we attempted to negotiate a list of Board nominees that would still give the dissidents a strong voice with four of the eight seats on the Board. But they have rejected

compromise and insisted that Mitchell, Owen, Nordholm and Griggs all sit on the Board, in addition to their suggested independent nominee Iain Stewart. We have been adamant that the dissidents should have proportionate representation on the board, 3 of their 4 proposed board members plus Iain Stewart. This is purely in the interest of continuity, financial expertise, and affiliate independence with the remaining members. The dissidents' uncompromising insistence on having one additional representative on the Board has forced us to spend well over \$2 million defending your company.

If the dissidents try to push a premature transaction, we believe this will be money well spent.

If we are allowed adequate time to build value, we believe this will be money well spent.

If you would like to discuss these matters further, please call me anytime at *403-215-0808*.

Please cast your vote on the **WHITE** proxy today in support of the management nominees and disregard any materials you may receive from the dissidents. In order to be counted, your vote must be submitted before **9 a.m.** (Mountain Daylight time) on **August 16, 2013**. Even if you have voted a dissident proxy, a later-dated **WHITE** proxy revokes any previously submitted vote.

If you require assistance in casting your vote, or require replacement proxy materials, please call Genesis' proxy solicitation agent, **CST Phoenix Advisors at 1-800-921-9376**, or call collect 201-806-2222, or email

inquiries@phoenixadvisorscst.com

Warmest regards,

W. J. (Bill) Pringle

Chair, Special Committee

About Genesis

Genesis is a Calgary-based real estate development corporation engaged in the acquisition, development, and sale of land, residential lots and homes in Alberta and British Columbia. All business activities of the Corporation are conducted in Western Canada, with development lands held primarily in and around the cities of Calgary and Airdrie. With a diversified and substantial land base, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

SOURCE Genesis Land Development Corp.

For further information:

Shareholders

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